

Local Budgeting Manual



150-504-420 (Rev. 2-02)



Property Tax Division



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Introduction

Most local governments in Oregon, from the smallest cemetery district to the largest city, must prepare and adopt an annual budget. Schools, counties, cities, rural fire protection districts, and most special districts are all subject to the same budget provisions. Only districts specifically exempted in the law do not have to prepare and adopt an annual budget. (See Chapter 3, page __, for a list of exempt local governments.)

Budget provisions are determined by Oregon's Local Budget Law. It is found in Chapter 294 of the Oregon Revised Statutes. The law sets out several specific procedures that must be followed during the budgeting process. The budget must be completed by June 30—the day before the start of the **fiscal year** to which the budget applies. Without a budget for the new fiscal year in place, the local government's authority to spend money or incur obligations expires on June 30. A local government's ability to impose a property tax is also tied to the budgeting process. Compliance with Local Budget Law is critical for local governments.

What is Local Budget Law?

Many states have specific laws which require local governments to prepare and adopt annual budgets. Oregon's Local Budget Law does several very special things:

- It establishes standard procedures for preparing, presenting and administering the budgets of Oregon's local governments.
- It encourages citizen involvement in the preparation of the budget before its formal adoption.
- It provides a method of estimating revenues, expenditures and proposed taxes.
- It offers a way of outlining the programs and services provided by local governments and the fiscal policy used to carry them out.

Budgeting in Oregon is a joint effort between the people affected by the budget and the appointed and elected officials responsible for providing the services.

Citizen involvement in the budget process varies from one community to the next. It is up to each local government to prepare a budget that clearly outlines its fiscal policies and is satisfactory to its patrons. If a budget is clear and concise, taxpayers better understand how their tax dollars are spent.

Oregon's Local Budget Law is set out in Oregon Revised Statutes 294.305 to 294.565.

The full text of these statutes can be found on the Oregon Legislature Web site at www.leg.state.or.us.

Biennial Budgets

Municipal corporations have the option of budgeting on a 24-month budget, which is called a biennial budget, or they can budget by fiscal year. For the differences that biennial budgeting will entail, see Chapter 15—Biennial Budgets. Throughout this manual, we refer to the budget period as "fiscal year" but if a local government adopts a biennial budget, the period referred to is a 24-month period.

What is a Budget?

A budget is a **financial plan** containing estimates of revenues and expenditures for a **single fiscal year**. Each local government operates within a fiscal year beginning on July 1 and ending the following June 30.

Budgeting allows a local government to evaluate its needs in light of the revenue sources available to meet those needs. A complete budget justifies the imposition of ad valorem (according to value) property taxes.

Questions?

Telephone: Salem

503-945-8293

TTY (hearing or speech impaired only). **These numbers are answered by machine only and are not for voice use.** The toll-free number within Oregon is 1-800-886-7204. In Salem, the number is 503-945-8617.

¿Habla español? Línea de mensaje. Las personas que necesitan asistencia en español pueden dejar un mensaje. El número disponible todo el año en Salem es 503-945-8618.

A message line is available all year for those who need assistance in Spanish. The number in Salem is 503-945-8618.

Americans with Disabilities Act (ADA). In compliance with ADA, this information is available in alternative formats upon request. The toll-free number in Oregon is 1-800-356-4222. In Salem, it is 503-378-4988.

Internet: **www.dor.state.or.us**

Chapter 1—The Budget Process: Who’s Involved?

Many state agencies and organizations are involved in the budget process. This chapter explains the duties and responsibilities of each agency or organization.

The Oregon Department of Revenue and Local Budgeting

The authority of the Department of Revenue in its oversight role in the budgeting process of local government is found in ORS 294.490 and ORS 294.495.

The department has the statutory authority to ensure compliance with Local Budget Law and all other laws relating to the imposition of property taxes by municipal corporations (ORS 294.490). The same statute prohibits the department from interfering with the fiscal policy of any local government.

Sole authority to interpret and administer Local Budget Law and to issue rules for compliance is also given to the department by statute (ORS 294.495).

Publications

The Department of Revenue uses several methods to fulfill its statutory duties. Instructions such as this manual provide detailed budgeting guidelines and statutory interpretations. *Local Budgeting in Oregon*, an overview of the budgeting process, is especially helpful to the public and budget committee members. Information circulars, distributed to county assessors’ offices, provide timely information on specific issues. All of these publications are also available on the department’s Web site at www.dor.state.or.us.

Forms

The Department of Revenue has the authority to prescribe forms to carry out Local Budget Law (ORS 294.495) or any other law authorizing the imposition of property taxes. The department has developed budget and publication forms that comply with the law. Local governments must use these forms or use the same formats for the forms they produce. In addition, school districts, community colleges, and hospitals have specific requirements for preparing the estimate of expenditures (ORS 294.356).

Each year a packet of current tax certification forms is sent to the budget officer of every local government on the Department of Revenue mailing list. It is important that local officials **use the current tax certification forms**. Tax certification forms are revised annually. Outdated forms should be destroyed. The local government should make sure that the person responsible for preparing the budget receives all the current forms. Each

local government is responsible for keeping the Department of Revenue updated on name and address changes.

Budget detail forms are available from the Department of Revenue on request.

The most current version of the *Notice of Property Tax... (Forms LB-50, UR-50, and ED-50)*, provided by the department must be used by all local governments imposing a property tax.

Summary

The Department of Revenue is responsible for interpreting and administering Local Budget Law and laws related to the imposition of property tax. Any local government with questions about these laws and their requirements should contact the Department of Revenue at 503-945-8293 for help. These laws are complex and ever-changing. It is important that local governments stay informed of law changes and requirements.

Secretary of State Audits Division

All Oregon local governments are subject to the Municipal Audit Law, ORS 297.405 to 297.555. The law requires an annual audit of the financial statements of counties and school districts.

A local government, other than a county or school district, with combined revenues and expenditures of **less** than \$150,000, and whose chief fiscal officer is bonded for the total amount of money received during the year may file unaudited financial statements with the Secretary of State within 90 days after its fiscal year ends.

Forms used to file unaudited financial statements are available at no charge from the Audits Division of the Secretary of State.

A local government, other than a county or school district, with combined revenues and expenditures of **more** than \$150,000 but less than \$500,000, and whose financial statements have been reviewed by a licensed municipal auditor may file “review reports” with the Secretary of State within 180 days after its fiscal or calendar year ends.

A local government, including counties and school districts, that must have its financial statements reviewed or audited, must contract with an accountant licensed as a municipal auditor by the Oregon Board of Accountancy to do the review or audit. The Board of Accountancy maintains a list of licensed municipal auditors. Write to the Board of Accountancy for a copy of this listing. Its address is 3218 Pringle Road SE, Suite 110, Salem OR 97302-6307.

Audits and reviews must be made as directed by administrative rules adopted by the Secretary of State. The rules referring to reviews are known as “Minimum Standards for Reviews of Oregon Municipal Corporations.” These rules prescribe the financial statements that must be included in audit or review reports, the minimum procedures that must be followed, and the standards that must be followed in an audit or review. Copies of these rules may be obtained from the Secretary of State, Division of Audits, 255 Capitol Street NE, Suite 500, Salem OR 97310.

Copies of all financial statements, whether unaudited, reviewed, or audited, must be filed with the Secretary of State. They are public records available for inspection by anyone who is interested. Copies of these reports may be obtained at a small charge.

A filing fee must accompany all reports filed with the Secretary of State. The amount of the fee is set by law. It is determined by the amount of expenditures of the municipal corporation. The Division of Audits uses the filing fee to administer the Municipal Audit Law. The Division of Audits offers technical help in accounting and financial reporting. Address written inquiries to the Secretary of State, Division of Audits, 255 Capitol Street NE, Suite 500, Salem OR 97310.

Tax Supervising and Conservation commissions

Tax supervising and conservation commissions supervise local government budgeting and taxing activities. They are established under ORS 294.610, and are required in counties over 500,000 population. Currently, only Multnomah County has such a commission.

The commission is directed by five commissioners appointed by the governor for four-year terms. They serve without compensation. The commission appoints administrative employees, and the attorney general serves as legal counsel. Operating expenses are limited by statute and are allocated through the county’s general fund.

The commission’s functions are:

1. To encourage providing enough public funds to operate local governments efficiently.
2. To oversee compliance with laws governing local budgets, taxes, and public debt.
3. To schedule public hearings where citizens may express views on financial plans and taxes.
4. To publish for voters, taxpayers, and investors an annual comprehensive report of budgets and other financial information, and to maintain permanent records of indebtedness of all municipal corporations in the county.

The commission reviews and certifies budgets from all units within its jurisdiction. Annual, biennial, and

supplemental budgets are reviewed: (1) for compliance with local finance laws, (2) to examine program content, (3) to judge whether estimates are reasonable, and (4) to coordinate financial planning among the various local governments. The commission must certify all budgets before adoption by the local governing bodies.

The commission must also conduct hearings on budgets, local option taxes and bond proposals. These proposals must be discussed with governing bodies. It has authority to inquire into the management, accounts, and systems used by local governments. It may call a joint meeting of taxing bodies to discuss financial planning and cooperative ventures. The commission stresses continuing consultation with local officials to improve financial management systems.

County Assessor’s Duties

The county assessor is responsible for determining the value of the real and personal property in the county (ORS 308.232). The assessor is also responsible for applying any exemptions or special assessments that are allowed by law, such as for farmland.

By July 15, the assessor receives local government tax certification and categorization forms. The assessor may grant a government an extension of time to file its tax and category notice if requested in writing. This is not an extension of time to adopt a budget. The extension cannot extend beyond October 1.

The assessor is responsible for checking taxes to make sure they are legal. The assessor uses tax amounts certified by the district for exempt bonds and fixed-dollar local option levies to calculate tax rates for these levies (ORS 310.090). A tax rate is figured by dividing the levy amount by the assessed value of the district.

The assessor is responsible for extending taxes to each taxable property within the county. The calculated tax rates and the district’s permanent rate limit for operations are applied to each property served by the district. If the amount of tax to be collected from a property in a category is more than the limits set in the constitution, the tax is reduced. Local option taxes are reduced first. If reducing the local option tax amount lowers the taxes to the limit for the category no further tax reduction is done. However, if reducing the local option taxes to zero does not reach the limit in a category, then the other tax amounts are reduced proportionately.

After calculating the taxes to be imposed on all taxable property in the county, the assessor certifies the assessment and tax roll to the county clerk. The clerk issues a warrant to collect the taxes. The assessment and tax roll is then turned over to the tax collector.

County Tax Collector's Duties

The county tax collector is responsible for collection of property taxes. The tax collector issues the property tax statements and receives the payments. If taxpayers fail to pay on time, the collector computes the delinquent interest they owe. After taxes have been delinquent for four years, the tax collector begins foreclosure proceedings on the property.

The tax collector prepares a tax percentage distribution schedule (ORS 311.390) from the information provided by the assessor. The schedule is prepared from the amount of tax to be imposed for each local government after the constitutional limits are applied. The distribution schedule is given to the county treasurer.

County Treasurer's Duties

The treasurer distributes the tax money and the interest earned on it to the districts using the percentage distribution schedule (ORS 311.390). When taxes are paid, all districts will receive a proportionate share. All districts also share the loss when taxes are not paid or refunds are made.

When disbursing tax moneys, the treasurer sends each district a statement showing the amount of taxes being distributed. The statement is broken down to show the amount of taxes collected for the current year and each previous year. Percentage schedules differ from year to year so all distributions must be made according to the schedule for the year to which the tax applies.

A local government may designate the county treasurer as the paying agent for its bonded debt (ORS 288.570). If it does, then the local government must furnish a copy of its budget and audit report to the county treasurer.

Any tax collected for the local government to pay bonded debt is then transferred to the treasurer. The tax revenue is placed in a special account for paying principal and interest on the bonds. Interest earned in the account through investments is credited to the account.

The treasurer then must send financial statements on the bond account to the local government. If the account is short of funds to make payments, the local government must transfer the needed funds to the treasurer to make up the shortfall.

County Clerk's Duties

The county clerk is the official keeper of all public records for the county. The county clerk also is the chief elections official of the county. In this capacity, the clerk's office must check ballot measures for timeliness and word count.

The Department of Revenue can provide review of ballot measure wording to help ensure ballots follow election and tax laws. The district has the final responsibility for writing the ballot question.

The names, telephone numbers, and addresses of county officials for most Oregon counties can be found through the individual county Web sites. A link to those counties that have Web sites can be found at www.state.or.us/local.

Chapter 2—Formation, Dissolution, and Boundary Changes

General requirements affecting special districts (all local governments except cities, counties and education districts) are found in Chapter 198 of the Oregon Revised Statutes. Specific requirements for each type of special district are found in the different enabling statutes. Most special districts and corresponding enabling statutes are listed in ORS 198.010. Additional districts are defined in ORS 198.710. See Appendix C for a listing of local government taxing powers and limitations.

ORS Chapter 198 provides requirements for formation of new special districts, dissolution procedures, and boundary changes resulting from annexations, withdrawal of property, mergers, and consolidations (ORS 198.705 to 198.955). The definitions for each of these terms are provided in ORS 198.705.

The responsibility for entering documents for formation and changes of organization is outlined in ORS 198.780. This section also requires that copies of the documents must be filed with the Department of Revenue, the Secretary of State, and the clerk and assessor of each county in which any district affected by the document is located. Any error in the final documents requires a corrected order or resolution. The corrected or amended documents are filed with the same organizations as the original.

Counties should look in ORS Chapter 202 for requirements on boundary changes, formations, and dissolutions. Counties under the jurisdiction of local government boundary commissions find their information in ORS Chapter 199.

Boundary changes, mergers, and consolidation procedures for cities are in Chapter 222 of the Oregon Revised Statutes.

School districts can find information on boundary changes and mergers in Chapter 330 of the Oregon Revised Statutes.

The Department of Revenue must approve for taxation purposes all taxing district boundary changes as provided by ORS 308.225. To be eligible for the tax roll in the following fiscal year, a local government seeking approval for a boundary change must file final descriptions and maps with the department by **March 31**. If a local government fails to file for approval by the deadline, the county assessor cannot reflect the boundary changes on the tax roll for the following fiscal year. This means that no taxes can be collected from the new territory until the following fiscal year.

Maps and descriptions need to be filed by March 31 even if the boundary change will be effective between April 1 and June 30. These are called “proposed boundary changes.” If the map and description are approved and the change becomes final on or before June 30, the assessor will be able to show the changes on the upcoming tax roll.

To meet all the requirements, a new district or a district with a major boundary change should check with the county assessor and the Department of Revenue’s Cartographic Unit well before March 31. This filing is in addition to the requirements in ORS 198.780.

A good source of information on this subject is the Department of Revenue publication *Boundary Change Information*, 150-504-405.

Chapter 3—The Budget Process: An Outline

Exceptions to Local Budget Law

Most local governments in Oregon must prepare and adopt an annual budget. There are a few exceptions. The following districts are either totally or partially exempted from Local Budget Law requirements (ORS 294.316):

1. Diking districts organized under Chapter 551.
2. District improvement companies organized under ORS 554.
3. Drainage districts organized under ORS 547.
4. Export trading corporations organized under ORS 777.755 to 777.800.
5. Highway lighting districts organized under ORS 372.
6. Hospital financing authorities organized under ORS 441.525 to 441.595.
7. Housing authorities organized under ORS Chapter 456 that are not carrying out urban renewal activities using tax increment financing under ORS 457.440 during the ensuing year.
8. Irrigation districts organized under ORS 545.
9. Municipal public utilities operating under separate boards or commissions, authorized under ORS Chapter 225 and city charters, and people's utility districts organized under ORS Chapter 261, both operating without ad valorem tax support during the ensuing year.
10. Organizations formed under the provisions of ORS 190.003 to 190.110. These organizations, referred to as "councils of governments," are subject to separate budget requirements under ORS 294.900 to 294.930.
11. Road districts organized under ORS 371.
Note: Road districts that impose a property tax must submit tax certification documents. County road districts organized under ORS 371.097 are subject to local budget law.
12. Soil and water conservation districts organized under ORS Chapter 568 that will not impose an ad valorem tax during the ensuing year.
13. Water control districts, organized under ORS 553, that will not impose taxes during the ensuing year.
14. Health districts organized under ORS 440.315 to 440.410. Health districts must adopt an annual budget; their budget processes are outlined in ORS Chapter 440 (2001 revision).

In addition to the local governments listed, a newly formed local government is not required to prepare a budget under Local Budget Law during the first fiscal year it is formed. If a local government is formed between March 1 and June 30, it does not have to prepare a budget for the upcoming fiscal year [ORS 294.326(11)].

Urban Renewal Agencies

Urban renewal agencies are subject to the Local Budget Law and must complete the process separately from the parent municipality (county or city).

Purpose of Local Budget Law

Budgeting is not simply something a local government does once a year. It is a continuous process taking 12 months to complete a cycle. The budgeting process has five parts. The budget is: 1) prepared, 2) approved, 3) adopted, 4) executed, and 5) reviewed by audit. **The budget must be prepared far enough in advance so that it can be adopted before June 30 of the current fiscal year.** After adopting the budget, the governing body makes the necessary appropriations and certifies the tax to be imposed to the county assessor.

Local governments that aren't subject to Local Budget Law may be subject to other statutory and constitutional limits. They may choose to follow the local budgeting process in preparing their budgets.

Oregon's Local Budget Law has two important objectives:

- It establishes standard procedures for preparing, presenting, and administering the budget, and
- It provides for citizen involvement in preparing the budget and public exposure of the budget before its formal adoption.

To give the public ample opportunity to participate in the budgeting process, Local Budget Law requires that a budget officer be appointed and a budget committee be formed. The budget officer draws together necessary information and prepares the proposed budget. The budget committee then reviews and may revise the proposed budget before it is formally approved. Notices are published, budgets are made available for review, and public meetings are held. These requirements encourage public participation in budget-making. They also give public exposure to budgeted programs and fiscal policies before the governing body of a local government adopts the budget.

Citizen involvement in the budget cycle varies from one community to another. It is up to each local government to prepare a budget that clearly outlines its fiscal policies and is satisfactory to the patrons of the district. If a

budget is clear and concise, taxpayers have a better understanding of what services their tax dollars are buying. Local governments may also find citizen input informative and rewarding.

To provide an overview of the budget cycle, the major steps of the budgeting process are outlined below. An Oregon Revised Statute outline of the budget process is in Appendix B of this manual.

Outline of the Budget Process

1. **Budget Officer Appointed** (ORS 294.331).

Each local government must have a budget officer, either appointed by the governing body or designated by the local government's charter. The budget officer is under the supervision of either the executive officer or the governing body.

2. **Proposed Budget Prepared** (ORS 294.331).

The budget officer is responsible for preparing or supervising preparation of the proposed budget to present to the budget committee.

3. **Budget Officer Publishes Notice** (ORS 294.401).

The budget officer publishes a "Notice of Budget Committee Meeting" after the proposed budget is prepared. The notice may contain the dates, times, and places of several meetings, if the budget officer anticipates that more than one meeting will be needed.

If the notice is published in a newspaper of general circulation, it must be published at least **twice**, five to 30 days before the scheduled budget committee meeting date. The publications must be separated by at least five days. If notice is hand-delivered or mailed, only one notice is required not later than 10 days prior to the meeting.

4. **Budget Committee Meets** (ORS 294.401).

The budget officer may make the proposed budget available to each member of the budget committee at any time before the meeting. The budget officer may choose to distribute the budget at the meeting, rather than earlier. At the time the budget is made available to the committee, a copy must be filed in the office of the governing body of the district. The budget becomes a public record at this point and must be made available to anyone who is interested in viewing it.

The budget message is delivered at the first budget committee meeting for budget deliberations. The budget message explains the proposed budget and any significant changes in the local government's financial position. After the initial meeting, the budget committee may meet as many times as needed to revise and complete the budget. After the budget is approved, the budget committee is allowed to

meet for training and advisory reviews throughout the year. All meetings are subject to Oregon's Public Meetings Law (ORS Chapter 192).

5. **Budget Committee Approves Budget** (ORS 294.406).

When the budget committee is satisfied with the budget, including additions to or deletions from the one proposed by the budget officer, it is approved. The budget approved by the committee specifies the amount or rate of ad valorem taxes for each fund receiving tax revenue. Approval of the budget and of the amount or rate of tax should be by motion and be recorded in the minutes of the meeting.

6. **Budget Summary and Notice of Budget Hearing Published** (ORS 294.421).

After the budget is approved, a budget hearing must be held by the governing body of the local government. The governing body must publish a "Financial Summary and Notice of Budget Hearing" five to 30 days before the scheduled hearing. This information must either appear in a newspaper of general circulation, be mailed or hand delivered. If no newspaper is published in the local government and the total estimated expenditures in the approved budget do not exceed \$50,000, the summary and hearing notice may be posted for at least 20 days prior to the meeting.

If the local government posts the summary and notice, a second notice of budget hearing must be published in a newspaper of general circulation, mailed or hand delivered five to 30 days before the scheduled hearing (ORS 294.421). See Chapter 8 for more details on publication requirements.

7. **Budget Hearing Held** (ORS 294.430).

The budget hearing must be held by the governing body on the date specified in the public notices. The purpose of the hearing is to listen to citizens' testimony on the approved budget. Additional hearings may be held. All hearings are open to the public.

8. **Budget Adopted, Appropriations Made, Taxes Declared, and Categorized** (ORS 294.435).

By law, the governing body may make changes in the approved budget before it is adopted. Prior to the beginning of the fiscal year to which the budget relates, the governing body can also make changes to the adopted budget. However, there are limitations:

- a. Taxes may **not** be increased over the amount approved by the budget committee.
- b. Estimated expenditures in a fund cannot be increased over the amount approved by the budget committee by more than \$5,000 or 10 percent, whichever is greater.

- c. Estimated expenditures in a fund in a biennial budget cannot exceed the amount approved by the budget committee by more than \$10,000 or 10 percent, whichever is greater.

These limitations cannot be exceeded without first publishing a revised Financial Summary and holding another budget hearing.

After the budget hearing, and after considering relevant testimony, the governing body adopts the budget. It is recommended that the budget **should not be formally adopted until the latter part of June** so last-minute revisions to revenue or expenditure estimates can be incorporated.

The governing body prepares a resolution or ordinance that formally adopts the budget, makes appropriations and, if needed, levies and categorizes tax. The budget is the basis for making appropriations and certifying the taxes. **The resolutions or ordinances adopting the budget and making appropriations must be adopted no later than June 30** [OAR 150-294.435(4)].

9. Taxes Certified (ORS 294.555).

The next step in the budget cycle is to certify the taxes to the county assessor. Taxes must be certified every year, even if the district operates on a biennial budget. School districts also submit a copy of the budget and tax certification forms to their education service district office and to the Oregon Department of Education.

The documents submitted to the assessor's office include the following:

- Two copies of the notice of levy and the categorization certification (Form LB/ED/UR-50) which contains the statement of the budget committee approved tax amounts and/or tax rates,
- Two copies of the resolution statements that adopt the budget, make appropriations, and impose and categorize taxes, and
- Two copies of any successful tax ballot measures.

10. Post-Adoption.

After the previous nine steps have been completed, changes to the budget are restricted by statute.

- ORS 294.326 provides for authorizing appropriations as an exception to the budget process.
- ORS 294.450 governs the transfer of appropriations within a fund or from the general fund to another fund.
- ORS 294.455 provides for the expenditure of funds to repair or replace property that has been damaged or destroyed. It also allows funds to be expended because of a civil disturbance or **natural disaster**.
- ORS 294.460 is concerned with loans from one fund to another.
- ORS 294.480 specifies the conditions under which a local government must adopt a supplemental budget.
- ORS 294.483 provides exceptions for certain debt service expenditures.

For more details, read Chapter 14, Budget Changes After Adoption.

This is an overview of the budget cycle. For more detailed information on each stage of the budget cycle, refer to the section of this manual that is devoted to each specific stage.

Chapter 4—Proposing the Budget

A local government's budget is a public document. Anything connected with the budget is subject to public inspection. Temper the detail of the budget with common sense to make the document informative and uncomplicated. The budget is a guide to the management of the local government. It also provides information and encourages public participation in government.

The type of budget selected by the local government is a policy decision to be made by the governing body. The budget must comply with all the requirements of Local Budget Law. A budget is a financial plan that includes estimates of expenditures and revenues for a single fiscal year. Each local government operates in a **fiscal year** that begins July 1 and ends June 30 [ORS 294.311(17)]. For biennial budgets, see Chapter 15.

The budgeting process provides procedures for evaluating local government needs and identifying revenue sources to meet those needs. A completed budget provides a justification for imposing ad valorem taxes.

Budget Officer

The budget officer prepares the proposed budget for the coming fiscal year. As ORS 294.331 states: "The governing body of each municipal corporation shall, unless otherwise provided by county or city charter, designate one person to serve as budget officer. The budget officer, or the person or department designated by charter and acting as budget officer, shall prepare or supervise the preparation of the budget document. The budget officer shall act under the direction of the executive officer of the municipal corporation, or where no executive officer exists, under the direction of the governing body."

The budget officer does not have to live within the boundaries of the local government, unless required by the local government's charter (OF 448-V; 12-26-63). The budget officer cannot be an appointive member of the budget committee because appointed members of the budget committee cannot be officers, agents, or employees of the local government [ORS 294.336(4)]. (See Chapter 7 for more details on the budget committee.)

Budget Calendar

Schedule the steps of budget preparation to allow sufficient time to complete the entire budget process before June 30 (ORS 294.396). The Department of Education provides a suggested budget calendar to guide school districts. Since budget calendars are built around mandated requirements, review and revise them when the laws change.

Schedule the appointment of budget committee mem-

bers on the calendar. Before budget preparation begins, schedule audit review and timely financial reporting.

Base the calendar on the sequence of events that influence budget-making. This allows scheduling meetings, hearings, and publication requirements. Tax elections need not fit into a sequence, but a financial plan should be considered before a ballot measure is scheduled. The success or failure of a local option tax or a bond issue can determine the direction a governing body will take in planning.

Budget Message

A budget message is prepared annually by the executive officer of the district. If there is no executive officer, the budget message is prepared by the presiding officer of the governing body (ORS 294.391). The budget officer may prepare the message under the direction of the executive officer or governing body presiding officer. The extent of the budget message depends upon the size and complexity of the budget, and any changes that have been made.

The budget message must:

1. Explain the budget document.
2. Include a brief description of the proposed financial policies of the for the coming fiscal year.
3. Describe the important features of the budget document in connection with the financial policies of the local government.
4. Explain the reason for changes from the previous year in appropriation and revenue items.
5. Explain the major changes in financial policy.

Any change in the basis of accounting must be explained in the budget message for the year in which the change is planned [ORS 294.445(2)].

The budget message is delivered to the budget committee at its first meeting to deliberate on and approve the budget.

Budget Document

First and Second Preceding Year's Data

Expenditure and resource estimate detail sheets are part of the budget document under ORS 294.376. These detailed estimate sheets show the actual expenditures and resources for the two preceding fiscal years for each fund (ORS 294.376). This requirement provides a two-year record of what actually happened. It compares the earlier actual resources and expenditures with those estimated and budgeted for both the current year and the upcoming fiscal year.

The historical data are figures confirmed by audit. Display the audit-confirmed revenues and expenditures in the budget at the same level of detail used for the estimates of the current year and coming fiscal year.

A fund dissolved by the governing body must remain a part of the budget's historical record for the preceding years. If two funds are created from one previously existing fund, separate the historical data so previous resources and expenditures for each fund can be identified. The dissolution or combination of funds can be explained in the budget message.

Historical data provide a base for estimating the upcoming fiscal year expenditures and resources. They are also compared to the current year estimates when making decisions during the budget process.

Current Year Budgeted Resources/Expenditures

On the estimate sheets, also show the estimated expenditures and resources adopted for the current fiscal year. These amounts come from the current budget document, but should be updated for any changes authorized by governing body resolutions or ordinances, including supplemental budgets adopted during the current year.

This requirement gives full disclosure of all budgeted figures for the current year so comparisons can be made to estimates shown for the coming fiscal year.

Proposed Resources/Expenditures for Upcoming Fiscal Year

For each fund, show the proposed estimated resources and expenditures for the upcoming fiscal year. These are the estimates that the budget officer makes based on anticipated needs of the local government. The budget officers for cities, counties, or other large local governments may work with the department heads to prepare these estimated figures.

All budget forms prescribed by the Department of Revenue are designed in compliance with the law. Sample budget detail forms and explanations are provided later in Chapter 6. Facsimile versions of the budget detail sheets may be used. Many districts prefer to prepare these forms using computerized spreadsheets.

Public Meeting Law: ORS 192.610 to 192.690

Policy statement (ORS 192.620) states:

“The Oregon form of government requires an informed public aware of the deliberations and decisions of the governing bodies and the information upon which such decisions were made. It is the intent of ORS 192.610 to 192.690 that decisions of governing bodies be arrived at openly.”

Follow the Public Meeting Law for all budget meetings where deliberations toward a decision are made. The

Attorney General's Public Records and Meetings Manual is available for a fee from the Oregon Department of Justice, 1162 Court Street NE, Salem OR 97310. This manual summarizes the requirements for regular, special, and emergency meetings, and for executive sessions. A section is included on the requirements for taking minutes and on enforcement provisions.

Local Budget Law meetings fall within the Public Meeting Law. Take a few moments to review these statutes. When a local government needs to schedule budget committee meetings or budget hearings after the special notice requirements of local budget law have been done, the Public Meeting Law provides the requirements for public notice.

Public Inspection of the Budget Document

The statutes clearly explain requirements for providing copies of the budget document for public inspection. ORS 294.401(8) provides:

“The budget officer shall file a copy of the budget document in the office of the governing body of the municipal corporation immediately following presentation of the budget document to members of the budget committee under subsection (6) or (7) of this section. The copy shall become a **public record** of the municipal corporation.” (emphasis added)

Every state and local government agency is subject to the Public Records Law. The basic premise of this law is stated in ORS 192.420:

“Every person has a right to inspect any public record of a public body in this state, except as otherwise expressly provided by ORS 192.501 to 192.505.”

Anyone may examine any portion or all of the budget document. While disclosure is the prescribed policy, the public records law makes it clear that agencies can “adopt reasonable rules necessary for the protection of records and to prevent interference with the regular discharge of duties . . .” ORS 192.430.

ORS 294.401(9) states:

“The governing body shall either provide the means of duplicating the budget or part thereof . . . , or shall provide copies of the budget document or part thereof so that a copy of the budget document or part thereof may be readily obtained by any individual interested in the affairs of the municipal corporation.”

Copies of the complete budget document must be provided according to ORS 294.416, 294.418 and 294.421.

A local government may charge a reasonable fee for photocopying the budget document [ORS 192.440(3) and OAR 150-294.401(7)].

A good source of information on this subject is the *Attorney General's Public Records and Meetings Manual*.

Chapter 5—Types of Funds

Fund, as defined by Oregon Administrative Rule 150-294.352(1)-(A), is a fiscal and accounting entity of self-balancing accounts to record cash and other financial resources, related liabilities, balances and changes, all segregated for specific, regulated activities and objectives.

The use of funds for budgeting is required by state and federal laws and rules, charters, local government resolutions and ordinances. Funds are a principle of good accounting.

To establish funds, use the definition listed above. A local governing body should determine the funds necessary for financial operation, then prepare resolutions authorizing them. The estimates of expenditures and revenues for the day-to-day operation of a local government are shown in the General Fund.

The local governing body may create funds to control the use of restricted or dedicated revenues. However, it is recommended that local governments maintain only those funds required to meet legal and operating requirements. Unnecessary funds complicate budgets.

Several statutes which authorize local governments to impose taxes or to provide special services require that separate funds be created. Examples of such funds are: The Bancroft Bond Fund (ORS 223.285), County School Fund (ORS 328.005), Bond Proceeds Fund (ORS 287.070), Debt Service Fund (ORS 287.006), and Reserve Fund (ORS 294.525).

Funds are usually created under the following conditions:

- **Special fund**—required by law or by a contractual agreement. Certain statutes require a fund be created to administer certain receipts.
- **Capital project fund**—created to receive and disburse the proceeds from a bond issue. Bonds are authorized for specific purposes. Spending money from a bond issue for other than authorized purposes is illegal, so a separate fund is set up to account for bond proceeds. A capital projects fund is temporary. When the project for which the bonds were issued is completed, any remaining money must be transferred to the debt service fund unless otherwise authorized by law.
- **Enterprise fund**—created for utilities (water and sewer) operated by a local government. A utility service is generally self-supporting. A separate fund makes it possible to set up separate accounting data on the operations of the utility. This information can be used to set up the service charges for the utility. It can also provide better controls and information on the management of the resources and expenditures.

In some cases, statutes authorizing local option taxes require establishing a separate fund. The general requirement is that the proceeds of all special purpose taxes must be used for the specific purpose authorized, and generally separate funds are established for them (ORS 311.350). The Oregon Constitution, Article IX, section 3, states: “No tax shall be levied except in accordance with law. Every law imposing a tax shall state distinctly the purpose to which the revenue shall be applied.”

Cities operating under home rule charters usually provide for a general fund and several additional special funds. The number and type of such funds depend upon the activities of the local government and how its charter is organized. When cities engage in activities authorized by state law, funds should be set up as provided by these statutes.

Major types of funds are used in setting up budget and accounting records:

- General Fund,
- Special Revenue Fund,
- Capital Project Fund,
- Debt Service Fund,
- Internal Service Fund,
- Enterprise Fund, and
- Trust and Agency Fund.

Any of these fund types may be used, depending upon the complexity and level of activity for each local government. The choice of fund structure is a fiscal policy decision of the local government.

General Fund

The purpose of a General Fund is to record financial transactions relating to all activities for which specific types of funds are not required. It is the general operating fund for the local government. Most local governments have a General Fund. Many small local governments have only a General Fund.

Special Revenue Fund

Special Revenue Funds should be set up only for special tax levies and other dedicated revenues when required by statutes, charter provisions, or the terms under which revenue is dedicated. Try to keep the number of special revenue funds to a minimum.

Capital Project Fund

A Capital Project Fund is used to record all resources and expenditures used to finance building or acquisitions of capital facilities that are nonrecurring major expenditure items. Resources include the proceeds from the sale of general obligation bonds or tax revenue from

local option taxes. Also included are any grants, transfers from other funds, or other revenues authorized for financing capital projects. A separate fund is normally established when a capital project or series of projects is authorized by the voters. It is dissolved when the project is completed. Several related projects financed from one bond issue may be accounted for in one fund if there are no provisions to the contrary in the authorization to sell the bonds.

Establish a Capital Project Fund for the expenditure of bond sale proceeds. If voter approval is received after the regular budget is adopted and bonds are sold during the fiscal year, a supplemental budget is not required to expend the proceeds [ORS 294.326(5)]. However, it is good fiscal practice for the governing body to establish a special fund to account for the proceeds and adopt a resolution or ordinance authorizing the expenditure.

If the bond sale receives voter approval prior to the adoption of the regular budget, then the expenditure of the proceeds must be included in the regular budget. Also, if the bonds were sold in the preceding year and the proceeds carried forward to the current year, then the expenditure of the proceeds must be budgeted in the regular budget.

Bond proceeds may be used to pay attorneys' fees and other expenses related to the preparation, authorization, issuance and sale of the bonds (ORS 287.012). These expenses cannot be paid from the Debt Service Fund; that fund can only be used to pay bond principal and interest.

Debt Service Fund

A Debt Service Fund is a fund to account for the payment of principal and interest on all general obligation long-term debt, including that payable exclusively from revenue-producing enterprises [OAR 150-294.352(1)-(A)]. There may be several bond issues accounted for in one debt service fund, but you should establish separate funds for general obligation and revenue bonds. Set up separate accounts for each bond issue. Transactions to record the redemption of existing bonds with proceeds of refunding bonds are also recorded in debt service funds.

Resources dedicated to repay bonds cannot be diverted or used for any other purpose [ORS 287.006(3), 287.072, 328.260(3), etc.]. Transfers from a Debt Service Fund are not allowed in most cases. There are two conditions under which a transfer may be made:

1. Transfer is lawful from this fund to repay an interfund loan.
2. If a surplus remains after all interest and principal are paid, the fund may be dissolved and the balance

transferred to any fund originally designated by the governing body, or as included in the bond contract (ORS 294.475).

Oregon Revised Statute Chapters 287 and 288 relate generally to borrowing and bonding of counties, cities, and other local governments. Refer to the statute under which your local government was formed for more specific bonding information. Appendix C lists local governments' taxing powers and limitations.

Most Oregon Revised Statute chapters under which local governments are formed allow for the issuance of general obligation bonds after voter approval. They also set limits on the amount of indebtedness a local government may incur, and provide for payment of bond principal and interest through the levy of taxes.

Disclosure concerning the issuance of municipal bonds is very important. It requires complete and accurate financial and economic information from all issuers. The Oregon Municipal Debt Advisory Commission was established to help local governments deal with the disclosure requirements.

The commission consists of seven members: the state treasurer; representatives from cities, counties, school districts, and special districts; and two public members. Staffing of the commission is provided by the Debt Management Division of the Oregon State Treasury.

The Debt Management Division publishes the *Oregon Bond Manual* which offers advice to issuers who wish to prepare for their own bond sale. The manual is available for a fee from Debt Management Division, 159 State Capitol, Salem OR 97310.

Advance Refunding Bonds—Budget Requirements

Public bodies, which includes local governments, have the authority to refund outstanding bond issues before their call dates. This is known as advance refunding (ORS 288.605 to 288.695).

Advance refunding means selling new bonds before any right to call or otherwise retire the old bond issue arises. The proceeds of the advance refunding bond sale are used to buy low-risk government securities to place in escrow to secure the old bonds. The public body is prohibited from levying a tax to pay on the old bonds after the amount owed on the old bonds is secured by investing the advance refunding bond proceeds, plus other funds set aside to pay the old bonds. If a tax could be levied to pay the old bonds, a tax may be levied to pay the principal and interest on the advance refunding bonds (ORS 288.665).

Debt service on the new bonds must be budgeted, because it will be paid by a tax levy or from the advance refunding bond proceeds and interest. The advance refund bond proceeds may also be used to pay adminis-

trative costs, expenses, or fees in connection with the advance refunding transaction [ORS 288.645(2)].

Revenues irrevocably placed in escrow for the purpose of defeasing and paying the bonds, or revenues received as a result of prepayments or other unforeseen circumstances used to redeem bonds or other obligations are not required to be budgeted [ORS 294.326(6)].

Bancroft Bonds

The Bancroft Bonding Act (ORS 223.205 and 223.210 to 223.295) is a financing method that may be used by cities, counties, and certain special districts with specific statutory bonding authority.

The purpose of the Bancroft Bonding Act is to provide a way for property owners to pay for improvements, such as streets, water supply systems, storm sewers, etc., in equal annual installments spread out over a period of years.

A “Bancroft Bond Redemption Fund” is a type of debt service fund required to record the debt payments for principal and interest.

Internal Service Fund

An Internal Service Fund finances and accounts for services furnished by one department or agency to another department or agency of the local government. Amounts expended from the fund are restored from either operating earnings or as operating expenditures from other funds to the internal service fund. The original working capital is then kept intact.

Enterprise Fund

An Enterprise Fund is a fund established to finance and account for acquiring, operating, and maintaining facilities and services which are self-supporting from user charges and fees. Examples of Enterprise Funds are for water, gas and electrical utilities, swimming pools, airports, parking garages, and transit systems. Separate funds should be established for each utility or enterprise.

Trust and Agency Fund

Assets are sometimes held, or revenue received, by local governments in a fiduciary capacity to be used for a certain specified purpose. For example, investments or securities may be given to the local government with provisions that the income be used to aid the library or park system. In other cases, the municipality may charge a certain amount for perpetual repair of cemetery lots, with such amount to be invested and only the earnings used for the designated purposes. These revenues and expenditures are accounted for in a Trust and Agency Fund. Most Trust and Agency Funds are not exempt from local

budget law. Expenditures can be made from these funds only if the funds are included in the adopted budget and appropriations.

Reserve Fund

A local government may set up a Reserve Fund, a type of special revenue fund, to accumulate money for financing the cost of any service, project, property or equipment that the district can legally perform or acquire (ORS 294.525). Under Local Budget Law, a Reserve Fund is the appropriate way to save money from year to year.

Any local government by resolution or ordinance can set up a Reserve Fund. The governing body may specify a time limit in which money can be added to the fund. At least every ten years after the establishment of a reserve fund, the governing body reviews the fund to decide if it should be continued or abolished. Any unexpended or unobligated balance left in the fund after it is abolished can be transferred to the General Fund or any other fund designated by the governing body.

Money in a Reserve Fund can only be used for the purpose for which the fund was established. Expenditures are made directly from a Reserve Fund.

School districts have special statutory authority to set up reserve funds for the purchase of automotive equipment. Schools should refer to ORS 328.470 for more details.

Separate Funds for Local Option Taxes

Establish a separate fund for each local option tax providing money for a specific purpose. The money received must be retained and spent only for the purpose for which the tax was approved. The requirements in this law provide fiscal integrity for the local option tax to carry out the purpose named in the ballot measure.

If expenditures from a specific purpose local option tax fund are no longer needed, the governing body may abolish the fund and transfer the balance and any future proceeds to the General Fund or any other fund designated by the governing body. The tax imposed for the special fund then must be discontinued when it is abolished.

During the period of a voter-approved local option tax, impose only the amount of tax necessary to meet requirements and balance the fund each year. Although a local government has the power to impose a tax, the budget must always justify the tax (ORS 294.326).

The authorized period for a local option tax is consecutive years. If it is not levied for one of those years, the authority to impose is not extended. It is assumed that if no tax is certified, the local government intended to impose \$00.00 for that year. Local governments can always impose less than their taxing authority.

Chapter 6—The Budget Document

Basis of Accounting

Local governments (municipal corporations) are required by ORS 294.445 to maintain accounting records by fund using a cash, modified accrual, or accrual basis of accounting. The selection of the basis of accounting is up to each local government.

Any change in the basis of accounting must be explained in the budget message for the year in which the change is planned. You must explain the reasons for the change and its effect on the fiscal operations of the district. Once a new basis of accounting is adopted, that basis is used in the fiscal year for which the budget was prepared [ORS 294.445(2)].

Estimating Resources

Each local government must estimate and budget all of its anticipated resources for the upcoming fiscal year [ORS 294.361(1)]. The budget must be constructed so that the **total resources equal the total requirements** for each fund [OAR 150-294.352(1)-(B)]. For biennial budgets, see Chapter 15.

Budget resources include but are not limited to: the cash balance, cash equivalents, and investments or **net working capital** that will be carried forward from the previous fiscal year; prior-year taxes; current-year taxes; fees; fines; interest on deposits or securities of any kind; endowments; annuities; sales of property or other assets; grants; interfund transfers; and revenues from any and all other sources [ORS 294.361(2)].

Budget resources do not include moneys accumulated under an approved employee deferred compensation plan and the interest earned on such moneys, the estimate for the ensuing year of discounts under ORS 311.505, or the estimates of uncollectible amounts of taxes, fees, or charges for the ensuing year [ORS 294.361(3)].

Beginning Cash Estimates

“Each municipal corporation shall estimate in detail its budget resources for the ensuing year by funds and sources” [ORS 294.361(1)]. Generally, an “estimate” is: defined as a rough calculation or an opinion formed from imperfect data. All resources should be based upon a “good faith” estimate (OF 1439-V; 6-15-71). Estimate the beginning cash balance as follows:

1. Establish the cash balance on hand at the time the budget is prepared.
2. To this amount, add the amount of revenue estimated to be received from all sources to the end of the current fiscal year.

3. From the sum of numbers 1 and 2, subtract a reasonable estimate of expenditures for the rest of the fiscal year.

The remainder will be the estimate of the beginning cash balance to be used in preparing the budget for the next fiscal year.

Previously Levied Taxes

Every local government that imposes a property tax receives revenue from taxes that were imposed in previous years from the collection of delinquent taxes. These prior years' taxes are treated as nontax resources in the budget.

The amount of prior years' taxes can be estimated using history. The county tax collector can also help the district with estimating the amount of prior years' taxes.

The money collected from the taxes of all districts is placed in the unsegregated tax collection account. Money is disbursed from this account using a percentage distribution schedule (ORS 311.390). This schedule shows the percent that each local government's taxes imposed represents of the total of all taxes imposed in the county.

At the same time current taxes are being collected, delinquent taxes from prior years are also being collected and placed in the unsegregated tax collection account. Prior year's taxes are disbursed by the county treasurer using the percentage distribution schedule from the year for which the taxes are paid.

When county treasurers disburse tax moneys to local governments, most provide a statement to accompany each payment. The statement breaks down the payment to show the amount collected for the current year and the respective amounts for each prior year. The treasurer's statement provides accountability for taxes and a clear audit trail for the county records. Each local government should have the information necessary to make full disclosure of the correct receipt of tax moneys and disbursement to the funds that levied the tax.

Local governments should account for property tax revenues by allocating the moneys on a consistent percentage basis to each fund that imposed a tax based on the amount of tax imposed by the assessor for each fund (ORS 310.170). Proper accounting methods and schedules of tax collections provide accurate historical information to support resource estimates for the following fiscal year.

Grants

Grants for general purposes must be budgeted as a resource if the district is aware of the grant before June 30. Specific purpose grants must also be budgeted as a

resource if they are known or anticipated during the regular budget process.

If an unanticipated general purpose grant is received during the fiscal year, a supplemental budget must be prepared in order to increase appropriations to spend the grant money.

Specific purpose grants may be treated in a different manner. If an unanticipated specific purpose grant is received and will be spent during the fiscal year, no supplemental budget is required. The governing body may spend the grant money after enacting an ordinance or resolution authorizing the expenditure [ORS 294.326(3)].

Budget Transfers

The budget may include the transfer of revenue between funds. Money received in a fund through a transfer from another fund must be budgeted as a resource to the receiving fund. The originating fund budgets the transfer as a requirement. This way the total budget stays in balance (ORS 294.361).

Bond Proceeds

When voter approval to issue bonds is received during the fiscal year and the bond proceeds will be expended during that same fiscal year, the proceeds do not have to be budgeted. It is recommended that a fund for the bond proceeds be established and a resolution appropriating the proceeds be prepared.

If the bonds are approved in one fiscal year and the proceeds are to be spent in the upcoming fiscal year, the proceeds must be budgeted in the regular budget. Any proceeds that are to be carried forward from one fiscal year to the next must also be included in the regular budget [ORS 294.326(5)].

Insurance Proceeds

Funds received to repair or replace property, such as insurance proceeds, do not have to be budgeted. To spend the money, the governing body may either enact an ordinance or resolution (ORS 294.455) or enact a supplemental budget [ORS 294.480(1)(e)].

Interfund Loans

During the fiscal year the governing body may loan money from one fund to another to cover a revenue shortfall. The loan must be authorized through an ordinance or resolution. A supplemental budget is not required.

A loan cannot be made from a debt service fund except for loans from a debt service reserve fund created to provide additional covenanted security for outstanding bonds or other borrowing obligations if

the amount in the fund exceeds the amount covenanted and the aggregate outstanding amount of such loans does not exceed the excess amount in the fund (ORS 294.460).

If the loan is an operating loan and it is not repaid in the fiscal year in which it was made, the repayment must be budgeted in the upcoming fiscal year. Operating loans must be repaid no later than the fiscal year following the year in which they were made. If the loan is a capital loan, it must be repaid in full over a term not to exceed five years. The repayment must be budgeted according to a schedule and at a rate of interest set forth at the time the loan is made (ORS 294.460). The fund that received the loan budgets the repayment as a requirement. The fund that gave the loan budgets the repayment as a resource.

A capital loan is any interfund loan, or portion thereof, made for the purpose of financing the design, acquisition, construction, installation, or improvement of real or personal property and not for the purpose of paying operating expenses.

An operating loan is any interfund loan, or portion thereof, that is not a capital loan, and that is made for the purpose of paying operating expenses.

Tax Anticipation Notes

Local governments are authorized to contract indebtedness by issuing short-term promissory notes for the purposes of meeting current expenses, retiring outstanding bonds, or paying the interest on the bonds (ORS 287.442, ORS 328.565, and ORS 341.715).

Tax anticipation notes are a form of short-term borrowing. They are issued in anticipation of the collection of property taxes. The anticipated loan proceeds and the related principal repayments within a fiscal year are not budgeted as resources or expenditures. However, they must be reported in narrative form or by footnoted schedules to the adopted budget (ORS 294.443).

The interest due on the principal must be budgeted as an anticipated expenditure. Also, any interest anticipated to be earned from the principal must be budgeted as a resource.

Refunded Money

When a district returns merchandise that has been paid for, the money refunded for the merchandise does not have to be budgeted. The governing body can spend this refunded money after holding a public hearing and adopting a resolution or ordinance to appropriate the money [ORS 294.326(10)].

Emergency Funds—Schools or Community Colleges

If the governing body of any school district or community college district declares that an emergency exists, re-

quiring a greater expenditure of public money, the law allows for spending over the amount appropriated in the budget. These districts are allowed to make such specific expenditures of federal and state funds (ORS 294.440).

Budgeting a Deficit Resource

Do not budget a negative resource [OAR 150-294.361(1)-(B)]. A deficit line item entry distorts the actual total of revenues. Budget only the amount of revenue estimated to actually be received by the fund. If there is an anticipated deficit in a fund, it is treated as a requirement of that fund.

If actual resources fall short of the amount estimated, expenditures cannot be made in excess of the available revenues. Deficit fund balances are a violation of Local Budget Law.

Classifying and Estimating Expenditures

Each local government must prepare estimates of expenditures and budget requirements for the upcoming fiscal year. Governments that have the authority to impose ad valorem property taxes must use a fiscal year that runs from July 1 to June 30 [ORS 294.311(13)].

Local Budget Law requires that expenditures be shown in the budget in certain ways. The budget is broken down into funds which are discussed in Chapter 5. The expenditures for each fund must be identified in one of two ways—organizational unit or program—depending on how the district is structured.

Subdividing a fund into organizational units or programs makes the budget more understandable.

Organizational Unit

Some local governments are structured in organizational units. An organizational unit is an administrative subdivision of the local government which is responsible for specific services, functions or activities. These are usually identified as departments, divisions, offices, etc. [ORS 294.311(28)]. For example, a city may be structured into organizational units such as: Police Department, Public Works Department, Office of the City Recorder, etc.

School districts, ESDs, and community colleges do not use organizational units when preparing expenditure estimates. They must prepare expenditure estimates according to the classification of accounts prescribed by rules of the State Board of Education. *Program Budgeting and Accounting Manual for School Districts*, published by the Department of Education details all the requirements of the board's rules for school districts [ORS 294.356(1)].

Hospitals may not use organizational units when preparing expenditure estimates, making appropriations or publishing the budget summary [ORS 294.356(2)].

Program

Many districts are structured by program. A program is a group of related activities aimed at accomplishing a major service or function [ORS 294.311(30)]. Programs could include services and functions such as: fire control, sewage disposal, instruction, road maintenance, etc. Most special districts are formed to provide one or two major services. These districts have a program structure.

Whether a local government is structured by organizational units or programs, the budget must contain the following:

1. The estimated expenditures of the General Fund and all special revenue funds arranged by organizational unit or program and activity. They must be categorized by personal services, materials and services, capital outlay, etc. Spending estimates must be **detailed** under separate object classifications (ORS 294.352).

School districts and community colleges are required to further detail expenditure estimates by object within object classification [ORS 294.352(4)]. Information on this breakdown can be found in the *Program Budgeting and Accounting Manual for School Districts*.

2. Estimated expenditures for special payments, operating expenses and general capital outlay which cannot be allocated by organizational unit or program.
3. Estimated expenditures for personal services. Personal services includes salaries, fringe benefits, and miscellaneous costs associated with salary expenditures, such as overtime. Federal program employees and part-time employees are included when figuring personal services.

In addition, detail must be provided on the salary for each officer and employee, except hourly wage and part-time employees. Employees of like classification and salary range may be listed by the number of those employees, the limits of each salary range and the amount of their combined salaries [ORS 294.352(5)].

4. A separate schedule detailing the salaries of persons who perform services for two or more organizational units, programs, or activities (Form LB-40). For instance, one of the county clerical staff may provide services to the administration office and the police department.
5. Estimated expenditures for **materials and services**. These may include a separate estimate for: (a) contractual services, (b) materials (such as office supplies), and (c) other charges (such as education or travel). Estimates should be detailed and itemized to disclose all proposed expenditures.

6. Estimated expenditures for **capital outlay**. Capital outlay is defined, as “Expenditures that result in the acquisition of or addition to fixed assets.” Fixed assets are defined as “Assets of a long-term character that are intended to continue to be held or used, such as land, buildings, machinery, furniture, and other equipment.” (Source: Leon E. Hay, *Accounting for Governmental and Nonprofit Entities*, seventh edition, Richard D. Irwin, Inc., 1985.)
7. Estimated expenditures for repaying bond principal and interest for each bond issue. Bond issues should be separately shown with separate estimates for principal and interest payments [ORS 294.352(7)]. Each bond issue should be identified by both the issue date and the exact payment date. Any unappropriated ending fund balance associated with the bond issue must be itemized by the payment dates and amount, and separately identified.

In addition to these items, the budget may contain the following budget requirements:

Unappropriated Ending Fund Balance

A local government may include an estimate for unappropriated ending fund balance in its budget. The purpose of this estimate is to provide the local government with a cash or working capital balance with which to begin the following fiscal year (ORS 294.371 and OAR 150-294.371).

When calculating the amount of the unappropriated ending fund balance, determine the cash requirements of the local government between July 1 and the time sufficient revenues become available to meet cash flow needs. The maximum amount that may be budgeted in an unappropriated ending fund balance is an estimate of the difference between the cash requirements and the other resources available. The unappropriated ending fund balance is not included in the resolution making appropriations.

No expenditures can be made from an unappropriated ending fund balance during the year in which it is budgeted, except in an emergency situation created by civil disturbance or natural disaster (ORS 294.455). If an emergency develops and the revenue in the unappropriated ending fund balance is needed, it may be appropriated with a resolution or ordinance or through a supplemental budget.

Toward the end of the fiscal year in which an unappropriated ending fund balance is budgeted, the budget officer should monitor actual cash flow carefully. A revenue shortfall during the year may mean that spending may have to be reduced in order to have sufficient cash in the unappropriated ending fund balance. If expenses cannot be reduced, then the amount in the unappropriated ending fund balance may be less than

planned. This is allowed as long as expenditures remain within the fund’s appropriation authority and there has been a revenue shortfall.

General Operating Contingency

An estimate for general operating contingency may be included in any operating fund. **The general operating contingency is not a fund.** It is a line item appropriation within an operating fund [ORS 294.352(8)]. The estimate for general operating contingencies is based on the assumption that unforeseen spending may become necessary in an operating fund. Its purpose and proper use are explained in Administrative Rule 150-294.352(8).

Each operating fund is allowed one appropriation for a general operating contingency. A nonoperating fund cannot have an appropriation for a general operating contingency. A Debt Service Fund is an example of a nonoperating fund.

The contingency estimate must be reasonable, based on past experience, and in line with the purpose of the particular fund involved. It cannot be made in place of an estimate for expenditures which are known to be necessary and can be anticipated. It must not be used to cover up improper or loose budgeting practices.

The general operating contingency is shown in the budget as a line item, separate from any of the three major object classifications. For example, in the general fund it would be in a nondepartmental category along with interfund transfers and the unappropriated ending fund balance.

A resolution or ordinance must be passed before any of the general operating contingency can be transferred. The transfer must be made to an existing appropriation. The operating contingency then is reduced and the receiving item increased by the same amount so the fund remains in balance.

There is no statutory limit of the amount which may be appropriated for the general operating contingency. However, the amount which may be transferred from contingency is limited to 15 percent of the total appropriations authorized in the fund [ORS 294.450(2)]. This law states that transfers which in total exceed 15 percent may be made only after adopting a supplemental budget for that purpose.

For example, if the total appropriations for a fund is \$100,000, including \$20,000 for the general operating contingency, only \$15,000, or 15 percent of the appropriations, may be transferred from the contingency appropriation by resolution or ordinance. The remaining \$5,000 can be transferred only through a supplemental budget.

Reserve for Future Expenditure

An estimate of an amount “reserved for future expenditure” may be included in a Reserve Fund, Form LB-

11. This is a line item requirement which identifies funds to be “saved” for use in future fiscal years. Debt service funds cannot include this type of requirement (Department of Justice letter of advice, August 26, 1970).

The amount reserved for future expenditure is not appropriated in the resolution or ordinance making appropriations since the initial intent is not to spend it. If the need arises during the fiscal year to spend this amount, a supplemental budget must be prepared.

Pass-through Payments

Through intergovernmental agreement or statute, a local government can impose taxes, fees, or charges that are paid, on a pass-through basis, to another local government. The local government that imposes the taxes, fees, or charges budgets them as resources. The pass-through payment to the other local government is budgeted as an expenditure and appropriated accordingly. If the actual amount collected from the taxes, fees, or charges exceeds the estimated amounts in the budget, the local government that imposed the taxes, fees, or charges may appropriate the additional revenue simply through enacting a resolution or ordinance [ORS 294.460(6)].

Budget Forms

The Department of Revenue has the authority to make rules and prescribe budget forms. These forms for noneducation districts can be obtained by contacting the Finance and Taxation Unit of the Department of Revenue or on the department’s Web site at www.dor.state.or.us. The Department of Education provides the forms for education districts. If any government chooses to design its own form, the format must meet the requirements of Local Budget Law.

Budget Document Detail Sheets

The budget document detail sheets are the heart of the budget. They show in detail the planned requirements and resources the local government needs to carry out its purpose. The forms described below are for use by nonschool local governments. School districts should refer to the *Program Budgeting and Accounting Manual for School Districts*, published by the Oregon Department of Education, for their budget detail sheets.

Form LB-10 is used primarily for special revenue funds, except reserve funds. Special funds include specific-purpose funds for local option taxes and other special project funds. Resources and expenditures are specific to the fund and generally limited to just a few line items. Often, items can be listed and totaled on one page.

Form LB-11 is used to show the resources and expenditures specific to a reserve fund. In the case of reserve funds, all or part of the amount in the fund may be “re-

served for future expenditure.” After the fund is established, no amount in this fund can be expended for any other reason unless the fund is dissolved.

Form LB-20 is used to list all estimated budget resources, including the taxes necessary to balance the budget for each fund requiring taxes. All resources must be budgeted and totaled for each fund. The amount budgeted as an unappropriated ending fund balance in the preceding year, all moneys in saving accounts, time certificates of deposit, and all earned interest must be included in the budget.

Form LB-30 is designed to show fund summaries by major object classifications and nondepartmental appropriations separately. An LB-30 summary should immediately follow each fund in the detailed budget document. Placing the summary with each fund provides continuity and a standardized format which makes the budget document easier to understand.

Funds with organizational units should be summarized by major object classification. Nondepartmental appropriations, which cannot be budgeted as any part of any organizational unit, are listed separately.

Form LB-31 is used for detailed expenditure estimates that should be listed by category and by major object classification. How this form is completed depends on the size of the budget. Major object classifications could be detailed on separate LB-31 forms, or continuously on one form with a fund total on the final page. The fund should then be totally summarized on Form LB-30.

Budgets with long, detailed expenditures should have subtotal categories within the major object classifications. The primary objective is to provide easily understood expenditure estimates.

Form LB-35 is designed only for bonded debt principal and interest payments. **Each payment must be listed individually as a line item**, showing the payment due date and the corresponding issue date of the bonds. This fully discloses all of the expenditures.

The “Unappropriated Balance for the Following Year,” together with other revenues received, cannot exceed the amount necessary for principal and interest payments between July 1 and when the first tax revenues are received. Itemize all payments showing the bond issue date, payment due dates, and the exact payment amounts.

This form can be used for general obligation, revenue, or Bancroft bond funds. Be sure to check the box on the top of the form to indicate the type of bonds. Separate funds are required, depending upon the type of bonds issued. A local government’s outstanding general obligation bonds may be combined in one fund. Revenue bonds are budgeted separately from general obligation bonds, but ORS 223.285 requires that Bancroft bonds be budgeted in a fund entitled “Bancroft Bond Redemption Fund.”

Form LB-36 is a supplement to Form LB-35. If there is not enough room on Form LB-35 to disclose all bond interest and principal payments, use Form LB-36 to show detailed information. Show the bond issue date, due date, and the exact amount for each payment. The unappropriated ending fund balance that will pay principal and interest in the following year should be shown in the lower portion of the form. Summarize the totals of principal payments, interest payments and unappropriated fund balance on Form LB-35.

Form LB-40 is prescribed for supplemental information only, and not for budget resource or expenditure requirements. It shows total salaries for specific positions that are allocated on a cost basis to more than one fund or organizational unit. For example, portions of a city manager's salary may be allocated to the General Fund and the Utility Fund.

The following is not a complete balanced budget. Funds are displayed to provide a representative example for most commonly used forms.

Budget Detail Sheets—Examples

FORM
LB-10

SPECIAL FUND RESOURCES AND REQUIREMENTS

SITE AND STATION
Fund

SAMPLE RURAL FIRE PROTECTION DISTRICT
(Name of Municipal Corporation)

	Historical Data			DESCRIPTION RESOURCES AND REQUIREMENTS	Budget for Next Year 1999-00			
	Actual		Adopted Budget This Year 1998-99		Proposed By Budget Officer	Approved By Budget Committee	Adopted By Governing Body	
	Second Preceding Year 1996-97	First Preceding Year 1997-98						
RESOURCES								
Beginning Fund Balance:								
1	61,951	152,278	900	1. Cash on hand* (cash basis), or	3,000	3,000	3,000	1
2				2. Working capital* (accrual basis)				2
3				3. Previously levied taxes estimated to be received				3
4	9,623	3,554	1,500	4. Earning from temporary investments	1,000	1,000	1,000	4
5	85,308	45,000	18,000	5. Transferred from other funds - General	10,000	10,000	10,000	5
6				6.				6
7				7.				7
8				8.				8
9	156,882	200,832	20,400	9. Total resources, except taxes to be levied	14,000	14,000	14,000	9
10			-0-	10. Taxes necessary to balance	-0-	-0-	-0-	10
11	-0-	-0-		11. Taxes collected in year levied				11
12	156,882	200,832	20,400	12. TOTAL RESOURCES	14,000	14,000	14,000	12
REQUIREMENTS								
1	4,604	199,549	17,400	1. Expansion/Improvements	12,000	12,000	12,000	1
2	-0-	-0-	3,000	2. Furnishings	2,000	2,000	2,000	2
3				3.				3
4				4.				4
5				5.				5
6				6.				6
7				7.				7
8				8.				8
9				9.				9
10				10.				10
11				11.				11
12				12.				12
13				13.				13
14				14.				14
15				15.				15
16	152,278	1,283	-0-	16. UNAPPROPRIATED ENDING FUND BALANCE	-0-	-0-	-0-	16
17	156,882	200,832	20,400	17. TOTAL REQUIREMENTS	14,000	14,000	14,000	17

Resources
Equal
Requirements

150-504-010 (Rev. 9-94)

*Includes Unappropriated Balance budgeted last year.

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FORM
LB-11

RESERVE FUND RESOURCES AND REQUIREMENTS

EQUIPMENT
Fund

This reserve fund will be reviewed to be continued or abolished.
Date can not be more than 10 years after establishment.

Review Year 2000

SAMPLE RURAL FIRE PROTECTION DISTRICT
(Name of Municipal Corporation)

This fund is authorized and established by resolution / ordinance number
9-90 on (date) May 8, 1990 for the following
specified purposes:

To purchase fire suppression equipment

This section
must be
completed

	Historical Data			DESCRIPTION RESOURCES AND REQUIREMENTS	Budget for Next Year 1999-00			
	Actual		Adopted Budget This Year 1998-99		Proposed By Budget Officer	Approved By Budget Committee	Adopted By Governing Body	
	Second Preceding Year 1996-97	First Preceding Year 1997-98						
RESOURCES								
Beginning Fund Balance:								
1		27,200	48,000	1. Cash on hand* (cash basis), or	33,400	33,400	34,300	1
2				2. Working capital* (accrual basis)				2
3				3. Previously levied taxes estimated to be received				3
4	661	1,604	1,700	4. Earning from temporary investments	2,000	2,000	1,900	4
5	26,539	20,000	24,500	5. Transferred from other funds - General	15,000	15,000	15,000	5
6				6.				6
7				7.				7
8				8.				8
9	27,200	48,804	74,200	9. Total resources, except taxes to be levied	50,400	50,400	51,200	9
10			-0-	10. Taxes necessary to balance	-0-	-0-	-0-	10
11	-0-	-0-		11. Taxes collected in year levied				11
12	27,200	48,804	74,200	12. TOTAL RESOURCES	50,400	50,400	51,200	12
REQUIREMENTS								
1	-0-	-0-	26,220	1. Ambulance	26,300	26,300	26,300	1
2	-0-	-0-	10,500	2. Fire apparatus	4,000	4,000	4,000	2
3	-0-	-0-	4,000	3. Turnout gear	-0-	-0-	-0-	3
4				4.				4
5				5.				5
6				6.				6
7				7.				7
8				8.				8
9				9.				9
10				10.				10
11				11.				11
12				12.				12
13				13.				13
14				14.				14
15				15.				15
16	27,200	48,804	33,480	16. RESERVED FOR FUTURE EXPENDITURE	20,100	20,100	20,900	16
17	27,200	48,804	74,200	17. TOTAL REQUIREMENTS	50,400	50,400	51,200	17

Resources
Equal
Requirements

150-504-011 (Rev. 10-97)

*Includes Unappropriated Balance budgeted last year.

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Examples—continued

FORM LB-20

RESOURCES

GENERAL
Fund

SAMPLE RURAL FIRE PROTECTION DISTRICT
(Name of Municipal Corporation)

Historical Data			RESOURCE DESCRIPTION	Budget for Next Year 1999-00				
Actual		Adopted Budget This Year 1998-99		Proposed By Budget Officer	Approved By Budget Committee	Adopted By Governing Body		
Second Preceding Year 1996-97	First Preceding Year 1997-98							
Beginning Fund Balance:								
1	51,112	38,172	40,000	1. Available cash on hand* (cash basis), or	40,000	40,000	40,300	1
2				2. Net working capital* (accrual basis)				2
3	10,007	9,179	9,000	3. Previously levied taxes estimated to be received	9,500	9,500	9,500	3
4	2,018	1,654	1,500	4. Interest	1,500	1,500	1,200	4
5				5. OTHER RESOURCES				5
6	25,347	23,858	25,000	6. Ambulance service	28,000	28,000	28,000	6
7	6,000	6,000	6,000	7. County - 911 Revenue	6,000	6,000	6,000	7
8				8.				8
9				9.				9
10				10.				10
11				11.				11
12				12.				12
13				13.				13
14				14.				14
15				15.				15
16				16.				16
17				17.				17
18				18.				18
19				19.				19
20				20.				20
21				21.				21
22				22.				22
23				23.				23
24				24.				24
25				25.				25
26				26.				26
27				27.				27
28				28.				28
29	94,484	78,863	81,500	29. Total resources, except taxes to be levied	85,000	85,000	85,000	29
30			92,828	30. Taxes necessary to balance	101,790	101,790	101,790	30
31	88,172	91,881		31. Taxes collected in year levied				31
32	182,656	170,744	174,328	32. TOTAL RESOURCES	186,790	186,790	186,790	32

150-504-020 (Rev. 9-94)

*Includes Unappropriated Balance budgeted last year.

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FORM LB-30

EXPENDITURE SUMMARY
BY FUND, ORGANIZATIONAL UNIT OR PROGRAM

GENERAL
Name of Organizational Unit—Fund

SAMPLE RURAL FIRE PROTECTION DISTRICT
Name of Municipal Corporation

HISTORICAL DATA			EXPENDITURE DESCRIPTION	Budget For Next Year 1999-00				
Actual		Adopted Budget This Year 1998-99		Proposed By Budget Officer	Approved By Budget Committee	Adopted By Governing Body		
Second Preceding Year 1996-97	First Preceding Year 1997-98							
PERSONAL SERVICES								
1	17,782	17,796	18,534	1. Fire Chief	19,677	19,677	19,677	1
2	3,464	3,592	3,749	2. Clerk	4,048	4,048	4,318	2
3	6,754	2,570	3,000	3. Workers' Compensation	5,100	4,000	4,700	3
4	-0-	2,080	2,000	4. Employee benefits	2,400	2,400	2,400	4
5				5.				5
6				6.				6
7	28,000	26,038	27,283	7. TOTAL PERSONAL SERVICES	31,225	30,125	31,095	7
MATERIALS AND SERVICES								
8	14,543	14,359	16,000	8. Insurance	18,000	18,000	18,000	8
9	5,018	5,383	6,000	9. Office supplies/travel	6,500	7,000	7,000	9
10	2,142	3,378	5,000	10. Utilities	6,000	6,000	6,000	10
11	9,284	10,556	13,600	11. Gas, tires, batteries	14,000	14,500	14,500	11
12	11,760	9,064	14,150	12. Maintenance & repairs - vehicle	15,000	15,000	15,000	12
13	15,579	16,377	20,500	13. Contract services	13,500	12,600	12,600	13
14	58,326	59,117	75,250	14. TOTAL MATERIALS AND SERVICES	73,000	73,100	73,100	14
CAPITAL OUTLAY								
15	-0-	2,931	5,000	15. Fire hose	5,000	6,000	6,000	15
16				16.				16
17				17.				17
18				18.				18
19				19.				19
20				20.				20
21		2,931	5,000	21. TOTAL CAPITAL OUTLAY	5,000	6,000	6,000	21
TRANSFERRED TO OTHER FUNDS								
22	58,108	45,000	18,000	22. Site & Station Special Fund	10,000	10,000	10,000	22
23	50	-0-	24,500	23. Equipment Reserve Fund	15,000	15,000	15,000	23
24				24.				24
25			7,500	25. General Operating Contingency	28,340	28,340	27,370	25
26	58,158	45,000	50,000	26. TOTAL TRANSFERS & CONTINGENCIES	53,340	53,340	52,370	26
27	144,484	133,086	157,533	27. TOTAL EXPENDITURES	162,565	162,565	162,565	27
28	38,172	37,658	16,795	28. UNAPPROPRIATED ENDING FUND BALANCE	24,225	24,225	24,225	28
29	182,656	170,744	174,328	29. TOTAL	186,790	186,790	186,790	29

150-504-030 (Rev. 9-94)

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Resources
Equal
Requirements

Examples—continued

FORM
LB-35

BONDED DEBT RESOURCES AND REQUIREMENTS

Bond Debt Payments are for:

- Revenue Bonds or
 General Obligation Bonds

Check the appropriate box.

DEBT SERVICE
Fund

SAMPLE RURAL FIRE PROTECTION DISTRICT
Name of Municipal Corporation

	HISTORICAL DATA			DESCRIPTION OF RESOURCES AND REQUIREMENTS	Budget For Next Year 1999-00					
	Actual		Adopted Budget This Year 1998-99		Proposed By Budget Officer	Approved By Budget Committee	Adopted By Governing Body			
	Second Preceding Year 1996-97	First Preceding Year 1997-98								
Resources										
Beginning Fund Balance:										
1	34,100	31,400	30,000	1. Cash on Hand (Cash Basis), or	29,500	29,500	31,500	1		
2				2. Working Capital (Accrual Basis)				2		
3	10,564	9,789	8,400	3. Previously Levied Taxes Estimated to be Received	9,000	9,000	9,000	3		
4	4,397	3,487	3,400	4. Earnings from Temporary Investments	4,000	4,000	6,000	4		
5				5. Transferred from Other Funds				5		
6				6.				6		
7	49,061	44,676	41,800	7. Total Resources, Except Taxes to be Levied	42,500	42,500	46,500	7		
8			99,200	8. Taxes Necessary to Balance *	93,500	93,500	89,500	8		
9	97,939	99,924		9. Taxes Collected in Year Levied *				9		
10	147,000	144,600	141,000	TOTAL RESOURCES	136,000	136,000	136,000	10		
Requirements										
Bond Principal Payments										
				Issue Date	Budgeted Payment Date					
1	24,000	24,000	24,000	1. 1987 (equip.)	3-1-00		24,000	24,000	24,000	1
2	28,000	28,000	28,000	2. 1987 (bldg.)	3-1-00		28,000	28,000	28,000	2
3				3.						3
4	52,000	52,000	52,000	Total Principal			52,000	52,000	52,000	4
Bond Interest Payments										
				Issue Date	Budgeted Payment Date					
5	31,200	30,800	29,200	5. 1987 (equip.)	9-1-99 & 3-1-00		27,500	27,500	27,500	5
6	32,400	31,600	30,800	6. 1989 (bldg.)	9-1-99 & 3-1-00		29,500	29,500	29,500	6
7				7.						7
8	63,600	62,400	60,000	Total Interest			57,000	57,000	57,000	8
Unappropriated Balance for Following Year By										
				Issue Date	Payment Date					
9			14,000	9. 1987	9-1-00		12,900	12,900	12,900	9
10			15,000	10. 1989	9-1-00		14,100	14,100	14,100	10
11				11.						11
12				12.						12
13	31,400	30,200	29,000	Total Unappropriated Ending Fund Balance			27,000	27,000	27,000	13
14	147,000	144,600	141,000	TOTAL REQUIREMENTS			136,000	136,000	136,000	14

Resources Equal Requirements

150-504-035 (Rev. 12-95)

* If this form is used for revenue bonds, resource lines 8 and 9 may not be used. The district does not have authority to levy for these bonds.

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Complete Payment Schedule Information

Chapter 7—Approving the Budget

Budget Committee

The governing body of each local government must establish a budget committee (ORS 294.336). There is an exception to this in Multnomah County, where there is a tax supervising and conservation commission. There the governing body serves as the budget committee for any local government with a population exceeding 200,000 (ORS 294.341).

The budget committee is composed of the governing body and an equal number of electors appointed by the governing body. All members of the budget committee have equal authority. An elector is a qualified voter who has the right to vote for the adoption of any measure. If the governing body cannot find a sufficient number of electors who are willing to serve, those who are willing and the governing body become the budget committee. If no willing electors can be found, the governing body is the budget committee [ORS 294.336(2)].

The appointive members of the budget committee cannot be officers, agents or employees of the local government [ORS 294.336(4)]. Spouses of officers, agents or employees of the local government are not barred from serving on the budget committee if they are qualified electors and not themselves officers, agents, or employees.

Appointive members of the budget committee are appointed for three-year terms. The terms must be staggered so that about one-third of the terms end each year [ORS 294.336(5)]. When a new local government is appointing its first budget committee, the terms may be for one year, two years and three years for each third of the appointive members. After the first two years, the local government will then be able to appoint all new members to three-year terms (OF 444-V; 3-6-64).

If an appointive member of the budget committee is unable to complete the term, or resigns before the term is over, the governing body must appoint another elector to serve out the unexpired portion of the term [ORS 294.336(6)].

No member of the budget committee (including governing body members) may receive any compensation for their services as a member of the committee [ORS 294.336(3)].

The budget committee may meet from time to time throughout the year at its discretion for purposes such as training. All of these meetings are open to the public and notice of the meeting must be given in the same manner as notice for meetings of the governing body,

or through one of the local budget law publication methods [ORS 294.406(2)].

Purpose of the Budget Committee

The budget committee meets publicly to review the budget document as proposed by the budget officer. The budget committee receives the budget and budget message and provides an opportunity for the public to ask questions about and comment on the budget. The committee also approves a budget and, if ad valorem property taxes are required, approves an amount or rate of tax for all funds that receive property taxes.

Public notice of the budget committee meetings must be given. If the public notice is published in a newspaper of general circulation, it must be published at least twice, five to 30 days before the meeting. The publications must be separated by at least five days. If the notice is hand delivered or mailed, only one notice is required not later than 10 days prior to the meeting. The notice must give the address, time, and purpose of the meeting [ORS 294.401(4)]. See Chapter 8 for more information on publication.

The budget officer may make the proposed budget available to the budget committee at any time before the first budget committee meeting advertised in the notice. Committee members may not discuss or deliberate on the budget outside of a public meeting. The budget officer may choose to make the budget available at the first budget committee meeting (ORS 294.401). Immediately following the release of the proposed budget to the budget committee, whether before or at the meeting, the budget officer must file a copy of the budget in the office of the governing body. This copy becomes a public record.

The budget committee must have a quorum, or majority of the total membership of the committee, present in order to hold a meeting. A majority is one more than half the number of the membership [OAR 150-294.336-(B)]. For example, if the budget committee has 10 members, six must be present to hold a meeting.

The budget committee elects a presiding officer from among the members at the first meeting [ORS 294.336(8)]. The budget committee also hears the budget message that was prepared by the executive officer of the local government or the governing body chair. One of the committee's most important duties is to hear and consider any testimony presented by the public about the budget.

The budget committee may approve the proposed budget at the first meeting. However, it can take several

meetings to do so. When the budget officer prepares the budget calendar, several budget committee meetings can be scheduled. The public notice then contains the date, time and place of each of the meetings. If more meetings are needed than were scheduled, give notice of those meetings in the same manner as notice of meetings of the governing body or by one or more of the publication methods used for the initial budget committee meetings [ORS 294.406(2)].

The budget committee reviews and, if necessary, revises the proposed budget submitted by the budget officer. Budget committee members should develop a general understanding of the budget process, the departments and programs included in the budget document, and the legal constraints imposed on the local government's tax levy after budget committee approval. *Local Budgeting in Oregon* is recommended as a good resource for budget committee members on the basics of taxation and budget law.

The budget committee generally studies the budget by comparing the two previous years' actual data, the current budgeted data, and the figures proposed by the budget officer. The budget committee may ask questions of the executive officer or other staff, and request additional information. The committee is entitled to receive any information it needs in order to make decisions about the budget (ORS 294.406). The committee uses the information to approve expenditures and balance each fund.

Budget Committee Functions

Among the most common items discussed are the questions of taxation (how much?) and allocating revenues and expenditures (where will the spending occur?).

Once this initial process has taken place and the expenditures have been allocated among the programs, these proposed expenditures must be compared to the proposed nontax revenues. The difference in these two amounts becomes the "taxes estimated to be received" (ORS 294.381).

The budget committee must also consider the amount of taxes that will not be received. Property taxes shown in the budget will not be the same as the property tax certification that is submitted to the assessor.

There are three reasons for this:

- First, not all taxpayers pay their taxes in the year billed.
- Second, discounts are given for timely property tax payments.
- Third, the Oregon Constitution sets limits on the amount of property tax that can be collected from an individual property.

The total of these amounts—taxes estimated to be received, uncollected amounts, discounts allowed, and

loss due to constitutional limit—cannot exceed the local government's taxing authority. Taxing authority includes the amount of tax revenue that will be raised by the local government's permanent rate limit, local option tax authority, other taxing district obligation authority (Gap bonds and qualifying pension and disability), and general obligation bond tax authority.

The budget committee establishes and approves the amount and/or rate of property taxes to be imposed. This is a very important responsibility of the budget committee. The budget committee may choose to impose less tax than the local government's taxing authority. The amount and/or rate of tax approved can only be changed by the governing body under specific conditions.

The taxes to be imposed are documented in a statement which is filed with the county assessor when the tax certification is made by July 15. The statement of taxes approved may show either the tax rate (permanent, operating or local option) or the amount of taxes that the local government wants to impose for operations. It should also include the amount of tax for any bonded debt.

If the amount of tax revenue needed exceeds the local government's permanent rate taxing authority, the committee must decide if the additional amount needed should be requested from the voters in the form of a local option tax. If the committee decides to stay within its existing taxing authority, it may be necessary to reduce budgeted requirements.

Any budget committee action must have the approval of a majority of its members. To take action requires the affirmative vote of a majority of the **total budget committee membership** [OAR 150-294.336-(B)]. If only six members of a 10-member committee are present, then they all must vote in the affirmative to take action. The budget committee may reduce or increase the estimates proposed by the budget officer. The budget is approved only once.

If any changes are necessary after the committee approves the budget, the governing body must make the revisions when adopting the budget. The governing body's power to change the approved budget is limited. It cannot increase expenditures in a fund by more than \$5,000 or 10 percent, whichever is greater. Also, it cannot increase the tax amount approved by the budget committee. If the governing body wants to exceed either of these limits, it must publish a revised budget summary (financial summary) and hearing notice, and hold another hearing (ORS 294.435).

The governing body has the final responsibility for allocating the resources of the budget to the programs or departments of the local government. This authority is part of the responsibility given the governing body to adopt the budget and to make appropriations by which the budget is administered [ORS 294.435(1)]. Chapter 12 has more details on adopting the budget.

The governing body may inform the appointive members of the budget committee if different figures are approved when the budget is adopted. This is a policy decision of the local government and not a statutory requirement.

Fiscal Powers of the Budget Committee

The budget committee, as a whole or through majority action, has the power to:

1. Specify the amount of tax revenue or tax rate for all funds.

2. Establish a maximum for total expenditures for each fund. This maximum is subject to any revision which the governing body is authorized to make after the budget hearing.
3. Approve the total taxes for each fund as an amount and/or rate.
4. Approve the budget.

When the budget committee has approved the budget, it is turned over to the governing body and enters into the adoption stage of the budget process.

Chapter 8—Publication Requirements

Publishing budget information is one of the most important steps in the budget process. The budget officer must be familiar with the statutes (ORS 294.401, 294.416, 294.418 and 294.421) governing publication of the meeting notices and the budget summary. This chapter explains the statutory publication requirements. For biennial budgets, see Chapter 15.

Notice of Budget Committee Meeting

The budget officer must publish a “Notice of Budget Committee Meeting” by one of the following methods:

- Printing in a newspaper of general circulation within the boundaries of the local government.
- First-class mailing through the U.S. Postal Service to each street address within the boundaries of the local government.
- Hand delivery to each street address within the local government boundaries.

The notice must contain the date, time, and location of the first budget committee meeting scheduled for receiving the proposed budget, hearing the budget message, and taking questions and comments from the public.

If more than one meeting is planned, the budget committee may decide that the purpose of the first meeting is only to hear the budget message and receive the budget document, and that no public comment will be taken. In that case, a subsequent meeting would be scheduled for the purpose of taking public comment, and notice of both meetings would be published. The published notice tells people which meeting they must attend if they wish to ask questions or make comments on the budget. If more meetings are needed to take public comment and questions than were initially published, notice of the additional meetings is given in the same timeframe and manner as required for notice of other meetings of the governing body.

If notice is published for a meeting to be held for the purpose of taking questions and comments from the public and it is subsequently determined that the meeting is not needed, notice of cancellation of the meeting must also be published [ORS 294.401(3)].

If the notice is published in a newspaper of general circulation, it must be published **twice**, five to 30 days before the committee meeting. The publications must be separated by at least five days. If the notice is mailed or hand delivered, only one notice is required not later than 10 days before the meeting [ORS 294.401(4)]. This notice must be published by one of the three methods listed above. It cannot be posted.

Notice of Budget Hearing and Budget Summary

Each local government must publish a summary of the budget approved by the budget committee. The summary contains information on the approved budget, the current year’s budget, and the preceding year’s actual expenditures and resources (ORS 294.421).

At the same time the budget summary is published, a notice of the budget hearing is published. The hearing notice gives the place and time of the hearing (ORS 294.416). The same publication methods described for the notice of budget committee meeting are used. The budget summary and notice are published not less than five days or more than 30 days before the budget hearing.

The local government also prepares a **financial summary** by fund that states the estimated budget resources and expenditures, the outstanding indebtedness and indebtedness authorized but not yet incurred, and an estimated tax levy (ORS 294.386).

There is an exception to the publication requirements just described. If no newspaper of general circulation is published within the boundaries of the local government **and** the budget expenditures for the coming year do not exceed \$50,000, the notice of the budget hearing may be posted. Post the notice in three conspicuous places within the boundaries of the local government for at least 20 days before the hearing. These are places where many people are likely to go—such as the post office or grocery store.

When the budget summary and notice are posted, the local government is required to publish in any newspaper of general circulation, mail, or hand deliver the following information: 1) the date, time and place of the budget hearing, 2) the place where the budget document can inspected or obtained by the public during regular office hours, 3) the total approved budget requirements and tax amounts, and 4) any change in the tax amount from the prior year. This notification is done five to 30 days before the date of the hearing.

The Department of Revenue provides forms and instructions each year for publishing the budget and financial summary and notice of budget hearing. *Local Budget Law and Notice of Property Tax Forms and Instructions* contains all the required publication forms.

Exception—Counties with Tax Supervising and Conservation Commission (Multnomah County)

A local government with a population greater than 200,000 in a county with a tax supervising and conser-

vation commission (TSCC), or one with a population less than 200,000 that requests TSCC to conduct the budget hearing, does not publish its budget summary and hearing notice as described above. Instead, the local government submits its approved budget to the TSCC 20 days before the public hearing that will be held by TSCC [ORS 294.421(6)].

The local government is required to publish by one of the publication methods the following information:

- the date, time and place of the TSCC budget hearing, the place where the budget document can inspected or obtained by the public during regular office hours,
- the total approved budget requirements and tax amounts, and
- any change in the tax amount from the prior year.

This notification is done five to 30 days before the date of the hearing.

How to Count Days for Publication

Local Budget Law sets the number of days that a notice must be published before a budget committee meeting or budget hearing.

ORS 193.060 states, “The time for the publication of legal notices shall be computed so as to exclude the first day of publication and to include the day on which the act or event of which notice is given is to happen, or which completes the full period required for publication.”

For example, if your notice appeared in the paper on May 15 and your meeting was on May 25, you would have given 10 days notice. Count May 25, but not May 15.

The Publication Forms

The Department of Revenue supplies forms to be used to publish notice of the budget committee meeting and to present the budget summary and notice of budget hearing. These forms are “Notice of Budget Committee Meeting,” LB-1, LB-2, LB-3, and LB-4. Urban renewal districts use forms UR-1 and UR-2 which correspond to LB-1 and LB-2. No urban renewal forms correspond to LB-3 and LB-4. For education districts, forms ED-1, ED-2, and ED-3 correspond to LB-1, LB-2, and LB-3; no form corresponds to LB-4. The publication forms and instructions are included in the *Local Budget Law and Notice of Property Tax Forms and Instructions* booklets.

The budget summary and notice of budget hearing may be published in a narrative format which is explained later in this chapter.

Budget Committee Meeting

The form “**Notice of Budget Committee Meeting**” has two formats that can be used. The format option you

use depends on the number of committee meetings that are planned and when public input will be received. Option A is used when the budget committee will receive the budget message and take public comment at the same meeting. Option B is used when public comment will be taken after the first meeting.

Budget Hearing

Form LB-1, UR-1, or ED-1 notifies the public of the budget hearing date and time and where to obtain a copy of the budget. The local government should use a street address, rather than a post office box, so a copy of the budget can be picked up. Include the street address where the hearing will be held.

The Financial Summary has two columns, one for the adopted budget for the current year and one for the **budget committee-approved** amounts for the coming fiscal year. The two columns allow district patrons to compare the current financial plan and the proposed financial plan for the coming fiscal year.

The anticipated requirements and revenues from all funds are summarized on Form LB-1, UR-1, or ED-1. The totals on the Financial Summary must equal the sum of the requirements and revenues on the LB-2, UR-2, or ED-2 and LB-3 or ED-3.

The total amount of property taxes estimated to be received by all funds is shown along with the amount of taxes anticipated not to be received.

You must anticipate the amount of taxes that will not be received. Break this amount into two parts. The first part shows:

- the amount of taxes the district anticipates losing due to the constitutional tax limitations.

The second part shows:

- the amount of taxes that will not be received because of the 3 percent discount given to taxpayers for paying on time [ORS 311.505(3)], and
- the taxes not received because some taxpayers do not pay taxes in the year they are billed.

Urban renewal forms do not have these lines.

The amount of taxes anticipated not to be received does not show in the budget document itself. The only place this amount is shown is on the publication forms. The budget document shows the amount of tax revenue estimated to be received. More information on figuring taxes anticipated not to be received is in Chapter 9.

The taxes estimated to be received and the taxes anticipated not to be received cannot exceed the local government’s taxing authority. This is the total amount of tax or tax rate that the local government can certify to the county assessor. Remember, these taxes should include any tax amount or rate that the local government is planning to put up for voter approval.

All local governments must disclose the status of indebtedness by showing the debt outstanding or debt authorized, but not yet incurred. The lower portion of Form LB-1, UR-1, or ED-1 provides for this disclosure. If a local government has no debt to disclose, this portion of the form is not required to be published (ORS 294.386).

Form LB-1, UR-1, and ED-1 are amended only when re-published. For more information on errors in the publication forms, see “Correcting Publication Errors” below.

Form LB-2, UR-2, or ED-2 is used to summarize individual budget funds as approved by the budget committee that do not require property taxes. Requirements must balance with the resources. Only the completed portion of the form must be published.

Form LB-3 or ED-3 is used to summarize individual budget funds that require property taxes as approved by the budget committee. Requirements must balance with the resources. Only the completed portion of the form must be published.

This form shows the property taxes required and the taxes anticipated not to be received by individual fund. The taxes anticipated not to be received is broken down into two parts as is done on the Form LB-1 or ED-1. The amount of taxes lost because of the constitutional limit may vary among funds. The percentage of taxes not to be collected because of the discount and failure to pay should be the same for each fund.

The total resources and requirements of each fund shown on the LB-2, UR-2, or ED-2 and LB-3 or ED-3 are added together and summarized on the LB-1, UR-1, or ED-1. For this reason, it is suggested that these forms be completed first.

Form LB-4 is a more detailed publication of organizational units or programs within a fund. This form will only be used by local governments that have departments or programs within a fund, such as a city with police, fire, and administrative departments within the general fund. This form follows the same format as the Form LB-2, except there are no resources. Each organizational unit or program is summarized by category and totaled in the corresponding fund on the LB-2 or LB-3 forms.

The *Local Budget Law and Notice of Property Tax Forms and Instructions* booklets give detailed instructions for completing the forms and samples to use as reference. There are separate booklets for municipal corporations, urban renewal districts, and education districts.

Narrative Publication—An Alternative

Local Budget Law permits the use of a narrative publication (ORS 294.418). The purpose is to give meaning to the budget figures while highlighting significant features in the budget.

The notice must include the time and place (including the street address) at which the budget document may be discussed with the governing body. This is the notice of budget hearing.

The notice of budget hearing must show the place where the complete budget document can be inspected by the public during business hours. It must also show where copies of the complete budget document may be obtained.

The narrative must include a statement clarifying that the budget was prepared using the same basis of accounting as the current operating year. If the basis of accounting changed, explain the change and its effects.

At the minimum, the narrative summary must list the total requirements for personal services, materials and services, capital outlay, special payments, debt service, transfers, and operating contingencies for the budget. Also, the publication must include a brief narrative description of the major activities or major programs of the local government and the significant changes from the current year. State all changes in the personnel requirements for each major activity or major program. In addition, state

- the major resources for financing each major activity or program and the significant changes from the current year, or
- that each major activity or program is financed from general resources of the local government.

The narrative summary for the coming year and for the current year must show total budget requirements, **total** estimated resources other than property taxes, and the estimated property tax revenue for **all** funds stated in dollars and cents. The estimated property tax revenues must show estimates of both the taxes to be received and the taxes not to be received, as well as the total. The summary must also state the local government’s operating tax rate and the amount or rate of any other property taxes to be certified to the assessor. The tax rates must be expressed in a rate per thousand dollars of assessed value. Include local option taxes approved or yet to be approved by the voters, and the tax amount for meeting principal and interest payments on bonds.

The manner of publication and publication time requirements are the same for the narrative publication as they are for the standard financial summary publication described earlier in this chapter (ORS 294.421).

Correcting Publication Errors

The governing body of a local government should be careful when publishing the financial summary. **All** anticipated property tax revenues approved by the budget committee must be published and summarized. It is strongly recommended that the budget officer verify

that publication occurred and that the correct numbers were published.

Errors in the published budget summary are bound to occur. Correctable errors include typographical errors, failure to mail or hand deliver the notice and summary to each street address, arithmetic errors, errors in calculation of tax revenues and failure to publish within the time periods required by law (ORS 294.425). It should be noted that these errors are errors in the published documents. **The budget officer cannot change the expenditures, revenues or taxes approved by the budget committee.**

If an error occurs, the budget officer can correct the error as follows. At the first regularly scheduled meeting of the governing body after the error occurs, the budget officer informs the governing body in writing of the error. The budget officer corrects the error in testimony before the governing body. If the error relates to the tax amount certified to the assessor, the budget officer notifies the assessor in writing that an error occurred. The budget officer submits a corrected tax certification document with the notification. Corrections must be submitted to the assessor **before October 1.**

Chapter 9—Estimating Property Taxes to be Received

Operating Taxes—Permanent Rate

Most local governments' operating tax revenue comes from its permanent tax rate limitation. In general, the simplest way to estimate the amount of tax revenue that will be generated by the permanent rate is to multiply the permanent rate by the estimated assessed value of the local government for the upcoming year. For a listing of permanent rates by district, see Appendix D.

If the local government has annexed new territory during the current year, the estimated assessed value of that territory should also be included in the calculation of tax revenue. The local government's permanent rate is multiplied by the estimated assessed value of the annexed territory for the coming year to determine the amount of tax revenue that will be generated by the annexed territory. This amount is added to the amount of tax revenue to be raised for the existing territory.

Assessed value of most property within the local government will grow at approximately 3 percent each year. In areas with substantial new construction, the annual increase in assessed value will be higher than 3 percent. In areas where the real estate market is stable or declining the assessed value may not increase. The county assessor can help project an estimate of assessed value.

The amount of tax that will be raised by the permanent rate is not the amount of tax that will actually be received by the local government. There are three reasons for this. First, not all taxpayers pay their taxes in the year billed. Second, discounts are given for timely property tax payments. Third, the Oregon Constitution sets limits on the amount of property tax that can be collected from an individual property.

To estimate the tax revenue that will actually be received, subtract from the amount to be raised by the permanent rate amounts for "loss due to constitutional limit" and "discounts allowed, other uncollected amounts" [ORS 294.381(3)]. (More details on computing these amounts are given later in this chapter.) This is the estimated amount of tax revenue that will actually be available.

The estimate of property taxes not to be received is shown only on the publication forms. This estimate is never shown in the budget as a negative resource [OAR 150-294.361(1)-(B)].

Imposing Less Than Full Taxing Authority

A local government may need less tax revenue for operating purposes than its permanent rate is estimated to raise. The local government may choose to certify less than its full taxing authority to the assessor. When this is done, the assessor computes a tax rate based on the

dollar amount requested in the certification. The computed rate will be used on the tax roll unless it is more than the local government's permanent rate. If the computed rate is higher, the lesser, permanent rate will be used on the roll. The taxes imposed under this method will never be more than the amount requested, even though the permanent rate could raise more tax revenue.

The amount of tax revenue that is needed for operating purposes is computed by adding together the amount of revenue needed to balance the budget, the amount of tax that will not be collected because of discounts and failure to pay, and the amount that will not be received because of the constitutional limit. This step is done, as mentioned above, because the amount of the tax that will be certified to the assessor is not the amount of tax that will actually be collected.

If the local government intends to certify a rate, the tax amount for operating purposes is then divided by the estimated assessed value of the local government for the coming year. This will result in an **operating rate** which is carried out to the seventh decimal place and multiplied by 1,000. This is the rate that is certified to the assessor in place of the local government's permanent rate.

Example:

$$\begin{array}{r} \text{operating taxes} \qquad \qquad \qquad \$100,000 \\ \text{estimated assessed value} \qquad \qquad \underline{\$17,000,000} \qquad = \\ \qquad \qquad \qquad \qquad \qquad \qquad \qquad \qquad \qquad .0058823 \times 1,000 = \text{operating rate } \$5.8823 \end{array}$$

In this example, the local government's permanent rate limit is \$7.15. It was estimated to generate \$121,550 in tax revenue using the same estimated assessed value.

It is possible that the actual assessed value for the upcoming fiscal year will be greater than the assessed value estimated. If this is the case, more tax revenue will be generated than the local government needed to balance its budget. This additional revenue can be held to make up for other revenue shortfalls and become cash carry-forward or it may be appropriated through a supplemental budget.

Constitutional Limit

Article XI, section 11b, of the Oregon Constitution limits the amount of taxes that can be collected from an individual property. The constitution breaks property taxes down into categories based on the kind of services that the taxes are supporting—education services, including support services, and general government services. It also provides that certain property taxes will not be limited.

The Department of Revenue refers to the tax categories as **education, general government, and excluded from limitation**. Governing bodies must determine into which

categories their property taxes should be placed. This is done by a resolution or ordinance at the same time the budget is adopted (ORS 294.435). The tax categories are also certified to the county assessor when the tax certification documents are submitted (ORS 310.060).

Once the tax categories have been determined, the local government can estimate the loss of tax revenue, if any, that will result because of the constitutional limits.

Figuring Loss Due to Constitutional Limit

Determining the amount of property taxes that will be lost because of the constitutional limit can be a complicated process.

The simplest method is to use the prior year's loss with an adjustment for anticipated tax revenue growth and value increases. Late in October or early November each year, the tax collector sends local governments information on how much tax was actually billed (imposed) for the government (ORS 311.391). The "loss" is the difference between the amount of the tax revenue estimated to be raised and the amount of tax actually imposed.

If the taxing situation for the local government and all the other governments with which it shares territory remains the same, the percent of loss due to the constitutional limits should remain stable.

However, if the taxing situation is changing, such as other local governments losing or gaining taxing authority, the percentage of loss will change for each government. Also, if real market value (the value on which the limits are tested) is declining, more loss could be experienced.

Discounts and Other Amounts Not Collected

Some taxpayers fail to pay their property taxes on time. Others pay on time and receive a discount. It happens each year in all of Oregon's 36 counties. As a result, local governments that impose property taxes must consider the amounts for nonpayment when they estimate the taxes to be received.

The amount of tax revenue lost varies from year to year and from county to county. There is no formula to determine the exact amount that will not be collected each year. If the estimate is too high, the amount of taxes received will be higher than the amount estimated in the budget. If the estimate is too low, not enough tax will be collected to meet the requirements in the budget, and a shortfall in total resources could occur.

If a local government has more than one fund receiving tax revenue, all of its taxing funds should use the same percentage for taxes to be collected.

Figuring Loss Due to Discount and Uncollectibles

The amount of tax that will be lost because of the discounts and failure-to-pay is determined by using a per-

centage of taxes anticipated to be collected. This percentage is developed from historical data. The county tax collector may be able to provide tax collection percentages.

Start with the amount of taxes estimated to be raised by the permanent or operating rate. If the local government receives tax "offset" revenue, the amount of the offset is subtracted from the taxes estimated to be raised. Loss due to discount and uncollectibles is not computed for offset amounts [ORS 294.381(4)] because these amounts are not billed with the property taxes.

The offset moneys come from either Eastern Oregon Privilege Tax (EOPT) or Western Oregon Privilege Tax (WOPT) collected on harvested timber. They are called "offsets" because they are subtracted, or offset, from the local government's permanent or operating tax rate before taxes are imposed on each property tax account. The timber tax offsets are applied only to the permanent rates or operating rates of noneducation local governments. Offset amounts do not reduce the tax rates for general obligation bonds, local option taxes, or other taxing district obligations.

Next, multiply the taxes estimated to be raised, adjusted if necessary for offsets, by the tax collection percentage. This gives the amount of taxes estimated to be received.

Example:

The county budget officer is estimating the taxes that will be received.

The amount of tax estimated to be raised for the county is \$890,448. This amount is based on the estimated tax that the permanent rate will raise, and includes tax amounts for local option taxes and bonds. From this, subtract the amount of the county's offset of \$20,000 from WOPT.

The county-wide collection rate is 90 percent.

\$890,448	estimated to be raised
<u>(20,000)</u>	offset amount
\$870,448	taxes estimated to be billed
× .90	collection rate for county
<u>\$783,403</u>	estimated taxes to be received
\$870,448	
<u>(783,403)</u>	
\$87,045	loss due to discount and uncollectibles

Legislation enacted in 1999 changed the way timber tax offsets will be distributed in the future. Beginning in tax year 2000-01, WOPT offsets will only be distributed to the county. Beginning in tax year 2001-02, EOPT offsets will only be distributed to the county. Other taxing districts will no longer receive WOPT or EOPT offsets.

Publishing Property Taxes Not to be Received

The only place that the amount of taxes estimated not to be received is shown is on the publication forms, LB-1

and LB-3, or ED-1 and ED-3. Chapter 8 explains publication requirements.

When publishing the budget and financial summary, the local government is showing the tax approved by the budget committee. It is also showing its patrons how much money is estimated to be received from the tax imposed. **Note:** the amounts received from timber tax offsets are not shown separately in the publication forms.

Example:

Total property taxes estimated to be received	\$803,403
Plus: estimates taxes not to be received	
— Loss due to constitutional limits	-0-
— Discounts allowed, other uncollected amounts	87,045
Total tax	\$890,448

Tax Elections and Estimate of Tax Not to be Received

When planning to take a local option tax question to the voters, remember to include an estimate of the amount not to be received when determining the amount of taxes or rate to be requested. This also applies when new districts are seeking voter approval for a permanent rate limit or bonds. You may use the same method of estimating taxes not to be received as discussed above.

The amount of taxing authority asked for in a ballot is not the amount of tax revenue that will actually be received for the same reasons that the amount of tax imposed is not the same as the amount actually received. If the tax or rate in the ballot is for a specific purpose, such as purchase of a piece of equipment, the budget officer will need to ask for more than the exact price of the equipment. Otherwise, insufficient revenue for the purchase will be received.

Chapter 10—Types of Property Taxes

Many local governments rely heavily on local property taxes to finance the services they offer. In some cases, services are paid for entirely by property taxes.

Property taxes, or ad valorem taxes, are available to all local governments that have the power to impose taxes. Each local government should refer to its enabling statutes to determine its statutory taxing authority.

Four types of property tax are available, each fulfilling a specific purpose or function.

- Permanent rate limit taxes.
- Local option taxes.
- Bonded debt taxes.
- Other qualified obligations.

Definitions of these taxes are found in Oregon Administrative Rule (OAR) 150-294.311.

Both the Oregon Constitution and Oregon law limit the amount and type of tax a local government may impose. The constitution allows a local government to annually collect through its permanent rate limit the amount of property taxes generated when that rate is applied to the assessed value of the local government. Revenue from the permanent rate can be used for any legal purpose.

When a local government has no permanent rate or when the permanent rate does not provide enough revenue to meet estimated expenditures, the local government may ask voters to approve a local option tax. Education service districts are not authorized by law to impose local option taxes [ORS 280.040(2)].

Local option taxes can be used for general or specific purposes. Local option taxes used for general operating purposes can be imposed from one to five years. Local option taxes used for capital projects may be imposed for the expected useful life of the capital project, or 10 years, whichever is less.

The Oregon Revised Statutes allow local governments to impose taxes for general obligation or limited tax bond principal and interest without annual voter approval. Levy approval is considered to have been gained when voters originally approved the bonds. The debt service levy amount is limited to the repayment of principal and interest necessary to retire the bonds.

An election on a tax measure is approved if 50 percent of the registered voters cast a ballot in favor or the election is in November of an even-numbered year **and** a majority of those voting approve the measure. This is referred to as the “double majority” requirement.

Statutory Tax Limits

Some local governments are subject to statutory tax limitations. The maximum amount of tax that these cer-

tain local governments can impose for general operations is the lesser of the amount their permanent rate will raise, plus any local option taxes, **or** the tax allowed under the statutory limit. Statutory limits are usually a percentage of the local government’s real market value. For a listing of local governments with statutory tax limits, see **Appendix C**.

Statutory limits do not authorize a local government to impose a tax. Taxing authority comes from voter approval. Local governments with permanent rates received voter approval at some point in the past. New local governments must seek voter approval to impose a permanent tax rate; local option taxes must also receive a nod from voters.

The assessor is prohibited from extending on the tax roll any tax that exceeds statutory or constitutional limits (ORS 310.070).

Permanent Tax Rates

A permanent rate is an ad valorem property tax rate expressed in dollars per thousand of assessed value. No action of the local government can increase this limit. This rate is levied against the assessed value of property to raise taxes for general operating purposes. Permanent tax rate limits were either computed by the Department of Revenue for districts existing prior to 1997-98; were established by formula for merged, divided, or consolidate districts; or are voter-approved for districts formed in or after 1997-98.

Only new local governments or local governments that have never levied a property tax before can seek voter approval of a permanent tax rate. These local governments can take the question to the voters on any special or regular election date. See Chapter 11 for details on tax elections.

Consolidation or Merger

If two or more local governments consolidate or merge, the newly combined local government is given a calculated permanent rate limit. A merger occurs when two or more districts formed under the same statutory authority, providing the same services, agree to operate as one district. One of the districts is the “surviving” district. A consolidation occurs when two or more districts agree to dissolve and form a new district providing the same services as the old districts.

The constitutional limitation in section 11 (3)(d), Article XI, applies to the new district. The amount raised by the new district cannot exceed the amount that would have been raised by the separate districts using their permanent rate authority.

To estimate the permanent rate of the new district:

Step 1. For each district, multiply the permanent rate of that district by its estimated taxable assessed value to determine the amount that could have been raised. Use the estimated taxable assessed value for the first tax year following the merger or consolidation.

Step 2. Total the amounts calculated in Step 1 to arrive at the total taxes that could have been raised if the merger or consolidation had not taken place.

Step 3. Total the estimated taxable assessed values used for each district in Step 1 to arrive at the total assessed value of the new district. Again, use the estimated taxable assessed value for the first tax year following the merger or consolidation.

Step 4. Divide the total estimated taxes that could have been raised as calculated in Step 2 by the total estimated assessed value of the new district as calculated in Step 3. The result is the estimated new permanent rate of the new district. This is the rate the new district uses during budget preparation.

Step 5. The assessor will repeat the above calculation when the actual assessed value is known. The assessor notifies the district of the permanent rate limit calculated.

For budgeting and certifying a rate for the new district in the first year, the district will estimate the rate using Steps 1-4 above. The estimated rate will be extended over the value of the new district as long as it is equal to or less than the permanent rate calculated by the assessor. Using this calculated permanent rate does not require an election.

Division

When a local government divides, the new entities resulting from the division are limited to a rate that is the same as the rate of the local government before it divided. In addition, the rates cannot raise more tax revenue than would have been raised by the local government in the year of division if it had not been divided.

For more information on boundary changes, see the Department of Revenue publication *Boundary Change Information*.

Local Option Taxes

When approved by the voters, local option taxes can be imposed in addition to the taxes generated by the local government's permanent rate. Local option taxes used for general operations can be imposed for up to five years. If the local option taxes are to be used for capital projects, they can be imposed for up to 10 years or the useful life of the project, whichever is less.

"Capital project" is defined in ORS 280.060. It means:

- the acquisition of land upon which to construct an improvement,

- the acquisition of buildings,
- the acquisition or construction of improvements,
- additions to a building that increase its square footage,
- construction of a building,
- the acquisition and installation of machinery and equipment which will become an integral part of a building, or
- the purchase of furnishings, equipment or other tangible property with an expected useful life of more than one year.

Determining the useful life of a capital project is not complicated when only one type of capital project is to be financed by the local option tax. For example, if the tax is requested to purchase a fire truck with a useful life of nine years, the local option tax can be imposed for no more than nine years.

However, if the proposed local option tax is to pay for several capital projects with different useful lives, then the following formula is used to determine the maximum number of years the local option tax can be imposed.

$$\text{Average useful life} \times \text{Cost} = \text{Weight}$$

$$\text{Total weight} \div \text{Total cost} = \text{Maximum years allowed for tax}$$

Example:

Item	Cost	Useful Life	Weight
2 computers	\$10,000	2 years	20,000
2 patrol cars	80,000	5 years	400,000
10 work stations	50,000	5 years	250,000
Totals	\$140,000		670,000

$$\frac{670,000}{140,000} = 4.78 \text{ or rounded down to 4 years which is the maximum number of years the local option tax can be imposed.}$$

Local option taxes for capital projects with a term of more than 5 years must be submitted to voters separately from local option taxes with a term of 5 years or less.

If a school district imposes a local option tax and the resulting revenue exceeds the amount determined by the formula in ORS 327.013(10), the district's State School Fund grant will be reduced.

General Obligation Bond Taxes

Approval of a general obligation or Bancroft bond issue by the voters carries with it authority to levy taxes to pay the bond principal and interest. However, a local government cannot impose a tax that exceeds the amount necessary to:

1. meet the principal and interest of a single fiscal year, plus
2. any unappropriated ending fund balance necessary to meet principal and interest payments between

July 1 and the first tax revenue receipts (turnovers) in November of the following year.

The total tax must include an estimate of taxes not to be received due to the discount and uncollectible amounts. (ORS 287.006, 287.072, 328.260, etc.). There is no loss from the constitutional limit on tax collections because these types of bond levies are not limited.

If other resources are available to the Debt Service Fund, the local government can impose only the taxes necessary to balance the fund.

Local governments with questions about their bonding authority and limitations should refer to the Oregon Revised Statute under which they are organized.

Other Qualified Obligations Taxes

A few local governments are able to impose taxes to pay for other qualified taxing district obligations. This debt is often referred to as “**gap bonds**.” To qualify, the obligations had to have been in existence before December 5, 1996, and meet the requirements specified in statute. No new gap bonds can be created.

The portion of the taxing authority being used to repay the qualified obligations was not reduced when Measure 50 was implemented in 1997-98. Local governments that identified gap bonds when certifying taxes in 1997-98 are the only ones that can impose this type of tax. This tax authority can continue to be imposed until the debt it is repaying is satisfied.

The amount of tax that can be imposed in any year to repay gap bonds is limited to the amount of principal

and interest due on the debt, or the amount of obligation required by the City of Portland’s pension and disability plan.

When the debt is satisfied, the taxing authority for the debt will be incorporated into the local government’s permanent rate. Local governments should contact the Department of Revenue when “gap bonds” are satisfied so the permanent rate can be recalculated. For a listing of qualifying gap bonds and the permanent rates that will replace them when they are satisfied, see Appendix F.

Urban Renewal Taxes

When an urban renewal agency adopts a renewal plan and selects tax increment financing (TIF), the taxable value of the property within the urban renewal plan area is identified. This value is referred to as the “frozen” base value. The growth in value above the frozen base is called “increment” or “excess” value. The amount of revenue available to the urban renewal agency is the amount determined by multiplying the “excess” value by the combined billing tax rates of taxing districts which overlap the plan area. This is known as the “division of tax” or “tax increment” revenue.

The 1997 legislature created what is called a “special levy” in addition to TIF for “existing” plans. An “existing plan” is defined as a plan that existed in December 1996, and, 1) chose an option, and 2) established a maximum amount of indebtedness by July 1998. For existing plans, an additional amount may be generated through a special levy up to the plan’s maximum authority (ORS 457.435).

Chapter 11—Tax Elections

A local government may call a tax election when the revenue needed to balance the budget is more than the government’s existing taxing authority.

The tax election process is not tied directly to the budget process. However, the two processes are usually closely coordinated. Taxing authority may be voted on **before** the budget process begins, **during** the budget process, or **after** the end of the budget process.

The budget committee should include any anticipated additional tax authority in its approved budget. Include the amount of additional tax being requested even if the election has not been held. Holding the election after the budget committee meetings, but before the adoption hearing, allows the governing body to adopt a budget using known taxing authority. If the tax request passes, no revision to the budget is needed before it is adopted. If the tax fails, the budget can be revised, or another election scheduled.

If the governing body decides to increase the tax amount above the amount approved by the budget committee and hold a second election, republication of the budget summary and another budget hearing are required.

When a local government’s taxing authority has not been finally determined by June 30 because of a tax election scheduled in September, the local government should take the following steps:

- By June 30, enact a resolution or ordinance adopting the budget and making appropriations incorporating the additional taxes, and
- By July 15, send a written request to the county assessor for an **extension** of time to certify tax.

After the election, the local government then adopts the resolution or ordinance to impose and categorize the taxes. All of the tax certification documents are submitted to the assessor by the extension date granted.

More details on how to adopt a budget by June 30 when the tax hasn’t been approved by voters are given in OAR 150-294.435(1)(B).

Elections Division

Laws governing the conduct of elections in Oregon are administered by the Elections Division of the Secretary of State. Administrative rules and directives are issued by the Secretary of State to provide uniform elections administration.

The Elections Division distributes a series of election manuals, including the *City Elections Manual*, *County Elections Manual*, and *District Elections Manual*, to all 36 county clerks who serve as county elections officers.

Copies are then available locally. Persons responsible for coordinating elections for a local government should work closely with the county elections officer so elections run smoothly. In most counties, the county clerk will provide a copy of the appropriate manual to each voting district in the county. The Elections Division will also answer questions and help solve problems.

The manuals provide current election dates and a calendar for special districts showing the final filing dates for various types of elections. Information is also provided on emergency elections for special districts and school districts. An elections timeline for special districts, cities, and counties shows the activities as they occur in the general order of the election cycle.

Required forms are in the elections manuals and may help answer questions about types of elections, ballot format, and content required by law. For additional help on taxing ballot measures, call the Department of Revenue.

Remember that the county clerk and the Secretary of State administer election laws. The Department of Revenue administers property tax laws.

An approved ballot measure must follow all election and taxation laws. If a voter-approved measure fails to meet the requirements of the law, the Department of Revenue must void a part or all of the tax (ORS 310.070).

Refer to OAR 150-280.075 for detailed ballot wording requirements.

Preparation of a Tax Ballot Measure

The ballot title for a tax measure consists of:

1. **Caption:** limited to 10 words. It is a title identifying the measure.
2. **Question:** 20-word limit. The question asks the voters if they will allow the district to impose an amount of tax or a tax rate. Examples are: to establish a permanent rate for local governments that have never levied a tax, and to authorize a local option tax for general operating purposes or a specific purpose. State this in a question format which can be answered “yes” or “no.” In addition, a “yes” response to the question must mean the voters approve the measure, while a “no” response must mean the voters do not approve the measure. Note that the word “district” can be substituted if the full name of the local government is in the ballot measure summary.

The ballot question must state the length, in years, that the proposed local option tax is to be imposed and the first fiscal year in which the local option tax will be imposed [ORS 280.070(5)].

Directly following the question for local option taxes this statement is required, “This measure may cause property taxes to increase more than three percent.” This statement is not included in the 20-word limit [ORS 280.070(4)].

3. **Summary:** 175-word limit. The explanation is in plain, factual, and nontechnical language. It describes the specifics of the question without advocating a “yes” or “no” response to the question.

The first sentence of the summary is the following statement, unless the election is held in November of an even-numbered year: “This measure may be passed only at an election with at least a 50 percent voter turnout.” (ORS 250.036) This statement is not included in the 175-word limit.

The summary must include the total amount of tax to be raised by the measure. If the local option tax is in the form of a rate, the summary must also give an estimate of the amount of tax to be raised each year in which the tax will be imposed. This statement is not included in the 175-word limit [ORS 280.075(2)].

When asking for approval of a fixed-dollar amount tax, you may decide to include an estimated tax impact in the summary. An estimated tax impact gives the estimated rate per \$1,000 that is expected to result from the amount requested. This information allows voters to estimate how the new tax will affect their property.

If an estimated tax impact is given in the summary, include the following statement: “The estimated tax cost for this measure is an ESTIMATE ONLY based on information available from the county assessor at the time of the estimate.” This statement is not counted as part of the 175-word limit. This statement applies only to **fixed-dollar amount** local option tax measures.

In some local governments, an ordinance or resolution is required declaring the intent to hold an election. There are also publication requirements for the ballot measure. See the Secretary of State’s *Local Election Manual* for further information, or contact your county elections officer.

Local Option Tax for One Year

Ballot language asks voters to approve taxes represented as either an amount in dollars and cents or a tax rate per \$1,000 of assessed value (ORS 280.075). The following example is for **rate** local option tax.

Sample caption:

One-Year Local Option Tax.

Sample question:

Shall (district name) impose \$(rate) per \$1,000 of assessed value for operating purposes for (number of years) beginning (fiscal year)? This measure may cause property taxes to increase more than three percent.

Sample summary:

This measure may be passed only at an election with at least a 50 percent voter turnout. (Note: The first sentence of the summary is not required if the election is held in November of an even-numbered year. If it is required, it is not counted in the 175 word limit.)

Next, include the summary of 175 words or less. An estimate of the **amount** the rate will raise must be included, however the estimate of the amount is not included in the 175 word limit.

Local Option Taxes for Multiple Years

A local government can request a dollar amount or a tax rate for either operating purposes or capital projects. Local option taxes to be used for general operations can be imposed for up to five years. If the local option tax is to be used for capital projects, it can be imposed for up to 10 years or the useful life of the project, whichever is less.

Fixed-Dollar—Multiple-Year Tax

Sample caption:

Six-Year Capital Projects Local Option Tax.

Sample question:

Shall (district name) impose \$(dollar amount) for (number of) years for purchase of a fire truck beginning in (fiscal year)? This measure may cause property taxes to increase more than three percent.

Begin the summary with the same statement described under one-year local option tax. Show the total amount of money to be raised by the multiple-year tax in the summary portion of the ballot measure, as required by ORS 280.075(1).

Rate—Multiple-Year Tax

The contents of the question and the summary are different than the fixed-dollar multiple-year tax. The caption can be worded the same; the question is different.

Sample question:

Shall (district name) impose \$(rate) per \$1,000 of assessed value for (number of) years to purchase a fire truck beginning (fiscal year)? This measure may cause property taxes to increase more than three percent.

Unless the election is in November of an even-numbered year, the ballot summary must begin with the statement: “This measure may be passed only at an election with at least a 50 percent voter turnout.” The summary for a rate multiple-year tax must contain an estimate of the amount of taxes to be raised in **each year** that the tax will be imposed. [ORS 280.075(2)].

If the approved tax rate raises more than the estimated amount shown in the ballot summary, the excess revenue is treated as a budget resource for the following fiscal year.

Permanent Rate Election

New local governments and ones that have never imposed a property tax before are allowed to seek voter approval for a permanent rate [Article XI, section 11(3)(c)(A)]. The question must include the following information:

- The tax rate per \$1,000 of assessed value of the proposed permanent rate limitation.
- The first fiscal year in which the proposed permanent rate limitation will be imposed.

The following ballot language is recommended:

Sample caption:

Permanent Rate Limitation

Sample question:

Shall (district name) establish \$(rate) per \$1,000 of assessed value as a permanent rate limit beginning (fiscal year)?

Unless the election is in November of an even-numbered year, the ballot summary must begin with the statement: “This measure may be passed only at an election with at least a 50 percent voter turnout.” Estimates of tax amounts are usually not included in this type of measure because the estimate would only be valid for the first year in which the permanent rate is imposed. If one is included, the disclaimer language that the tax cost is an estimate only must be used.

Bond Election

Ballot questions seeking approval of exempt bonds when the principal and interest will be paid by property taxes must include this statement directly after the question:

“Question: (herein the question is stated) If the bonds are approved, they will be payable from taxes on property or property ownership that are not subject to the limits of sections 11 and 11b, Article XI of the Oregon Constitution.” ORS 250.037(1)

Unless the election is in November of an even-numbered year, the ballot summary must begin with the statement: “This measure may be passed only at an election with at least a 50 percent voter turnout.” (ORS 250.036) The ballot summary must also contain a reasonably detailed, simple and understandable description of the use of the bond proceeds [ORS 250.037(3)].

Election Dates for Tax Purposes, ORS 255.345

1. Second Tuesday in March.
2. Third Tuesday in May.
3. Third Tuesday in September.
4. First Tuesday after the first Monday in November.

Emergency Elections

Oregon law provides that emergency elections can be held under extraordinary circumstances. See the following laws for specific requirements:

- County emergency elections, ORS 203.085(2).
- City emergency elections, ORS 221.230(2).
- Special district elections, ORS 255.345(2).
- Schools, ESDs, and community colleges, ORS 255.355.

Contact the county clerk or county elections officer for filing and notification requirements.

All local governments, including cities and counties, must conduct tax elections through the county elections office. Submit “Notice of Measure Election” to the county elections office the specified number of days before the election date. The notice must give the election date and the ballot measure itself.

The elections officer will publish the notice of election in the next available edition of the newspaper. The notice will include a statement that a voter may file a petition for review of the ballot title.

Filing with County Assessor

Local governments should submit to the county assessor by July 15 as part of the tax certification documents two copies of tax measures that are voter-approved. The assessor will forward one copy to the Department of Revenue. Do not submit sample ballots for measures not approved by voters.

Chapter 12—Adopting the Budget

Budget Hearing

After the “Notice of Budget Hearing and Financial Summary” is published, the budget hearing must take place at the time and place published. The governing body conducts the hearing and receives testimony from persons present. It gives consideration to matters discussed at the hearing (ORS 294.430). Keep careful minutes of the budget hearing proceedings.

The governing body does not have to adopt the budget, make appropriations, or declare and categorize the tax at the budget hearing. If the governing body refrains from adopting the budget until as close as possible to June 30, it allows for adjusting the budget to reflect changes in the resources or expenditures from what was estimated earlier. Formally adopting the budget, making appropriations, declaring and categorizing the taxes can be done at any regularly scheduled and properly advertised public meeting of the governing body after the budget hearing and before July 1. For biennial budgets, see Chapter 15.

How to Adopt the Budget

Once the budget hearing has been held and testimony has been heard and considered, the governing body enacts a resolution or ordinance adopting the budget (ORS 294.435).

The adopted budget must include:

1. The **detailed** expenditures and resources for **each** fund, organizational unit, program, or activity;
2. The detailed actual information for the first and second preceding years;
3. The adopted budget information for the current year;
4. The proposed and approved budget figures for the upcoming year; and
5. The adopted figures as they were finally enacted [ORS 294.376 and 294.435(2)].

The governing body can adopt the budget only after the budget hearing. The budget hearing should be scheduled and the budget document prepared far enough in advance to allow the budget to be adopted before the beginning of the new fiscal year on July 1.

Considerations in Adopting the Budget

The governing body must take all information available into consideration when adopting the budget. This information includes the public testimony, both for and against the budget, presented at the budget hearing. The governing body must consider any new information affecting the upcoming year’s resources or expenditures [ORS 294.435(1)].

It is important that the governing body carefully consider the budget it adopts. Only limited changes to the budget are allowed after it has been adopted. Generally, changes are not allowed for resources and expenditures that the governing body had knowledge of before adopting the budget. It is for this reason that all information must be collected during the budget process and included in the budget document upon final adoption.

Fiscal Powers of the Governing Body

The governing body of the local government has the power to:

Before July 1:

- Impose taxes (ORS 294.435).
 - Republish the financial summary and hold a second hearing before July 1 to raise the tax amount above the rate or amount approved by the budget committee.
 - Reduce the tax amount.
- Adjust resources (ORS 294.435).
 - Take notice of underestimated resources and:
 - Make a corresponding reduction in the taxes, or
 - Provide for additional expenditures (see “Adjust requirements” below).
 - Take notice of overestimated resources and make a corresponding reduction in expenditures.
- Adjust requirements (ORS 294.435).
 - Reduce or eliminate any requirement or proposed expenditure.
 - Increase expenditures by not more than **\$5,000 or 10 percent**, whichever is greater, of budget committee approved total in each or any fund.
 - Increase expenditures by more than \$5,000 or 10 percent of any fund **by republishing** the budget and holding a second hearing before July 1.
- Amend the adopted budget before July 1 (ORS 294.435).

After July 1:

- Adopt a supplemental budget (ORS 294.480).

The supplemental budget is based on unforeseen circumstances or anticipated resources realized after the regular budget was adopted.
- Make resolution transfers (ORS 294.450).

Transfer appropriations and resources within any fund or from the general fund to any other fund. Transfers from special funds to the general fund are limited to those provided for in the adopted budget.
- Approve or disapprove any expenditure.

- Make resolutions to expend specific purpose grants, gifts, bequests, or devises received after the budget was adopted (ORS 294.326).
- Make resolutions to expend proceeds of certain bonds [ORS 294.326(5)].
- Make resolutions to authorize the payment of debt service on certain bonds [ORS 294.483(2)].

Significance of the July 1 Date

An appropriation is the authorization of the governing body to spend money and incur obligations for specific purposes. Appropriations are limited to a single **fiscal year** (ORS 294.311). That means all spending authority of a local government ends each June 30. A local government does not have legal spending authority for the new fiscal year until the budget is adopted and appropriated by resolution or ordinance.

Since July 1 is the beginning of a new fiscal year, it is critical that a local government have an adopted budget and proper appropriations on July 1. Without an adopted budget and proper appropriations, the local government has **no legal authority** to spend money or incur debt. The governing body must keep this in mind if it appears that the budget will not be adopted until after July 1. Spending by the governing body for the new fiscal year without proper appropriations is unlawful. All governing body members should be familiar with ORS 294.100; this statute discusses the personal liability of a public official of a municipal corporation making unlawful expenditures.

Resolution or Ordinance

The resolution is a formal expression of the opinion or will of an official body. An ordinance has the character of an enactment of law by an established authority. For purposes of the Local Budget Law, a resolution or ordinance by the local governing body provides the legal authority to establish or dissolve funds, make appropriations for expenditures, adopt a budget, impose and categorize taxes, and all other legal actions pertaining to budgeting or making tax levies.

Sample resolutions are shown at the end of this chapter. Example 1 is for organization unit–style budgets. It contains separate statements for imposing and categorizing taxes. Example 2 is for program–style budgets. It gives an example of a combined resolution statement for imposing and categorizing taxes. It also shows taxes imposed as a rate.

Formally Adopting the Budget

Sometime after the public hearing, at a regularly scheduled meeting, the governing body must enact the proper resolutions or ordinances to adopt the budget, make appropriations, and declare and categorize the

taxes. Adopt the budget by June 30. The resolution or ordinance adopting the budget should state the total amount of all the budget requirements.

Making Appropriations

Include a schedule of appropriations in the resolution or ordinance making appropriations. This schedule provides the local government with legal spending authority throughout the fiscal year.

The schedule must identify the appropriations in accordance with ORS 294.435(3). Some common errors to be avoided are:

- **Do not** simply refer to the adopted budget when making the appropriations in the resolution. For example: “Be it resolved that appropriations are hereby made as outlined in the adopted budget.” This is an example of an incorrect schedule of appropriations.
- **Do not** lump appropriations into “miscellaneous,” “other,” or “special” categories. Use the appropriation categories allowed by Local Budget Law.

ORS 294.435(3) specifies how appropriations must be made in the resolution or ordinance. The object classifications (major expenditure categories) in the budget provide an informative breakdown of the budget. They also serve as a basis for the appropriations. Make a separate appropriation for each organizational unit or program of each fund. Chapter 6, The Budget Document, explains organizational units and programs. Where programs or organizational units do not exist, appropriate amounts for personal services, materials and services, and capital outlay.

Items that cannot be specifically identified to an organizational unit, or program (transfers, debt service, operating contingency, etc.) must be appropriated separately in the fund. Also appropriate items separately when the terms “organizational units” or “programs” do not apply. Refer to examples on pages 55 and 56.

Remember, an unappropriated ending fund balance may be included in the detailed budget requirements. However, do not appropriate it. It is not intended to be spent in the fiscal year in which it is budgeted. For control purposes, the unappropriated ending fund balance may be listed or footnoted in the appropriation resolution.

For local governments where the term “organizational unit” or “program” has no application, the appropriations must have separate amounts for:

- personal services,
- materials and services,
- capital outlay,
- debt service,

- special payments,
- interfund revenue transfers, and
- a general operating contingency, if applicable, for the fund.

Requirements Not Appropriated

Both the **unappropriated ending fund balance** and **reserved for future expenditure** are requirements. They are not appropriated expenditures. Show them as line items and include them in the total for each fund when determining the taxes estimated to be received. They must be included in the totals for each fund in the publication of the budget’s financial summary.

However, do not appropriate the **unappropriated ending fund balance** or the **reserved for future expenditure** budgetary requirement in the resolution or ordinance. They may be shown as a footnote in the resolution. They are not intended to be spent and, therefore, should not be appropriated.

Limits and Penalties Associated with Appropriations

After the budget is adopted, the local government must stay within the appropriations set for the fiscal year. It is illegal to overspend an appropriation [ORS 294.100 and 294.435(4)]. The fiscal officer must pay close attention to each appropriation throughout the year to avoid overspending.

Since Local Budget Law directs that appropriations must be made for each fund by organizational unit, program or object classification, it is not necessary that each line item be strictly enforced in its expenditure. If one line item is overexpended, adjust one or more of the other line items to keep expenditures within the limits of the appropriation.

Example:

General Fund Requirements

Materials and Services

Office supplies	\$1,000
Contract services	800
Utilities	<u>2,000</u>
Total	\$3,800

Resolution Making Appropriation

General Fund

Materials and Services	\$3,800
------------------------	---------

During the fiscal year, it is found that contract services expenses will exceed the budgeted amount by \$100. However, the utilities expenses will be less than budgeted. No governing body action is needed to pay the \$900 contract services expense as long as the total appropriation of \$3,800 for Materials and Services is not exceeded.

ORS 294.435(4) states that when proper appropriations have been fixed, “Thereafter no greater expenditure, or

encumbrance . . . of public money shall be made for any specific purpose other than the amount appropriated therefore except as provided in ORS 294.326, 294.440, 294.450 and 294.480.”

The penalties for unlawful spending of public money are established under ORS 294.100. “It is unlawful for any public official to expend any money in excess of the amounts, or for any other or different purpose than provided by law.”

The public official “shall be civilly liable for the return of the money by suit of the district attorney of the district where the offense is committed, or at the suit of any taxpayer of such district.”

Declaring the Ad Valorem Taxes

Local governments that are using ad valorem property taxes to balance their budgets must declare the tax amount or rate of each levy by resolution or ordinance. The resolution or ordinance should state the amount of all property taxes or the rate being certified to the county assessor [ORS 294.435(1)]. Property taxes are imposed for the tax year on the assessed value of all taxable property within the district.

The amount and/or rate of property taxes declared in the resolution or ordinance **must be the same amount and/or rate shown on the Notice of Property Tax (Form LB-50/ED-50)**. See Chapter 13 for more information on certifying ad valorem property taxes.

Declaring Urban Renewal Taxes

Every year an existing urban renewal plan must declare the amount of revenue it wishes to receive from division of tax and/or a special levy. The tax the plan can ask for is determined by its “option.” Implementing legislation for Measure 50 created three options for financing urban renewal indebtedness for existing plans. The municipality that activated the agency was directed to choose, by ordinance, one of the three options for each existing urban renewal plan that included a provision for a division of ad valorem tax. The option chosen by the municipality cannot be changed [ORS 457.435(4)]. New plans are not given a choice of options, they only receive the full division of tax amount.

The governing body of the agency must pass a resolution declaring the amount of tax they wish to receive for the year and submit that resolution and a matching Form UR-50 to the assessor by July 15.

Categorizing Tax

The governing body must declare through resolution or ordinance the tax limitation category(ies) into which the local government’s tax is to be placed (ORS 294.435). The tax categories are **education, general government,**

and **excluded from limitation**. This resolution or ordinance is the basis for the certification of tax limitation category that is submitted to the assessor (ORS 294.555).

The categorization of tax may be included in the resolution or ordinance imposing the ad valorem tax. Such a resolution would show the amount of ad valorem tax by fund by category. For example, a nonschool local government could declare the tax by fund and category as follows:

	General Government Limitation	Excluded from Limitation
General Fund	\$200,000	
Debt Service Fund		\$111,000
Category Total	\$200,000	\$111,000
Total Tax \$311,000		

See Chapter 13 for more information about tax limitation categories and certifying ad valorem property taxes to the assessor.

Adopting the Budget Without Total Taxing Authority Approval

If a tax request election is held after July 1, the governing body must still adopt and appropriate the budget before June 30. This legal requirement gives the local government authority to make expenditures after July 1.

The governing body must adopt and appropriate the budget in full, anticipating approval of the tax ballot measure. However, **the district should not resolve to impose or categorize the tax until it has voter approval.**

Extension to Certify Taxes/Late Tax Failure

Adopt and appropriate the budget by June 30, even if a part of the taxing authority still requires voter approval. The local government must request by July 15 an extension from the assessor to certify its taxes. The written request must state the reason for the request and if the district will be levying to pay for bonded debt. No other documents need to be submitted to the assessor at this time [OAR 150-294.555(2)-(A)].

The assessor may grant an extension up to October 1 [ORS 310.060(8)]. Tax notices submitted after October 1 cannot be placed on the tax roll.

If the local option tax fails, the governing body, by ordinance or resolution after a public hearing, adjusts budgeted resources and reduces appropriations to reflect a decrease in available resources [OAR 150-294.435(1)-(B)]. The governing body can reduce expenditures and revenues without republishing the budget summary.

Reducing appropriations and amending the budget estimates after a local option tax fails require decisions by the governing body. The tax failure could change the financial plan for the fiscal year. It is advisable to begin this decision-making process with enough time before the election to prepare an amended budget. Then if the voters reject the local option tax request, the amended budget is ready in time to meet the extended filing deadline provided by the assessor.

The figures in the adopted column of the budget detail sheets must match the figures appropriated in the amended resolution. The governing body must adopt the amended budget, which will reflect any reduction in appropriations by fund, and resolve to impose the taxes as approved by the voters in the amended budget.

An authorized official of the municipal corporation dates and signs the resolution. The amended budget, revised appropriations and taxing authority then become official for the rest of the current fiscal year.

When the local government’s taxing authority is finally determined, it must submit the following to the county assessor by the extended filing date:

The documents submitted to the assessor’s office include the following:

- two copies of the notice of property tax, which includes the categorization certification and the statement of the budget committee approved tax amounts;
- two copies of the resolution statements that adopt the budget, make appropriations, and declare and categorize taxes; and
- two copies of the ballot measure for any tax that received voter approval.

Distribution of the Tax Certification Documents

By each July 15, a local government that is subject to Local Budget Law, and imposes an ad valorem tax or a “tax on property,” submits the required documents to the county assessor and, where applicable, the tax supervising and conservation commission. The documents include:

- Two copies of the notice of property tax containing the categorization certification and the statement of the budget committee approved tax amounts.
- Two copies of the resolution statements that adopt the budget, make appropriations, and declare and categorize taxes.
- Two copies of the ballot measure for any tax that received voter approval.
- Your complete budget **only if** requested by the assessor or the Department of Revenue.

These statutory requirements are found and cross-referenced in ORS 294.555(2) and ORS 310.060. Administrative

Rule 150-294.555(2)-(B) offers a more detailed explanation of the required procedure and documentation.

All local governments that impose an ad valorem tax must submit two copies of the tax certification document and resolutions to the assessor in the county where the principle office of the local government is located.

If a local government is located in more than one county, in addition to the distribution described above, one copy of all the documents must be sent to each assessor of the other counties in which the government is located [ORS 310.060(7)].

If a local government, which is subject to Local Budget Law, cannot levy or chooses not to impose an ad valorem tax, it must file a copy of the resolution adopting and appropriating the budget with the Department of Revenue [ORS 294.555(1)]. Send resolutions to Department of Revenue, Property Tax Division, PO Box 14380 NE, Salem OR 97309-5075.

Not later than September 30 of each year, provide a complete copy of the **budget document** to the clerk of the county where the principal office of the taxing district is located. If the taxing district is located in more than one county, provide a copy to the clerk of each county in which any part of the district is located [ORS 310.060(7)].

When required, submit one copy of the budget document to the tax supervising and conservation commission.

Furnish a copy of the budget document to the county treasurer if the treasurer makes payments for bonds issued by the local government.

School districts are required to submit copies of the budget document to the Department of Education and their educational service districts.

Do not submit copies of the budget document to the county assessor unless requested to do so.

Examples of Resolutions Required by ORS 294.435

Example 1—Organizational Unit Budget:

Resolution Adopting the Budget

Be it resolved that the City Council of the City of Baylor hereby adopts the budget for fiscal year 2000-2001 in the sum of \$788,406 now on file at the City Hall.

Resolution Making Appropriations

Be it resolved that the amounts for the fiscal year beginning July 1, 2000, and for the purposes shown below are hereby appropriated as follows:

General Fund		Debt Service Fund	
Administration Department	\$50,703	Debt Service	\$113,000
Police Department	131,103	Fund Total	\$113,000
Fire Department	27,170		
Non-Departmental:		Community Center Fund	
Transfer to Fire Equipment Reserve	7,500	Materials and Services	\$7,000
General Operating Contingency	5,000	Transfer to Debt Service Fund	4,300
Fund Total	\$221,476	Fund Total	\$11,300
Utility Fund		Street Fund	
Personal Services	\$112,730	Materials and Services	\$38,500
Materials and Services	118,700	Capital Outlay	35,000
Capital Outlay	1,000	Contingency	5,000
Transfer to Debt Service Fund	2,462	Fund Total	\$78,500
Fund Total	\$234,892	Fire Equipment Reserve Fund	
		Capital Outlay	\$-0-

Resolution Imposing Taxes

Be it resolved that the City Council of Baylor hereby imposes the taxes provided for in the adopted budget in the aggregate amount of \$230,995; and that these taxes are hereby imposed for tax year 2000-2001 upon the assessed value of all taxable property within the district.

Resolution Categorizing Taxes

Be it resolved that the City Council of Baylor hereby categorizes the taxes as follows:

	General Government	Excluded from Limitation
General Fund	\$131,064	
Debt Service Fund		\$99,931

See Example 2 for how to impose taxes as a rate, and how to combine the statements imposing and categorizing taxes.

Example 2—Program Budget:

Resolution Adopting the Budget

Be it resolved that the Board of Directors for Fire District #20 hereby adopts the budget for 2000-2001 in the sum of \$162,661 now on file at the District Fire Station.

Resolution Making Appropriations

Be it resolved that the amounts for the fiscal year beginning July 1, 2000, and for the purposes shown below are hereby appropriated as follows:

General Fund		Equipment Reserve Fund	
Personal Services	\$26,495	Capital Outlay	\$27,000
Materials and Services	37,576	Fund Total	\$27,000
Capital Outlay	51,830	Debt Service Fund	
Transfer to Equipment Reserve	5,000	Debt Service	\$10,760
General Operating Contingency	4,000	Fund Total	\$10,760
Fund Total	\$124,901		

Note: This district’s appropriations are by category (object classification), since the district has no organizational units.

Resolution Imposing and Categorizing Taxes—Combined

Be it resolved that the Board of Directors for Fire District #20 hereby imposes the taxes provided for in the adopted budget at the rate of \$2.34 per \$1,000 of assessed value for operations and in the amount of \$9,450 for bonds; and that these taxes are hereby imposed and categorized for tax year 2000-2001 upon the assessed value of all taxable property within the district.

	General Government	Excluded from Limitation
General Fund	\$2.34/\$1000	
Debt Service Fund		\$9,450

Chapter 13—Certifying Taxes Imposed

By July 15 each year, every local government that has the authority to impose ad valorem property taxes or impose a tax on property must give notice of the tax to the county assessor [ORS 310.060(1)]. If the local government needs an extension of time to file its notice of taxes, the extension must be requested in writing by July 15.

Notice of Ad Valorem Property Taxes

After the budget has been adopted, the local government must notify the county assessor by July 15 of the amount and/or rate of ad valorem taxes that it will be imposing. This is done by submitting Form LB-50 for non-schools or Form ED-50 for education districts. These forms are provided each year by the Department of Revenue. **Use the form for the correct fiscal year** and carefully follow the instructions when completing the forms.

By July 15 of each year, urban renewal agencies provide notice to the assessor of the amount of urban renewal division of tax and/or the amount of special levy for each plan. In addition to the amounts being requested, the agency notifies the assessor that the agency has the responsibility and the authority to place such amounts on the tax roll (ORS 457.440). This is done by submitting Form UR-50, Notice to Assessor.

The assessor and the Department of Revenue use the information on the LB-50, ED-50, or UR-50 to verify that the local government's tax is within constitutional and statutory limits as required in ORS 310.070. If it is found that the tax exceeds the constitutional or statutory limits, the Department of Revenue notifies the local government and the county assessor that the tax must be reduced.

If the Department of Revenue determines that a local government has not complied with Local Budget Law, it can request that the local government reduce its tax. The local government may contend that Local Budget Law was followed and refuse to reduce its tax. The department may then file an appeal with the Oregon Tax Court. The department has 30 days from the time the notice of tax is submitted to the county assessor to file an appeal (ORS 294.485).

Statement of Taxes Approved by the Budget Committee

A statement of the taxes approved by the budget committee is part of the notification of taxes filed with the assessor (ORS 294.555). This statement sets a limit on the taxes that the assessor can extend on the roll, regardless of what the local government's full taxing authority may be. The governing body can impose more tax than approved by the budget committee only after republish-

ing the amended budget summary and holding another hearing [ORS 294.435(1)].

The statement of taxes approved by the budget committee is contained in Form LB-50 and Form ED-50; either is filed with the county assessor by July 15.

Notice of Other Taxes on Property

Fees, charges, assessments, and non ad valorem taxes may fall within the definition of "taxes on property" given in ORS 310.140(1).

"Tax on property" means any tax, fee, charge or assessment imposed by any government unit upon property or upon a property owner as a direct consequence of ownership of that property, but does not include incurred charges or assessment for local improvements..."

"Taxes on property" are subject to the limitations imposed by Article XI, section 11b, of the Oregon Constitution.

If a local government determines that a fee, charge, assessment, or non ad valorem tax is a "tax on property," then it must be certified to the county assessor by July 15 so that it can be subjected to the constitutional limitation and collected by the property tax system.

The local government must submit to the assessor a complete list of the properties, by assessor's account number, on which fees, charges, or assessments are to be imposed. It must show the amount of the fee, charge, or assessment which is imposed uniformly to each property, such as, \$3 on each account. If the fee, charge, or assessment is not uniform, it must show the amount imposed on each property, such as, \$1.50 per acre fee—Account 12345 \$45, Account 12356 \$40.50 [ORS 310.060(3)(a)].

The required listings are submitted to the county assessor with Form LB-50 (*Notice of Property Tax . . .*).

Certification of Limitation Category

Local governments are also required to notify the assessor of the tax limitation category in which their ad valorem tax or other tax on property is to be placed [ORS 310.060(2)(h) & (3)(b)].

Tax limitation categories are required by Article XI, section 11b, of the Oregon Constitution and further explained in ORS 310.150. There are three categories into which taxes can be placed:

1. Taxes imposed to support the public school system go in the "Education" category;
2. Taxes imposed to support other government operations go in the "General Government" category; and

3. Taxes levied to pay exempt bonded indebtedness go in the “Excluded from Limitation” category.

Oregon Revised Statutes 310.140 through 310.155 will help local governments determine the category(ies) in which to place their taxes.

The certification of tax limitation category is contained in the Form LB-50/UR-50/ED-50 which is filed with the county assessor by July 15.

Budget Document and Notice of Tax

Local governments that are subject to Local Budget Law are required as part of their tax notification to submit two copies of the resolution adopting and appropriat-

ing the budget, and imposing and categorizing the tax to the county assessor. See the Chapter 12 section on Distribution of the Tax Certification Documents for more details.

Do not submit copies of the budget document to the county assessor unless specifically requested.

Submit a complete copy of the budget document to the county clerk by September 30. If your district is located in more than one county, provide a copy to the clerk of each county in which it is located.

School districts must submit a hard copy of their complete budget documents to their education service district and the Department of Education by July 15.

Chapter 14—Budget Changes After Adoption

After July 1 when local government is operating within the adopted budget for the current fiscal year, changes in appropriated expenditures are sometimes necessary. Appropriations may have to be decreased or increased. For biennial budgets, see Chapter 15.

Budget Reduction

If a local government will not realize the amount of resources it estimated, and this shortfall will not be offset by receipts of another resource in the same fund, the amount of the appropriations and expenditures should be reduced.

A governing body after a public hearing can adjust budgeted resources and reduce expenditures by ordinance or resolution to reflect a decrease in resources [ORS 294.435(6)]. A shortfall in revenue can be revealed by periodic financial reports, a procedure which should be a fundamental administrative practice of all local governments.

Resolution Transfers

An appropriation is the authority granted by the governing body to make expenditures and to incur obligations for specific purposes. It is limited to one fiscal year [ORS 294.311(3)]. Appropriations are also a legal limitation on the amount of expenditures that can be made during the fiscal year [ORS 294.435(4)]. A local government's appropriations are detailed in the resolution or ordinance making appropriations. Examples are shown at the end of Chapter 12.

It often becomes necessary after the budget is adopted to increase the total expenditures of a fund or an object classification. One way to accomplish this is to transfer appropriation authority, and in some cases, resources. A transfer of appropriation is a decrease of one existing appropriation and a corresponding increase of another existing appropriation [OAR 150-294.450(3)(1)].

To transfer appropriations and resources, the governing body must pass a resolution or ordinance. The resolution or ordinance must state the need for the transfer, the purpose of the expenditure, and the amount to be transferred [ORS 294.450(1)&(3)].

Transfers can occur either within a fund, or from the general fund to any other fund. Resolution transfers cannot move appropriations between special revenue funds or from a special revenue fund to the general fund [ORS 294.450(4)]. For the purposes of resolution

transfers, all funds except the general fund are considered special revenue funds [OAR 150-294.450(3)].

Intrafund Transfers

Appropriations can be transferred within a fund from an existing appropriation to another existing appropriation [OAR 150-294.450(3)]. For example, within a general fund, appropriations can be transferred by resolution from the existing materials and services appropriation to the existing capital outlay appropriation. The materials and services category is decreased and capital outlay is increased by a corresponding amount. The net change in the fund's total appropriations is zero.

During the fiscal year, an appropriation category cannot be created through a resolution, except as provided in ORS 294.326 or OAR 150-294.450(3). If a new appropriation category is needed during the fiscal year, a supplemental budget will probably be required.

Intrafund resolution transfers do not require the transfer of resources. No additional revenue is received by the fund, the expenditures are just shifted around.

Interfund Transfers

Appropriations can be transferred during the fiscal year from the general fund to another fund by a resolution or ordinance. A transfer of resources is usually required when appropriations are moved between funds. Resources by themselves cannot be transferred between funds. If the general fund does not have an appropriation category for "transfer to other funds," one may be created as part of the resolution or ordinance [OAR 150-294.450(3)(4)]. This is the only circumstance under which a budget appropriation category may be created by resolution or ordinance during the fiscal year.

Appropriations in the receiving fund are increased by the amount of the transfer, and the resources available to that fund are also increased by the amount transferred from the general fund. Appropriations in the general fund are reduced as are the resources. Expenditures in the general fund are then limited by the reduced appropriation authority and reduced resources.

Example:

As the fiscal year begins, the city has set up its General Fund and Utility Fund appropriations by resolution as shown on the following page.

Existing Appropriations in Resolution

General Fund		Utility Fund	
Administration	\$50,703	Personal Services	\$112,730
Police	131,103	Materials & Services	118,700
Fire	27,170	Capital Outlay	1,000
Nondepartmental:		Transfer/Debt Service	2,462
Transfer/Truck Reserve	7,500		
Contingency	5,000		
Total	<u>\$221,476</u>	Total	<u>\$234,892</u>
Total Appropriations	\$456,368		

Because of the required repair of a major water leak, \$2,000 of “contingency” in the General Fund will be transferred to the Utility Fund, and the budgeted transfer to the Debt Service Fund out of the Utility Fund will not be made.

Step 1—Intrafund Transfer

General Fund Appropriation Transfer

	Existing	Changes	Adjusted
Administration	\$50,703	-0-	\$50,703
Police	131,103	-0-	131,103
Fire	27,170	-0-	27,170
Nondepartmental:			
Transfer/Truck Reserve	7,500	-0-	7,500
Contingency	5,000	(2,000)	3,000
Transfer/Utility (new)	-0-	2,000	2,000
Total	<u>\$221,476</u>	<u>-0-</u>	<u>\$221,476</u>

The General Fund contingency appropriation of \$2,000 is transferred to the newly created appropriation category of “transfer to the Utility Fund.” This creates a new requirement and allows the transfer of \$2,000 of the General Fund resources to the Utility Fund.

Utility Fund Appropriation Transfer

	Existing	Changes	Adjusted
Personal Services	\$112,730	-0-	\$112,730
Materials & Services	118,700	-0-	118,700
Capital Outlay (increased)	1,000	2,462	3,462
Transfer/Debt Service (reduced)	2,462	(2,462)	-0-
Total	<u>\$234,892</u>	<u>-0-</u>	<u>\$234,892</u>

The Utility Fund debt service transfer appropriation is moved to capital outlay.

Step 2—Interfund Transfer

Appropriation Transferred from General Fund and Received in Utility Fund

	Adjusted	Changes	Final
Personal Services	\$112,730	-0-	\$112,730
Materials & Services (increased)	118,700	\$1,500	120,200
Capital Outlay (increased)	3,462	500	3,962
Total	<u>\$234,892</u>	<u>\$2,000</u>	<u>\$236,892</u>

Utility Fund Resources

Transfer from GF (new)	-0-	\$2,000	\$2,000
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The Utility Fund is increased in appropriations and resources so the additional expenditures can be made.

Total Appropriations After Transfers

General Fund	\$221,476
Utility Fund	236,892
	<u>\$458,368</u>

Borrowing and Interfund Loans

Interfund Loans

Local Budget Law allows a local government to loan money from one fund to another. ORS 294.460 allows local governments to borrow internally, provided such a loan is authorized by an official resolution or ordinance. The resolution or ordinance must state the fund from which the loan is made, the fund to which the loan is made, the purpose of the loan, and the principal amount of the loan. If interest is to be charged, this fact should also be stated in the resolution or ordinance. If the loan is an operating loan, this action must provide that the loan will be repaid to the fund from which it was borrowed by the end of the fiscal year, or be budgeted for repayment in the coming fiscal year.

If the loan is a capital loan, the resolution or ordinance must set forth a schedule under which the principal and interest is to be budgeted and repaid. It must also state the rate of interest. Capital loans must be repaid in full within five years of the date of the loan.

If the loan will be repaid in the current fiscal year, no other action by the governing body is necessary to repay the loan. The current budget is **not** adjusted to show the loan transaction. The local government's accounting records will show the loan and repayment.

If the loan will be repaid in the coming fiscal year(s), the loan repayment must be budgeted and separate appropriations established for the repayment. Do not show the loan amount as a deficit resource [OAR 150-294.361(1)(B)]. This is not an acceptable budgeting practice.

Loans may not be made from debt service funds. Loans may not be made from moneys credited to any fund when, under applicable constitutional provisions, the moneys are restricted to specific uses unless the purpose for which the loan is to be made is a use allowed under such constitutional provisions. Also, loans made from debt service reserve funds created to provide additional security for outstanding bonds or other borrowing obligations are limited to amounts that are in excess of the amount the municipal corporation has covenanted to maintain in the reserve fund.

Short-Term Notes

Local governments are permitted to secure short-term notes or issue warrants to meet current expenses, or to retire bonds or warrants and their interest, whenever provided for in an adopted budget (ORS 288.165). Loan amounts are limited to 80 percent of the property taxes not yet received by the local government in that fiscal year. The loan may also include up to 80 percent of the full amount of any other budgeted or unpledged revenues the governing body will receive during the fiscal year. Before any formal action is taken by the governing body, ORS 288.165 should be studied for more information.

If the governing body obligates a local government beyond 12 months, the indebtedness could be considered an addition to the outstanding debt. Debts are generally restricted by the Oregon Constitution, statute, or charter. Any indebtedness (including bonds and notes) is governed by the general indebtedness limitations of the charter or statutes.

Interest payments must be budgeted when a local government expects short-term borrowing (ORS 294.443). The loan and repayment schedule may be reported in narrative form or as a footnote to the budget. The narrative or footnote must indicate that the principal and payments are liabilities of the fund from which they are made. The principal and repayment need not be included as a budgeted resource or expense.

Local Budget Law has no statutory limitations for any local government to enter into an installment contract. Local Budget Law does not authorize any local government to obligate itself to make payments beyond a period of more than one year. Any authority to enter into such an installment contract must be found in the statutes or charter of the local government.

Supplemental Budgets

During the fiscal year, circumstances may require expenses to be paid that were not budgeted. Or a district may receive revenue it did not plan for in its budget. A supplemental budget is required to pay the additional expenses and spend the extra revenue. Supplemental budgets are good only through June 30 of the fiscal year in which they are adopted. **The supplemental budget must be adopted and appropriated before any additional money can be spent** (OAR 150-294.480).

Although a supplemental budget is usually associated with the expenditure of new appropriations and increased revenues, it can also be used for other purposes. For example, a supplemental budget is required when transferring revenues from a special fund to the general fund to increase existing appropriations. Preparing a supplemental budget does not authorize the governing body to impose additional ad valorem taxes [ORS 294.480(5)].

When Can a Supplement Budget Be Prepared?

A local government may prepare a supplemental budget only if one or more of the following circumstances exists (ORS 294.480):

- An occurrence or condition that was not known at the time the budget was prepared requires a change in financial planning.
- A situation that was not foreseen at the time the budget was prepared requires prompt action.
- Funds are made available by another unit of federal, state or local government; the funds were not known at the time the budget was prepared.

- A request for services or facilities is received. The cost will be paid for by a private individual, corporation or company, or by another governmental unit, and the amount of the request could not have been known at the time the budget was prepared.
 - Proceeds from the involuntary destruction, involuntary conversion, or sale of property has necessitated the immediate purchase, construction or acquisition of **different facilities** in order to carry on the governmental operation.
 - A sufficiently greater amount of ad valorem taxes than estimated to be collected are received during the fiscal year. The difference will significantly affect the level of government operations to be funded by those taxes as provided in the budget for the current year.
- There are specific instances when a supplemental budget is not required to make additional appropriations. See Exceptions to Local Budget Law at the end of this chapter.

When is a Supplemental Budget Not Allowed?

In a November 17, 1967, letter the attorney general opined that a supplemental budget cannot be used to spend revenues that could have been estimated and adopted in the regular budget.

A supplemental budget cannot authorize spending an unappropriated ending fund balance, except when necessitated by involuntary conversion or a civil disturbance or natural disaster (ORS 294.371, 294.455). It also cannot be used to spend the tax raised above the estimated amount stated in the ballot for a rate local option tax [ORS 280.075(2)].

Process and Preparation

After it has been decided that a supplemental budget is necessary and appropriate, the process for preparing it must be determined. A supplemental budget may adjust one fund or several.

For the purpose of preparing a supplemental budget, fund expenditures in the current budget do not include unappropriated ending fund balance, interfund transfers, or contingency amounts.

Less than 10 percent

When the supplemental budget will adjust a current budget fund by less than 10 percent of that fund's expenditures, then the process used to adopt the supplemental budget is fairly simple. If the supplemental budget is adjusting more than one fund, the adjustment to each fund must be less than 10 percent to use the simpler process.

The simple process for adjustments of less than 10 percent is:

1. The supplemental budget is adopted by the governing body at a regularly scheduled board meeting. The budget committee is not required.

2. Notice of the regular meeting at which the supplemental budget will be adopted is published by one of the publication methods not less than **five days** before the meeting. The notice includes the name of each fund being adjusted and the amount of change in each fund's resources and expenditures.
3. At the meeting, a resolution adopting the supplemental budget and making appropriations is approved.

10 percent or more

When the supplemental budget will adjust a current budget fund by 10 percent or more of the expenditures of that fund or will create a new fund, then a longer process must be used to adopt the supplemental budget.

1. A special hearing must be held to discuss and adopt the supplemental budget. The hearing is held by the governing body. The budget committee is not required to be involved.
2. **Five to 30 days** before the hearing, a notice of hearing and a summary of the proposed supplemental budget is published using one of the publication methods. Follow the guidelines outlined in Chapter 8—Publication Requirements, Notice of Budget Hearing and Budget Summary. The Department of Revenue provides a form that can be used to publish the supplemental budget. The form is titled Notice of Supplemental Budget Hearing, 150-504-022, and is included in the packet of budget forms sent to budget officers each year.
3. The governing body may resolve to adopt and appropriate the supplemental budget following the hearing.

Adjusting the Current Budget

When preparing the budget for the coming fiscal year, revise the figures in the current adopted budget to reflect the changes made by any supplemental budgets.

Exceptions to Local Budget Law

In order to lawfully spend money, a local government must comply with the requirements of Local Budget Law [ORS 294.326(2)].

However, certain expenditures have been made exceptions to the requirements of Local Budget Law. Be sure to refer to ORS 294.326 for all the exceptions. The most common exceptions are:

1. Expenditures in the year of receipt of grants, gifts, bequests or devises transferred to the local government in trust for a **specific** purpose may be made after enactment of a resolution or ordinance authorizing the expenditure [ORS 294.326(3)].

However, expenditure in the year of receipt of undesignated **general** purpose grants, gifts, bequests or devises can only be made after adoption of a supplemental budget.

Specific purpose grants, gifts, bequests or devises that will be spent, in whole or in part, in the fiscal year following receipt, must be included as a resource in the regular budget of the upcoming year.

2. Expenditures of proceeds from the sale of certain bonds may be made during the current year without a supplemental budget [ORS 294.326(5) and 294.483(2)].

It is recommended that a special revenue fund or a capital projects fund be established to account for the bond proceeds and that a resolution or ordinance be enacted to appropriate the proceeds.

3. Expenditures to pay debt service on certain bonds which are authorized and issued during the fiscal year may be made without adopting a supplemental budget (ORS 294.483).

It is recommended that a debt service fund be established to account for the bond principal and interest expenditures and that a resolution or ordinance be enacted to appropriate the debt service payment.

4. Expenditure of funds irrevocably placed in escrow for the purpose of defeasing and paying bonds [ORS 294.326(6)].
5. Expenditure of funds to deal with involuntary conversion or damage or destruction from a civil disturbance or **natural disaster** may be made after enactment of a resolution or ordinance authorizing the expenditure or after adoption of a supplemental budget (ORS 294.455).
6. Expenditures of money refunded after a purchase has been returned may be made after enactment of a resolution or ordinance authorizing the expenditure [ORS 294.326(10)].

Chapter 15 – Biennial Budgets

Biennial Budgets

Municipal corporations have the option of budgeting on a 24-month “biennial” budget period or by fiscal year. The governing body, by ordinance, resolution, or charter, may provide that the budget and budget documents be prepared for a budget period of 24 months. Unless so authorized, the budget period is one fiscal year. For local governments with the authority to levy tax upon property, the biennial budget period begins on July 1 and ends on June 30 of the second ensuing calendar year (ORS 294.311). Unless specified in this chapter or elsewhere in this manual, all other provisions of law remain the same for both fiscal year and biennial budgets except the length of the budget period.

Budget Committee

Appointed members of a budget committee that prepares a biennial budget serve for terms of four years. The terms must be staggered so that, as near as practicable, one-fourth of the terms end each year (ORS 294.336).

If an existing local government adopts a biennial budget period, there will be a period of transition from fiscal year budgets to biennial budgets. During this period, appointive members of the budget committee who are already serving may serve out their three-year terms. New members or members who are reappointed to another term may receive four-year terms. However, the governing body may decide to appoint these new members for shorter terms or to shorten the terms of sitting members to less than three years in order to establish the staggered schedule with one-fourth of the terms ending each year.

Proposed Budget Document

Estimating Expenditures and Resources

All estimates of resources and expenditures and other budget requirements in a proposed biennial budget must be for the entire 24-month budget period. Total resources must equal total requirements. Estimates of cash carryforward, beginning balance or net working capital should be the net total from the preceding budget period.

If resources include revenue from property taxes, the budget should reflect the amount expected to be received from both tax years covered by the budget period. When estimating the amount to be received, estimate the amounts for both years separately as provided in ORS 294.381. Estimates of prior year taxes to be received should reflect the total amount expected during both years of the coming biennium.

Grants must be budgeted if the district is aware of them and there is a reasonable expectation that they will be received any time during the coming biennium. The amount of the grants must be estimated in good faith.

First and Second Preceding Budget Period’s Data and Current Year Data

Expenditure and resource estimate detail sheets should show the actual expenditures and resources for the two preceding 24-month budget periods (two biennia) and the estimated data for the current budget period.

During the transition from fiscal year to biennial budgets, the detail sheets should show a mixture of single-year budget data and two-year budget data. Do not attempt to “double” the actual or estimated data from a fiscal year budget to make it comparable to the proposed budget. The discrepancy between fiscal year and biennial figures can be explained in a footnote or in the budget message.

Debt Service on Bonds (ORS 294.483)

A municipal corporation that has outstanding general obligation or Bancroft bonds, then adopts a biennial budget must budget and appropriate amounts sufficient to pay the debt service on those bonds in the succeeding 24-month budget period. If bonds are approved by the voters and sold during a budget period, debt service can be paid in that budget period without being budgeted. However, unless the property taxes were approved by the budget committee and included in the regular budget, no new tax levy can be imposed during the biennium to pay the debt service on bonds approved during the biennium.

Bond Proceeds (ORS 294.483)

When voter approval to issue bonds is received during a budget period and proceeds from the bond will be expended during that same budget period, the proceeds do not have to be budgeted. If bonds are approved in one budget period and the proceeds will be spent in a succeeding budget period, those proceeds must be included in the budget for the succeeding budget period.

Interfund Loans

Operating loans made from one fund to another that are not repaid in the budget period in which they are made must have the repayment budgeted in the ensuing budget period. Operating loans must be repaid no later than the budget period following the one in which they are made.

Method of Accounting (ORS 294.445)

Any change in the basis of accounting must be clearly set forth in the biennial budget message. Once a new basis of accounting is adopted, it must be followed for the entire biennial budget period. Examples of basis of accounting are cash, accrual, and modified accrual. Changing from fiscal year budgeting to biennial budgeting is **not** a change in the method of accounting.

Budget Committee Approves Tax Levies

The budget document as approved by the budget committee must specify the amount or rate of ad valorem taxes for each fund for both years of a biennial budget period. The amount or rate of tax for each fund must be stated separately for each tax year. The amount or rate of tax for each fund need not be the same for each year. In particular, the amount of tax levied for a debt service fund is highly unlikely to be the same for two consecutive years because principal and interest payments tend to fluctuate as the debt is paid.

Publication Requirements

Budget Summary (ORS 294.416, 294.418)

The summary of the budget document that is approved by the budget committee must be published as provided in ORS 294.416 or 294.418 (ORS 294.421). In that notice, the resources and expenditures approved by the budget committee must be compared to the actual expenditures and resources of the preceding budget period and to the budget summary of the current budget period.

During the transition from fiscal year to biennial budgets, the published budget summaries should show a mixture of single-year budget data and two-year budget data. Do not attempt to double the actual or estimated data from a fiscal year budget to make it comparable to the proposed budget. The discrepancy between fiscal year and biennial figures can be explained in a footnote.

Posting the Budget Summary and Notice of Budget Hearing (ORS 294.421)

If the budget approved by the budget committee is for a biennial budget period, and

- there is no newspaper of general circulation published in the district, and
- the estimated expenditures in the ensuing budget period do not exceed \$100,000, then
- the district may post the budget summary and notice of budget hearing in three conspicuous places within the district for a period of at least 20 days before the hearing in lieu of publishing in a newspaper, or by hand delivery or first-class mail.

Governing Body Actions After Approval by Budget Committee

Adopt Budget and Make Appropriations (ORS 294.435)

After the budget hearing, the governing body must enact ordinances or resolutions to adopt the budget, to make appropriations, and to levy and to categorize the property taxes. The amount of the adopted budget and of appropriations must be the amount budgeted for all 24 months of the ensuing budget period. Taxes must be levied and categorized separately for both years of the ensuing year of budget period (ORS 310.060).

Changes to Expenditures or Taxes (ORS 294.435)

The budget estimates and proposed amount or rate of ad valorem property tax shown in the approved budget may be amended by the governing body prior to the start of the budget period. If the governing body increases the estimated expenditures for any fund in a biennial budget as approved by the budget committee by more than \$10,000 or 10 percent, whichever is greater, or if the governing body increases the amount or rate of ad valorem taxes for either year, the amended budget must be republished and another public hearing held.

Once a biennial budget has been adopted, the governing body cannot increase the tax amount for either year of that budget period.

Governing Body Actions After Adoption

Contingency (ORS 294.450)

A supplemental budget is required before transfers of general operating contingency appropriations in excess of 15 percent of the total appropriations of the fund during a biennial budget period. This applies to transfers made after the budget has been approved and those that are made during the budget period for which the appropriations are made. Transfers from contingency totaling 15 percent or less during the biennium can be made by resolution or ordinance.

Pass-Through Payments (ORS 294.450)

When one local government must pass through revenue from taxes, fees or charges to another local government, it must be budgeted. The local government making the pass-through of revenue must include in its budget an amount estimated to be received during both years of the budget period and appropriate the entire amount to be passed through during the budget period. If the actual amount collected during the budget period exceeds the estimated amount, the governing body must pass a resolution or ordinance to appropriate the excess.

Interfund Loan (ORS 294.460)

If an interfund loan is for the purpose of paying operating expenses, the ordinance or resolution authorizing the loan must provide that the loan be repaid in the same budget period or in the ensuing budget period. If it is to be repaid in the ensuing budget period, then the payment must be part of the budget for the ensuing period.

Internal Service Fund (ORS 294.470)

If a local government includes an internal service fund in a biennial budget, it must budget and appropriate the anticipated expenditure for the entire biennial budget period. Unlike other funds in the budget, the governing body may increase appropriations of an internal service fund during the current budget period by resolution or ordinance.

Supplemental Budget (ORS 294.480)

A supplemental budget that amends a biennial budget is for the remainder of the 24-month budget period in which it is submitted. When determining the process for adopting a supplemental budget under ORS 294.480(3) and (4), the governing body must consider whether the estimated expenditures being changed by the supplemental budget differ by 10 percent or more from the total appropriated for the biennium in the fund being changed. If the supplemental budget will adjust a fund's current biennial expenditures by less than 10 percent, the governing body may use the simple process described in Chapter 14, in which the supplemental budget is adopted at a regular meeting of the governing body. If the supplemental budget will adjust a fund's current expenditures by 10 percent or more, a special hearing is required.

A supplemental budget cannot authorize an increase in a local government's total ad valorem property taxes above the amount or rate published with the original biennial budget and certified to the assessor for either fiscal year of the budget period.

Budget Document

File With Department of Revenue (ORS 294.555)

A local government that does not levy an ad valorem property tax but that is subject to Local Budget Law and that prepares a biennial budget must file with the Department of Revenue a copy of the resolutions adopting the budget and making appropriations. This copy must be filed on or before July 15 of the first fiscal year of the budget period.

File With Tax Supervising and Conservation Commission (ORS 294.635)

A municipal corporation that is subject to a tax supervising and conservation commission and that adopts a biennial budget must submit its detailed estimates of the biennial budget to the commission on or before May 15 of the first fiscal year of the budget period. The commission will certify any objections it has to the adoption of the biennial budget on or before June 25 of the first fiscal year of the budget period.

Retention (ORS 294.555)

A local government that is subject to Local Budget Law and that prepares a biennial budget must retain a true copy of its budget until the end of the two budget periods following the budget period for which the biennial budget was prepared.

Appendix A—Glossary

Accrual basis. Method of accounting recognizing transactions when they occur without regard toward cash flow timing [ORS 294.311(1)].

Activity. That portion of the work of an organizational unit relating to a specific function or class of functions, a project or program, a subproject or subprogram, or any convenient division of these [ORS 294.311(2)].

Adopted budget. Financial plan that is the basis for appropriations. Adopted by the governing body (ORS 294.435).

Ad valorem tax. A property tax computed as a percentage of the value of taxable property. See “Assessed Value.”

Appropriation. Authorization for spending a specific amount of money for a specific purpose during a fiscal year. It is based on the adopted budget, including supplemental budgets, if any. It is presented in a resolution or ordinance adopted by the governing body [ORS 294.311(3)].

Approved budget. The budget that has been approved by the budget committee. The data from the approved budget is published in the Financial Summary before the budget hearing (ORS 294.406).

Assessed value. The value set on real and personal property as a basis for imposing taxes. It is the lesser of the property’s maximum assessed value or real market value.

Assessment date. The date on which the real market value of property is set—January 1.

Audit. The annual review and appraisal of a municipal corporation’s accounts and fiscal affairs conducted by an accountant under contract or the Secretary of State (ORS 297.425).

Audit report. A report in a form prescribed by the Secretary of State made by an auditor expressing an opinion about the propriety of a local government’s financial statements, and compliance with requirements, orders and regulations.

Bequest. A gift by will of personal property; a legacy.

Biennial budget. A budget for a 24-month period.

Billing rate. The tax rate used to compute ad valorem taxes for each property. When applicable, it is derived from subtracting the timber offset rate from the permanent or operating rate.

Budget. Written report showing the local government’s comprehensive financial plan for one fiscal year. It must include a balanced statement of actual revenues and expenditures during each of the last two years, and estimated revenues and expenditures for the current and upcoming year [ORS 294.311(4)].

Budget committee. Fiscal planning board of a local government, consisting of the governing body plus an equal number of legal voters appointed from the district (ORS 294.336).

Budget message. Written explanation of the budget and the local government’s financial priorities. It is prepared and presented by the executive officer or chairperson of the governing body (ORS 294.391).

Budget officer. Person appointed by the governing body to assemble budget material and information and to physically prepare the proposed budget (ORS 294.331).

Budget period. For local governments on a biennial budget, the 24-month period beginning July 1 and ending June 30 of the second following calendar year. See also “Fiscal year.”

Budget transfers. Amounts moved from one fund to finance activities in another fund. They are shown as expenditures in the originating fund and revenues in the receiving fund.

Capital outlay. Items which generally have a useful life of one or more years, such as machinery, land, furniture, equipment, or buildings [ORS 294.352(6)].

Capital projects fund. A fund used to account for resources, such as bond sale proceeds, to be used for major capital item purchase or construction [OAR 150-294.352(1)].

Cash basis. System of accounting under which revenues are accounted for only when received in cash, and expenditures are accounted for only when paid [ORS 294.311(7)].

Category of limitation. The three categories in which taxes on property are placed before the constitutional limits can be tested—education, general government, excluded from limitation (ORS 310.150).

Consolidated billing tax rate. The consolidated billing tax rate is a combined total of the billing rates for all taxing districts in the code area but does not include the billing rate for any urban renewal special levies or non-ad valorem taxes, fees, or other charges.

Constitutional limits. The maximum amount of tax on property that can be collected from an individual property in each category of limitation (Art. XI, sect. 11b, Or Const.).

Current assets. Assets which are available to finance current operations or to pay current liabilities.

Debt service fund. A fund established to account for payment of general long-term debt principal and interest [OAR 150-294.352(1)].

Devise. A gift by will of the donor of real property.

District. See “Local government.”

Division of tax. Division of tax refers to the process of, and revenue from, apportioning tax to urban renewal agencies based on the relationship of the excess to frozen value, a.k.a. tax increment revenue.

Double majority. A term that refers to an election where at least 50 percent of the registered voters eligible to vote in the election cast a ballot and more than 50 percent voting approve the question.

Education category. The category for taxes that will be used to support the public school system and are not used to pay exempt bonded indebtedness [ORS 310.150(2)].

Encumbrance. An obligation chargeable to an appropriation and for which part of the appropriation is reserved [ORS 294.311(10)].

Enterprise fund. A fund established to account for operations that are financed and operated in a manner similar to private business enterprises. They are usually self-supporting. Examples of enterprise funds are those for water, gas, and electric utilities, swimming pools, airports, parking garages, transit systems, and ports [OAR 150-294.352(1)].

Excluded from limitation category. The category for taxes used to pay principal and interest on exempt bonded indebtedness [ORS 310.150(2)].

Exempt bonded indebtedness. 1) Bonded indebtedness authorized by a specific provision of the Oregon Constitution, or 2) bonded indebtedness issued as a general obligation on or before November 6, 1990, incurred for capital construction or capital improvements, or 3) bonded indebtedness issued as a general obligation after November 6, 1990, incurred for capital construction or capital improvements with the approval of the electors of the local government. Bonded indebtedness issued to refund or refinance any bonded indebtedness described above is also included [ORS 310.140(15)].

Existing plan. An existing urban renewal plan is defined as a plan that existed in December 1996, and, 1) chose an option and, 2) established a maximum amount of indebtedness by July 1998 and has not been amended to increase the land area or maximum indebtedness [ORS 457.101(4)(a)].

Expenditures. Total amount incurred if accounts are kept on an accrual basis; total amount paid if accounts are kept on a cash basis [ORS 294.311(12)].

Fiscal year. A 12-month period to which the annual operating budget applies. At the end of the period, a government determines its financial position and the results of its operations. It is July 1 through June 30 for local governments [ORS 294.311(13)].

Fund. A fiscal and accounting entity with self-balancing accounts to record cash and other financial resources, related liabilities, balances and changes, all segregated for specific, regulated activities and objectives.

Fund balance. The fund equity of government funds.

Fund type. One of nine fund types: General, special revenue, debt service, capital projects, special assessment, enterprise, internal service, trust and agency, and reserve [OAR 150-294.352(1) and ORS 280.100].

Gap bonds. Any portion of a local government’s property tax levy that is used to repay qualified taxing district obligations. Qualified taxing district obligations include principal and interest on any bond or formal, written borrowing of moneys issued before December 5, 1996, for which ad valorem property tax revenues have been pledged or explicitly committed or that are secured by a covenant to levy. Also included are pension and disability plan obligations that commit property taxes and impose property taxes to fulfill those obligations.

General fund. A fund used to account for most fiscal activities except for those activities required to be accounted for in another fund [OAR 150-294.352(1)].

General government category. The category for taxes used to support general government operations that are not for the purposes of paying exempt bonded indebtedness [ORS 310.150(2)].

Governing body. County court, board of commissioners, city council, school board, board of trustees, board of directors, or other managing board of a local government unit [ORS 294.311(15)].

Grant. A donation or contribution in cash by one governmental unit to another unit which may be made to support a specified purpose or function, or general purpose [ORS 294.311(16)].

Interfund loans. Loans made by one fund to another and authorized by resolution or ordinance (ORS 294.460).

Internal service fund. A fund used to account for fiscal activities when goods or services are provided by one department or agency to other departments or agencies on a cost-reimbursement basis (ORS 294.470).

Legal opinion. The opinion as to legality rendered by an authorized official, such as the Oregon attorney general or city attorney.

Levy. Amount of ad valorem tax certified by a local government for the support of governmental activities.

Liabilities. Debt or other legal obligation arising from transactions in the past which must be liqui-

dated, renewed, or refunded at a future date; does not include encumbrances.

Local government. Any city, county, port, school district, community college, public or quasi-public corporation (including a municipal utility or dock commission) operated by a separate board or commission; a municipal corporation or municipality [ORS 294.311(19)].

Local option tax. Taxing authority voter-approved by a double majority that is in addition to the taxes generated by the permanent tax rate. Local option taxes can be for general operations, a specific purpose or capital projects. They are limited to five years unless they are for a capital project, then they are limited to the useful life of the project or 10 years, whichever is less.

Maximum assessed value (MAV). The maximum taxable value limitation placed on real or personal property by the constitution. It can increase a maximum of 3 percent each year. The 3 percent limit may be exceeded if there are qualifying improvements made to the property, such as a major addition or new construction.

Maximum authority. The limitation on the amount of authority for an existing urban renewal plan area [ORS 457.435(3)(a)]. Plans that are not existing plans will not have a maximum authority amount. The assessor calculated this amount for the 1997-98 tax year for each existing plan based on the taxes each urban renewal plan area would have been entitled to prior to Measure 50. This amount is adjusted each year based on the growth of excess value in the plan area.

Maximum indebtedness. The amount of the principal of the indebtedness necessary to complete an urban renewal plan. This does not include indebtedness incurred to refund or refinance existing indebtedness [ORS 457.010(9)]. It is specified in dollars and cents and based on good faith estimates of the scope and costs of the anticipated project or projects. All existing plans are required to have an ordinance which establishes a maximum indebtedness.

Municipal corporation. See “Local government.”

Municipality. See “Local government.”

Net working capital. The sum of the cash balance, accounts receivable expected to be realized during the ensuing year, inventories, supplies, prepaid expenses less current liabilities and, if encumbrance method of accounting is used, reserve for encumbrances [ORS 294.311(20)].

New plan. Urban renewal plan areas established after December 6, 1996. New plans receive whatever amounts are generated by the division of tax calculations.

Non-existing urban renewal plan. Plans that were in effect as of December 1996, but failed to adopt an option, establish maximum indebtedness, or were substantially amended to add land area or increase maximum indebtedness. They receive the full division of tax amount.

Object classification. A grouping of expenditures, such as personal services, materials and services, capital outlay, debt services, and other types of requirements [ORS 294.311(22)].

Offset rate. The rate determined by dividing the local government’s timber offset amount by the assessed value of the local government. This rate is used to reduce the local government’s permanent or operating rate. Offset rates are not applied to education districts’ permanent or operating rates.

Operating rate. The rate determined by dividing the local government’s operating tax amount by the estimated assessed value of the local government. This rate is needed when a local government wants to impose less tax than its permanent rate will raise.

Option, urban renewal. Financing arrangement chosen by existing urban renewal plans. Cannot be changed. The options are as follows:

Option 1 [ORS 457.435(2)(a)], allows the plan to collect sufficient amounts to pay the obligations of the plan from a division of tax as computed under ORS 457.440. If the amount collected from the division of tax is insufficient, a special levy may be imposed against all taxable property of the municipality that activated the urban renewal agency. The special levy when added to the amount computed for the division of tax cannot exceed the maximum authority of the plan. The amount of the special levy can be an amount less than the difference. Option 1 plans will receive all of the amounts from the division of tax regardless of how they certify.

Option 2 [ORS 457.435(2)(b)], provides for a special levy to be imposed against all taxable property of the municipality that activated the urban renewal agency. The amount cannot exceed the plan’s maximum authority. The amount certified will be extended as a levy to the extent it does not exceed the plan’s maximum authority. Under Option 2, no division of tax occurs. Under Option 2, all the revenue generated by a district’s tax rate goes to the taxing district. If the taxing district has a rate calculated for it, the rate is calculated as if there were no excess value. The Cascade Lock Plan in Hood River County is the only Option 2 Urban Renewal Plan.

Option 3 [ORS 457.435(2)(c)], provides that Option 3 plans can obtain funds from both the division of tax and a special levy. Like Option 1, the agency may limit the amount to be received from the spe-

cial levy, but unlike Option 1 the agency limited the amount of funds received from the division of tax when the Option was chosen [ORS 457.435(1) (2)(c) and (4)(a)]. In the ordinance choosing Option 3, the amount to be received from the division of tax was established. That amount applies to all future years. For Option 3 plans, the assessor must calculate an amount of excess value up to, but not exceeding, the actual excess value, sufficient to generate the amount to be raised from the division of tax and return any “unused” excess value. The unused excess value is added to the frozen value for that year. This unused excess is treated as frozen value when calculating the revenues raised for other taxing districts. If the amount collected from the division of tax is insufficient, a special levy may be imposed.

Ordinance. A formal legislative enactment by the governing board of a municipality.

Organizational unit. Any administrative subdivision of the local government, especially one charged with carrying on one or more specific functions (such as a department, office or division) [ORS 294.311(23)].

Payroll expenses. Expenses related to the compensation of salaried employees, such as, health and accident insurance premiums, Social Security and retirement contributions, civil service assessments.

Permanent rate limit. The maximum rate of ad valorem property taxes that a local government can impose. Taxes generated from the permanent rate limit can be used for any purpose. No action of the local government can increase a permanent rate limit.

Prior years’ tax levies. Taxes levied for fiscal years preceding the current one.

Program. A group of related activities to accomplish a major service or function for which the local government is responsible [ORS 294.311(25)].

Program budget. A budget based on the programs of the local government.

Property taxes. Ad valorem tax certified to the county assessor by a local government unit.

Proposed budget. Financial and operating plan prepared by the budget officer. It is submitted to the public and the budget committee for review.

Publication. Public notice given by publication in a newspaper of general circulation within the boundaries of the local government; mailing through the U.S. Postal Service by first class mail to each street address within the boundaries of the local government; and hand delivery to each street address within the boundaries of the local government.

Real Market Value (RMV). The amount in cash which could reasonably be expected by an informed seller from an informed buyer in an arm’s-length transaction as of the assessment date. In most cases, the value used to test the constitutional limits (ORS 308.205).

Reserve fund. Established to accumulate money from year to year for a specific purpose, such as purchase of new equipment (ORS 280.100).

Resolution. A formal order of a governing body; lower legal status than an ordinance.

Resource. Estimated beginning funds on hand plus anticipated receipts (ORS 294.361).

Special levy. A special levy is an ad valorem tax, imposed for an urban renewal plan area. It is not a result of a division of tax but rather imposed directly for the plan area and is attributed to urban renewal on the tax statement, unlike the division of tax amount.

Special revenue fund. A fund used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditure for specific purposes [OAR 150-294.352(1)].

Supplemental budget. A financial plan prepared to meet unexpected needs or to spend revenues not anticipated when the regular budget was adopted. It cannot be used to authorize a tax (ORS 294.480).

Tax increment financing. A financial mechanism for urban renewal plans which captures the tax from the growth in property value within a designated geographical area.

Tax on property. Any tax, fee, charge or assessment imposed by any government unit upon property or upon a property owner as a direct consequence of ownership of that property [ORS 310.140(1)].

Tax rate. The amount of tax stated in terms of a unit of tax for each \$1,000 of assessed value of taxable property.

Tax roll. The official list showing the amount of taxes imposed against each taxable property.

Tax year. The fiscal year from July 1 through June 30.

Trust fund. A fund used to account for fiscal activities of assets held in trust by a local government.

Unappropriated ending fund balance. Amount set aside in the budget to be used as a cash carryover to the next year’s budget. It provides the local government with cash until tax money is received from the county treasurer in November. This amount cannot be transferred by resolution or used through a supplemental budget, unless necessitated by a qualifying emergency (ORS 294.371).

Appendix B—Outline of Budget Process

	ORS/OAR
I. Time of Making Budget	294.396
A. Budget message.	294.391
II. Budget Officer	
A. Appointed by the governing body.	294.331
B. Under supervision of executive officer or governing body.	294.331
C. Prepares or supervises preparation of budget.	294.331
D. Publishes notice of meeting of budget committee including notice of where a copy of the budget is available. If published in a newspaper of general circulation, the notice is published twice, at least five days apart, between five to 30 days before the meeting. If published by mailing or hand delivery, the notice is published not later than 10 days before the meeting.	294.401(5)
E. Provides copy of budget to committee.	291.401(2)&(6)
F. Files copy of budget in office of governing body immediately following presentation of budget to committee.	291.401(8)
III. Budget Document	
A. Coming year budget shown:	294.376
1. Proposed	
2. Approved	
3. Adopted	
B. Current year budget shown.	294.376
C. First preceding year actual resources and expenditures.	294.376
D. Second preceding year actual resources and expenditures.	294.376
E. Each fund to contain estimates of expenditures for:	150-294.352(1)
1. Personal services	294.352
2. Materials and services	294.352
3. Capital outlay	294.352
4. Special payments and interfund transfers	294.352
5. General operating contingencies	294.352
	150-294.352(8)
IV Budget Resources	150-294.361(1)
A. Estimate of beginning cash balances for the ensuing year.	
B. Estimate for delinquent tax collection included if fund has been tax-supported.	294.361(2)
C. Transfers budgeted as requirements in other funds.	294.361(2)
D. Resources must be equal to requirements.	150-294.352(1)(B)
E. Excess of actual revenues over actual expenditures in second preceding year must equal the beginning balance in first preceding year.	
V. Debt Service Fund	
A. Each issue identified for principal and interest payments.	294.352(7)
B. Requirement shown in unappropriated ending fund balance. (For payments between end of coming fiscal year and receipt of taxes in second coming year.)	294.371
	150-294.371

VI. Budget Committee	
A. A budget committee is established by each local government subject to Local Budget Law.	294.336(1)
B. Committee shall consist of the members of the governing body and an equal number of qualified electors.	294.336(2)
C. Committee shall at its first meeting elect a presiding officer from its members.	294.336(8)
D. The purpose of the budget committee is to receive the budget document and budget message, and to provide the public with an opportunity to ask questions and comment on the budget.	294.401(1)
E. Duty of the committee to review, or revise and approve the budget document.	294.406(1)
F. Committee may compel any official or employee of the municipality to furnish information regarding the budget.	294.406(3)
VII. Financial Summary	
A. Items in Financial Summary, LB-1, UR-1, or ED-1 agree with amounts on LB-2, UR-2, or ED-2, plus LB-3/ED-3.	
B. Items on LB-2, UR-2, or ED-2 and LB-3 or ED-3 agree with amounts on budget detail sheets.	294.386(1)
C. Summary of indebtedness is shown on Form LB-1, UR-1, or ED-1	294.386(2)&(3)
VIII. Publication of Notice of Budget Hearing	
A. Notice of budget hearing advertised five to 30 days prior to hearing.	294.421(2)
B. If budget requirements do not exceed \$50,000 and no newspaper is published in district, the financial summary and notice of hearing can be posted for at least 20 days prior to the hearing.	294.421(3)
C. If notice is posted, a special notice of hearing must be published.	294.421(4)
IX. After Public Hearing of Budget	
A. Changes, if made after hearing, cannot increase estimated expenditures of any fund more than \$5,000 or 10 percent, whichever is greater, of the amounts approved by the budget committee.	294.435(1)
B. Budget adopted prior to June 30.	294.396
C. Levy the taxes.	294.435(1)
	150-294.435(1)-(A)
D. Make appropriations:	294.435(3)
	150-294.435(3)
1. By organizational unit or program.	
2. When organizational unit or program do not apply by;	
a. personal services	
b. materials and services	
c. capital outlay	
d. transfers	
e. general operating contingency	
f. debt service	

	ORS/OAR
X. Certify Tax to Assessor by July 15	150-310.060(A)
A. Two copies of the notice of tax; LB-50, UR-50, or ED-50.	294.555(2)(a) 310.060(2)
1. Total tax certified can not exceed amount approved by the budget committee.	294.435(1) 150-294.435(1)-(A)
2. Local option taxes are detailed on LB-50 or ED-50 showing:	310.060(2)(b) and (c)
a. Purpose of tax.	
b. Date of approval by voters.	
c. Total amount or rate to be imposed.	
d. Amount to be imposed each year.	
e. First year of tax.	
f. Last year of tax.	
3. Levies for the payment of bond principal and interest.	310.060(2)(d) and (e)
4. Categorization of tax.	294.555(2)(a)
B. Two copies of the resolutions adopting the budget, making appropriations, levying tax, and categorizing tax.	
C. Two copies of successful tax ballot measures.	
D. File a copy of the budget with the county clerk by September 30.	310.060(7)
E. School districts must submit a hard copy of their complete budget documents to their education service district and the Department of Education by July 15.	
XI. Supplemental Budgets	150-294.480
A. One or more of the following circumstances must exist:	
1. An occurrence, condition or need which had not been ascertained at the time the budget was adopted.	294.480(1)(a)&(b)
2. Funds were made available by another unit of federal, state or local government or the costs are to be born by a private individual corporation or company, and the availability of funds could not have been known at the time the budget was adopted.	294.480(1)(c)
3. Proceeds from the involuntary destruction, involuntary conversion, or sale of property has necessitated the immediate purchase, construction, or acquisition of different facilities in order to carry on the government operation.	294.480(1)(e)
4. Ad valorem taxes are received during the fiscal year in an amount greater than the amount estimated to be collected.	294.480(1)(f)
B. A supplemental budget shall not authorize any levy of taxes.	294.480(5)
C. A supplemental budget shall not extend beyond the end of the fiscal year during which it is submitted.	294.480(2)

ORS/OAR

XII. Other

A. Interfund Transfers.	294.450
	150-294.450(3)
1. Transfers may be made between appropriations within a fund by board resolution.	
2. Contingency appropriation transfers not to exceed 15 percent of total fund without supplemental budget.	294.450(2)
3. Transfers of appropriations, or appropriations and a like amount of resources, may be made from the General Fund to any other fund by board resolution.	294.450(3)
B. Basis of accounting.	294.445
1. Cash	
2. Accrual	
3. Modified Accrual	

Appendix C—Taxing Powers and Limitations of Local Governments

Local government taxes are subject to both constitutional (Article XI, Section 11) and statutory limitations. RMV means real market value (ORS 308.205).

Local Government	Tax (T) or Bond (B)	ORS Reference
1. Airport district	T: Ad valorem tax. Limited to $\frac{1}{2}$ of 1% (.005) of RMV.	838.060(1)
2. Cemetery	T: Ad valorem tax. Constitutional rate limit.	265.140(9)
3. Cities	T: Ad valorem tax. Constitutional rate limit.	Art. XI, sec. 11
a. Community houses	T: Local option tax or bonds voter-approved.	276.732 276.734 276.736
b. Park commission	T: Limited to $\frac{1}{2}$ mill (.0005) of assessed value.	226.200
c. Park property	T: Local option tax for special purposes, $\frac{1}{2}$ mill of assessed value. Requires voter approval.	226.220
d. Parking facilities	B: General obligation bond within city's debt limit, or revenue bonds.	223.825
4. Community colleges, general fund	T: Ad valorem tax. Constitutional rate limit. Local option taxes limited to amount of loss resulting from Measure 50 implementation in 1997-98.	341.305 341.308 280.057
5. Counties	T: Ad valorem tax. Constitutional rate limit.	Art. XI, sec. 11
a. County fair maintenance	T: Limited to $\frac{1}{160}$ of 1% (.0000625) of RMV unless approved by voters for a specific levy.	565.330
b. General road fund	T: Ad valorem tax.	368.705
c. Veterans	T: Limited to $\frac{1}{80}$ of 1% (.000125) of RMV.	408.720
6. County service district	T: Ad valorem tax. Constitutional rate limit. B: General obligation bonds within debt limit.	451.547 451.490
a. Facilities	T: Limited to 50 cents per year per \$1,000 of RMV for a period not to exceed five years. B: General obligation bonds within debt limit and revenue bonds.	451.540(1) 451.545
7. Diking district	T: Ad valorem tax. Constitutional rate limit.	551.100(2)
8. Drainage district	T: Acreage assessment.	547.455 547.475 547.480 547.485

9.	Drainage road district	T: Acreage assessment on a benefited basis at maximum of \$1.00 per acre.	371.065
10.	Education service district	T: Ad valorem tax. Constitutional rate limit. No authority to impose a local option tax.	334.270 280.040
	a. Equalization financing	T: Grant and Wallowa counties only.	334.390
11.	Health districts	T: Ad valorem tax. Constitutional rate limit. Additional limit of $\frac{1}{4}$ of 1% (.0025) of RMV plus amount for bonds and interest.	440.395
12.	Highway lighting district	T: Assessments may be imposed upon all real property on any reasonable basis. Limit is \$1.00 per year per front-foot. May also levy a special assessment to pay initial construction and installation cost.	372.170
13.	Irrigation district	T: Acreage assessment.	545.381
14.	Library	T: Ad valorem tax. Constitutional rate limit. Limited to $\frac{1}{4}$ of 1% of RMV.	357.266
15.	Mass transit	T: Ad valorem tax. Constitutional rate limit. B: General obligation bonds.	267.305
	a. Facilities	T: Limited to $\frac{3}{20}$ of 1% (.0015) of RMV to be credited to a revolving fund.	267.310
16.	Metropolitan service	T: Ad valorem tax. Limited to $\frac{1}{2}$ of 1% (.005) of RMV plus amount for bonds and interest.	268.500
17.	Park and recreation district	T: Ad valorem tax. Limited to $\frac{1}{2}$ of 1% (.0050) of RMV plus amount for bonds and interest.	266.420 266.540
18.	People's utility district	T: Tax limited to $\frac{1}{20}$ of 1% (.0005) of RMV. The accumulated percentages for the 10-year period over 10 successive years shall not exceed $\frac{1}{4}$ of 1% (.0025).	261.385
19.	Pesticide restricted and protected area	T: Ad valorem tax. Limited to $\frac{1}{40}$ of 1% (.00025) of RMV.	634.242
20.	Port districts	T: Ad valorem tax. Limited to $\frac{1}{4}$ of 1% (.0025) of RMV plus amount for bonds and interest.	777.430 777.470
21.	Port of Portland	T: Ad valorem tax. Constitutional rate limit.	778.065
22.	Public library	T: Ad valorem tax. Constitutional rate limit.	357.410(6)
23.	Road districts		
	a. County road district	T: Ad valorem tax. Constitutional rate limit. Subject to Local Budget Law when imposing an ad valorem tax.	371.097

b.	Road assessment district (counties of 19-25,000 only)	T: Assessment done on an ad valorem basis. Limited to $\frac{1}{4}$ of 1% (.0025) of RMV plus $\frac{1}{4}$ of 1% (.0025) of RMV upon voter approval.	371.500
c.	Special road district	T: Ad valorem tax. Constitutional rate limit.	371.344
24.	Rural fire protection district		
a.	Fire purposes	T: Ad valorem tax. Constitutional rate limit. B: General obligation bonds upon voter approval $\frac{1}{4}$ of 1% (.0125) of RMV.	478.410
b.	Road lighting	T: Ad valorem tax. Constitutional rate limit. Limited to $\frac{1}{10}$ of 1% (.001) of RMV. $\frac{1}{4}$ of 1% (.0025) of RMV; additional upon voter approval	478.450
25.	Sanitary authorities	T: Ad valorem tax. Constitutional rate limit.	450.885
26.	Sanitary districts	T: Ad valorem tax. Constitutional rate limit.	450.170
27.	School districts	T: Ad valorem tax. Constitutional rate limit. Amount of local option tax exempt from being counted as local revenue is limited to 10% of State School Fund grants or \$500 per ADMw. See 327.013(10).	328.542 280.040 327.013
28.	Soil conservation districts	T: Ad valorem tax. Constitutional rate limit.	568.806
a.	Wind erosion control	T: Local option tax.	568.880
29.	Television translator	T: No power to levy ad valorem taxes.	
30.	Urban renewal agencies	T: Depends on option chosen in 1998. See statute.	457.435
31.	Water control districts	T: Preliminary assessments $\frac{5}{100}$ of 1% (.0005) of RMV for no more than 3 years. Construction assessment for no more than 10 years. Maintenance and operations assessment. Improvement assessment limited to 1% of construction assessment. Local option tax for governmental contracts $\frac{1}{2}$ of 1% (.005) of RMV. B: General obligation bonds upon voter approval.	553.510 553.730 553.610
32.	Water district, domestic supply		
a.	Water purposes	T: Ad valorem tax. Constitutional rate limit. Limited to $\frac{1}{4}$ of 1% (.0025) of RMV, plus amount for bonds and interest.	264.300
b.	Fire purposes (fire apparatus)	T: Local option tax limited to $\frac{3}{20}$ of 1% (.0015) of RMV.	264.340(2)

c.	Fire purposes	T: Local option tax limited to $\frac{4}{10}$ of 1% (.0040) of RMV.	264.340(2)
d.	Street lighting, installation	T: Limited to $\frac{3}{20}$ of 1% (.0015) of RMV. Assessments for installation of highway lighting system.	264.350(3)
e.	Street lighting maintenance and operations	L: Limited to $\frac{1}{20}$ of 1% (.0005) of RMV. Fee for maintenance and purchase of energy. Voter approval required.	264.350(3) 264.350(5)
33.	Water improvement	T: Ad valorem tax. Constitutional rate limit. Maximum rate fixed upon creation of the district or as amended by voters. Service charges, fees, or tolls based on cost of operation.	552.625 552.630
a.	Revolving fund	T: Local option tax limited to $\frac{3}{20}$ of 1% (.0015) of RMV.	552.635
b.	Bonds	B: General obligation bonds outstanding debt $2\frac{1}{2}\%$ of RMV; not to exceed 50 years for maturity.	552.645
34.	Weather modification districts	T: Ad valorem tax. Limited to $\frac{1}{4}$ of 1% (.0025) of RMV.	558.340
35.	Weed control	T: Ad valorem tax. Local option tax imposed by county to be used for weed control fund. Special assessment for weed control activities.	570.560 570.562
36.	Vector (mosquito) control district	T: Ad valorem tax. Constitutional rate limit. Limited to $\frac{2}{10}$ of 1% (.002) of RMV; in lieu of, or in addition to tax, the district may ask the county to levy within the same limitation.	452.153 452.160
37.	Zone 2 fire patrol, county	T: Ad valorem tax. Constitutional rate limit. Limited to $\frac{1}{4}$ of 1% (.0025) of RMV. Local option tax of $\frac{1}{4}$ of 1% in addition to above; requires voter approval. B: General obligation bonds limited to $\frac{1}{4}$ of 1% (.0125) of RMV.	476.330

Note: Every effort was made to make this a comprehensive list. Reader should be aware that there may be additional statutory or charter limits not listed here. Always refer to the actual statute when calculating a limitation.

Appendix D - Permanent Rates Limits

Fy 2001-02. Includes SB 123 recalculated rates, and other changes due to mergers, consolidations, etc. where applicable.

DISTRICT NAME	PERMANENT RATE AUTHORITY (Dollars per \$1,000 of Assessed Value)	DISTRICT NAME	PERMANENT RATE AUTHORITY (Dollars per \$1,000 of Assessed Value)
Baker County		Skyline Terrace Road	0.0000
Baker County	3.7286	Vineyard Mountain Road	1.5244
Unity Community Hall Rec	0.0000	Westwood Hills Road	1.3605
Baker Valley Vector Control	0.3423	Junction City J Water Control	0.2523
Baker County Library	0.5334	North Albany County Service	0.0000
Durkee Community Building	0.1326	Benton County Library	0.3947
Hereford Community Building	0.4540	Alsea Cemetery	0.1654
Eagle Valley Cemetery	0.4142	Adair 3 RFPD	1.7512
Haines Cemetery	0.3537	Alsea 7J RFPD	1.1363
Pine Valley Cemetery	0.1357	Blodgett-Summit 9 RFPD	1.0638
Baker County RFPD	0.6734	Corvallis 1J RFPD	2.1140
Eagle Valley RFPD	0.8500	Hoskins-Kings Valley 8J RFPD	2.4165
Haines RFPD	0.8500	Monroe 5J RFPD	1.6854
Keating RFPD	0.0000	North Albany 2 RFPD	1.4071
North Powder Jt RFPD	0.6633	Palestine 6 RFPD	1.2493
Pine Valley RFPD	0.5535	Philomath 4 RFPD	1.5080
Powder River RFPD	0.0000	Alsea 7J School	5.0811
Baker 5J School	4.6051	Central 13J School	4.8834
Huntington 16J School	4.5332	Corvallis 509J School	4.4614
North Powder 8J School	4.9135	Greater Albany 8J School	4.5855
Pine-Eagle 61 School	4.9514	Harrisburg 7J School	4.6552
Malheur ESD	0.3077	Monroe 1J School	4.6341
Union/Baker Region 13 ESD	0.7313	Philomath 17J School	4.8664
Treasure Valley Comm College	1.2235	Linn-Benton ESD	0.3049
Baker City	6.3314	Willamette Regional ESD	0.2788
Haines City	1.7562	Lane Community College	0.6191
Halfway City	1.0373	Linn-Benton Community College	0.5019
Huntington City	9.6028	Adair Village City	2.5894
Richland City	1.1624	Albany City	6.3984
Sumpter City	0.7987	Corvallis City	5.1067
		Monroe City	3.5566
		Philomath City	5.3005
Benton County		Clackamas County	
Benton County	2.2052	Clackamas County (Rural)	2.9766
Vineyard Mountain Park & Rec	0.0856	Clackamas County (City)	2.4042
Brownley Marshal Road	0.9301	Lake Grove Park & Rec	0.0420
Chinook Drive Road	0.9533	South Clackamas Rec	0.0000
Country Estates Road	0.5606	N Clackamas Park & Rec	0.5382
Mary's River Road	2.9414	Portland J Port	0.0701
Mcdonald Forest Road	0.6298	Barlow 9 Road	0.0000
North F St Road	1.2086	Canby 8 Road	0.0000
Oakwood Heights Road	0.5876	Estacada 7 Road	0.0000
Ridgewood Road	0.6435	Gladstone 5 Road	0.0000
Rosewood Road	1.4916	Happy Valley 11 Road	0.0000
		Johnson City 16 Road	0.0000
		Lake Oswego 3J Road	0.0000

DISTRICT NAME	PERMANENT RATE AUTHORITY (Dollars per \$1,000 of Assessed Value)	DISTRICT NAME	PERMANENT RATE AUTHORITY (Dollars per \$1,000 of Assessed Value)
Clackamas County (continued)		Estacada Cemetery	0.0592
Milwaukie 4J Road	0.0000	Aurora 63J RFPD	0.8443
Molalla 10 Road	0.0000	Boring 59 RFPD	2.3771
Oregon City 1 Road	0.0000	Canby 62 RFPD	1.5456
Portland 12J Road	0.0000	Clackamas 1 RFPD	2.4012
Rivergrove Road	0.0000	Clackamas 68 RFPD	1.4996
Sandy Road	0.0000	Colton 70 RFPD	1.5601
Tualatin Road	0.0000	Estacada 69 RFPD	2.4029
West Linn 2 Road	0.0000	Hoodland 74 RFPD	2.6385
Wilsonville Road	0.0000	Lake Grove 57 RFPD	1.9092
Government Camp 2 Sanitary	0.2905	Molalla 73 RFPD	0.7833
Oak Lodge 2 Sanitary	0.0000	Monitor 58J RFPD	0.5341
Unified Sewerage Agency J	0.0000	Riverdale Multnomah 11J RFPD	1.2361
Alder Creek 29 Water	0.0000	Rosemont 67 RFPD	0.4801
Boring 24 Water	0.0000	Sandy 72 RFPD	2.1775
Clackamas River 2 Water	0.0000	Silverton 2J RFPD	1.0397
Colton 11 Water	0.0000	Tualatin Valley Jt RFPD	1.5252
Country Club Water	0.0000	Canby 86 (Canby Elem Bond)	0.0000
Damascus 20 Water	0.0632	Canby 86 School	4.5765
Lake Grove 15 Water	0.0000	Centennial 28J School	4.7448
Mossy Brae 12 Water	0.0000	Colton 53 School	4.9801
Mt View 25 Water	0.0000	Estacada 108 School	4.1476
Mulino 23 Water	1.4774	Gladstone 115 School	4.8650
Oak Lodge 4 Water	0.0000	Gresham 26 (Damascus-Union Bond)	0.0000
Palatine Hill J Water	0.0038	Gresham 26 (Orient 6 Bond)	0.0000
Pleasant Home J Water	0.0000	Gresham-Barlow 26J School	4.5268
River 2 Water (Clairmont 18 Bond)	0.0000	Lake Oswego 7J School	4.4707
Rivergrove 14J Water	0.0000	Lake Oswego 7J School (Bond)	0.0000
Riverside Water	0.0000	Molalla 4 (Code 86-038 Bond)	0.0000
Shadowood 17 Water	0.0000	Molalla 4 (Code 86-040 Bond)	0.0000
Sleepy Hollow Water	0.0000	Molalla 4 (Dickie Prairie Bond)	0.0000
Southwood Park 21 Water	0.0000	Molalla 4 (Molalla 35 Bond)	0.0000
Sunrise Water Authority	0.0000	Molalla 4 (UH4 Bond)	0.0000
Wildwood Annex Water	0.0000	Molalla River 4 School	4.7001
Clackamas Bend 3 Water Control	0.0000	Multnomah Portland 1J School	4.7743
Clackamas River 4 Water Control	0.0000	Newberg 29J School	4.6616
Eagle Creek Drainage	0.0000	North Clackamas 12 School	4.8701
Shady Dell 2 Water Control	0.3249	Oregon City 62 School	4.9629
Clackamas Vector Control	0.0065	Oregon Trail (Welches 13 Bond)	0.0000
Service Dist 1	0.0000	Oregon Trail School	4.6397
Clackamas County Service 1a	0.0000	Riverdale 51J School	3.8149
Clackamas County Service 1b	0.0000	Sherwood 88J School	4.8123
Metro J Service	0.0966	Silver Falls 7J School	4.5458
Dunthorpe-Riverdale 5 Service	0.0000	Tigard Tualatin 23J School	4.9892
Tri-City Service	0.0000	West Linn 3J School	4.8684
S Clackamas Trans	0.0000	Clackamas ESD	0.3687
Tri-Met Transit	0.0000	Jefferson ESD	0.2398
Clackamas Co Enhanced Law Enf	0.7198	Multnomah ESD	0.4576
		Northwest Regional ESD	0.1538

DISTRICT NAME	PERMANENT RATE AUTHORITY (Dollars per \$1000 of Assessed Value)	DISTRICT NAME	PERMANENT RATE AUTHORITY (Dollars per \$1000 of Assessed Value)
Willamette Regional ESD	0.2788	Wickiup Water	0.0000
Yamhill ESD	0.3615	Clatsop Co Extension Service	0.0534
Clackamas Community College	0.5582	Clatsop Co Rural Law Enf	0.7195
Mt Hood Community College	0.4416	Sunset Empire Transportation	0.1620
Portland Community College	0.2828	Cannon Beach Jt RFPD	0.3521
Barlow City	0.5894	Elsie Vinemapple RFPD	1.3009
Canby City	3.4886	Gearhart RFPD	0.3194
Estacada City	2.6749	Hamlet RFPD	1.2429
Gladstone City	4.8174	John Day-Fernhill RFPD	1.1763
Happy Valley City	0.6710	Knappa-Svensen Burnside RFPD	1.1845
Johnson City	0.0000	Lewis & Clark RFPD	1.0928
Lake Oswego City (Ins School)	5.0353	Mist-Birkenfeld Jt RFPD	2.0875
Lake Oswego City (Out School)	4.5884	Nehalem Jt RFPD	0.8942
Lake Oswego City (Bonds)	0.0000	Olney-Walluski RFPD	0.8900
Milwaukie City	6.5379	Seaside RFPD	0.5475
Molalla City	5.3058	Warrenton RFPD	0.6318
Oregon City	5.0571	Westport-Wauna RFPD	1.9226
Portland City	4.5770	Clatsop Care Center Health	0.1763
Rivergrove City	0.0000	Clatsop County Ambulance	0.0000
Sandy City	4.1152	Union Health	0.1365
Tualatin City	2.2665	Astoria 1 School	4.9407
West Linn City	2.1200	Clatskanie 6J School	4.6062
Wilsonville City	2.5206	Jewell 8 School	3.7690
Clackamas County UR Special Levy	0.0000	Knappa School	4.6062
Gladstone UR Special Levy	0.0000	Seaside Admin 10 School	4.4105
Lake Oswego UR Special Levy	0.0000	Warrenton-Hammond 30 School	4.5902
Oregon City UR Special Levy	0.0000	Northwest Regional ESD	0.1538
Wilsonville UR Special Levy	0.0000	Clatsop Community College	0.7785
Portland UR Special Levy	0.0000	Astoria City	8.1738
Tualatin UR Special Levy	0.0000	Cannon Beach City	0.7049
Clatsop County		Gearhart City	1.0053
Clatsop County	1.5338	Seaside City	3.1696
Sunset Empire Park & Rec	0.9280	Warrenton City	1.6701
Astoria Port	0.1256	Astoria UR Special Levy	0.0000
Astoria Road	0.0000	Seaside UR Special Levy	0.0000
Cannon Beach Road	0.2590	Columbia County	
Gearhart Road	0.0602	Columbia County	1.3956
Road District 1	1.0175	Clatskanie Park & Rec	0.3483
Seaside Road	0.3036	Greater St Helens Park & Rec	0.2347
Warrenton Road	0.2106	Scappoose Park	0.0000
Westport Sewer	0.0000	St Helens Port	0.0886
Arch Cape Sanitary	0.0000	Columbia County Road	0.0000
Shoreline Sanitary	0.0000	Columbia Swcd	0.0000
Arch Cape Water	0.0000	Columbia Vector	0.1279
Burnside Water	0.0000	Columbia 4h & Extension	0.0571
Falcon Cove J Water	0.7344	Columbia River Pud	0.0000
Sunset Lake Water	0.0000	Clatskanie Pud	0.0000
Wauna Water	0.0000	Clatskanie Library	0.2868

DISTRICT NAME
PERMANENT RATE AUTHORITY
(Dollars per \$1,000 of Assessed Value)

DISTRICT NAME
PERMANENT RATE AUTHORITY
(Dollars per \$1,000 of Assessed Value)

Columbia County (continued)

Scappoose Library 0.2536
 Rainier Cemetery 0.0709
 Clatskanie RFPD 1.7198
 Mist-Birkenfeld Jt RFPD 2.0875
 Rainier RFPD 1.5350
 Scappoose 31J RFPD 1.1145
 St Helens RFPD 3.2845
 Vernonia RFPD 0.9535
 Columbia Health 0.0107
 Columbia Co Emer Communication 0.2554
 Clatskanie 6J School 4.6062
 Rainier 13 School 5.4360
 Scappoose 1J School 4.9725
 St Helens 502 School 5.0297
 Vernonia 47J School 5.0121
 Northwest Regional ESD 0.1538
 Portland Community College 0.2828
 Clatskanie City 6.2088
 Columbia City 1.1346
 Prescott City 0.3086
 Rainier City 5.2045
 St Helens City 1.9078
 Scappoose City 3.2268
 Vernonia City 5.8163
 Rainier UR Special Levy 0.0000

Coos County

Coos County 1.0799
 Millicoma River Park & Rec 0.4577
 Bandon Port 0.3249
 Coos Bay Port 0.6119
 Coquille River (J) Port 0.1116
 Baker Riverton Special Road 1.4144
 Carlson Heights Road 0.2007
 Coos Ranchettes Road 2.0474
 Garden Drive Road 1.0710
 Gladewood Heights Road 0.0000
 Pacific Riviera Road 0.5775
 Shorewood Road 0.5951
 Stewart's Road 1.0865
 Bunker Hill Sanitary 1.9952
 Charleston Sanitary 0.3116
 Lakeside Water 0.7065
 SRCA Water 1.5369
 Coos County Library 0.7289
 Coos 4h Extension 0.0888
 Bandon 8 RFPD 1.2534
 Bridge 16 RFPD 0.7390

Bunker Hill 1 RFPD 2.1873
 Charleston 6 RFPD 4.0715
 Coquille 3 RFPD 0.8670
 Dora Sitkum RFPD 0.9846
 Fairview 14 RFPD 2.1741
 Greenacres 7 RFPD 1.6791
 Hauser 12 RFPD 1.9584
 Lakeside 4J RFPD 0.9945
 Libby 13 RFPD 2.6049
 Millington 5 RFPD 1.3449
 Myrtle Point 18 RFPD 1.4450
 North Bay 9 RFPD 1.1197
 Sumner 11 RFPD 1.5650
 Timber Park 17 RFPD 2.2285
 Bay Area Hospital 0.0000
 Coquille Valley Hospital 1.5299
 Southern Coos Health 0.8892
 Myrtle Point Health 0.2035
 Powers Health 1.8723
 Bandon 54 School 3.9702
 Coos Bay 9 School 4.5276
 Coquille 8 School 4.2522
 Myrtle Point 41 School 4.5152
 North Bend 13 School 4.1626
 Port Orford-Langlois 2J School 3.9596
 Powers 31 School 4.4483
 South Coast 7 ESD 0.4432
 Southwestern Oregon Comm College 0.7017
 Bandon City 0.4580
 Coos Bay City 6.3643
 Coquille City 6.1038
 Lakeside City 0.0000
 Myrtle Point City 7.9950
 North Bend City 6.1831
 Powers City 7.3946
 Coos County UR Special Levy 0.0000
 Bandon UR Special Levy 0.0000
 Coos Bay UR Special Levy 0.0000
 North Bend UR Special Levy 0.0000

Crook County

Crook County (Bond) 0.0000
 Crook County (City) 3.8702
 Crook County (Rural) 4.6128
 Crook Co Park & Rec 0.7569
 Prineville Lake Acres Road 1.8913
 Ochoco West Sanitary 1.0607
 Juniper Canyon Water 0.0000
 Ochoco West Water 1.7539

DISTRICT NAME	PERMANENT RATE AUTHORITY (Dollars per \$1,000 of Assessed Value)	DISTRICT NAME	PERMANENT RATE AUTHORITY (Dollars per \$1000 of Assessed Value)
Crook Vector Control	0.2114	Brookings-Harbor Health	0.0000
Agricultural Extension Service	0.1207	Curry Health	0.7425
Crook County Cemetery	0.0994	Brookings-Harbor 17 School	3.2494
Crook County RFPD#1	1.5900	Central Curry 1 School	3.5528
Brothers 15J School	4.6712	Port Orford-Langlois 2J School	3.9596
Crook Co School	4.7870	South Coast 7 ESD	0.4432
Deschutes ESD	0.0964	Southwestern Oregon Comm College	0.7017
Central Oregon Comm College	0.6204	Brookings City	3.7631
Prineville City	3.0225	Gold Beach City	2.3360
		Port Orford City	2.2688
Curry County		Deschutes County	
Curry County	0.5996	Deschutes County	1.2783
Brookings Port	0.1316	Deschutes County Sheriff (City)	0.0000
Gold Beach Port	0.4132	Deschutes County Sheriff (Rural)	0.0000
Port Orford Port	0.3591	Bend Metro Park & Rec	1.4610
Mountain Drive Road	1.4700	Central Oregon Park & Rec	0.3717
Camellia Park Sanitary	0.0000	La Pine Park & Rec	0.0000
Harbor Sanitary	0.0000	Sisters Oar Rec	0.2200
Knoxtown Sanitary	0.5687	Beaver Special Road	1.2013
Wedderburn Sanitary	0.7676	Bend Cascade V Est Tr 2 Road	1.3569
Harbor Water	0.0000	Cascade View Spec Road	1.5000
Langlois Water	1.4414	Crooked River Ranch J Road	0.8140
Nesika Beach Water	0.0000	D.R.R.H. Unit8 Pt3 Road	0.0000
Ophir Water	0.0000	Fall River Est Special Road	0.9786
Curry SWCD	0.0000	Forest View Sub Special Road	1.2765
Curry Co 4H Service	0.1021	Howell Hilltop Acres Spec Road	2.2525
Agness Library	0.6634	Lazy River Special Road	4.2147
Chetco Community Library	0.4256	McArdle Special Road	0.0000
Curry Public Library	0.6609	Newberry Estate Special Road	0.7831
Langlois Library	0.7707	OR Winter Wonderland 1 Road	0.0000
Port Orford Library	0.4975	Panoramic Access Special Road	1.1860
Langlois Cemetery	0.0847	Ponderosa Pine East Road	1.0469
Pistol River Cemetery	0.1254	River Bend Estates Special Road	3.1949
Port Orford Cemetery	0.0451	River Forest Acres Special Road	1.5610
Rogue River Cemetery	0.0772	Special District 1 Road	1.9820
South Curry Cemetery	0.0368	Special District 4 Road	0.0000
Cape Ferrelo RFPD	0.4811	Special District 6 DRRH Road	1.3502
Dawson Tract RFPD	0.3345	Special District 8 Road	1.6239
Gold Beach-Wedderburn RFPD	1.2609	Squawk Creek Special Road	0.0000
Harbor RFPD	0.2332	Sun Mountain Ranches Spec Road	3.6500
Langlois RFPD	1.5974	Vandevent Acres Special Road	1.6123
Ophir RFPD	0.4077	OR Winter Wonderland Ii Sanitary	0.0000
Pistol River RFPD	0.9873	Sunrise Village Sanitary	0.0000
Port Orford RFPD	1.3202	Starwood Sanitary	0.0000
Sixes RFPD	0.5150	Lapine Special Sewer	0.0000
Squaw Valley North Bank RFPD	0.6312	Laidlaw Water	0.0000
Suburban RFPD	0.3345	Ponderosa Water	0.0000
Upper Chetco RFPD	0.7126	Terrebone Water	0.0000
Winchuck RFPD	0.8971		

DISTRICT NAME	PERMANENT RATE AUTHORITY (Dollars per \$1,000 of Assessed Value)	DISTRICT NAME	PERMANENT RATE AUTHORITY (Dollars per \$1,000 of Assessed Value)
Deschutes County (continued)			
Chaparral Water Control	0.0000	Standley Road	1.7264
Four River Vector Control	0.2895	Sunshine Acres Road	0.0000
Deschutes Co Extension Service	0.0224	Terrace Drive Road	1.3978
Black Butte Ranch Service	1.0499	Upper Cleveland Rapid Road	2.6898
Bend Library	0.0000	Canyonville Sanitary	0.0000
Deschutes Library	0.5500	Gardiner Sanitary	1.4191
Lapine Library	0.0000	Green Sanitary	0.0000
Redmond Library	0.0000	Rice Hill Sanitary	0.0000
Sisters Library	0.0000	Roseburg Urb Sanitary	0.0000
Sun River Library	0.0000	Tri City Sanitary	0.5658
Black Butte Ranch RFPD	1.4677	Union Gap Sanitary	0.0000
Cloverdale RFPD	1.0924	Winchester Bay Sanitary	0.0000
Crooked River Ranch Jt RFPD	1.8379	Canyonville Water	0.0000
Deschutes 1 Jt RFPD	1.7542	Indian Spring Water	0.0000
Deschutes 2 RFPD	1.4366	Lawson Acres Water	0.0000
Lapine RFPD	1.5397	Ridgewood Water	0.0000
Sisters Camp Sherman Jt RFPD	2.7317	Roberts Creek Water	0.0000
Central Oregon Hospital	0.1323	South Side Water	0.0000
Deschutes Co Operation 911	0.1618	Tri City Water	0.1720
Bend 1 (73 Bond)	0.0000	Union Cap Water	0.0000
Bend 1 School	4.7641	Winchester Water	0.0000
Brothers 15J School	4.6712	Winston-Dillard Water	0.0000
Redmond 2J School	5.0251	Lookinglass-Olalla Water Control	0.0000
Sisters 6J School	4.0997	Sutherlin Water Control	0.5079
Deschutes ESD	0.0964	Riddle Cemetery	0.0412
Central Oregon Community College	0.6204	Azalea RFPD	0.9752
Bend City	2.8035	Calapooya RFPD	1.5555
Redmond City	6.1643	Camas Valley RFPD	0.6937
Sisters City	2.6417	Canyonville/South Umpqua RFPD	0.6857
		Days Creek RFPD	0.7881
		Douglas 2 RFPD	3.1651
		Drain RFPD	1.3079
		Elkton RFPD	1.1029
		Fair Oaks RFPD	1.1058
		Gardiner RFPD	2.0026
		Glendale RFPD	0.5718
		Glide RFPD	1.0708
		Kellogg RFPD	0.8100
		Lakeside 4J RFPD	0.9945
		Lookinglass RFPD	0.5077
		Milo Volunteer RFPD	1.6845
		Myrtle Creek RFPD	0.4937
		Oakland RFPD	1.0211
		Rice Hill RFPD	1.1308
		Riddle RFPD	1.4623
		Scottsburg RFPD	0.9970
		Siuslaw 1J RFPD	1.5417
		Ten-Mile RFPD	1.5689
		Tiller RFPD	2.8082
Douglas County			
Douglas County	1.1124		
Lower Umpqua Park & Rec	0.2416		
North Douglas Park & Rec	0.4702		
Riddle Park & Rec	0.0000		
River Bend Park & Rec	0.0000		
Sutherlin Park & Rec	0.0000		
Yoncalla Park	0.1552		
Coquille River (J) Port	0.1116		
Umpqua Port	0.3441		
Bar L Ranch Road	5.2396		
Humphrey Add Road	7.1340		
Oakwood Road	0.0000		
Overlook-Scotview Road	2.5000		
Raccoon Road	2.5000		
Roaring Camp Road	0.0000		
Sable Drive Road	0.6933		
Spring Brook Road	2.4881		

DISTRICT NAME	PERMANENT RATE AUTHORITY (Dollars per \$1,000 of Assessed Value)	DISTRICT NAME	PERMANENT RATE AUTHORITY (Dollars per \$1,000 of Assessed Value)
Tri-City RFPD	1.2746	North Gilliam Cemetery	0.1610
Umpqua RFPD	0.0000	South Gilliam Cemetery	0.3699
Winchester Bay RFPD	1.6546	North Gilliam County RFPD	0.5311
Winston-Dillard 5 RFPD	4.6453	South Gilliam RFPD	0.3332
Yoncalla RFPD	1.1080	North Gilliam Health	0.9425
Lower Umpqua Hospital	3.9729	South Gilliam Health	0.8293
Glendale Ambulance	0.0000	Arlington 3 School	3.1662
Camas Valley 21 School	4.6977	Arlington 3 School (Bond)	0.0000
Days Creek 15 School	4.8367	Condon 25J School	3.3143
Elkton 34 School	4.3624	Morrow 1 School	4.0342
Fern Ridge 28J School	4.8240	North Central ESD	2.0193
Glendale 77 School	4.7431	Arlington City	7.1192
Glide 12 School	4.5037	Condon City	7.2820
North Douglas 22 School	4.7844		
Oakland 1 School	4.6397	Grant County	
Reedsport 105 School	4.3788	Grant County	2.8819
Riddle 70 School	4.6635	Grant County Park & Rec	0.7484
Roseburg 4 School	4.0327	Grant Co Extension Service	0.2598
South Lane 45J School	4.7532	Dayville Cemetery	0.2570
South Umpqua 19 School	4.7091	Fox Cemetery	0.7619
Sutherlin 130 School	4.0815	Long Creek Cemetery	0.3230
Winston-Dillard 116 School	4.3994	Mid-County Cemetery	0.3010
Yoncalla 32 School	4.6884	Monument Cemetery	0.5660
Siuslaw 97J School	3.8928	Prairie Cemetery	0.1673
South Coast 7 ESD	0.4432	John Day RFPD	0.5941
Douglas ESD	0.5296	Mt Vernon RFPD	1.0012
Lane ESD	0.2232	Prairie RFPD	0.4901
Lane Community College	0.6191	Blue Mountain Hospital	2.1329
Southwestern Oregon Comm College	0.7017	Dayville 16J School	2.2213
Umpqua Community College	0.4551	Grant (John Day) 3 School	1.6468
Canyonville City	3.2303	Long Creek 17 School	1.6643
Drain City	1.5235	Monument 8 School	1.8868
Elkton City	2.3277	Prairie City 4 School	1.5913
Glendale City	4.7127	Grant ESD	3.7557
Myrtle Creek City	6.5088	Canyon City	3.9998
Oakland City	6.4096	Dayville City	1.1554
Reedsport City	6.1882	John Day City	2.9915
Riddle City	6.4885	Long Creek City	2.2776
Roseburg City (Outside Downtown)	8.4774	Monument City	2.7052
Roseburg City (Downtown)	8.9230	Mt Vernon City	2.5348
Roseburg City (Serafin)	5.0864	Prairie City	4.0826
Sutherlin City	5.6335	Seneca City	6.0017
Winston City	4.2718		
Yoncalla City	1.4587	Harney County	
Gilliam County		Harney County	4.5016
Gilliam County	3.8450	High Desert Park & Rec	0.4143
Arlington Port	0.1425	Harney County Hospital	1.9314
Northern Oregon Regional Corrections	0.0000	Crane 4 School	2.4165
		Crane UHIJ School	2.4397

DISTRICT NAME	PERMANENT RATE AUTHORITY (Dollars per \$1,000 of Assessed Value)	DISTRICT NAME	PERMANENT RATE AUTHORITY (Dollars per \$1,000 of Assessed Value)
Jefferson Culver 4 School	4.8766	Two Rivers North Road	0.9922
Jefferson Culver 4 School (94 Bond)	0.0000	Valley Acres Road	1.7158
Jefferson Madras 509J School	4.5871	Woodland Park Road	1.0654
Redmond 2J School	5.0251	Yonna Woods Road	0.0000
Redmond 2J (1989 Bond)	0.0000	Bly Sanitary	1.6015
Sisters 6J (1989 Bond)	4.0997	Crescent Sanitary	0.8858
Deschutes ESD	0.0964	Modoc Point Sanitary	0.0000
Jefferson ESD	0.2398	Nimrod Park Sanitary	0.0000
Central Oregon Community College	0.6204	South Suburban Sanitary	0.0000
Culver City	6.2643	Bly Water	1.4626
Madras City	4.1262	Mayina Water	0.0000
Metolius City	3.6296	Pine Grove Water	2.2500
		Basin View Drainage	0.0000
		Klamath County Drainage	0.0000
Josephine County		Bly Vector Control	1.7031
Josephine County	0.5867	Bonanza Vector	0.8796
Harbeck-Fruitdale Sanitary	0.0000	Chiloquin Vector	0.1807
Redwood Sanitary Dist	0.0000	Klamath Vector	0.1805
Josephine Co Extension	0.0459	Poe Valley Vector	1.8726
Applegate Valley Jt RFPD	1.6787	Basin Transit	0.4822
Illinois Valley 1 RFPD	1.8701	Bonanza Cemetery	0.0968
Williams RFPD	1.0552	Malin Cemetery	0.1000
Wolf Creek RFPD	2.1865	Merrill Cemetery	0.1100
Grants Pass 7 School	4.5248	Mt Laki Cemetery	0.1041
Three Rivers 40J School	3.7262	Klamath County Library	0.4900
Jackson ESD	0.3524	Bly RFPD	2.8261
Rogue Community College	0.5128	Bonanza RFPD	0.6202
Cave Junction City	1.8959	Chemult RFPD	2.2397
Grants Pass City	4.1335	Chiloquin RFPD	0.9040
		Crescent RFPD	1.6326
Klamath County		Crescent-Odell Lakes RFPD	2.2470
Klamath County	1.7326	Harriman RFPD	1.1866
Bonanza Big Springs Park & Rec	0.1769	Keno RFPD	1.6149
Malin Park & Rec	1.2834	Klamath 1 RFPD	2.8822
Merrill Park & Rec	0.8202	Klamath 3 RFPD	0.9869
Poe Valley Park & Rec	0.2544	Klamath 4 RFPD	1.1013
Wiard Park & Rec	0.2161	Klamath 5 RFPD	1.9583
Antelope Meadows Road	1.5571	Lapine RFPD	1.6384
Cedar Trails Road	1.1206	Malin RFPD	0.3948
Goldfinch Road	2.7952	Merrill RFPD	0.3948
Jack Pine Village Road	0.0000	North Klamath Co RFPD	0.0000
Keno Pines Road	2.0114	Klamath Co Emergency Comm	0.1541
Klamath Forest Estates Road	2.7820	Klamath Falls 1 School	3.1127
Klamath River Acres Road	1.5621	Klamath County School	4.0519
Nimrod River Park Road	0.0000	Jackson ESD	0.3524
Pine Grove Highland Road	1.6482	Central Oregon Community College	0.6204
Rainbow Park Road	1.6658	Klamath Community College	0.4117
River Pines Estate Road	1.4276	Bonanza City	1.7706
Sprague River Pines Road	0.0000	Chiloquin City	5.2766
Sun Forest Estates Road	1.1280		

DISTRICT NAME
PERMANENT RATE AUTHORITY
(Dollars per \$1,000 of Assessed Value)

DISTRICT NAME
PERMANENT RATE AUTHORITY
(Dollars per \$1,000 of Assessed Value)

Klamath County (continued)

Klamath Falls City 5.4423
Malin City 5.0642
Merrill City 3.1210
Klamath Falls UR Special Levy 0.0000

Lake County

Lake County 3.7619
Christmas Valley Park & Rec 2.0019
Lake View Suburban Sanitary 0.6729
Christmas Valley Water 1.3392
Lakeview Sub Dom Water 2.1171
Lake County Extension 0.2392
Lake County Library 0.4546
Lake County Cemetery 0.2289
Christmas Valley RFPD 2.2278
Lakeview Suburban RFPD 0.8342
New Pine Creek RFPD 2.5355
Silver Lake RFPD 1.1763
Thomas Creek-Westside RFPD 0.9054
Lake County Health 2.0311
North Lake Health 0.8500
Adel 21 School 4.3686
Lake (Lakeview) 7 School 4.5724
North Lake 14 School 3.8550
Paisley 11 School 4.5517
Plush 18 School 2.5416
Lake ESD 0.6364
Central Oregon Community College 0.6204
Lakeview City 6.5437
Paisley City 1.5739

Lane County

Lane County 1.2793
River Road Park & Rec 3.0559
Willamalane Park & Rec 1.9732
Siuslaw Port 0.1474
Blue River Water 0.9488
Glenwood Water 4.1425
Heceta Water 0.0000
Marcola Water 0.4037
McKenzie Palisades Water 0.3620
Rainbow Water 2.0631
River Road Water 1.9694
Junction City J Water Control 0.2523
River Road Sub 1 Water Control 0.2796
Metro Waste Water Service 0.0000
Emerald Pud 0.0000
Fern Ridge Library 0.3824

Siuslaw Public Library 0.5163
Bailey-Spencer RFPD 2.3930
Coburg RFPD 1.3277
Creswell RFPD 1.0180
Dexter RFPD 1.4151
Eugene 1 RFPD 2.5417
Goshen RFPD 1.7196
Junction City RFPD 0.9844
Lake Creek RFPD (Lane) 3.0757
Lane County 1 RFPD 1.9848
Lane Rural Fire & Rescue 2.1174
Lorane RFPD 2.2952
Lowell RFPD 2.6970
Mapleton RFPD 1.3869
McKenzie RFPD 1.6106
Mohawk Valley RFPD 1.9126
Monroe 5J RFPD 1.6854
Pleasant Hill RFPD 1.1031
Santa Clara RFPD 1.0439
Siuslaw 1J RFPD 1.5417
Southern Lane County RFPD 1.0476
Swishhome-Deadwood RFPD 2.1452
Upper McKenzie RFPD 1.1951
Willakenzie RFPD 3.0669
Zumwalt RFPD 2.3419
Western Lane Ambulance 0.3198
Alesa 7J School 5.0811
Bethel 52 School 4.5067
Blachly 90 School 5.1023
Creswell 40 School 4.6426
Crow-Applegate-Lorane 66 School 4.9255
Fern Ridge 28J School 4.8240
Harrisburg 7J (Wyatt 63 Bond) 0.0000
Harrisburg 7J School 5.1193
Junction 69 School 4.5604
Lane (Eugene) 4J School 4.7485
Lincoln CU School 4.9092
Lowell 71 School 5.0409
Mapleton 32 School 4.8917
Marcola 79J School 4.6687
McKenzie 68 School 4.6915
Monroe 1J School 4.6341
Oakridge 76 School 4.8223
Pleasant Hill 1 School 4.6414
Siuslaw 97J School 3.8928
South Lane 45J School 4.7532
Springfield 19 School 4.6412
Lane ESD 0.2232
Linn-Benton ESD 0.3129

DISTRICT NAME	PERMANENT RATE AUTHORITY (Dollars per \$1,000 of Assessed Value)	DISTRICT NAME	PERMANENT RATE AUTHORITY (Dollars per \$1,000 of Assessed Value)
Lane Community College	0.6191	Sal-La-Sea Sanitary	0.0000
Coburg City	3.7506	Siletz Keys Sanitary	1.7346
Cottage Grove City	7.2087	Beverly Beach Water	0.8626
Creswell City	2.6705	Car-mel Beach Water	0.0000
Eugene City	7.0058	Devils Lake WID (In)	0.2499
Eugene City Annex (152-05)	7.0058	Devils Lake WID (Out)	0.1280
Florence City	2.8610	Kernville-Gndl Beach-Lincoln Water	0.0000
Junction City	6.0445	Lower Siletz Water	0.0000
Lowell City	2.1613	Miroco Water	0.0000
Oakridge City	7.1996	Otter Rock Water	0.0000
Springfield City	4.7403	Panther Creek Water	1.1397
Veneta City	5.6364	Seal Rock Water	0.1259
West Fir City	9.3036	SW Lincoln Water	0.0000
		Lincoln Co Extension	0.0451
Lincoln County		Lincoln Co Waste Disposal	0.0000
Lincoln County	2.8202	Lincoln County Library	0.2465
Alea Port	0.0333	Lincoln County Transportation	0.0974
Newport Port	0.0609	Alea 7J RFPD	1.1363
Toledo Port	0.2345	Central Oregon Coast RFPD	0.8209
Bayshore Road	0.5064	Depoe Bay RFPD	0.8323
Belle Mer Sigl Tract Road	0.0000	Newport RFPD	0.9634
Boulder Creek Retreat Road	1.4585	North Lincoln Jt Fire & Rescue	0.6783
California Street Road	0.8500	Seal Rock RFPD	0.4634
Coronado Shores Road	0.0000	Siletz RFPD	1.3331
Echo Mtn Park Road	0.0000	Toledo RFPD	1.0522
For Far Road	0.8966	Yachats RFPD	0.2896
Gleneden Beach Road	0.2258	Lincoln Hospital	0.0000
Idaho Point Road	1.0000	North Lincoln Hospital	0.5184
Lake Point Road	0.4669	Pacific Communities Hospital	0.3625
Little Switzerland Road	2.1525	Lincoln Cu School	4.9092
Lost Creek Park Road	1.6015	Linn-Benton ESD	0.3129
Makai Special Road	1.0534	Oregon Coast Community College	0.1757
Miroco Road	0.4097	Depoe Bay City	0.0000
Pacific Shores Road	0.8125	Lincoln City	4.0996
Panther Creek Road	0.8608	Newport City	5.5938
Peterson Park Road	0.0000	Siletz City	0.2376
Pine Street Road	0.0000	Toledo City	5.1800
Salmon River Park Road	1.2000	Waldport City	2.3328
Sandpiper Village Road	0.5676	Yachats City	0.1717
Starr Creek Road	0.9978	Waldport UR Special Levy	0.0000
Surfland 1 Road	0.3458		
Waldport 3 Road	0.6960	Linn County	
Westwood Road	0.7250	Linn County	1.2736
Windy Bend Special Road	0.2095	Jefferson Park & Rec	0.2914
Cape Foulweather Sanitary	0.0000	Lebanon Aquatic Park	0.2400
Gleneden Beach Sanitary	0.0000	Lyons-Mehama J Water	0.0000
Olalla Acres Sanitary	0.0000	Santiam Water	0.0000
Roads End Sanitary	0.0000	Linn Swcd	0.0000
Salishan Sanitary	0.0000	Dever-Connor Water Control	0.1614

DISTRICT NAME	PERMANENT RATE AUTHORITY (Dollars per \$1,000 of Assessed Value)	DISTRICT NAME	PERMANENT RATE AUTHORITY (Dollars per \$1,000 of Assessed Value)
Dayton Jt RFPD	1.2302	Nehalem Port	0.1136
Hoskins-Kings Valley 8J RFPD	2.4165	Tillamook Bay Port	0.0364
Polk 1J RFPD	1.3291	Three-Rivers 7 Road	2.8719
Salem Suburban Jt RFPD	1.0958	Cloverdale Sanitary	0.1726
Sheridan Jt RFPD	1.1188	Nehalem Bay Sanitary	0.4088
Southwest RFPD	0.8612	Neskowin Regional Sanitary	0.0000
Spring Valley RFPD	0.5366	Netarts-Oceanside Sanitary	0.0360
Willamina Jt RFPD	0.8936	Twin Rocks Sanitary	0.0000
Amity 4J School	4.7796	Beaver Water	0.0000
Central 13J School	4.8834	Cloverdale Water	1.3883
Dallas 2 School	4.5527	Fairview Water	0.1498
Falls City 57 School	4.2052	Falcon Cove J Water	0.7344
Perrydale 21 School	4.5657	Neah-kah-nie Water	0.6438
Philomath 17J School	4.8664	Neskowin Water	0.3831
Salem 24J School	4.5210	Netarts Bay Water	0.0000
Sheridan 48J School	4.7882	Oceanside Water	0.0000
Willamina 30J School	5.0022	Oceanside Water (Bond)	0.0000
Linn-Benton ESD	0.3049	Pacific City Water	0.0374
Willamette Regional ESD	0.2788	Twin Rocks Water	4.3077
Yamhill ESD	0.3615	Watseco Barview Water	0.0000
Chemeketa Community College	0.6259	Wilson River Water	1.5060
Dallas City	4.1954	Hebo Jt Sanitary And Water	0.0000
Falls City	2.9202	Tillamook Co 4H & Extension	0.0690
Independence City	4.5897	Cannon Beach Jt RFPD	0.3521
Monmouth City	3.6107	Garibaldi RFPD	0.4813
Salem City	5.8315	Nedonna RFPD	0.2668
Willamina City	4.2039	Nehalem Jt RFPD	0.8942
Salem UR Special Levy	0.0000	Nestucca RFPD	0.9176
		Netarts/Oceanside RFPD	1.6207
		North Lincoln Jt Fire & Rescue	0.6783
Sherman County		Tillamook RFPD	0.6999
Sherman County	8.7141	Nehalem Bay Health	0.0309
Biggs Service	4.0061	Tillamook Co Emergency 911	0.1883
Northern OR Regional Corrections	0.0000	Tillamook 9 School	5.0969
Moro RFPD	0.8464	Neah-kah-nie 56 School	4.5002
North Sherman County RFPD	0.8452	Nestucca Valley 101J School	4.8580
South Sherman County RFPD	0.5747	Willamina 30J School	5.0022
Sherman County Health	0.4780	Tillamook County Transportation	0.2000
Sherman 1J School	3.4203	Northwest Regional ESD	0.1538
North Central ESD	2.0193	Yamhill ESD	0.3615
Grass Valley City	3.1383	Tillamook Bay Community College	0.2636
Moro City	5.5232	Bay City	1.5375
Rufus City	2.8447	Garibaldi City	2.8468
Wasco City	3.0306	Manzanita City	0.4233
		Nehalem City	1.4658
		Rockaway City	0.9880
Tillamook County		Rockaway City (Bond)	0.0000
Tillamook County	1.4986	Tillamook City	1.8021
North County Rec	0.3861	Wheeler City	2.2213
Garibaldi Port	0.2620		

DISTRICT NAME

PERMANENT RATE AUTHORITY
(Dollars per \$1,000 of Assessed Value)

Umatilla County

Umatilla County	2.8487
Helix Park & Rec	0.4805
Watson-Athena Park	0.0826
Pilot Rock Park & Rec	0.0880
Port of Umatilla	0.1539
Rieth Water Supply	4.2916
Birch Creek Water Control	0.1446
Lower McKay Creek Water Control	0.2094
Milton-Freewater Water Control	0.0737
Riverside-Mission Water Control	0.8388
Umatilla Rvr No 1 Water Control	0.5724
Umatilla Rvr No 2 Water Control	1.1621
West Umatilla Vector Control	0.2021
East Umatilla Chemical Control	0.0421
Umatilla Co Special Library	0.3682
Athena 1 Cemetery	0.3174
Echo 7 Cemetery	0.3816
Helix 4 Cemetery	0.1730
Hermiston 8 Cemetery	0.0923
Milton Freewater 3 Cemetery	0.0566
Pilot Rock 5 Cemetery	0.1741
Stanfield 6 Cemetery	0.0971
Weston 2 Cemetery	0.3254
E Umatilla 7-412 RFPD	1.0012
Echo 7-403 RFPD	0.5853
Helix 7-411 RFPD	0.4397
Hermiston 7-404 RFPD	1.2025
Lower McKay 7-409 RFPD	3.7237
McKay Dam 7-410 RFPD	2.8080
Pilot Rock 7-401 RFPD	0.7807
Riverside 7-406 RFPD	2.7521
Stanfield 7-402 RFPD	2.0651
Umatilla 7-405 RFPD	0.8511
Umatilla Hospital	0.4820
East Umatilla Health	0.1443
Athena-Weston 29J School	4.3937
Echo 5 School	4.6747
Helix 1 School	4.5542
Hermiston 8 School	4.8877
Milton-Freewater (Ferndale Bond)	0.0000
Milton-Freewater (M-F 31 Bond)	0.0000
Milton-Freewater 7 School	4.7953
Pendleton 16 School	4.4537
Pilot Rock 2 School	4.7632
Stanfield 61 School	4.1263
Ukiah 80 School	4.8146
Umatilla 6 School	4.9224
Umatilla ESD	0.5633

DISTRICT NAME

PERMANENT RATE AUTHORITY
(Dollars per \$1,000 of Assessed Value)

Blue Mountain Community College	0.6611
Adams City	4.1176
Athena City	7.5678
Echo City	4.2332
Helix City	6.8007
Hermiston City	6.0860
Milton-Freewater City	3.7499
Pendleton City	6.5771
Pilot Rock City	2.8958
Stanfield City	2.5894
Ukiah City	2.6800
Umatilla City	2.9191
Weston City	5.6614
Milton-Freewater UR Spec Levy	0.0000

Union County

Union County	2.8515
Elgin Park & Rec	0.8222
Island City Area Sanitary	0.5814
Union Co Vector Control	0.0239
Union Co 4H Extension	0.1619
Cove Cemetery	0.1462
Elgin Cemetery	0.1233
Island City Cemetery	0.0931
La Grande Cemetery	0.2828
North Powder Cemetery	0.3197
Summerville Cemetery	0.3433
Union Cemetery	0.3953
Cove RFPD	0.6231
Elgin RFPD	0.4985
Imbler RFPD	0.9000
La Grande RFPD	0.9355
North Powder Jt RFPD	0.6633
Union RFPD	1.2292
Athena-Weston 29J School	4.3937
Baker 5J School	4.6051
Cove 15 School	4.8120
Elgin 23 School	5.0890
Imbler 11 School	4.7110
La Grande 1 School	4.6282
North Powder 8J School	4.9135
Union 5 School	5.0640
Umatilla ESD	0.5633
Union/Baker Region 13 ESD	0.7313
Cove City	0.4007
Elgin City	6.9383
Imbler City	0.3669
Island City	1.5171
La Grande City	7.4392

DISTRICT NAME	PERMANENT RATE AUTHORITY (Dollars per \$1,000 of Assessed Value)	DISTRICT NAME	PERMANENT RATE AUTHORITY (Dollars per \$1,000 of Assessed Value)
North Powder City	4.3114	Dufur City	2.0377
Summerville City	0.3964	Maupin City	5.3573
Union City	1.5752	Mosier City	1.4128
		Shaniko City	0.0000
		The Dalles City	3.0155
Wallowa County		Washington County	
Wallowa County	2.5366	Washington County	2.2484
Wallowa Lake Service	0.0000	Tualatin Hills Park & Rec	1.3073
Wallowa County 4-H & Extension	0.1625	Portland J Port	0.0701
Wallowa County Animal Control	0.0567	Rainbow Lanes Special Road	0.4888
Enterprise Cemetery	0.1091	URban Road Maintenance	0.2456
Joseph Cemetery	0.0561	Unified Sewerage Agency J	0.0000
Lostine Cemetery	0.3204	Raleigh Water	0.0000
Wallowa Cemetery	0.3075	Rivergrove 14 J Water	0.0000
Alder Cemetery	0.2228	Tualatin Valley Water	0.0000
Wallowa RFPD	0.4703	Tualatin Water (Metzger Bond)	0.0000
Wallowa Co Health Care	1.0497	Tualatin Water (Wolf Creek Bond)	0.0000
Joseph 6 School	1.4439	West Slope J Water	0.0000
Wallowa 12 School	1.6597	Wolsborn Farm Water	0.0000
Enterprise 21 School	1.6911	Metro J Service	0.0966
Troy 54 School	0.9362	Tri-Met Transit	0.0000
Wallowa Region 18 ESD	3.7930	Enhanced Sheriff Patrol	0.6365
Enterprise City	5.0089	Banks RFPD	1.0831
Joseph City	2.9867	Cornelius RFPD	0.6164
Lostine City	0.3534	Forest Grove RFPD	1.2766
Wallowa City	3.7643	Gaston Jt RFPD	1.0921
		Tualatin Valley Jt RFPD	1.5252
Wasco County		Washington County 2 RFPD	1.1219
Wasco County	4.2523	Banks 13 School	5.0152
Dufur Park & Rec	0.5453	Beaverton 48J School	4.6930
Northern Wasco Park & Rec	0.6799	Forest Grove 15 School	4.9142
Port of The Dalles	0.2007	Gaston 511J School	5.0494
Northern Ore Regional Corrections	0.0000	Hillsboro 1J (Farmington Bond)	0.0000
Juniper Flat RFPD	2.3486	Hillsboro 1J (Hillsboro 7 Bond)	0.0000
Mosier RFPD	0.4771	Hillsboro 1J (North Plains Bond)	0.0000
Mid-Columbia Fire & Rescue	2.1004	Hillsboro 1J (Reedville Bond)	0.0000
Chenowith 9 School	4.7194	Hillsboro 1J School	4.9749
Dufur 29 School	4.4659	Lake Oswego 7J School	4.4707
Dufur 29 School (Bond)	0.0000	Multnomah Portland 1J School	4.7743
Fossil 21J School	4.3963	Newberg 29J School	4.6616
Jefferson (Madras) 509J School	4.5871	Scappoose 1J School	4.9725
Sherman 1J School	3.4203	Sherwood 88J School	4.8123
South Wasco County 1 School	4.6651	Tigard Tualatin 23J (Sherwood Bond)	0.0000
The Dalles 12 School	5.4894	Tigard Tualatin 23J School	4.9892
Jefferson ESD	0.2398	Vernonia 47J School	5.0121
Region 9 ESD	0.4678	West Linn 3J School	4.8684
North Central ESD	2.0193	Clackamas ESD	0.3687
Central Oregon Community College	0.6204	Multnomah ESD	0.4576
Columbia Gorge Community College	0.2703		
Antelope City	1.6944		

Appendix E—Gap Bond Section

Certain districts exempted a portion of their tax base or other permanent continuing levy authority from the Operating Tax Rate Limit (the maximum rate of operating taxes that a district may impose) and statewide reduction calculations of Measure 50 in 1997-98 because that portion was used to repay qualified taxing district obligations. Qualified taxing district obligations are commonly called Gap Bonds. Districts with Gap Bonds have a Operating Tax Rate Limit that is lower than it should be because the 1997-97 Gap Bond levy was not included in the limit calculation. The Gap Bonds eventually will be paid off. When this happens, the district's Operating Tax Rate Limit will be increased for the following fiscal year (section 11(5)(d), Article XI of the Oregon Constitution).

To qualify as a Gap Bond tax the 1997-98 levy was used to repay:

1. Principal and interest for any bond issued before December 5, 1996, and secured by a pledge or explicit commitment of ad valorem property taxes or a covenant to levy or collect ad valorem property taxes;
2. Principal and interest for any other formal, written borrowing of monies executed before December 5, 1996, for which ad valorem property tax revenues have been pledged or explicitly committed, or that are secured by a covenant to levy or collect ad valorem property taxes;
3. Principal and interest for any bond issued to refund an obligation described in paragraph (a) or (b) of this subsection.

The term Gap Bond includes qualified obligations that may have a form other than a bond. Nonetheless, the term Gap Bond refers to all qualified obligations. Each year after 1997-98 the district may levy whatever is necessary to meet its Gap Bond obligation. Districts can not establish new Gap Bond authority. If a district did not include a Gap Bond levy in 1997-98, it may not levy for Gap Bonds.

When the district has paid off all or a portion of the Gap Bonds that were included in the 1997-98 Gap Bond levy,

the district needs to send a letter to the county assessor of each county in which the district imposes taxes at least 30 days prior to the end of the fiscal year, with a copy directed to the Property Tax Division of the Department of Revenue. This starts the process of having the district's Operating Rate Limitation increased.

The letter shall include the following information:

- a. Name of the taxing district.
- b. Levy amount identified as Gap Bonds on the 1997-98 M-50 Form.
- c. Amount of Gap Bond debt paid by that levy which has been retired during the current tax year.

Upon receipt of its copy, the Department of Revenue will calculate the increase in the Operating Tax Rate Limit for the district. The department first will calculate the percentage the Measure 50 operating tax was reduced in the Measure 50 calculations to arrive at the Measure 50 tax without compression. This will result in a reduction percentage. This reduction percentage will be multiplied by the amount of Gap Bond authority being retired. This result will then be divided by the 1997-98 value used to calculate the operating rate limitation of the taxing district. The resulting rate will then be added to the existing Operating Tax Rate Limit to arrive at the increased Operating Tax Rate Limit for the following tax year.

The Department of Revenue then will send a letter to the district and a copy of the letter to the county assessor(s) including the following information:

- a. The name of the district;
- b. The Operating Tax Rate Limit before recalculation;
- c. The new Operating Tax Rate Limit increase after recalculation;
- d. The tax year for which the new Operating Tax Rate Limit increase will first apply.

The final Operating Tax Rate Limits after all Gap Bond debt is repaid and the calculations, as done by the Department of Revenue, are shown in the table on the next page.

Calculation of Final Permanent Rate Limit after Incorporation of Gap Bonds

County	District Name	Pension Levy	M5 Tax W/O Gap Bond	M50 Tax W/O Compression	Percent Cut	Assessed Value	Old		Reduced		New Permanent Rate Limit (Per Thousand)
							Permanent Rate Limit (Per Thousand)	Gap Bond After Reduction	Gap Bond Plus M50 Tax	Permanent Rate Limit (Per Thousand)	
Clackamas	N Clack Regional Park	1,036,306	1,785,911	1,505,637	-15.69364	4,420,848,850	0.3405	873,672	2,379,309	0.5382	
Curry	Ophir RFPD	13,697	20,006	17,342	-13.31567	42,532,730	0.4077	11,873	29,215	0.6868	
Curry	Port Orford-Langlois 2J School	35,228	903,149	750,114	-16.94461	196,826,739	3.8110	29,259	779,373	3.9596	
Curry	Central Curry 1 School	153,325	1,495,624	1,278,319	-14.52940	359,797,980	3.5528	131,048	1,409,367	3.9171	
Deschutes	Cloverdale RFPD*	11,710	144,934	126,648	-12.61678	125,297,490	1.0107	10,233	136,881	1.0924	
Deschutes	Bend City*	388,220	5,772,317	5,645,317	-2.20016	2,142,097,133	2.6354	360,119	6,005,436	2.8035	
Douglas	Azalea RFPD	11,950	24,855	22,605	-9.05293	28,222,415	0.8009	10,868	33,473	1.1860	
Hood River	Hood River Park & Rec	152,062	220,767	180,089	-18.42602	869,353,023	0.2071	124,043	304,132	0.3498	
Lane	River Road Park & Rec	32,287	1,110,715	922,453	-16.94961	310,631,936	2.9696	26,814	949,267	3.0559	
Lane	Willamalane Park & Rec	83,995	4,845,900	4,131,676	-14.73874	2,093,864,867	1.9732	71,615	4,203,291	2.0074	
Lane	McKenzie Palisades Water	1,982	2,131	1,644	-22.85316	4,540,058	0.3620	1,529	3,173	0.6988	
Lane	Dexter RFPD	14,189	144,992	113,629	-21.63095	88,150,826	1.2890	11,120	124,748	1.4151	
Lane	Lowell RFPD	38,057	176,416	156,506	-11.28613	70,547,421	2.2184	33,762	190,268	2.6970	
Lane	Lake Creek RFPD (Lane)	21,780	44,443	38,939	-12.38579	18,863,975	2.0641	19,082	58,021	3.0757	
Multnomah	Portland 1 School	13,125,623	124,374,951	107,551,765	-13.52618	22,527,200,709	4.7743	11,350,227	118,901,992	5.2781	
Multnomah	Mt Hood Community College	695,044	6,125,060	5,152,514	-15.87814	11,666,483,630	0.4416	584,684	5,737,198	0.4917	
Polk	Polk 1J RFPD	93,435	711,014	631,215	-11.22323	474,887,793	1.3291	82,949	714,164	1.5038	
Union	Union County	116,912	2,891,326	2,491,341	-13.83397	873,689,184	2.8515	100,738	2,592,079	2.9668	
Multnomah	Portland City	53,712,161	140,946,038	121,373,034	-13.88688	26,524,462,295	4.5770	46,253,219	167,626,253	6.3196	

*Calculations for Cloverdale RFPD and the city of Bend reflect the additional limitation impact of SB123 (Oregon Laws 1999, Chapter 186).

Appendix F—Community College Local Option Limits

	1997-98 Measure 5 Authority	1997-98 Measure 50 Authority	Limit on Local Option Levy
Clackamas Community College	\$8,759,125	\$7,309,672	\$1,449,453
Clatsop Community College	\$2,627,280	\$2,133,278	\$494,002
Southwestern Oregon Comm College	\$3,310,149	\$2,892,975	\$417,174
Central Oregon Community College	\$5,941,089	\$5,565,873	\$375,216
Umpqua Community College	\$1,944,620	\$1,673,814	\$270,806
Rogue Community College	\$6,666,834	\$5,722,572	\$944,262
Klamath Community College	\$1,156,945	\$942,058	\$214,887
Lane Community College	\$10,110,196	\$8,743,824	\$1,366,372
Oregon Coast Community College	\$714,129	\$606,982	\$107,147
Linn-benton Community College	\$4,692,817	\$4,215,383	\$477,434
Treasure Valley Comm College	\$1,318,172	\$1,143,050	\$175,122
Chemeketa Community College	\$10,731,411	\$9,109,754	\$1,621,657
Mt Hood Community College	\$6,820,105	\$5,846,064	\$974,041
Portland Community College	\$17,616,507	\$14,674,934	\$2,941,573
Tillamook Bay Community College	\$602,457	\$529,600	\$72,857
Blue Mountain Community College	\$2,303,572	\$2,079,155	\$224,417
Columbia Gorge Community College	\$313,535	\$273,519	\$40,016
	\$85,628,943	\$73,462,507	\$12,166,436

Source: Research Section, Oregon Department of Revenue

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