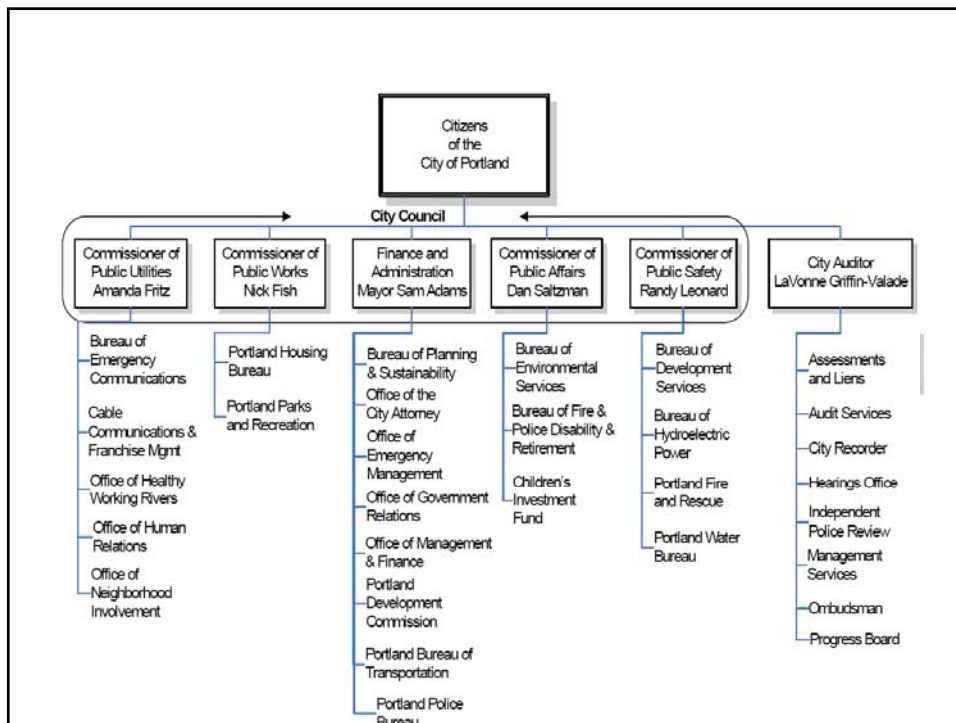


# City/Budget 101

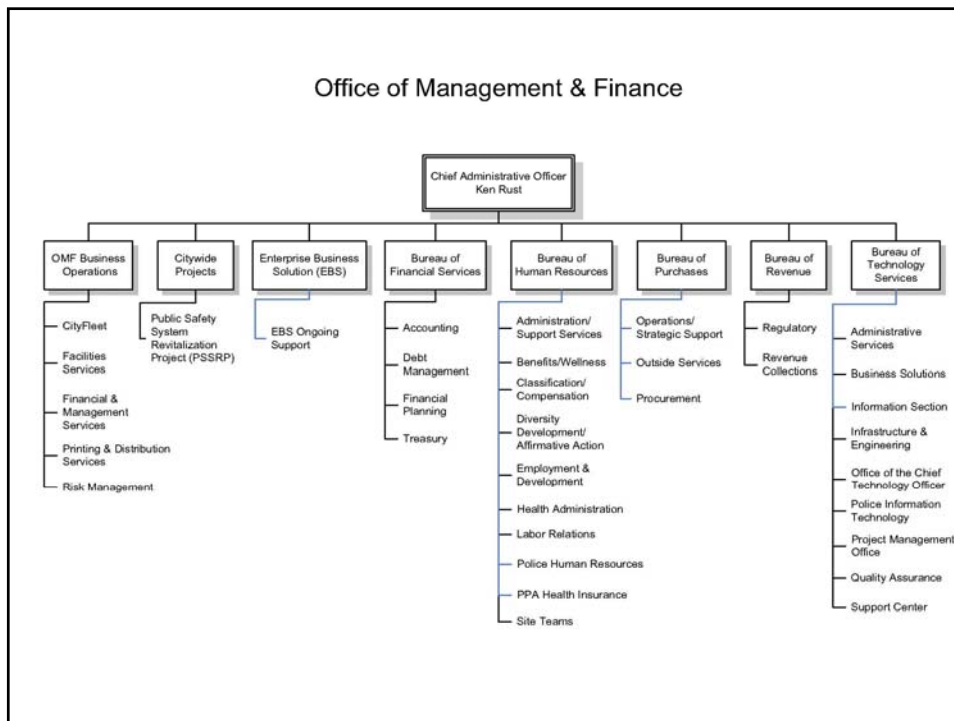
## Portland Housing Bureau



## City Services

- Police
- Fire prevention and suppression
- Parks and open spaces
- Neighborhood Involvement
- Nuisance & Code Enforcement
- Long term planning
- Housing
- Water & Sewer
- Streets and traffic management
- Parking garages

## Office of Management & Finance



## Sources of Funds

- **General Fund:** Largely discretionary, can be allocated to any program or service. Police, Fire, and Parks are the largest General Fund bureaus.
- **Non-General Fund:** Specifically dedicated to a particular purpose, such as water and sewer bills, gas tax revenue, or building and inspection fees.
- **Ongoing Funds:** Revenue that the City expects to receive year after year. Ongoing revenues can fluctuate, but the source of revenue is unlikely to go away (e.g., property taxes, water and sewer bills, certain fees).
- **One-time Funds:** One-time funding includes grants, excess beginning fund balance (i.e., surpluses), or other sources of revenue that may not be available in the future.

## Fund Structure Supporting the City's Budget

- **General Fund.** Includes all activities of the City that are supported by property taxes other non-dedicated revenues.
- **Revenue and Reserve Funds.** Receive funds from specific sources that can only be expended for specific purposes.
- **Bonded Debt Funds.** Accounts for the payment of principal and interest on City bonds.
- **Federal Grant Funds.** Accounts for grant revenues receive from the federal government.
- **Internal Service Funds.** Accounts for the sale of central services to City bureaus and other outside agencies.

## Restrictions on the Use of Funds

- State Law
- City Charter and Code
- Bond Covenants
- City Financial Policies
- City Labor Agreements

## Discretionary Resources

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- Property Taxes
- Business License Tax
- Transient Lodging (Hotel/Motel) Tax
- Utility License Fees

## Purpose of the City's Budget

- Allocate funds to programs and services
- Implement Council policies and goals
- Communicate budget decisions to citizens
- Comply with State of Oregon Local Budget Law

## Local Budget Law?

- Standard procedures for preparing, presenting and administering
- Encouraging citizen involvement
- Methods for estimating revenues, expenditures and proposed taxes
- Way of outlining programs and services and the fiscal policies used to carry them out

## Budget Guidelines

- Council goals and priorities
- Strategic issues and challenges
- City fiscal condition
- Financial forecast

## Council Goals and Priorities

- Work sessions, or retreats are held to discuss goals and priorities
- Bureau financial plans and budgets support these goals and priorities

## Budget Process Stages

- Preliminary
- Requested
- Mayor's Proposed
- Council Approved
- Council Adopted
- Changes after adoption – Budget Monitoring Process (BMP)

## General Fund Financial Forecast

- Five Year forecast of the General Fund prepared by OMF Financial Planning
  - Discussed by Council
  - May be codified through a resolution
  - Acts as the guide for budget development

## Bureau Financial Forecasts

- All bureaus prepare five-year financial forecasts and them with the request budget
  - Revenues
  - Expenditures
  - Economic conditions

## Budget Development Process Overview

- Requested Budget - early February
- Proposed Budget - Feb through March
- Approved Budget - May
- Adopted Budget - late June

## Requested Budget Stage

- **November-December**
  - Bureaus develop budget requests
- **January - February**
  - Public Forums
  - Requested Budgets due to Financial Planning
  - Financial Planning reviews budget submissions



## Proposed Budget Stage

- **February - late March**

- Mayor's Proposed Budget - primarily internally focused process
  - Council Work Sessions
  - Financial Planning presents Issue Papers
  - Mayor's Office discussions with Financial Planning, bureau directors, and other commissioners
  - Limited direct citizen involvement during this stage

## Citizen Involvement

- Several Community Forums - in different neighborhoods
  - Small group discussion or large group presentation
  - Led by elected officials and/or bureau staff
- Other public involvement includes
  - Budget Advisory Committees
    - Citizens appointed by the bureau
    - Review bureau request budgets
    - Identify issues
    - Provided time to communicate their reports to Council
  - Direct Contact
    - Citizens may and do write or visit the offices of the elected officials
    - Commissioners are involved with many community events that engage the citizens
  - Internet site (<http://www.portlandonline.com/>)
    - Ability to input concerns and ask questions

## Adopted Budget Stage

- **Late June**
  - Technical Adjustments
    - internal City process
  - Budget Adopted in late June
    - one more opportunity for citizen input prior to adoption

## Approved Budget Stage

- **April - May – June**
  - Public testimony and hearings on the Proposed Budget
  - Tax Supervising Conservation Commission Hearing
    - independent review and hearing on the Approved Budget
  - Citizen advisors active throughout the process
  - Financial Planning produces Proposed budget document

## Changes to the budget during the year

- There are three “Budget Monitoring Processes (BuMPs) each year to:
  - Adjust appropriation
  - Project year-end expenditures
  - Report on programs/performance
- By aggregating these changes, the cumulative effect can be better understood.
- The emphasis is to minimize changes to budgets and positions that happen outside of these three BuMPs.

## Comprehensive Financial Management Policies

- Adopted by resolution
- Address:
  - Financial Planning
  - Budget
  - Accounting/Financial Reporting
  - Revenue
  - Operating
  - Employee Compensation
  - Capital Planning
  - Intergovernmental Revenue/Relations
  - Accounting Structure
  - Affiliated Agencies
  - General Fund Revenue Policy
  - City Debt Management Policy
  - City Investment Policy
  - General Fund Reserves Use Policy
  - Interagency Agreement Policy
  - Local Improvement District Financing Policy

- **Examples**
  - Prepare a five year financial plan
  - Charges for services that benefit specific users shall recover full costs
  - On-going revenues shall equal or exceed on-going expenditures