

II. OREGON LOCAL BUDGET LAW EXCERPTS (draft November 5, 2016, 37 pages)

This Chapter II, Oregon Local Budget Law (LBL) Excerpts, in the JO CO budget process is Step 2, and identifies the Authors' opinions on applicable legal information (see introduction to Section II.A.2) to citizen involvement/citizen participation (CI/CP).

- Step 1: Chapter I. Introduction/Purpose
- **Step 2: Chapter II. Oregon Local Budget Law Excerpts**
- Step 3: Chapter III. Excerpts from JO CO Budgets: FY 2006-07 TO FY 2016-17
- Step 4: Chapter IV. Budget Process Brainstorming Questions From Oregon Local Budget Law & JO CO Budgets: FY Budget 2006-07 to FY 2016-17
- Step 5: Chapter V. Analysis: Elements & Components Of Citizen Participation In Budget Process
- Step 6: Chapter VI. Budget Process Issues
- Step 7: Chapter VII. Budget Process Recommendations
- Step 8: Chapter VIII. Budget Process Conclusions
- Step 9: Chapter IX. Summary & Conclusions.

Chapters II and III are the most important budget process chapters. The idea is to try and understand the authorities and requirements well enough to minimize citizen conflicts and controversies over the facts, and to be informed when debating the analyses, issues, and recommendations' chapters.

A. Oregon Revised Statutes: 294.305 to 294.565 (Appendix D)

The Oregon Revised Statutes (ORS) is the codified body of statutory law governing the U.S. state of Oregon, as enacted by the Oregon Legislative Assembly, and occasionally by citizen initiative. The statutes are subordinate to the Oregon Constitution

The following applicable LBL ORS are identified by the Exploratory Committee's reading of the statutes. They are the ORS the Authors determined applicable to CI/CP in the local JO CO budget process versus the allocations and appropriations (e.g., accounting details of spread sheets of full time equivalent (FTE) and costs, etc.). Full text of all applicable ORS, OARs and this document, *Citizen Involvement In The Josephine County Budget Process* (in three sections), are available at the two web pages that follow.

- *Citizen Participation In The Josephine County Budget Process*
- *Chapter V: Elements And Components Of Citizen Participation In Budgeting Process*
- *Appendices For Citizen Participation In The Josephine County Budget Process*
- *Oregon Revised Statutes: 294.305 to 294.565 (Oregon Local Budget Law)*
- *Oregon Administrative Rules: 150-294.175 to 150-294.920 (Local Budget)*

Chapter V. Budget Process
Budgets: Josephine County, Oregon
Justice System Exploratory Committee
Hugo Neighborhood Association & Historical Society
<http://www.hugoneighborhood.org/budgets.htm>

1. ORS Outline An outline of applicable ORS to this research project follows. Second are the ORS excerpts applicable to CI/CP in the local JO CO budget process.

- ORS 294.305 Sections constituting Local Budget Law
- ORS 294.311 Definitions for ORS 294.305 to 294.565
- ORS 294.321 Purposes
- ORS 294.323 Budget period
- ORS 294.331 Budget officer
- ORS 294.338 Compliance with Local Budget Law required prior to expenditure or tax certification; exceptions
- ORS 294.388 Estimates and Reconciliation of Expenditures and Other Requirements (Form and Contents).
- ORS 294.403 Budget message
- ORS 294.408 Time of making budget message and document
- ORS 294.414 Budget committee
- ORS 294.423 Governing body of certain municipal corporations to be budget committee
- ORS 294.426 Budget committee meeting; notice; receipt of budget message and document; provision of copies of document
- ORS 294.428 Budget committee hearings; approval of budget document
- ORS 294.433 Format for notices and summaries
- ORS 294.438 Publication of notice of meeting, financial summary and budget summary; requirements of financial summary and notice of meeting; rules
- ORS 294.444 County budget summary of revenues and expenditures funded in part by state resources
- ORS 294.448 Manner of publication; alternative requirements in certain cases
- ORS 294.451 Sufficiency of publication of budget documents; notice to governing body and assessor of publication error
- ORS 294.453 Hearing by governing body on budget document as approved by budget committee; alternative procedure in certain cases
- ORS 294.456 Governing body to adopt budget, make appropriations, declare and categorize property tax amount or rate; amendment of budget estimates, appropriations and tax amounts or rates limited; requirements for appropriations and tax amounts or rates
- ORS 294.458 Filing copy of budget and certain documents with county assessor and Department of Revenue; records
- ORS 294.461 Tax certification contrary to law voidable by Oregon Tax Court; appeal procedure
- ORS 294.471 Supplemental budget in certain cases; no increase in property taxes permitted
- ORS 294.473 Procedure when supplemental budget changes estimated expenditures by more than 10 percent
- ORS 294.476 Local option tax approved after adoption of budget; supplemental budget
- ORS 294.495 Department of Revenue to construe Local Budget Law; rules
- ORS 294.500 Declaratory ruling by Department of Revenue as to its rules; rules
- ORS 294.505 Division of Audits to issue notification of budgetary irregularities; Department of Revenue to advise municipal corporation of correct procedures
- ORS 294.510 Order for revision of budgetary procedures; enforcement

2. ORS Excerpts The following are the ORS excerpts applicable to CI/CP in the local JO CO budget process “as determined” by the Authors. When there are questions go to the full text of the ORS.

It is an Authors’ “determination” about the applicable local county budget process’ ORS because the local experts, JO CO Budget Officer and the JO CO Budget Committee, have not been available to discuss the budget process since the Authors first formally requested their assistance last January 2016.

It is an Authors’ “determination” about the applicable local county budget process’ ORS because the local experts, JO CO Budget Officer and the JO CO Budget Committee, have not been available to discuss the budget process since the Authors first formally requested their assistance last January 2016.

The following are the official communications to Arthur O’Hare, Finance Director, or copies to him on budget matters from the Exploratory Committee starting with a request to meet with him on January 20, 2016. As of September 23, 2016 he has been too busy to meet with the Committee (<http://www.hugoneighborhood.org/budgets.htm>).

I. Josephine County Finance Department
Budgets: Josephine County, Oregon
Justice System Exploratory Committee
Hugo Neighborhood Association & Historical Society
<http://www.hugoneighborhood.org/budgets.htm>

- **January 20, 2016** Letter/Email to Arthur O’Hare, Finance Director, JO CO Finance Department, From Committee. Subject: Share Information About JO CO’s JS&PSS Problem/Issue. O’Hare responded, but never had time for a meeting.
- **May 26, 2016** Letter to Josephine County Board of County Commissioners from Exploratory Committee on Citizen’s Guides To The Budget. O’Hare copied. The BCC has not responded as of September 23, 2016.
- **June 4, 2016** Letter to Josephine County Budget Committee from Exploratory Committee on Citizen’s Guides To The Budget & Participating in FY 2017-18 Budget Process. Author O’Hare, Finance Director, has not responded as of September 23, 2016.
- **June 10, 2016** Letter to Oregon Department of Revenue from Exploratory Committee on Clarifying Oregon Local Budget Law. O’Hare copied. Neither ODR or O’Hare has not responded as of September 23, 2016.
- **September 23, 2016** Letter to Arthur O’Hare, Josephine County Budget Officer, and Josephine County Budget Committee from Exploratory Committee on Requesting a Meeting to Clarify the JO CO Budget Process (copies: Oregon Department of Revenue (ODR), Josephine County (JO CO) Board of County Commissionres (BCC) members are part of the Josephine County Budget Committee (JOCOBC); all JO CO elected officials; JO CO Management Team (JOCOMT); and The Grants Pass Daily Courier (TGPDC)).
- **September 23, 2016** Email From Arthur O’Hare, Josephine County Budget Officer, to Exploratory Committee on Exploratory Committee’s Request for Meeting to Clarify the JO CO Budget Process. O’Hare’s response to the meeting request follows -- *“Mike – you are requesting a meeting with me and with the Budget Committee in order to discuss various aspects of the budget process. That is really a decision of the Board of Commissioners for both me individually and for calling together the Budget Committee. I will need to check with them regarding your request and will get back to you when I have more information. Thanks. Arthur O’Hare, Finance Director, Josephine County, Oregon”*

The following are the ORS excerpts applicable to CI/CP in the local JO CO budget process as determined by the Authors (Section II.A.2).

ORS 294.305 (Sections constituting Local Budget Law) to 294.565 (Failure to file copy of required budget, reports or other documents) shall be known as the Local Budget Law (LBL).

ORS 294.311. Definitions for ORS 294.305 to 294.565 (for all definitions go to *Oregon Revised Statutes: 294.305 to 294.565* available at budgets web page)

- (2) Activity means a specific and distinguishable service performed by one or more organizational components of a municipal corporation to accomplish a function for which the municipal corporation is responsible.
- (3) Appropriation means an authorization granted by the governing body to make expenditures and to incur obligations for specific purposes. An appropriation is limited to a single fiscal year for municipal corporations preparing annual budgets, or to the budget period for municipal corporations preparing biennial budgets.
- (5) Budget means a **plan of financial operation** (emphasis added) embodying an estimate of expenditures for a given period or purpose and the proposed means of financing the estimated expenditures.
- (6) Budget document means the estimates of expenditures and budget resources as set forth on the estimate sheets, tax levy and the financial summary.
- (7) Budget period means, for municipal corporations with the power to levy a tax upon property, the two-year period commencing on July 1 and closing on June 30 of the second calendar year next following, and for all other municipal corporations, an accounting period of 24 months ending on the last day of any month.
- (8) Budget resources means resources to which recourse can be had to meet obligations and expenditures during the fiscal year or budget period covered by the budget.
- (19) General county resources means resources from property taxes, state and federal shared revenue, beginning balances available for expenditure and interest not required to be allocated to specific programs or activities.
- (20) Governing body means the city council, **board of commissioners** (emphasis added), board of directors, county court or other managing board of a municipal corporation including a board managing a municipally owned public utility or a dock commission.
- (23) Internal service fund means a fund properly authorized to finance, on a cost reimbursement basis, goods or services provided by one organizational unit of a municipal corporation to other organizational units of the municipal corporation.
- (26) Municipal corporation means **any county** (emphasis added), city, port, school district, union high school district, community college district and all other public or quasi-public corporations including a municipal utility or dock commission operated by a separate board or commission. Municipal corporation includes an intergovernmental entity or council of governments that proposes to impose or imposes ad valorem property taxes.
- (31) Organizational unit means any administrative subdivision of a municipal corporation, especially one charged with carrying on one or more functions or activities.
- (32) Population means the number of inhabitants of a municipal corporation according to certified estimates of population made by Portland State University.
- (33) Program means a group of related activities aimed at accomplishing a major service or function for which the municipality is responsible.
- (35) Publish or publication means any one or more of the following methods of giving notice or making information or documents available to members of the general public:
 - (a) Publication in one or more newspapers of general circulation within the jurisdictional boundaries of the municipal corporation.
 - (b) Posting through the United States Postal Service by first class mail, postage prepaid, to each street address within the jurisdictional boundaries of the municipal corporation and to each post office box and rural route number belonging to a resident within the jurisdictional boundaries of the municipal corporation.
 - (c) Hand delivery to each street address within the jurisdictional boundaries of the municipal corporation.

ORS 294.321 Purposes The purposes of ORS 294.305 (Sections constituting Local Budget Law [LBL]) to 294.565 (Failure to file copy of required budget, reports or other documents) are:

- (1) To establish **standard procedures** (emphasis added) for the preparation, presentation, administration and appraisal of budgets of municipal corporations;
- (2) To provide for a **brief description of the programs** (emphasis added) of a municipal corporation **and the fiscal policy** (emphasis added) which is to accomplish these programs;
- (3) To provide for estimation of revenues, expenditures and proposed taxes;
- (4) To provide **specific methods for obtaining public views the preparation of fiscal policy** (emphasis added);
- (5) To provide for the control of revenues and expenditures for the promotion of efficiency and economy in the expenditure of public funds; and
- (6) To **enable the public, taxpayers** (emphasis added) and investors to be **apprised of the financial policies** (emphasis added) and administration of the municipal corporation in which they are interested.

ORS 294.323 Budget Period (1) A municipal corporation, by **ordinance, resolution or charter** (emphasis added), may provide that the budget and budget documents for the municipal corporation be prepared for a period of 24 months. Unless so authorized by **ordinance, resolution or charter** (emphasis added), a municipal corporation may not prepare a budget and budget documents for a period longer than one fiscal year.

ORS 294.331 Budget Officer 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** (emphasis added) 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.

ORS 294.338 Compliance with Local Budget Law Required Prior to Expenditure or Tax Certification; Exceptions (1) A municipal corporation may not expend money or certify to the assessor an ad valorem tax rate or estimated amount of ad valorem taxes to be imposed in any year unless the municipal corporation has complied with ORS 294.305 (Sections constituting Local Budget Law) to 294.565 (Failure to file copy of required budget, reports or other documents).

ORS 294.388 Estimates and Reconciliation of Expenditures and Other Requirements (Form and Contents).

- (1) Each municipal corporation shall prepare estimates of expenditures and other requirements for the ensuing year or budget period. The estimates must be reconciled so that the total amount of expenditures and other requirements in each fund equals the total amount of resources in the fund for the same period.
- (2) Estimates required under subsection (1) of this section must be **prepared by organizational unit or by program** (emphasis added). For purposes of preparing the estimates, organizational unit does not apply to hospitals, school districts or education service districts.
- (3) Estimates prepared **by organizational unit pursuant to subsection (2) of this section must be detailed under separate object classifications** (emphasis added) of personnel services, materials and services and capital outlay. Separate estimates must be made for operating expenses and general capital outlays that **cannot reasonably be allocated to an organizational unit** (emphasis added) and for special payments, debt service and interfund revenue transfers.
- (4) Estimates prepared by **program pursuant to subsection (2) of this section must be arranged for each activity of a program** (emphasis added). Estimates under each activity must be detailed under separate object classifications of personnel services, materials and services and capital outlay. Separate estimates must be made for operating

expenses and general capital outlays that cannot reasonably be allocated to an activity within a program and for special payments, debt service and interfund revenue transfers.

(5) Estimates of expenditures for personnel services **must include for each organizational unit or activity the total budgeted cost** (emphasis added) of all officers and employees and the number of related full-time equivalent positions. Upon request, a municipal corporation shall make available the current salary of each officer and employee, other than persons who receive an hourly wage or who are hired on a part-time basis. For the purpose of preparing a list of salaries, employees of like classification and salary range may be listed by the number of employees, the highest and lowest salaries and the total amount of all salaries, in each salary range.

(6) Debt service estimates must include separate amounts for principal and interest for each bond issue in each fund.

(7) The estimate for a fund may include an estimate for general operating contingencies.

ORS 294.403 Budget Message A budget message shall be prepared by or under the **direction** (emphasis added) of the executive officer of the municipal corporation or, where no executive officer exists, by or under the direction of the **presiding officer of the governing body** (emphasis added). The budget message shall be delivered at a meeting of the budget committee as provided in ORS 294.426 (Budget committee meeting) (1). The budget message shall:

- (1) **Explain the budget document** (emphasis added);
- (2) Contain a brief **description of the proposed financial policies** (emphasis added) of the municipal corporation for the ensuing year or ensuing budget period;
- (3) **Describe in connection with the financial policies** (emphasis added) of the municipal corporation, **the important features** (emphasis added) of the budget document;
- (4) Set forth the **reason for salient changes** (emphasis added) from the previous year or budget period in appropriation and revenue items;
- (5) Explain the **major changes in financial policy** (emphasis added); and
- (6) **Set forth any change contemplated in the municipal corporations basis of accounting and explain the reasons for the change and the effect of the change** (emphasis added) on the operations of the municipal corporation. [Formerly 294.391]

ORS 294.408 Time of Making Budget Message and Document The budget message and budget document shall be prepared a sufficient length of time in advance to allow the adoption of the budget by the close of the current fiscal year or current budget period.

ORS 294.414 Budget Committee

(1) Except as provided in ORS 294.423 (Governing body of certain municipal corporations to be budget committee), the governing body of each municipal corporation **shall establish a budget committee in accordance with the provisions of this section** (emphasis added).

(2) **The budget committee shall consist of the members of the governing body and a number, equal to the number of members of the governing body, of electors of the municipal corporation appointed by the governing body** (emphasis added); if there are electors fewer than the number required, the governing body and the electors who are willing to serve shall be the budget committee; and if there are no electors willing to serve, the governing body shall be the budget committee.

(4) Appointive members of the budget committee may not be officers, agents or employees of the municipal corporation.

(5) **Appointive members of a budget committee that prepares an annual budget** (emphasis added) shall be appointed for terms of three years. The terms shall be staggered so that, as near as practicable, one-third of the terms of the appointive members end each year.

(9) **The budget committee shall at its first meeting after its appointment elect a presiding officer from among its members** (emphasis added).

ORS 294.426 Budget Committee Meeting; Notice; Receipt of Budget Message and Document; Provision of Copies of Document

(1) **The budget committee established under ORS 294.414 (Budget committee) shall hold one or more meetings for the following purposes:**

(a) **Receiving the budget message prepared under ORS 294.403 (Budget message) and the budget document; and**

(b) **Providing members of the public with an opportunity to ask questions about and comment on the budget document.**(emphasis added)

(2)(a) If a budget committee holds more than one meeting under subsection (1) of this section, the budget message and the budget document must be received at the first meeting.

(b) If the budget committee does not provide members of the public with an opportunity to ask questions about and comment on the budget document at the first meeting, the budget committee must provide the public with the opportunity at a subsequent meeting.

(3)(a) Except as provided in paragraph (b) of this subsection, the budget officer designated under ORS 294.331 (Budget officer) shall publish prior notice of each meeting of the budget committee held pursuant to subsection (1) of this section. The notice must contain the information described in subsection (4) of this section and must be published by one of the methods described in subsection (5) of this section.

(b)(A) If the budget committee holds more than one meeting for the purposes described in subsection (1) of this section, the budget officer may publish a combined notice for all the meetings.

(B) If the budget committee holds more than one meeting for the purpose described in subsection (1)(b) of this section, the budget officer may publish notice of only the first meeting. Notice of subsequent meetings may be given as provided in ORS 294.428 (Budget committee hearings)

(emphasis added) (2). If notice is published for a meeting under this subparagraph and it is subsequently determined that the meeting is unnecessary, notice of cancellation of the meeting must be published as provided in ORS 294.428 (Budget committee hearings).

(4) The notice required under subsection (3) of this section must state:

(a) **The purpose, time and place of the meeting or meetings and the place where the budget document is available;** (emphasis added)

(b) **That the meeting is a public meeting where deliberations of the budget committee will take place; and** (emphasis added)

(c) **If the meeting described in the notice is a meeting at which the budget committee will receive questions and comments from members of the public, that any person may ask questions about and comment on the budget document at that time.** (emphasis added)

(5)(a) **If the notice required under subsection (3) of this section is published only by publication in a newspaper, the notice must be published at least two separate times, not more than 30 days before the meeting date and not less than five days before the meeting date.**(emphasis added)

(b) **The notice may be published once in a newspaper, not more than 30 days before the meeting date and not less than five days before the meeting date, and once on the municipal corporations Internet website, in a prominent manner and maintained on the website for at least 10 days before the meeting date. The newspaper notice must contain the Internet website address at which the notice is posted.** (emphasis added)

(c) If the notice is published by mailing or hand delivery, the notice must be placed with the United States Postal Service or hand delivered not less than 10 days before the meeting date.

(6)(a) At any time before the first meeting required under subsection (1) of this section, the budget officer may provide one copy of the budget document to each member of the budget committee solely for the information and use of the individual members (emphasis added). The budget committee may not deliberate on the budget document as a body before the first meeting.

(b) If the budget officer does not provide copies of the budget document to the members of the budget committee under paragraph (a) of this subsection, the budget officer shall provide copies at the first meeting required under subsection (1) of this section.

(7) 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 the members of the budget committee under subsection (6) of this section. The copy is a public record of the municipal corporation.

(8) The governing body of the municipal corporation must provide to individuals upon request a copy of the budget document or the means of readily obtaining a copy of the budget document.

ORS 294.428 Budget Committee Hearings; Approval of Budget Document

(1) The **budget committee shall approve the budget document** (emphasis added) as submitted by the budget officer or **the budget document as revised and prepared by the budget committee** (emphasis added).

(2) In addition to the meetings held under ORS 294.426 (Budget committee meeting) (1), the **budget committee may meet from time to time at its discretion** (emphasis added). All meetings of the budget committee shall be open to the public. Except for a meeting of the budget committee held under ORS 294.426 (Budget committee meeting) (1), prior notice of each meeting of the budget committee shall be given at the same time as is required for notice of meetings of the governing body of the municipal corporation and may be given in the same manner as notice of meetings of the governing body or by any one or more of the methods described in ORS 294.311 (Definitions for ORS 294.305 to 294.565) (35).

(3) The budget committee may demand and receive from any officer, employee or department of the municipal corporation any information the committee requires for the revision and preparation of the budget document. The budget committee may compel the attendance of any such officer or employee at its meetings.

ORS 294.433 Format for Notices and Summaries Format for publication of notices and summaries required by ORS 294.438 (Publication of notice of meeting, financial summary and budget summary) shall be prescribed by the Department of Revenue.

ORS 294.438 Publication of Notice of Meeting, Financial Summary and Budget Summary; Requirements of Financial Summary and Notice of Meeting; Rules

(1) **Not more than 30 days and not less than five days before the meeting** (emphasis added) of the governing body of a municipal corporation under ORS 294.453 (Hearing by governing body on budget document as approved by budget committee), a notice of the meeting and a financial summary of the budget as approved by the budget committee and compared with the actual expenditures and budget resources of the preceding year or preceding budget period and the budget summary of the current year or current budget period must be published by one or

more of the methods described in ORS 294.311 (Definitions for ORS 294.305 to 294.565) (35) at least once. The notice and financial summary may be published in accordance with forms prescribed by the Department of Revenue **or in a narrative format** (emphasis added) that includes all the information required under subsections (2) to (8) of this section. . . .

(2) Except as provided in ORS 294.441 (Requirements for financial summaries of school, education service and community college districts), the financial summary required under subsection (1) of this section must state separately the total amount of resources included in the budget in each of the following categories:

- (a) Beginning fund balance or net working capital;
- (b) Income from fees, licenses, permits, fines, assessments and all other service charges imposed by the municipal corporation;
- (c) Property taxes approved by the budget committee for the ensuing year, or as increased by the governing body of the municipal corporation as provided in ORS 294.456 (Governing body to adopt budget, make appropriations, declare and categorize property tax amount or rate);
- (d) Federal, state and other grants, gifts, allocations and donations;
- (e) Proceeds from bonds and other borrowings;
- (f) Interfund revenue transfers and reimbursements for internal services; and
- (g) The total of all other budget resources.

(3) Except as provided in ORS 294.441 (Requirements for financial summaries of school, education service and community college districts), the financial summary required under subsection (1) of this section must state separately the total amount of expenditures and other requirements included in the budget in each of the following categories:

- (a) Personnel services;
- (b) Materials and services;
- (c) Capital outlay;
- (d) Debt service;
- (e) Special payments;
- (f) Interfund revenue transfers;
- (g) Operating contingencies; and
- (h) Unappropriated ending fund balance and reserves.

(4)(a) Except as provided in ORS 294.441 (Requirements for financial summaries of school, education service and community college districts), the financial summary required under subsection (1) of this section must state the estimated total amount of expenditures and other requirements and the estimated total number of employees stated in full-time equivalent positions for the ensuing year or ensuing budget period for each organizational unit or program of the municipal corporation.

(b) For purposes of this subsection, organizational unit does not apply to hospitals.

(5)(a) The financial summary required under subsection (1) of this section must describe in **narrative format** (emphasis added) the prominent changes from the current year or current budget period in the activities and financing of the major organizational units or major programs.

(b) For purposes of this subsection, organizational unit does not apply to hospitals.

(6) The financial summary required under subsection (1) of this section must state the municipal corporations operating tax rate or amount and the rate or amount of all other ad valorem property taxes to be certified to the assessor, including separate rates or amounts for local option taxes and ad valorem property taxes for meeting payments on bond principal and interest and for meeting other obligations of the municipal corporation described in section 11 (5), Article XI of the Oregon Constitution. Tax rates must be stated as a rate per thousand dollars of assessed value.

(7) The following statements must be published with the financial summary required under subsection (1) of this section:

- (a) A classified statement of outstanding indebtedness excluding indebtedness that has been defeased as provided in ORS 287A.195 (Compliance with constitutional or statutory debt limits); and
- (b) A classified statement of all indebtedness authorized but not incurred.

- (8) The meeting notice required under subsection (1) of this section must:
- (a) State the time and place of the budget hearing at which the approved budget document may be discussed with the governing body of the municipal corporation;
 - (b) State the place where the complete budget document is available during regular business hours for inspection by the general public and where and when copies of the complete budget document may be obtained;
 - (c) State that the budget has been prepared in accordance with the basis of accounting used in the preceding year or preceding budget period unless a change in the basis of accounting is anticipated; and
 - (d) If a change in the basis of accounting is to be made, explain the change and the effects of the change.
- (9) **The Department of Revenue may adopt rules to implement the provisions of this section** (emphasis added).

Authors' Reference: **Narrative publication—an alternative** As an alternative to the publication forms discussed above, Local Budget Law permits the use of a narrative publication (ORS 294.438). The purpose of a narrative is to give meaning to the budget figures while highlighting significant features in the budget. **A narrative publication can include any other information the governing body wants to provide, in any form or format** (emphasis added) (Chapter 9, Publication Requirements, *Manual*, p. 50).

ORS 294.444 County Budget Summary of Revenues and Expenditures Funded in Part by State Resources County budgets must contain a summary of revenues and expenditures for major programs funded in part by state resources. The summary must include, at a minimum, functions related to assessment and taxation, community corrections, district attorneys, juvenile corrections and probation, public health, mental health and chemical dependency, veterans services, roads and economic development. The summary must provide the total expenses for each program and identify the revenues used to fund the program from general county resources, state grants, federal grants, video lottery resources and other resources as applicable. . . .

ORS 294.448 Manner of Publication

- (2) . . . (**Hearing by governing body on budget document as approved by budget committee** - emphasis added), publish a notice stating:
- (a) The date, time and place of the meeting required under ORS 294.453 (**Hearing by governing body on budget document as approved by budget committee** - emphasis added);
 - (b) The place where the complete budget document is available during regular business hours for inspection by the general public;

ORS 294.451 Sufficiency of Publication of Budget Documents; Notice to Governing Body and Assessor of Publication Error (1) When a notice, budget summary or other document is required to be published under any provision of ORS 294.305 (Sections constituting Local Budget Law) to 294.565 (Failure to file copy of required budget, reports or other documents), publication of the document shall be considered sufficient for all purposes if **a good faith effort is made by the budget officer** (emphasis added) of the municipal corporation to publish by any one or more of the methods described in ORS 294.311 . . .

ORS 294.453 Hearing by Governing Body on Budget Document as Approved by Budget Committee; Alternative Procedure in Certain Cases (1) Except as provided in subsections (2) and (3) of this section, the governing body of a municipal corporation shall meet at the time and place designated in the notice of meeting required under ORS 294.438 (Publication of notice of meeting, financial summary and budget summary) for the purpose of holding a public hearing on the budget document as approved by the budget committee. **At the meeting any person may appear for or against any item in the approved budget document** (emphasis added). . . .

ORS 294.456 Governing Body to Adopt Budget, Make Appropriations, declare and categorize property tax amount or rate; amendment of budget estimates, appropriations and tax amounts or rates limited; requirements for appropriations and tax amounts or rates.

(1)(a) After the public hearing required under ORS 294.453 (Hearing by governing body on budget document as approved by budget committee) (1) and consideration of matters discussed at the public hearing, the governing body of a municipal corporation shall enact the **ordinances or resolutions** (emphasis added) necessary to adopt the budget, to make the appropriations, to determine, make and declare the ad valorem property tax amount or rate to be certified to the assessor for either the ensuing year or each of the years of the ensuing budget period and to itemize and categorize the ad valorem property tax amount or rate as required under ORS 310.060 (Notice certifying taxes). . . .

ORS 294.458 Filing Copy of Budget and Certain Documents with County Assessor and Department of Revenue; Records (1) On or before July 15 of each year, or upon such other date as the Department of Revenue shall designate, each civil subdivision in the state that does not levy an ad valorem property tax, that is subject to the **Local Budget Law** [LBL] and that prepares an annual budget shall file with the Department of Revenue a copy of the **resolution** (emphasis added) adopting the budget and of the **resolution** (emphasis added) making appropriations. . . .

ORS 294.461 Tax Certification Contrary to Law Voidable by Oregon Tax Court; Appeal Procedure

(1) Any ad valorem property tax made contrary to the provisions of ORS 294.305 (Sections constituting **Local Budget Law** (emphasis added)) to 294.565 (Failure to file copy of required budget, reports or other documents) or any other law relating to the making of tax levies shall be voidable as provided in subsection (2) of this section and ORS 310.070 (Procedure when taxes exceed limitations or are incorrectly categorized).

(2) The county assessor, county court, board of county commissioners, the Department of Revenue, tax supervising and conservation commission or **10 or more interested taxpayers** (emphasis added) may appeal to the regular division of the Oregon Tax Court and such appeal shall be perfected in the following manner only: . . .

ORS 294.471 Supplemental Budget in Certain Cases; No Increase in Property Taxes Permitted (1) Notwithstanding requirements as to estimates of and limitation on expenditures, during the fiscal year or budget period for which the original budget was adopted, the governing body of a municipal corporation may make one or more supplemental budgets under any of the following circumstances: . . .

ORS 294.473 Procedure When Supplemental Budget Changes Estimated Expenditures by More than 10 Percent

(1)(a) If the amended estimated expenditures contained in an individual fund that is being changed by a supplemental budget made under ORS 294.471 (Supplemental budget in certain cases) differ by more than 10 percent from the expenditures in the budget as most recently amended prior to the supplemental budget, the governing body of the municipal corporation shall hold a public hearing on the supplemental budget.

(b) Notice of the hearing required under paragraph (a) of this subsection, including a summary of the changes proposed in the funds that differ by more than 10 percent from the expenditures in the budget as most recently amended prior to the supplemental budget, must be published not less than five days before the meeting.

(c) After the hearing, additional expenditures contained in the supplemental budget described in this subsection may not be made unless the governing body of the municipal corporation enacts appropriation **ordinances or resolutions** (emphasis added) authorizing the expenditures. The **ordinances or resolutions** (emphasis added) must state the need for and the purpose and amount of the appropriation.

. . .

ORS 294.476 Local Option Tax Approved after Adoption of Budget; Supplemental Budget

(1) Following the adoption of a budget under ORS 294.456 (Governing body to adopt budget, make appropriations, declare and categorize property tax amount or rate) that does not include **revenue from a proposed local option tax** (emphasis added), if a municipal corporation places a local option tax measure on the ballot for an election held in September and the electors of the municipal corporation approve the measure, in order to impose the local option tax during the current fiscal year or current budget period the governing body of the municipal corporation must:

(a) Adopt an **ordinance or resolution** (emphasis added) to determine, make and declare the **local option tax and to categorize the local option tax** (emphasis added) amount or rate as provided in ORS 310.060 (Notice certifying taxes); . . .

ORS 294.495 Department of Revenue to Construe Local Budget Law; Rules Notwithstanding ORS 294.695 (Attorney General as legal advisor and counsel to commission), the Department of Revenue shall:

(1) **Construe** (emphasis added) ORS 294.305 (Sections constituting **Local Budget Law** - (emphasis added) to 294.565 (Failure to file copy of required budget, reports or other documents) and any other law relating to the making of tax levies when **requested by any interested person** (emphasis added) or by any officer acting under such laws and shall instruct such officers as to their duties under such laws. **Such officers shall submit to the department all questions arising with them which affect the construction of laws of this state relating to local budgetary procedures** (emphasis added).

(2) Make such rules and regulations and prescribe such forms as it considers proper to effectually carry out the purposes of ORS 294.305 (Sections constituting Local Budget Law) to 294.565 (Failure to file copy of required budget, reports or other documents) or any other law relating to the making of tax levies.

ORS 294.500 Declaratory Ruling by Department of Revenue as to its Rules; Rules

1) On **petition by 10 interested taxpayers** (emphasis added) or a municipal corporation, the Department of Revenue may issue a **declaratory ruling with respect to the validity or applicability to any person** (emphasis added), municipal corporation **or state of facts of any rule adopted by the department** (emphasis added).

(2) The Department of Revenue shall adopt rules prescribing the form, content and procedure for submission, consideration and disposition of petitions under subsection (1) of this section.

(3) The Department of Revenue **must afford interested parties a full opportunity for hearing** (emphasis added) on the subject of a petition before issuing a declaratory ruling under subsection (1) of this section.

(4)(a) A declaratory ruling issued under subsection (1) of this section binds the department and all parties to the proceedings on the state of facts alleged, unless it is altered or set aside by a court.

(b) A declaratory ruling is subject to review in the Oregon Tax Court in the manner provided by ORS 294.515 (Appeal by municipal corporation from Department of Revenue order) and is subject to the same limitations under ORS 294.515 (Appeal by municipal corporation from Department of Revenue order) as appeals.

ORS 294.505 Division of Audits to Issue Notification of Budgetary Irregularities; Department of Revenue to Advise Municipal Corporation of Correct Procedures

(1) The Division of Audits created by ORS 297.020 (Functions and duties of Division of Audits) shall notify the municipal corporation and Department of Revenue of any irregularities in the budget procedure of the municipal corporation which is brought to its attention in the audits prepared by the division or brought to its attention in audits which are required to be filed with the division. . . .

ORS 294.510 Order for Revision of Budgetary Procedures; Enforcement

(1) The Department of Revenue **may order a municipal corporation to revise its budget procedures to conform with ORS 294.305** (emphasis added) (Sections constituting **Local Budget Law** (emphasis added)) to 294.565 (Failure to file copy of required budget, reports or other documents) **when irregularities in the procedures of the municipal corporation are called to its attention** (emphasis added).

(2) The Department of Revenue may require the municipal corporation in its order to file for inspection a copy of the budget document at any stage in the procedure of the budget preparation.

(3) If the municipal corporation or officer or employee thereof neglects or refuses to comply with the department order, the department may apply to the judge of the Oregon Tax Court for an order returnable within five days from the date thereof, to compel such municipal corporation, public officer or employee to comply with such order or to show cause why the order should not be complied with.

(4) Any order issued by the judge pursuant to subsection (3) of this section may be appealed from as provided by ORS 305.445 (Appeals to Supreme Court), except that the appeal shall be filed within 10 days of the entering of the order. The Supreme Court shall hear and determine the appeal expeditiously, as may be appropriate for the timely and orderly completion of the budgetary process of the municipal corporation and the extension of its levy upon the assessment and tax roll.

(5) The remedy provided in this section is cumulative and shall not preclude the department from exercising any power or right otherwise provided by law.

B. Oregon Administrative Rules: 150-294.175 to 150-294.920

The State Rulemaking Process. A "rule" is "any agency directive, standard, regulation or statement of general applicability that implements, interprets or prescribes law or policy, or describes the procedure or practice requirements of any agency" - ORS 183.310(9).

OAR Citations. Every OAR uses the same numbering sequence of a three-digit chapter number followed by a three-digit division number and a four-digit rule number. For example, Oregon Administrative Rules, chapter 150, division 294, rule 175 is cited as OAR 150-294.175. 150-294.175 Department of Revenue Review of the County Assessment, Appeal, Collection, and Distribution of Property Taxes.

The following applicable Oregon LBL OAR were identified by the Exploratory Committee's reading of the rules. They are the OAR applicable to CI/CP in the local budget process versus the allocations and appropriations (i.e., accounting details of spread sheets of full time equivalent (FTE) and costs; Appendix E).

Full text of all applicable (see introduction to Section II.A.2) ORS, OARs and this document, *Citizen Involvement In The Josephine County Budget Process*, are available at Chapter V - Budget Process of the budgets web page.

- *Citizen Involvement In The Josephine County Budget Process*
- *Oregon Revised Statutes: 294.305 to 294.565* (Oregon Local Budget Law)
- *Oregon Administrative Rules: 150-294.175 to 150-294.920* (Local Budget)

Chapter V. Budget Process

Budgets: Josephine County, Oregon

<http://www.hugoneighborhood.org/budgets.htm>

1. OAR Outline First is the outline of applicable OAR. Second are the actual OAR excerpts applicable to citizen involvement in the local budget process.

OAR 150-294.175	Department of Revenue Review of the County Assessment, Appeal, Collection, and Distribution of Property Taxes
OAR 150-294.311	Definition of Taxing Authority
OAR 150-294.311(6)	Definition of Budget Document
OAR 150-294.311(31)	Definition of Taxing Authority (Definition of Organization Unit)
OAR 150-294.361(2)	Budget Resources
OAR 150-294.388	Proposed Expenditures-Required Presentation
OAR 150-294.388(1)-(A)	Governmental Fund Definitions
OAR 150-294.414	Quorum Necessary to Hold Meeting
OAR 150-294.426(8)	Charging for Budget Document Copies
OAR 150-294.453(1)	Quorum Necessary to Hold Meeting
OAR 150-294.456(1)-(C)	Publishing of Amended Budget Document
OAR 150-294.456(3)	Manner of Appropriations
OAR 150-294.471	Supplemental Budget Procedures
OAR 150-294.905(2)	Members of the Budget Committee: Governing Body and Appointees. Definition of Representatives of the Services Provided for a Council of Government

2. OAR Excerpts The following are the actual OAR excerpts applicable to CI/CP in the local budget process.

OAR 150-294.175 Department of Revenue Review of the County Assessment, Appeal, Collection, and Distribution of Property Taxes

(1) As used in ORS 294.175, the following applicable definitions will apply:

(a) "Adequacy to provide the resources needed to achieve compliance" means: Appropriate and sufficient resources to maintain compliance with all laws and rules pertaining to the assessment, levying, and collection of property taxes.

(b) "Laws requiring equality and uniformity in the system of property taxation" includes administrative rules implementing those statutes.

(c) "Equality" means equity of assessments as required by the Oregon Constitution and laws to achieve fairness in property taxation.

(d) "Other laws" include but are not limited to Chapters 305 to and including 312.

(e) "Review" under ORS 294.175 may include, but is not limited to, an examination by the department of any county records, both paper and magnetic media; interviews with county staff; field review of values and procedures; and special studies. . . .

(2) County programs operating under a department approved conference agreement or plan must maintain levels of uniformity and equity established under the agreement or plan.

(3) At the department's discretion, the department may examine any property and records to verify the accuracy of county records.

(4) For counties under the Computer Assisted Valuation program, part of the review will consist of the review required by ORS 308.027. When the department conducts a review of counties not under ORS 308.027, current appraisals will be reviewed to ensure they comply with the established standards for an appraisal contained in OAR 150-308.027(10).

(5) The department must provide written notice to the county governing body, assessor, and tax collector of any scheduled review no less than 30 days prior to the date the review is scheduled to begin. This notice must contain:

(a) The date the department will begin its review;

(b) The purpose of the review;

(c) A list of initial records the county must provide to the department. The records must be provided no later than the date specified in (a) above. The county must provide the department access to any records requested that are not available in hard copy or portable format;

(d) An estimate by the department of the number of department staff who will participate in the review. The county must make available adequate work space for the conduct of this review.

(6) **The determination by the department that assessment and taxation activities, functions or services of the county are not adequate to maintain compliance or are not in compliance** (emphasis added) with a conference agreement or plan must be made no later than 40 days prior to the next fiscal quarter. The department will notify the county governing body within 10 days by certified or registered mail of its final determination of deficiency and the approximate amount of funds that will be withheld. If the department's notice is not sent in a timely manner, the funds will be withheld from the next following fiscal quarter which begins at least 40 days from the date of mailing the notice. No further notice by the department will be required. If the deficiency is corrected to the department's satisfaction at least 30 days prior to the start of the ensuing fiscal quarter, no funds will be withheld. . . .

OAR 150-294.311 Definition of Taxing Authority

(1) "Permanent Tax Rate" means the tax rate calculated by the Department of Revenue for the 1997-98 tax roll or as subsequently adjusted as provided for in ORS 310.246. In the case of districts that have never levied a tax, it is the tax rate adopted by voters as set out in Section 11(3)(c), and Section 11(8), Article XI of the Oregon Constitution (emphasis added).

(2) "Local Option Tax" means an ad valorem property tax that exceeds the limitation of the Article XI, Section 11, of the Oregon Constitution. The tax must be adopted by voters as set out in Section 11(4) and Section 11(8), Article XI of the Oregon Constitution. . . .

OAR 150-294.311(6) Definition of Budget Document

(1) The **complete copy** (emphasis added) of the budget document filed with the county clerk under ORS 294.458 must include the following:

(a) A copy of the **two notices of the budget committee meeting** (emphasis added) showing the dates published, or an affidavit of publication, accompanying a copy of the actual publications;

(b) A copy of the notice of budget hearing showing the date published, or an affidavit of publication, accompanying a copy of the actual publications;

(c) A copy of all of the **budget detail sheets** (emphasis added);

(d) A copy of the **resolution statements or ordinance** (emphasis added) that adopt the budget, and make appropriations;

(e) If the district is imposing taxes on property subject to ad valorem property taxation, a copy of the **resolution statement or ordinance** (emphasis added) that imposes the tax;

(f) If the district is imposing taxes on property subject to ad valorem property taxation, a copy of the **resolution statement or ordinance** that categorizes the tax for purposes of Article XI, section 11(b), of the Oregon Constitution;

(g) If the district is imposing taxes on property subject to ad valorem property taxation, a copy of the Notice of Property Tax Levy form;

(h) Sample ballots of any new ad valorem tax authority approved by the voters and being used for the first time by the district.

(2) The **budget document may include any other document the district chooses to include** (emphasis added).

OAR 150-294.311(31) Definition of Taxing Authority (Definition of Organization Unit)

As used in ORS 294.305 to 294.565, an organizational unit is an administrative subdivision of a municipal corporation accountable for specific services, functions, or activities.

OAR 150-294.361(2) Budget Resources Budget resources of a county shall not include proceeds and interest arising under ORS 275.090 to 275.310 which will be distributed to any municipal corporation. However, any proceeds and interest distributed under ORS 275.090 to 275.310 shall be considered a budget resource for the municipal corporation receiving the distribution, including the county.

OAR 150-294.388 Proposed Expenditures-Required Presentation Proposed expenditures presented within a **traditional budget or a program budget must be detailed fully by object of expenditure** (emphasis added) and **as a minimum, be classified by organization unit or program, and categorized into the object classifications** (emphasis added) listed in ORS 294.388(3) and (4) or according to the classification of accounts approved by the Department of Revenue under ORS 294.393. Organizational unit has the same meaning as found in OAR 150-294.311(31).

OAR 150-294.388(1)-(A) Governmental Fund Definitions

(1) For the purpose of this rule "fund" means 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.

(2) Municipal corporations organized and operated on a fund accounting system shall prepare estimates of expenditures for the ensuing year using the following types of funds:

- (a) The General Fund — To account for all financial resources except those required to be accounted for in another fund.
- (b) Special Revenue Funds . . .
- (c) Capital Projects Funds . . .
- (d) Debt Service Funds . . .
- (e) Special Assessment Funds . . .
- (f) Enterprise Funds . . .
- (g) Internal Service Funds . . .
- (h) Trust and Agency Funds . . .

OAR 150-294.414 Quorum Necessary to Hold Meeting. A budget committee must have a quorum, or majority of the total membership of the committee, present in order to hold a meeting. To take any action requires the affirmative vote of a majority of the total budget committee membership. Majority is defined as one more than half unless otherwise specified by law. (emphasis added)

OAR 150-294.426(8) Charging for Budget Document Copies

(1) The budget document of a municipal corporation becomes a public record as defined under ORS 192.410(4) at the time the proposed budget is filed with the office of the governing body. It remains a public record throughout the budget process and after adoption. Municipal corporation budget documents are not exempt from disclosure under Oregon law so they may be inspected by interested individuals. ORS 192.440 authorizes the custodian of any public record to give a copy of the record to a person when requested.

(2) A municipal corporation may charge a fee for a copy of any version of the budget under ORS 192.440.

OAR 150-294.453(1) Quorum Necessary to Hold Meeting To hold a budget hearing there must be a quorum, or majority of the total governing board membership present (emphasis added). To take any action requires the affirmative vote of a majority of the total governing board (emphasis added - [JO CO BCC]). Majority is defined as one more than half unless otherwise specified by law.

OAR 150-294.456(1)-(C) Publishing of Amended Budget Document When publishing an amended budget document, the governing body must include the following information using the same publishing procedures as the original summary described under ORS 294.448: . . .

OAR 150-294.456(3) Manner of Appropriations

- (1)(a) Except as otherwise permitted or required by statute or rule, **amounts must be appropriated by organizational unit or program of each fund** (emphasis added), with one appropriation amount for each organizational unit or program.
- (b) Notwithstanding section (1)(a), municipal corporations may appropriate a separate amounts for an activity within an organizational unit or program as long as the organizational unit or program to which the separately appropriated amount is allocated is also clearly identified.
- (2) Separate amounts in each fund must be appropriated for any operating expenses for personnel services, materials and services, or capital outlay that cannot be allocated to a specific organizational unit or program and for debt service, special payments, interfund revenue transfers, and operating contingencies.
- (3) If a municipal corporation is permitted by statute to estimate expenditures in a manner other than by organizational unit or program under ORS 294.388(2) and no other statute or rule prescribes the manner for appropriation of such expenditures, then it must appropriate by personnel services, materials and services, capital outlay, debt service, special payments, interfund revenue transfers, and operating contingencies for each fund.
- (4) When adopting a biennial budget the appropriated amount is the total for the fund for both years of the ensuing budget period.
- (5) When adopting an annual budget the appropriated amount is the total for the ensuing fiscal year.

OAR 150-294.471 Supplemental Budget Procedures (1) During the fiscal year or budget period, the governing body may find that an **unanticipated condition requires adjustments** (emphasis added) to the budget. If the condition meets the requirements of ORS 294.471, the governing body may prepare a supplemental budget. . . .

OAR 150-294.905(2) Members of the Budget Committee: Governing Body and Appointees. Definition of Representatives of the Services Provided for a Council of Government

- (1) Not all of the governing body members are required to participate on the budget committee. The number of governing body representatives may be determined by each council of governments.
- (2) For the purpose of appointive representation on the budget committee as described in ORS 294.905(2), a "**representative of services provided**" (emphasis added) means a person who is not prohibited from serving by OAR 150-294.905(4) and who is willing to be a delegate for a general classification of services provided. As an example: It is not necessary to seek a member from each senior citizen program (senior employment, home-delivered means, senior transportation, etc.). The member(s) may be appointed from the general classification of "senior citizen services" or "public safety services" or "job training services." A **good faith effort** (emphasis added) should be made to obtain a number of appointive representatives equal to the number of governing body representatives.

C. Local Budgeting Manual

Oregon's Local Budget Law (LBL), per the "*Local Budgeting Manual*", is found in Oregon Revised Statutes (ORS) 294.305 to 294.565 (Appendix D). The following are the Committee's applicable excerpts (see Section II.A.2) from the Oregon's *Local Budgeting Manual*. The full excerpts are in Appendix A3.

- The full text of these statutes can be found on the Oregon Legislature web site at www.leg.state.or.us. (LBM, p. 5)
- They can also be found at the Exploratory Committee' web page: Budgets: Josephine County, Oregon. <http://www.hugoneighborhood.org/budgets.htm>

The law sets out several specific steps that must be followed during the budgeting process. The process must **begin far enough in advance that it can be followed** (emphasis added; *Manual*, p. 5).

1. Introduction, *Local Budgeting Manual* (*Manual*)

a) Purpose of Local Budget Law (*Manual*, p. 5). Budgeting is not simply something a local government does once every year or two. **It is a continuous process, taking 12 or 24 months** (emphasis added) to complete a cycle. The budgeting process has four parts. The budget is:

- 1) prepared,
- 2) approved,
- 3) adopted, and
- 4) executed.

Oregon's Local Budget Law has several important purposes (ORS 294.321):

- (1) To establish **standard procedures for the preparation, presentation** (emphasis added), administration and appraisal of budgets of municipal corporations;
- (2) To provide for a **brief description of the programs** (emphasis added) of a municipal corporation **and the fiscal policy** (emphasis added) which is to accomplish these programs;
- (3) To provide for estimation of revenues, expenditures and proposed taxes;
- (4) To provide **specific methods for obtaining public views the preparation of fiscal policy** (emphasis added);
- (5) To provide for the control of revenues and expenditures for the promotion of efficiency and economy in the expenditure of public funds; and
- (6) To **enable the public, taxpayers** (emphasis added) and investors to be **apprised of the financial policies** (emphasis added) and administration of the municipal corporation in which they are interested.

b) Citizen involvement (*Manual*, p. 5)

- To give the **public ample opportunity to participate in the budgeting process** (*Manual*, p. 5).
- After the budget committee approves the budget, the governing body publishes a summary of the budget and **holds a public hearing, at which any person may appear for or against any item in the budget** (*Manual*, p. 5).
- **Citizen involvement in the budget cycle varies from one community to another** (emphasis added) (*Manual*, p. 5).
- It is up to each local government to prepare a budget that **clearly outlines its fiscal policies for the patrons of the district** (emphasis added) (*Manual*, p. 5).
- **If a budget is clear and concise, taxpayers have a better understanding** (emphasis added) of what services their tax dollars are buying (*Manual*, p. 5).

2. Chapter 1, Who Is Involved In The Budget Process (*Manual*, pps. 7 - 11) Many state and local agencies and organizations are involved in the budget process. This chapter provides an overview of the duties and responsibilities of each.

The authority of the Oregon Department of Revenue for its oversight role in the budgeting process is found in ORS 294.485 to ORS 294.510. ORS 294.495 gives to the department sole authority to interpret and administer Local Budget Law and to issue administrative rules for compliance.

3. Chapter 3, The Budget Process (*Manual*, pps. 13 - 18) **Budget basics** A budget is a financial plan that includes estimates of expenditures and revenues for a single fiscal year or biennium. The **local budgeting process provides procedures** (emphasis added) for evaluating a local government's needs and identifying revenue sources to meet those needs.

A local government's **budget is a public document** (emphasis added). Anything connected with the budget is subject to **public inspection** (emphasis added). The budget is a **guide to the financial management of the local government** (emphasis added). It provides **information that encourages public participation in government** (emphasis added). Temper the detail of the budget with common sense to make the document as informative and uncomplicated as possible.

“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 (emphasis added), or where no executive officer exists, under the direction of the governing body.”

Budget message A budget message is prepared annually by the executive officer of the district. The budget message must:

- **Explain** (emphasis added) the budget document.
- Include a brief **description of the proposed financial policies** (emphasis added) for the coming fiscal year.
- **Describe the important features** (emphasis added) of the budget document in connection with the **financial policies** (emphasis added) of the local government.
- Explain the reason for changes from the previous year in appropriation and revenue items.
- Explain the major **changes in financial policy** (emphasis added).

The budget message is delivered to the budget committee at its first meeting (emphasis added). The budget message must be in writing, since it is a **part of the “complete” budget document** (emphasis added). The message can be delivered by anyone the executive officer or presiding officer appoints.

5. Budget committee meets (ORS 294.426). The **budget message is delivered at the first budget committee meeting** (emphasis added). The **budget message** (emphasis added) explains the proposed budget and any significant changes in the local government’s fiscal policy or financial position. After the initial meeting, the budget committee may meet as many times as needed to revise and complete the budget. **At least one meeting must provide the opportunity for questions and comments from any interested person** (emphasis added). The budget committee is allowed to meet for training and advisory reviews throughout the year, but the budget may not be deliberated before the first meeting for which notice is published. All meetings are subject to Oregon’s Public Meetings Law (ORS Chapter 192).

The budget officer may make the **proposed budget available to the members of the budget committee at any time before the first meeting** (emphasis added), or may distribute the budget at the first meeting. At the time the budget is given to the committee, a copy must be filed in the office 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** (emphasis added).

Public meeting law: ORS 192.610 to 192.690 The Public Meeting Law 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.”

Local Budget Law (LBL) meetings fall within the Public Meeting Law.

4. Chapter 8, The Budget Committee and Approving the Budget (*Manual*, pps. 44 - 46)

Budget Committee Members The budget committee is a local government's **fiscal planning advisory committee** (emphasis added). The governing body of each local government must establish a budget committee (ORS 294.414). **The budget committee is composed of the governing body and an equal number of electors appointed by the governing body** (emphasis added). An elector is a qualified voter who, for example, has the right to vote for a ballot measure submitted by the local government.

All members of the budget committee have equal authority (emphasis added). Each member's vote counts the same. Any member can be elected by the committee as its chair (*Manual*, p. 44).

Budget committee **members should develop a general understanding** (emphasis added) of the **budget process** (emphasis added), the **departments or programs** (emphasis added) 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*" (150-504-400) is recommended.

Duties of the Budget Committee The budget committee meets publicly to review the **budget document as proposed** (emphasis added) by the budget officer. **The committee receives the proposed budget and the budget message** (emphasis added) and holds **at least one meeting in which the public may ask questions about and comment** (emphasis added) on the budget.

The budget committee may meet from time to time throughout the year at the governing body's discretion for purposes such as training (emphasis added). All of these **meetings are open to the public**.

Copies of the Budget The budget officer **may make the proposed budget available to the budget committee at any time before the first budget committee** (emphasis added) meeting advertised in the notice. Alternatively, the budget officer may choose to **make the budget available at the first budget committee meeting** (emphasis added) [ORS 294.426(6)(b)]. Immediately following the release of the proposed budget to the budget committee, the budget officer must file a copy of the budget in the office of the governing body. This **copy becomes a public record** (emphasis added). The governing body must provide copies of this budget, or a **means of quickly duplicating it, to any interested person** (emphasis added). A local government may charge a fee for the copy [OAR 150-294.401(7), implementing ORS 294.426].

Budget Committee Meetings The budget **committee elects a presiding officer** (emphasis added) from among the members at the first meeting [ORS 294.414(9)]. The budget committee also **hears the budget message at its first meeting** (emphasis added). One of the committee's **most important duties is to hear and consider any testimony presented by the public about the budget** (emphasis added).

The budget committee reviews and, if a majority of the committee feels it is necessary, **revises the proposed budget submitted by the budget officer** (emphasis added).

The committee must ultimately **balance each fund and approve the budget** (emphasis added). Committee members may not discuss or deliberate on the budget outside of a public meeting.

The committee **may ask questions of the executive officer or other staff, and request additional information** (emphasis added). The committee is **entitled to receive any information it needs** (emphasis added) to make decisions about the budget (ORS 294.428).

Any budget committee action requires the affirmative vote of a majority of the total budget committee membership [OAR 150-294.336-(B), implementing ORS 294.414].

The budget **committee may approve the budget at the first meeting** (emphasis added). However, it **could take several meetings** (emphasis added) to do so. [ORS 294.428(2)].

Approving the Taxes Once the budget committee has approved the budget, it has completed all of the duties required of it by Local Budget Law. However some local governments have a policy of including the budget committee in other parts of the process, such as adopting a supplemental budget. These are local policy decisions that are up to the discretion of the governing body (emphasis added).

After the budget committee approves the budget (emphasis added), it is turned over to the governing body and the process **enters into the adoption stage** (emphasis added). The governing body has the final responsibility for allocating the resources of the budget to the programs and departments of the local government [ORS 294.456(1)].

5. Chapter 9, Publication Requirements (*Manual*, pps. 47 - 51) Publishing **meeting notices and a financial summary of the budget are some of the most important parts of the budget process** (emphasis added) (ORS 294.426; 294.438; and 294.448).

Notice of Budget Committee Meeting Notice of the first meeting of the budget committee held for the purpose of receiving the budget message and budget document, and the first meeting at which questions and comments from the public will be heard must be published.

Narrative Publication—an Alternative As an alternative to the publication forms discussed above, Local Budget Law permits the use of a narrative publication (ORS 294.438). The purpose of a narrative is to give meaning to the budget figures while highlighting significant features in the budget. . . . A narrative **publication can include any other information the governing body wants to provide, in any form or format** (emphasis added) (*Manual*, p. 50).

6. Chapter 11, The Budget Hearing and Adopting the Budget (*Manual*, pps. 55 - 61) After the budget committee has approved the budget, the governing body must hold a public hearing on that budget and then adopt the budget.

Budget hearing One of the most important steps in the budget process is publishing a summary of the budget (emphasis added) that has been **approved by the budget committee** (emphasis added) and a notice of the budget hearing.

After the “*Notice of Budget Hearing*” is published, the budget hearing must take place at the time and place published or the hearing must be rescheduled and a new notice published. The governing body conducts the hearing and **receives testimony from any person present** (emphasis added) (ORS 294.453). It gives consideration to matters discussed at the hearing (ORS 294.456).

The budget committee is **not required by law** (emphasis added) to be present at the budget hearing. However some local governments make it their **policy to ask the budget committee to participate** (emphasis added).

The hearing must be held on the budget that was approved by the budget committee, even if the governing body intends to modify that version of the budget before adopting it. The **published financial summary** (emphasis added) should also reflect the **version of the budget that was approved by the budget committee** (emphasis added).

7. Glossary (pps. 78 - 82)

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 294.456, renumbered from 294.435).

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 294.428, renumbered from 294.406).

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(5)].

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 294.414, renumbered from 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 294.403, renumbered from 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).

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(20)].

Local government. Any city, county, port, school district, education service district, community college, special district, public or quasi-public corporation (including a municipal utility or dock commission) operated by a separate board or commission; a municipality or municipal corporation under ORS 294.311(26).

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(31)].

Program. A group of related activities to accomplish a major service or function for which the local government is responsible [ORS 294.311(33)].

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

Proposed budget. Financial plan prepared by the budget officer. All funds must balance. It is submitted to the public and the budget committee for review.

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

D. Local Budgeting in Oregon (full excerpts in Appendix A3)

Local Budgeting in Oregon (LBIO is a supplement to the *Local Budgeting Manual* (150-504-420), hereafter called the *Manual*. This booklet will introduce you to the requirements of Oregon's Local Budget Law, but it is not a substitute for the *Manual* (LBIO, p. 1). The following are excerpts from LBIO **applicable to CI in the preparation of the budget, and understanding fiscal policies, program purposes, and the budget message** (emphasis added).

Oregon's Local Budget Law does two important things (LBIO, p. 1).

1. **It establishes standard procedures for preparing, presenting,** (emphasis added) and administering the budget.
2. **It requires citizen involvement in the preparation of the budget** (emphasis added) and public disclosure of the budget before its formal adoption.

Many people rely on you, as an elected or appointed official, to see that the annual budget is prepared correctly. State officials check to see that the budget is prepared and administered according to law, and citizens in your district check to see that programs they want and need are adequately funded. This makes budgeting in Oregon a joint effort **between the people affected** (emphasis added) by the budget and the **appointed and elected officials** (emphasis added) responsible for providing the services (LBIO, p. 1).

To **give the public ample opportunity to participate** (emphasis added) 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 first draft of the budget. The budget committee then reviews and revises the proposed budget before it is formally approved. Notices are published, budgets are made **available for public review** (emphasis added), and **at least two opportunities for public comment** (emphasis added) are provided. These requirements **encourage public participation in the budget-making process and give public exposure to budgeted programs and fiscal policies** (emphasis added) before their adoption (LBIO, p. 1).

Naturally, citizen involvement varies from one community to the next. If the patrons in your district are active and involved, you may find citizens asking for information not specifically required under local budget law. **It is up to your local government to prepare a budget that clearly outlines its fiscal policies and is satisfactory to the voters of the district** (emphasis added). If you can make your budget clear and concise, you'll find that taxpayers have a **better understanding of the purposes** (emphasis added) for which their tax dollars are spent. You may also find the citizen input informative and beneficial (LBIO, p. 1).

Besides outlining programs for the coming year, the budget controls the local government's spending authority. Since the **budgeting process encourages citizen input** (emphasis added), the budget is also a vehicle for **obtaining public opinion about proposed programs and fiscal policies** (emphasis added) of your district (LBIO, p. 1).

The Budget Cycle: The Nine Steps (LBIO, pps. 2 - 3).

Preparing the Budget

Step 1. Budget Officer Appointed.

Step 2. Proposed Budget Prepared.

Approving the Budget

Step 3. Budget Officer Publishes Notice.

Step 4. Budget Committee Meets.

Step 5. Committee Approves Budget.

Advertising and Holding Hearings

Step 6. Budget Summary and Notice of Budget Hearing Published.

Step 7. Budget Hearing Held.

Adopting the Budget

Step 8. Budget Adopted, Appropriations Made, Tax Levy Declared, and Categorized.

Step 9. Budget Filed and Levy Certified.

Budgeting is not something you do once a year. It's a continuous operation, and it takes 12 months to complete a cycle (LBIO, p. 2).

Preparing the Budget (LBIO, p. 2)

1. **Budget officer appointed.** Each local government must have a budget officer, either appointed by the governing body or designated in the local government's charter. The budget officer is under the supervision of either the executive officer or the governing body (LBIO, p. 2).

2. **Proposed budget prepared.** The budget officer is responsible for preparing or supervising the preparation of the proposed budget for presentation to the budget committee (LBIO, p. 2).

Approving the Budget (LBIO, p. 2)

At least one meeting must be held to 1) receive the **budget message** (emphasis added) and budget document, and 2) **hear the public** (emphasis added) (LBIO, p. 2).

When the budget is given to the budget committee, it becomes a **public record and must be made available to the public** (emphasis added) (LBIO, p. 2).

All budget discussions must be held at public meetings. At the budget committee meeting, the budget message is delivered. The **budget message** (emphasis added) explains the proposed budget and significant changes in the local government's financial position. At this meeting, the budget committee may provide members of the public the opportunity to ask questions about or comment on the budget. If public comment is not allowed at this meeting, the budget committee must provide the public with the opportunity at subsequent meetings (LBIO, p. 2).

Advertising and Holding Hearings (LBIO, p. 2)

Adopting the Budget (LBIO, p. 3)

All budgets must meet certain minimum requirements, outlined here. For specific examples consult the *Manual* (LBIO, p. 3).

Under local budget law the budget must follow a basic format (LBIO, p. 3).

The Local Budget Process Chart (LBIO, p. 6). The nine step budget process is shown on the chart.

Step 1.	Budget Officer Appointed.
Step 2.	Proposed Budget Prepared (emphasis added).
Step 3.	Budget Officer Publishes Notice.
Step 4.	Budget Committee Meets.
Step 5.	Committee Approves Budget.
Step 6.	Budget Summary and Notice of Budget Hearing Published.
Step 7.	Budget Hearing Held.
Step 8A.	Tax Levy Declared, and Categorized.
Step 8B.	Budget Adopted, Appropriations Made,
Step 9.	Budget Filed and Levy Certified.

What is a budget committee? The budget committee is the district’s fiscal planning advisory committee (emphasis added). The committee consists of the elected governing body members and an equal number of qualified district voters appointed by the governing body (LBIO, p. 9).

What are the rules about budget committee meetings? Minutes of each meeting are kept. The minutes are the official record of budget committee meetings. It is important that minutes are accurate. **The budget process is required by law and districts may need to document that the process was in compliance with state statutes** (emphasis added) (LBIO, p. 10).

What happens at the first budget committee meeting? Generally, the budget committee elects a chair and other officers, **receives the budget message, hears patrons** (emphasis added), sets dates for future meetings, and adopts rules of order (LBIO, p. 10).

What happens at subsequent budget meetings? At least one meeting must provide the opportunity for the public to ask questions and make comments (emphasis added) about the budget (LBIO, p. 10).

How is the material that is presented by the budget officer at the first meeting prepared? The budgeting process is a **continuous cycle that generally begins long before the budget committee meets** (emphasis added). Each district has its own procedures for budget review and development. In larger districts, each part of the organization may have its own budget preparation process, in which funding requests for the upcoming fiscal year are developed and then “rolled up” into the total agency budget requirements. **By the time the budget committee**

receives the budget message (emphasis added) and budget document, many hours of work have been put into budget development. The budget officer coordinates these efforts with district staff and other administrators (LBIO, p. 10).

May I ask questions other than at budget committee meetings? It could be very helpful and a courtesy to other budget committee members if inquiries are not restricted to committee meetings. **Checking with the administrator and/or budget officer between meetings allows members to explore budget items of interest in greater detail than might be practical during committee meetings** (emphasis added). Questioning also assists the administration/ budget officer by giving an indication of concerns, making it possible to highlight issues that may be of interest to the entire budget committee (LBIO, p. 11).

Can I consult with other budget committee members about details in the budget other than at budget committee meetings? Discussion of the budget committee must always take place in the forum of a public meeting (emphasis added). One of the reasons Oregon uses the budget committee process is to ensure public comment and full disclosure of budget deliberations. It is much better to abide by the spirit of the law and hold **all** discussions at budget committee meetings (LBIO, p. 11).

Can the budget committee add or delete programs or services? Generally, the budget committee's role is not to directly establish or eliminate specific programs or services. **Standards and budget parameters established by the governing body give the budget officer and administrative staff general guidelines for budget development** (emphasis added). The budget officer then prepares a budget which reflects the governing body's parameters. This proposed budget is what the budget committee considers during its meetings. Budget committee influence on programs and services is most often exerted at a higher level, when it approves the overall budget and establishes the tax levy. **Having said all that, if a majority of the budget committee agrees, it can add or delete funding for specific services.** Public participation at budget committee meetings may influence budget committee decisions. However, final authority for administration rests with the governing body. The governing body can make changes after the budget committee has approved the budget, although they may have to re-publish the budget and hold another public hearing to do so (LBIO, p. 11).

After the budget is approved by the budget committee and recommended to the governing body, what action does the governing body take? The governing body must publish a financial summary of the budget that was approved by the budget committee. The notice of the budget hearing is also published with the financial summary. At the **public hearing, the governing body hears any citizen input** on the approved budget (LBIO, p. 12).

Glossary (LBIO, pps. 13 - 14)

Adopted budget. The financial plan adopted by the governing body which forms a basis for appropriations (LBIO, p. 13).

Appropriation. Based on an adopted budget, an authorization for spending specific amounts of money for specific purposes during specific periods of time. Presented in a **resolution or ordinance** (emphasis added) adopted by the governing body (LBIO, p. 13).

Budget. Written report showing the local government's comprehensive financial plan for one fiscal year. Must include a balanced statement of actual revenues and expenditures during each of the last two years, estimated revenues and expenditures for the current and upcoming year (LBIO, p. 13).

Budget committee. Fiscal planning board of a local government, consisting of the governing body plus an equal number of legal voters from the district (LBIO, p. 13).

Budget message. An explanation of the budget and local government's financial priorities. Prepared by or under the direction of the executive officer or presiding officer of the governing body (LBIO, p. 13).

Budget officer. Person appointed by the governing body to assemble budget material and information, prepare the proposed budget, and oversee the budget process (LBIO, p. 13).

Fund. A division in a budget segregating independent fiscal and accounting requirements. An entity within a government's financial plan designated to carry on specific activities or to reach certain objectives (LBIO, p. 14).

Governing body. County court, board of commissioners, city council, school board, board of trustees, board of directors, or other governing board of a local government (LBIO, p. 14).

Ordinance. Written directive or act of a governing body. Has the full force and effect of law within the local government's boundaries, provided it does not conflict with a state statute or constitutional provision. See also "Resolution." (LBIO, p. 14)

Organizational unit. Any administrative subdivision of a local government, especially one charged with carrying on one or more specific functions (such as a department, office, or division). (LBIO, p. 14)

Program. A group of related activities to accomplish a major service or function for which the local government is responsible (LBIO, p. 14).

Proposed budget. Financial and operating plan prepared by the budget officer, submitted to the public and budget committee for review (LBIO, p. 14).

Resolution. A formal expression of will or intent voted by an official body. Statutes or charter will specify actions that must be made by ordinance and actions that may be by resolution. See "Ordinance." (LBIO, p. 14)

Resources. Estimated beginning fund balances on hand at the beginning of the fiscal year, plus all anticipated revenues (LBIO, p. 14).

Revenues. Monies received or anticipated by a local government from either tax or nontax sources (LBIO, p. 14).

E. Josephine County Budget Process – Budget Calendar FY 2016-17 (Appendix C)

The following JO CO budget documents are web published on the Exploratory Committee’s web page.

- Proposed Budget 2016-17*
- Proposed Budget 2016-17 (Introduction, but no identified "Budget Message")*
- Proposed Budget 2016-17 (Budget Import Documents)

Budget Calendar FY 2016-17*

???	Standards and budget parameters (S&BP) established by the governing body and provided to the budget officer and administrative staff general guidelines for budget development.
March 11, 2016.	Completed Budgets to Finance.
March 28, 2016.	Week of JO CO BCC review with Finance and Individual Departments.
April 19, 21, 26, 2016.	Budget Committee Meeting, 4 to 6 p.m. (Other meetings may be added or removed at first meeting).
May 18, 2016.	Hold Budget Hearing.
June 1, 2016.	Adopt and Certify Tax.

F. Summary & Citizen Involvement Research

One of the biggest issues in budget process participation by citizens is information, who controls it, and whether it is trustworthy, and most importantly, whether it is transparent to citizens and the voting public. This is especially critical if the majority of voters do not trust JO CO government.

Naturally, citizen involvement varies from one community to the next. If the citizens in JO CO are active and involved, they might be asking for information not specifically required under minimalist Oregon Local Budget Law (LBL). **It is up to JO CO to prepare a budget that clearly outlines its fiscal policies and is satisfactory to the voters.** If the county can make its budget clear and concise, it may find that taxpayers have a better understanding of the purposes for which their tax dollars are spent.

1. Oregon Local Budget Law ORS 294.305 to 294.565 Process Required All Oregon local governments are required to follow LBL. The following are the ORS excerpts applicable to citizen involvement (CI)/citizen participation (CP) in the local JO CO budget process “as determined” by the Authors. It is an Authors’ “determination” about the applicable local county budget process’ ORS because the local experts (i.e., JO CO Budget Officer and the JO CO Budget Committee), have not been available to discuss the budget process since the Authors first formally requested their assistance January 20, 2016. JO CO is not alone as the Oregon Department of Revenue also has not responded since June 10, 2016 when the Authors requested assistance clarifying LBL’s application to the JO CO budget process

Lack Of JO CO Written Budget Process The JO CO budget decision-making process and decision-making should be transparent so that the voting citizens can observe and understand what is going on and how decisions are being made. **One significant problem is the complete lack of JO CO guidance in the form of county budget action plans** (i.e., strategic plan, financial plan, budget handbook, citizen budget guide, etc.) for the public to start understanding the “ballpark rules” of the budget process procedures before the process starts. The lack of JO CO’s and ODR’s assistance in interpreting LBL is a severe handicap in understanding the budget process.

ORS 294.311(5) Budget means a plan of financial operation embodying an estimate of expenditures for a given period or purpose and the proposed means of financing the estimated expenditures.

ORS 294.311(6) Budget Document means the estimates of expenditures and budget resources as set forth on the estimate sheets, tax levy and the financial summary.

Budget Process In JO CO a budget includes estimates of expenditures and revenues for a single fiscal year. The local JO CO budgeting process includes evaluating its needs and identifying revenue sources to meet those needs. A local government’s budget is a public document. Anything connected with the budget is subject to public inspection. The budget is a guide to the financial management of the local government. It provides information that enables the public to be apprised of financial policies.

ORS 294.321 Local Budget Law Purposes

1. To establish **standard procedures** (emphasis added) for the preparation, presentation, administration and appraisal of budgets of municipal corporations;
2. To provide for a **brief description of the programs** (emphasis added) of a municipal corporation **and the fiscal policy** (emphasis added) which is to accomplish these programs;
3. To provide for estimation of revenues, expenditures and proposed taxes;
4. To provide **specific methods for obtaining public views the preparation of fiscal policy** (emphasis added);
5. To provide for the control of revenues and expenditures for the promotion of efficiency and economy in the expenditure of public funds; and
6. To **enable the public, taxpayers** (emphasis added) and investors to be **apprised of the financial policies** (emphasis added) and administration of the municipal corporation in which they are interested.

Evolutions of Local Budget Law Budgeting is not simply something JO CO does once every year. It is a continuous process, taking 12 months to complete a cycle. The budgeting process has three final evolutions of the completed budget.

1. Final Completed Budget Officer’s Proposed Budget,
2. Final Completed Budget Committee’s Approved Budget, and
3. Final Completed BCC’s Adopted Budget.

Traditional Required ‘Steps’ in LBL Public Decision Process The JO CO’s hearing and public comment processes tend to be formalistic, one-way communication from members of the public to the JOCO Budget Committee (JOCOBC) and the JO CO Board of County Commissioners (BCC). The citizen’s role is to react.

ORS 294.331 Budget Officer appointed by the JO CO BCC shall prepare or supervise the preparation of the local proposed budget document.

ORS 294.403 Budget Message A budget message is prepared annually by the JO CO Budget Officer of JO CO. The budget message is delivered by the JO CO Budget Officer to the JOCOBC at its first meeting. The budget message must be in writing, since it is a part of the “complete” budget document. The budget message purposes follow

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

ORS 294.414 Budget Committee The JOCOBC meets publicly to review the proposed budget document as proposed by the JO CO Budget Officer. The committee holds at least one meeting in which the public may ask questions about and comment on the budget. It approves the proposed budget.

Legal Traditional (LBL ORS 294.305 to 294.565) To enable the public to be apprised of the financial policies in the JO CO budgeting process, LBL 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 JOCOBC then reviews, and revises as needed, the proposed budget before it is formally approved. Notices are published, budgets are made available for public review, and at least two meeting opportunities for public comment are provided (i.e., one to JOCOBC and one to the JO CO BCC). These requirements enable the public to be apprised of the budget-making process and budgeted programs and fiscal policies before their adoption by the JO CO BCC.

2. Participants A major idea is that the political culture of JO CO must want to seek participation as much as the citizen participants want to give it, and citizens are less likely to participate if the political environment is not positive and accepting of input. The stakeholder of the JO CO budget process follow.

- JO CO BCC (3 Elected Commissioners).
- Seven Other Elected Officials (i.e., Sheriff, District Attorney, Assessor, Clerk, Surveyor, Treasurer, and Legal Counsel).
- JO CO Staff of Elected Officials.
- JO CO Budget Committee (3 members of BCC; 3 citizen representatives are appointed by BCC).
- Citizens (What are citizens' preferences, and how were they determined?).

Are the participants equals? Are they partners? Research indicates that the selection of participants to be involved in the government budget process is another important design component. Researchers suggest that participation should be open to large numbers of people. Participants should also be representative of the community, to give wide access and not close anyone out of the process. The participant-selection method might also be critical; for example, officials could invite individuals based on neighborhood involvement, or individuals could self-select. Selection methods that purposively seek to include a wide range of perspectives are better received than those in which selection is perceived as cronyism that supports a particular political agenda (Appendix L).

Participation pathologies can come from the inequality of power and information of citizens and JO CO government. Dialogue with other non-designated speakers are probably not permitted at meetings, even if citizen questions were pertinent. Citizens usually get no information about rejected alternatives from either the JOCOBC and/or the BCC, and were allowed only to react to the proposal. They are frequently told that the proposal represents the best answer. The focus is on technical data, and citizens who wanted to speak of fairness and justice were ruled out of order. This situation was one of “distorted communicative action” due to the inequalities in treatment of speakers, lack of muliti-way dialogue, and control of the agenda.

3. Citizen Participation Models The models of “citizen leadership,” “technocratic expert,” and “bureaucratic indifference” provide different theoretical perspectives to think about how professional administration affects managers’ and elected officials’ behavior in regard to involving citizens in the budget process. The “Technocratic Expert” Model is concerned with the tension between professional administration and CI/CP. For instance, the tension between professional expertise and democratic governance is an important political dimension of our time. As public problems become highly sophisticated in modern society, policy processes are increasingly dominated by professional experts. Such technocratic dominance is likely to hamper CI/CP because administrative decision-making based on expertise and professionalism may leave little room for participatory processes.

4. Range of CI/CP Budget Processes Allowed by LBL ORS 294.305 to 294.565 (Traditional to Enhanced) There are traditional LBL budget process requirements for citizen participation applicable to all local governing bodies. These minimal requirements must be followed. However, under JO CO’s home rule charter, it may provide for the exercise of county authority over matters of county concern, such as enhanced CI/CP procedures beyond the minimums of the Oregon Local Budget Law (Section V.C.1.b)). With enhanced citizen participation, formulated policies might be more realistically grounded in citizen preferences, the public might become more sympathetic evaluators of the tough decisions that JO CO Budget leaders have to make, and the improved support from the public might create a less divisive, combative populace to govern and regulate (Appendix L).

The traditional budget method under LBL is JO CO’s institutionalized practice of public meetings and hearings as the normal method to involve citizens in planning. The ‘review and comment’ methodology – decide on the policy, then introduce it to the public in a public hearing – is usually a poor educational vehicle for complex topics, not to mention grossly inadequate as a persuasion tool, but is still used extensively by local governments in Oregon.

Research identifies that many citizens view effective public participation through a different lens. Overall, they believe an effective participation system should include two-way communication between all stakeholder groups (i.e., JO CO BCC, other elected officials, their staff, and citizens), more opportunity to be heard earlier in the process (not in late May - June at the budget public meetings/hearings), and involvement in honest open dialogue with staff and elected officials regarding the budget and the citizens’ role in the process.

Public engagement increases the likelihood for more lasting public decisions and for an increased trust between residents and JO CO. Involving the public in budgeting decisions is also an opportunity to invest in a community’s “civic infrastructure” – the community’s ability to work through and solve problems together. Taken together, the results include a more open, responsive and collaborative system of local governance. Public engagement may also help residents to better understand the state-local finance system so that they are better equipped to make well informed decisions at the ballot box and for future proposed public safety levies.

Assessment For CI/CP In Budget Process The obstacles to collaborative participation are considerable, but they can be overcome. The most basic starting point, however, is to recognize that many situations are not appropriate for collaborative methods in the first place. Before undertaking a collaborative effort, planners must make sure a conflict assessment is done to find the obstacles and determine whether they can be overcome. This identifies the potential stakeholders and their interests and resources. It then looks at the costs and at the potential political opposition or support for such an effort and assesses the likelihood that agreements reached will have an impact. Such a study must make a comparison between a realistic estimate of staffing costs and technical assistance in a collaborative process with the costs of litigation, delay, continuing conflict, and lack of revenues needed. While properly done collaborative methods may seem costly, the costs of not using such methods can be even greater.

LBL Outcomes – Supporting Analysis Lacking/Transparency in Government The minimal CI level of public participation, as defined by the public meeting and public hearing format in the JO CO budget process, is the county’s informal goal of “Inform.” The public participation goal of “Inform” is to provide the public with balanced and objective information to assist them in understanding the problems. This is pretty much the purpose of CI, per the LBL purpose of ORS 294.321(6), to enable the public to be “apprised”.

In practice, as study after study has suggested, **citizen participation in budgetary decision making is typically minimalist and yields few, if any, directly observable results, especially legally required methods of public participation in government decision making – public hearings, review and comment procedures in particular.** JO CO is one of a majority of Oregon local governments practicing the minimal required LBL process – public hearings with opportunity for public input procedures. Is JO CO wasting a valuable opportunity to understand and refine the priorities of the community, to educate the public about fiscal priorities and trade-offs, to enhance trust and transparency in government, and to pull together as a community? Or is it acting in a pragmatic fashion, gathering and considering policy preference information using other input mechanisms?

The framework for measuring citizen participation success should be clearly defined early in the budget process before the proposed budget is given to the JOCOBC. Measuring participation success can be framed, for example, by fairness and competence, as **participation is most beneficial when it occurs early in the process so that it can actually affect decisions**, when it is two-way deliberative communication rather than simply one-way information sharing, and when the mechanisms are designed around the purpose for participation (i.e., during a year long process versus a two-month JOCOBC review and approve process; Appendix L). Ultimately the differences between the methods legally required in the US, Oregon, and JO CO, and collaborative approaches include: one-way talk vs. dialogue; elite or self-selected vs. diverse participants; reactive vs. involved at the outset; top-down education vs. mutually shared knowledge; one-shot activities vs. continuous year long engagement; and use for routine activities vs. for controversial choices.

Opaque Budget Process The Authors can easily conclude the budget process is opaque as they have been studying the JO CO budget process intensively for six months, and are still struggling to speculate about the big picture, and numerous JO CO process details. For example, the JO CO Budget Officer has been too busy to meet with the Exploratory Committee since January 20, 2016 to September 28, 2016 to talk about the county budget process. This includes the ODR since June 10, 2016. This experience is certainly not transparency in government, especially since both organizations advertized they are available to help explain the LBL. The JO CO budget document is available, but not transparent from the date the JO CO Budget Officer’s proposed budget document is delivered to the JOCOBC for its first advertized meeting in the sense of being “apprised” or informed (i.e., there are a few JOCOBC meetings open to the public where they can be apprised and give input). The JOCOBC purpose is to approve the proposed budget.

The Authors’ position is that the BCC’s public participation goal of “Inform” might be very satisfactory with many citizens where there are not issues/problems as identified by voters, especially if the majority of the public has no problems or trust issues. This is not the case for JO CO with the significantly reduced county O&C revenue since FY 2012 -13 along with other unknowns (e.g., further degradation of O&C revenues; scary horrific past of future unforeseen unemployment, bankruptcies and foreclosures; state forecasts of revenue growth facing downward pressure; unanticipated PERS costs; etc.). The BCC has the specific issue of funding mandated and essential PSS programs at levels it determines appropriate, and it has public trust issues. Adding to the problem is that the public safety issue is not the simple focus of taxes versus safety. The JO CO public safety issue is multifaceted with citizen perceptions and engagement decisions, pro and con, involving a multitude of reasons for involvement or not participating by the public.

See Chapter V, Analysis: Elements and Components of Citizen Participation in Budgeting Process, for CI/CP information on impacting citizens.