

Budget Orientation & Background

April 13, 2021

Presentation Outline

Highlights of Oregon Budget Law

- Process
- Structure

Structure of the City's Budget

Overview of the City's Budget Document

Review of Recent Budget Decisions

Next Steps

Highlights of Oregon Budget Law

Basic Budget Information

Purpose

- Outlines and communicates priorities and plans
- Sets a framework for spending
- Provides internal controls and financial oversight
- Required by Oregon Law
 - Chapter 294.305 - 294.565 of the Oregon Revised Statutes

Oregon Budget Law - Goals

Establishes consistent process across jurisdictions

- Noticing requirements
- Budget Committee meetings
- Council Hearing for adoption

Establishes consistent framework across jurisdictions

- Dictates layout, presentation & reporting
- Specifies terminology and definitions

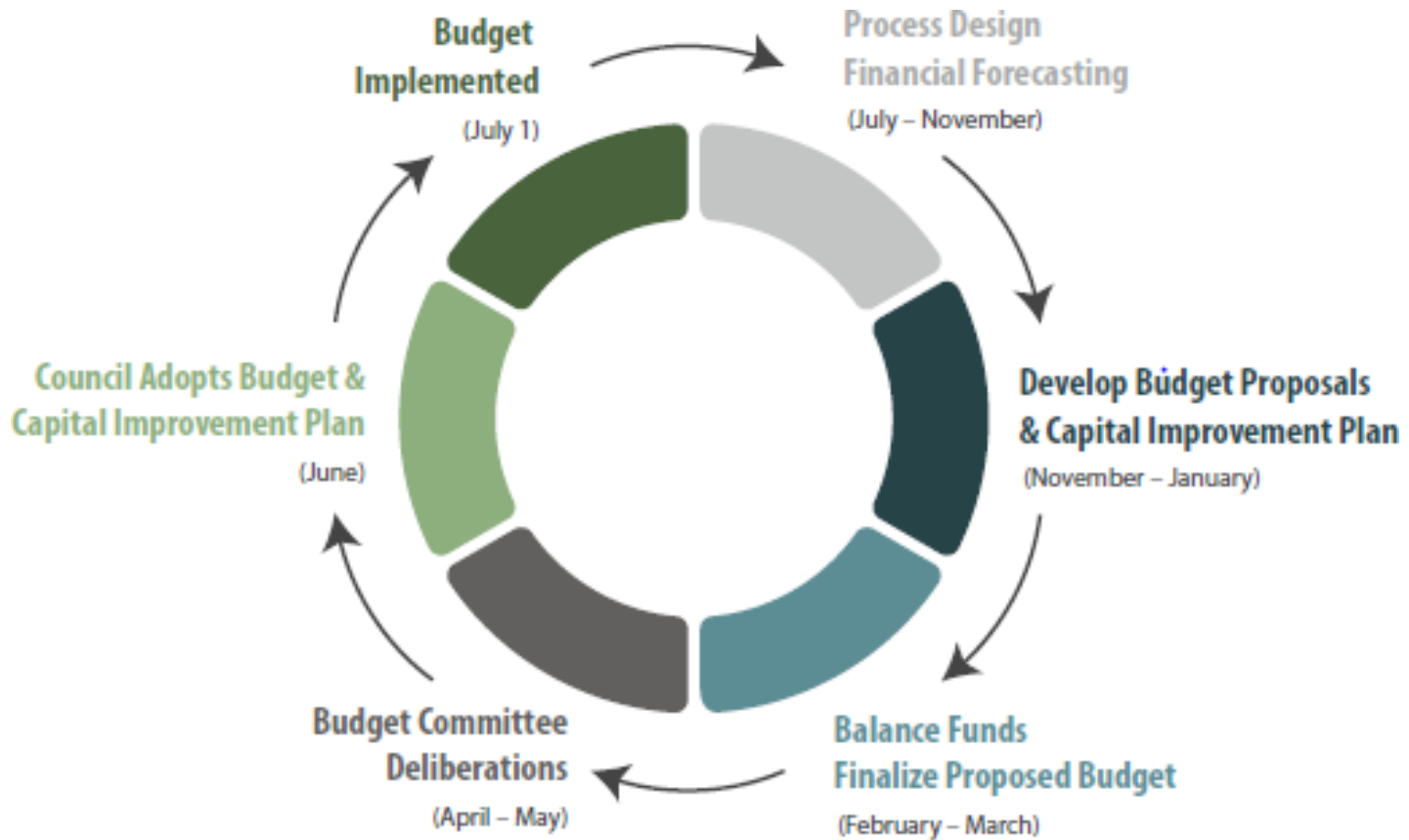
Establishes opportunity for public involvement

- Public notices
- Public comment opportunities
- Public meetings

Oregon Budget Law - Process

Budget Development & Adoption

Annual Process



Budget Development & Adoption

Budget Committee Approval Phase

A. Budget officer publishes notice

- Two notices with specific date and content requirements

B. Budget committee meets

- Proposed Budget must be made available to the public at the same time as provided to committee members
- Committee consists of elected governing body plus equal number of appointed citizen members
- Committee members are equal participants
- Meeting must allow for public comment
- All deliberations must be at public meetings

C. Committee approves budget

- Committee can make changes but must approve a balanced budget
- Specific actions must be taken regarding property taxes

Budget Development & Adoption

Council Adoption Phase

- A. Budget summary & budget hearing notice published
 - One notice with specific date and content requirements
 - includes dollar and FTE numbers

- B. Budget hearing held
 - Must allow for public comment

- C. Budget adopted, appropriations made, tax levy declared and categorized
 - Limits apply to what changes governing body can make to approved budget
 - Provides authority to spend public funds in the next fiscal year
 - MUST be completed prior to June 30th

Additional Legal Requirements

ORS 221.770 Revenue Sharing to Cities

Hearings are required in order for a city to receive State Shared Revenues:

- Budget Committee Hearing
- Council Hearing

Budget Committee & Adoption Calendar

Publish Notices

- Budget Committee Notice & State Shared Revenue Hearing – March 26
- Budget Committee Second Notice – April 7

Budget Committee Meetings

- Meeting #1 – April 20
- Meeting #2 – April 27
- *Meeting #3 – April 29 (only if needed)*

Prepare Materials for Legal Notice and for Council Agenda

- Approximately 3 weeks to compile numbers & detailed information required

Publish Notices

- Council Hearing & State Shared Revenue Hearing – June 4

Council Hearing

- June 15

Recap of Required Actions

Budget Committee

- Hold state shared revenue hearing
- Accept public comment
- Approve a balanced budget
- Approve the tax rate

Council

- Hold state shared revenue hearing
 - Hold budget hearing and accept public comment
 - Adopt a balanced budget and make appropriations
 - Levy and categorize property taxes
 - Adopt FTE count per City Charter
- ❖ MUST be completed by June 30

Oregon Budget Law – Budget Structure

Budget Law - Structure

Basics

- Funds
 - A way to separately track and account for specific programs and sources & uses of funds
 - Provide accountability and management oversight
- Within each fund
 - Resources
 - Requirements
 - Must be balanced
- Organizational Units
 - Departments, divisions or programs
- Display of Information
 - 2 Years of Actuals, Current Year Adopted/Revised, Proposed, Approved & Adopted

Budget Law - Appropriation

Appropriation

- Authorization to spend money within an approved limit for a specified purpose
 - Established by adoption resolution
 - Typically, one amount for each Fund/Organizational Unit combination
- Possible penalties
 - Public officials who spend money unlawfully, in excess of authorized amounts or for purposes not provided by law, are civilly liable.
 - The district attorney or a taxpayer may file suit for return of the money.

Budget Law - Content

Resources

- Revenues
 - Taxes
 - Intergovernmental Revenue
 - Charges for Services
 - Interest Income

- Beginning Balance

Total Resources

Requirements

- Expenditures
 - Personnel services
 - Materials & services
 - Capital Outlay

- Debt service
- Transfers
- Contingencies

- Unappropriated

Total Requirements

MUST BE BALANCED!

Mid-Year Changes

With Council Approval:

- Grant Acceptance & Appropriation
- Contingency Transfer
- Supplemental Budget

Changes not allowed:

- Unappropriated balance cannot be accessed

No Formal action required:

- Receive additional revenue
- Spend less than approved amount

Structure of the City's Budget

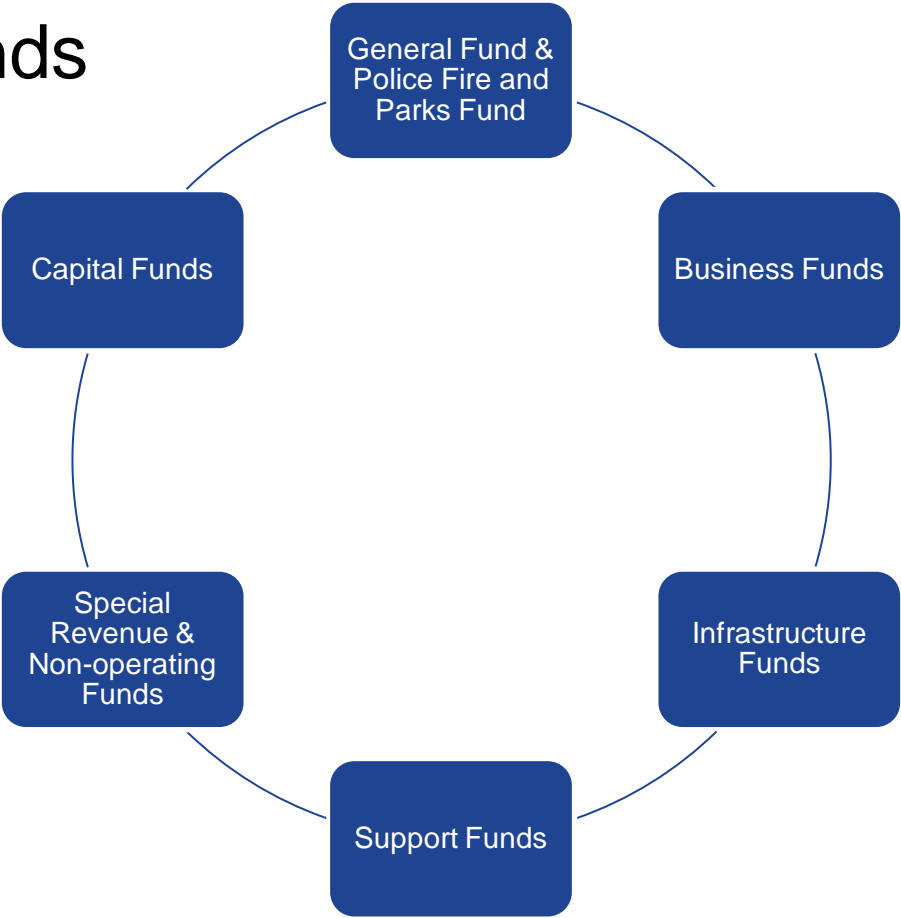
Basic Budget Information

Overview

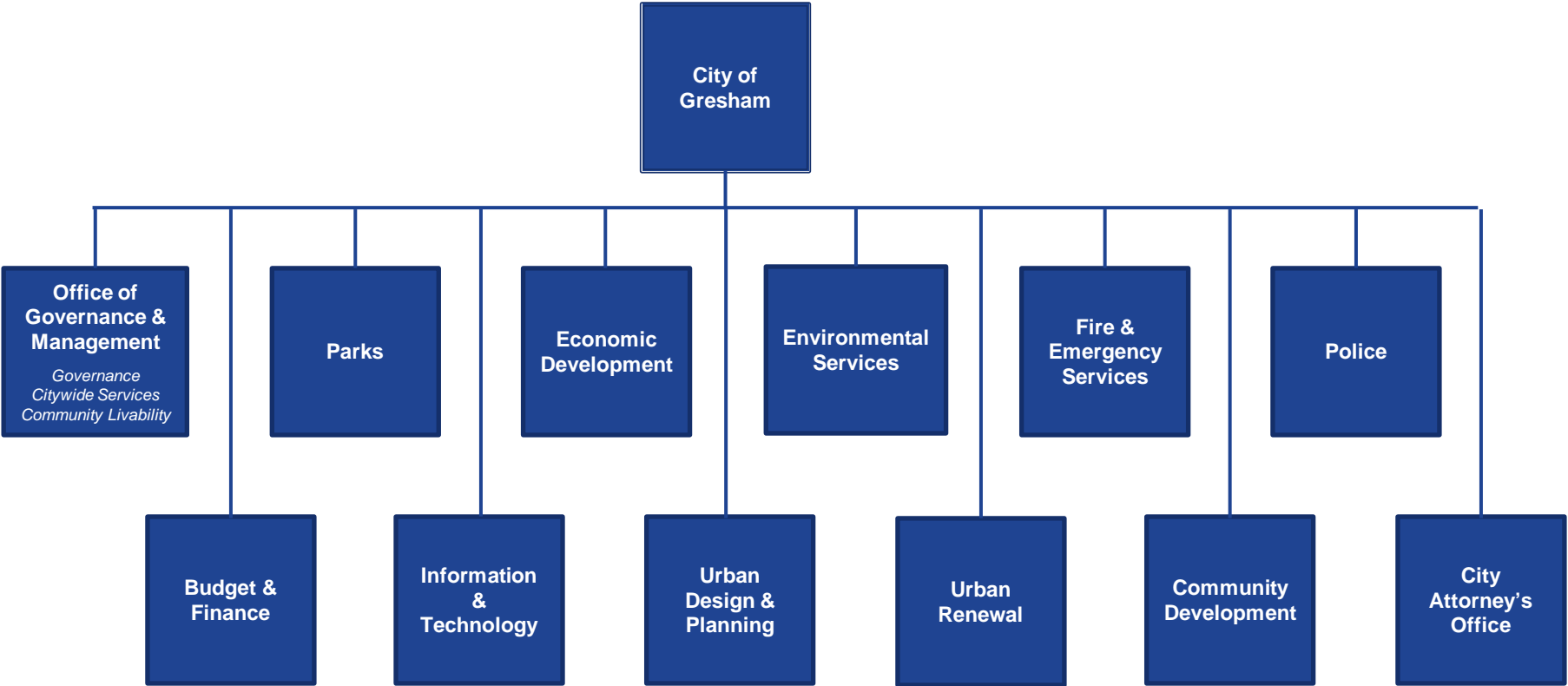
- Budget is organized by fund
- In fiscal year 2020/21, the City has 37 funds
- A fund provides a way to separately track and account for revenues and expenditures

Overview of City's Budget

Types of funds



Overview of City's Departments



Overview of City's Budget

General Fund and Police, Fire & Parks (PFP) Funds

- Police Department
- Fire & Emergency Services
- Community Development
 - (Code and Small Business)
- Economic Development
- Parks

Primary Resources

- Taxes
- Intergovernmental Agreements
- License & Permit Fees
- Charges for services
- Police, Fire & Parks Fee
- Utility License Fees
- State Shared Revenue

Primary Expenditures

- Personnel

Overview of City's Budget

Business Funds

- Urban Design & Planning Fund
- Rental Inspection Fund
- Building Fund
- Urban Renewal Support Fund

Primary Resources

- Charges for Services
- Permits
- Licenses
- Interfund Support
- Urban Renewal Commission

Primary Expenditures

- Personnel

Overview of City's Budget

Infrastructure Funds

- Infrastructure Development Fund
- Streetlight Fund
- Transportation Fund
- Water Fund
- Stormwater Fund
- Wastewater Fund

Primary Resources

- Gas Tax
- License Fees
- Utility Charges
- Charges for Services

Primary Expenditures

- Infrastructure repair & replacement
- System Operations
- Debt

Overview of City's Budget

Central Support Funds – Part 1

- Facilities & Fleet Fund
- Legal Services Fund
- Administrative Services Fund
 - Office of Governance & Management
 - Budget & Finance
 - Citywide Services
 - Information Technology
 - Community Livability

Primary Resources

- Internal Service Charges

Primary Expenditures

- Personnel

Overview of City's Budget

Central Support Funds – Part 2

- Workers' Compensation & Liability Management Fund
- Health Insurance & Dental Insurance Fund
- Equipment Replacement Fund

Primary Resources

- Internal Service Charges
- Payroll Premiums

Primary Expenditures

- Claims & Insurance premiums
- Vehicles & Equipment

Overview of City's Budget

Capital Funds

- Parks Capital Fund
- General Development Fund
- Urban Renewal Capital Fund
- Transportation Capital Fund
 - Footpaths & Bike Routes
- Water
- Stormwater
- Wastewater
- City Facility Capital Fund
- Enterprise System Replacement Fund

Primary Resources

- Transfers from operating funds
- Development fees (SDCs)
- Grants

Primary Expenditures

- Infrastructure

Overview of City's Budget

Special Revenue Funds & Non-Operating – Part 1

Special Revenue Funds

- Solid Waste & Sustainability Fund
- Designated Purpose Fund
- CDBG/HOME Fund

Primary Resources

- Grants
- Donations
- Hauler Fees

Primary Expenditures

- Grant Programs
- Personnel

Overview of City's Budget

Special Revenue Funds & Non-Operating – Part 2

Special Revenue Funds

- SDC Fund

Debt Service Funds

- General Governmental
- Pension Bond
- Urban Renewal
- Water
- Stormwater
- Wastewater
- City Facility

Primary Resources

- Development Fees
- Transfers from operating funds

Primary Expenditures

- Passthrough Transfers
- Debt Service

Gresham Redevelopment Commission

Separate entity with a separate budget and process

Rockwood UR Capital Projects Fund

- Receives loan proceeds from the City
- Sends money to the City for contracted services & projects

Rockwood UR Debt Service Fund

- Receives property tax increment revenues
- Repays debt to the City

Overview of City's Budget Document

Proposed Budget Document Structure

- Budget Message
- Revenue Information
- Expenditure Information
 - *General Fund/PFP*
 - *Business Funds*
 - *Infrastructure Funds*
 - *Central Support Funds*
 - *Capital Improvement Funds*
 - *Special Revenue & Non-Operating Funds*
- Additional Information

Document Report Layout

Resources and Requirements by Fund

Revised Budget for current year

Audited data from prior fiscal years

Budget for upcoming year

General Fund		2017/18 Actual	2018/19 Actual	2019/20 Adopted Budget	2020/21 City Manager Proposed	2020/21 Budget Committee Approved	2020/21 City Council Adopted
Resources	Resources						
	Taxes	36,316,588	39,422,284	30,898,200	32,447,000	-	-
	Licenses & Permits	420,372	429,795	372,300	489,000	-	-
	Intergovernmental	11,093,641	11,197,658	17,192,000	18,304,000	-	-
	Charges for Services	399,666	430,599	4,234,500	4,394,000	-	-
	Utility License Fees	10,380,166	10,641,084	10,935,000	14,653,000	-	-
	Interest Income	347,941	-	-	-	-	-
	Miscellaneous Income	208,922	719,025	642,700	648,000	-	-
	Interfund Transfers	136,141	127,256	75,000	175,000	-	-
	Internal Service Charges	944,378	518,052	819,385	838,257	-	-
	Financing Proceeds	1,275,000	-	-	-	-	-
	Beginning Balance	20,872,473	20,014,665	13,834,000	10,612,000	-	-
	Total Resources	82,395,288	83,500,418	79,003,085	82,560,257	-	-
Operating Requirements	Requirements						
	Police	29,763,542	32,673,686	39,307,078	39,477,202	-	-
	Fire & Emergency Services	20,996,001	21,759,595	26,367,334	27,127,116	-	-
	Community Development	1,193,193	852,341	1,245,818	1,045,441	-	-
	Economic Development	667,123	661,911	1,061,977	854,143	-	-
	Parks	2,447,422	2,779,083	3,363,351	3,499,257	-	-
	<i>Operating Total</i>	<i>55,067,281</i>	<i>58,726,616</i>	<i>71,345,558</i>	<i>72,003,159</i>	<i>-</i>	<i>-</i>
Non-operating Requirements	Interfund Transfers	7,313,342	7,523,238	6,608,017	5,622,200	-	-
	Contingency	-	-	-	1,115,000	-	-
	Unappropriated	20,014,665	17,250,564	1,049,510	3,819,898	-	-
	<i>Non-Operating Total</i>	<i>27,328,007</i>	<i>24,773,802</i>	<i>7,657,527</i>	<i>10,557,098</i>	<i>-</i>	<i>-</i>
Total Requirements	82,395,288	83,500,418	79,003,085	82,560,257	-	-	

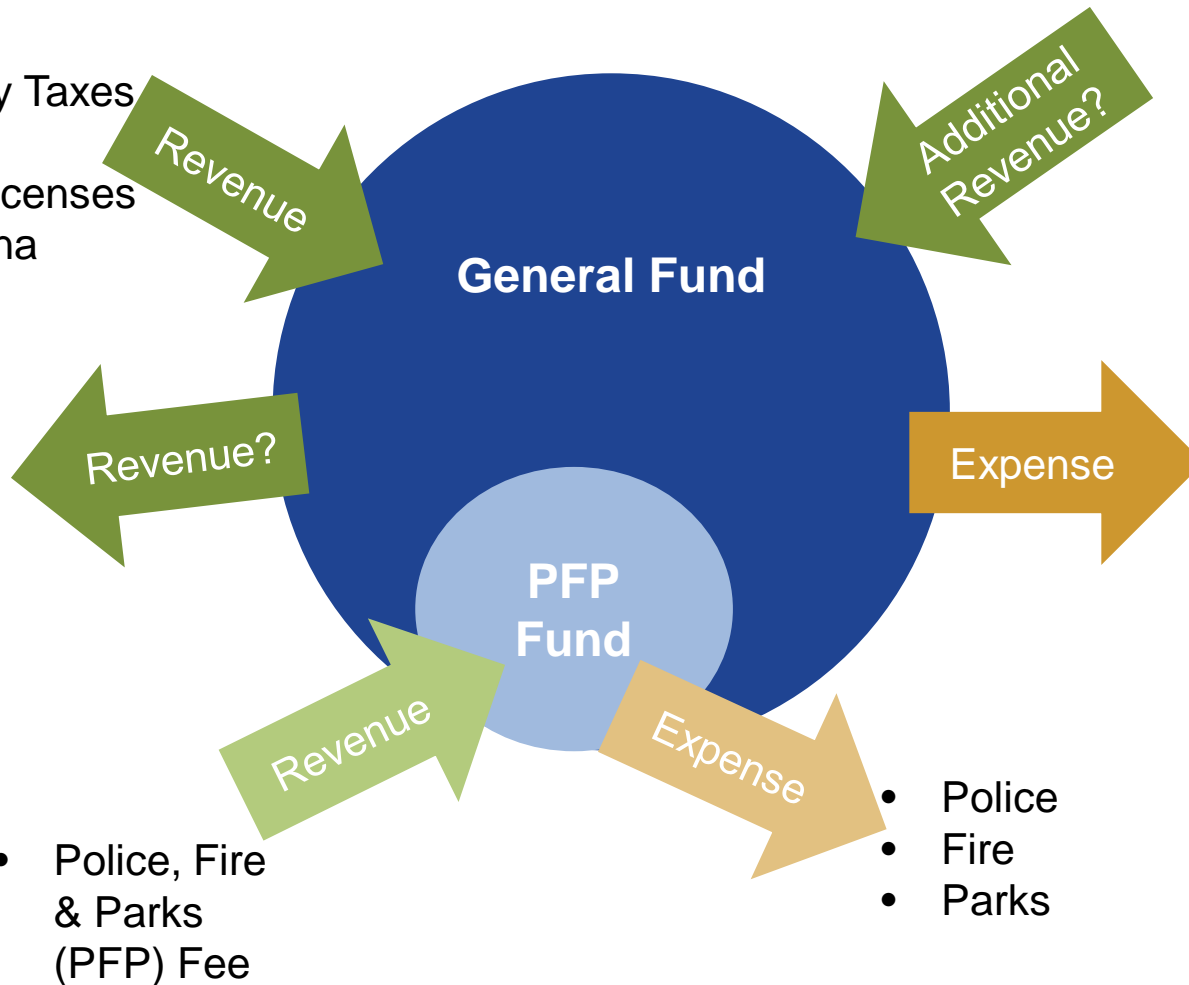
Supplemental Materials

- Internal Service Charge Manual
- Finance Plan Manual for Utilities & Transportation
- Capital Improvement Program Information Handout

Review of Recent Budget Decisions

General / PFP Fund Overview

- Property Taxes
- BIT
- Utility Licenses
- Marijuana
- Other



- Police, Fire & Parks (PFP) Fee

FY 20/21 Adopted Budget

- Police
- Fire
- Parks
- Planning
- Economic Dev
- Community Dev

Internal Services

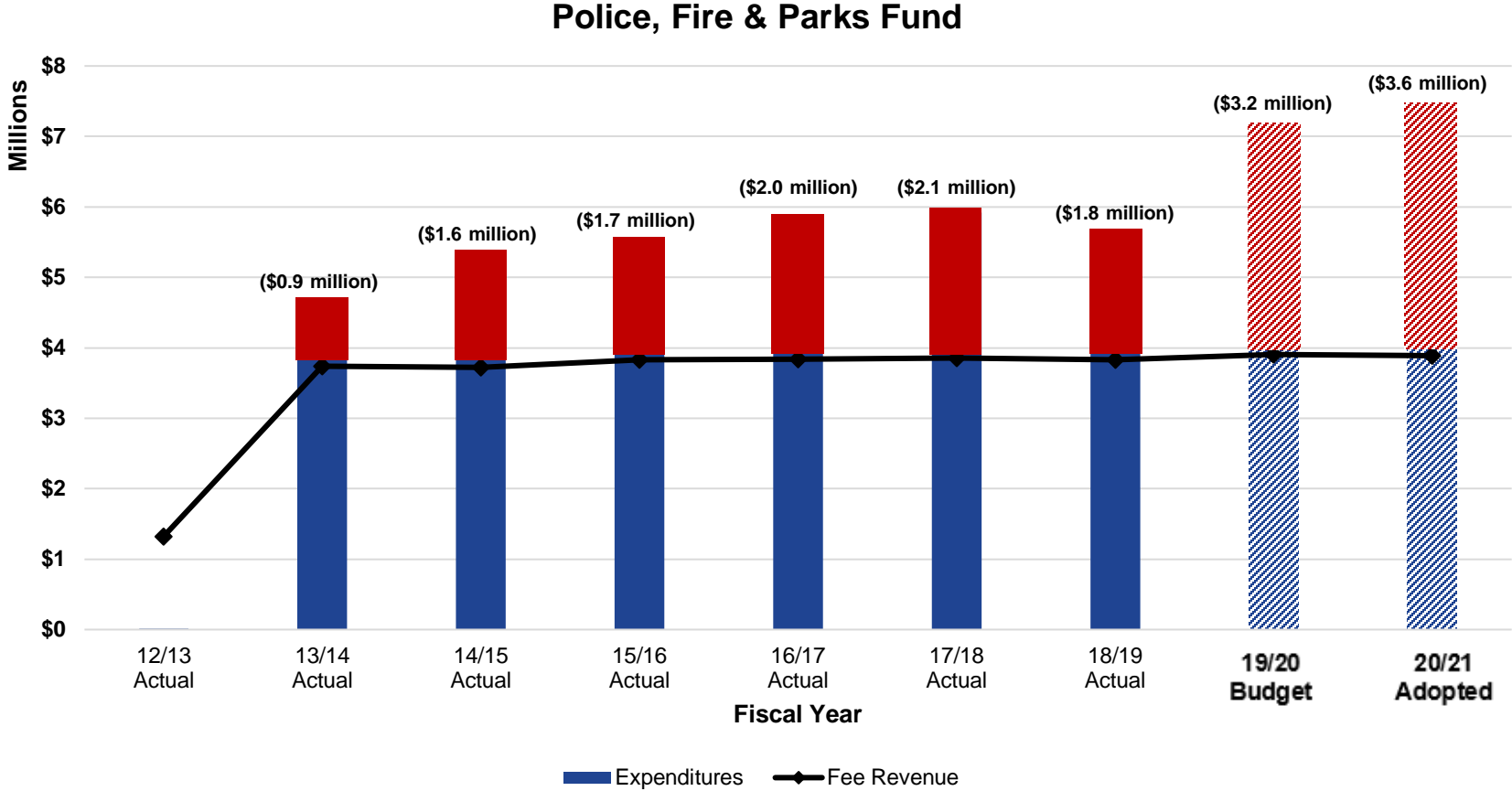
- City Administration
- Budget / Finance
- Communications
- HR
- IT / GIS
- City Attorney
- Fleet / Facilities
- Code Enforcement
- Neighborhoods

General / PFP Fund Forecast: With COVID

	FY 20/21 Forecast	FY 21/22 Forecast
Beginning Balance	\$ 9.3 million	(\$ 0.2 million)
Revenue	\$ 68.1 million	\$ 74.8 million
Total Resources	\$ 77.4 million	\$ 74.6 million
Expenditures	\$ 77.6 million	\$ 82.7 million
Ending Fund Balance	(\$ 0.2 million)	(\$ 8.1 million)
Required Ending Fund Balance*	\$ 4.8 million	\$ 5.2 million
Difference	(\$ 5.0 million)	(\$ 13.3 million)

* Per City of Gresham's Adopted Financial Policy

Police, Fire & Parks Fund History

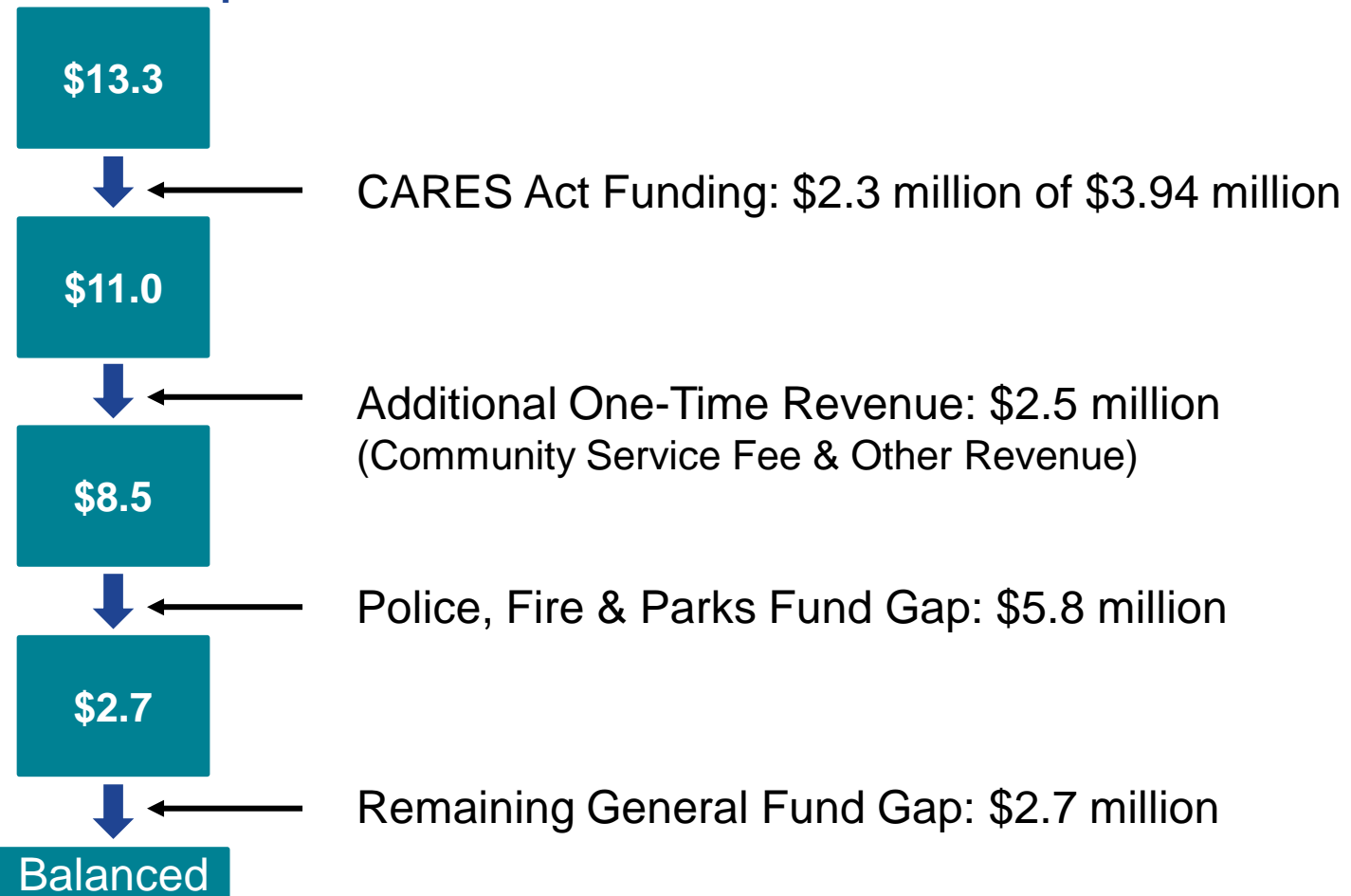


PFP Fund Balancing Options Presented

- Options Presented:
 - Maintain PFP Service Level
 - Partially Reduce PFP Service Level
 - Reduce PFP Service Level
- Alternative Approach Selected:
 - Maintain PFP Service Level by increase PFP Fee for 18-month period

Recap of Proposed Actions

GF/PFP Gap



Council Actions

- CARES funding IGA with Portland
- Supplement Budget addressing Community Service Fee usage
- Police, Fire & Parks Fee

Next Steps

Next Steps

- April 20, 2021
 - FY 2021/22 Budget Committee Meeting #1
 - FY 2021/22 Budget Document released
- April 27, 2021 – Budget Committee Meeting #2
- April 29, 2021 – Budget Committee Meeting #3 (if needed)
- May 11, 2021 – GRDC Budget Committee Meeting
- June 15, 2021
 - City Council Budget Adoption
 - GRDC Budget Adoption

Thank you!

Additional information can be found at:
GreshamOregon.gov/budget