

# Chapter 294

2003 EDITION

## County and Municipal Financial Administration

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## GENERAL PROVISIONS

**294.004 Definitions.** For the purposes of this chapter, unless the context requires otherwise:

(1) "Local government" means any county, municipality, political subdivision or school district.

(2) "Custodial officer" means the officer having custody of the funds of any county, municipality, political subdivision or school district.

(3) "Deferred compensation plan" means a plan, established by any employer that is a county, municipality, political subdivision or school district, that has as its purposes the deferral of compensation to employees of such employer and the deferral of income taxation on such deferred compensation.

(4) "Deferred employee compensation" means funds under an agreement providing for payment at a future date by a municipal corporation for services currently rendered by an eligible employee in fixed or variable amounts for life or for a guaranteed number of years after retirement or termination of employment.

(5) "Nationally recognized statistical rating organization" has the meaning given that term in Rule 15c3-1 under the Securities Exchange Act of 1934, as amended.

(6) "Surplus funds" means all funds that are not pension funds and that are not required for immediate expenditure. [1975 c.359 §2; 1977 c.470 §1; subsection (4) enacted as 1977 c.102 §1; 1995 c.245 §1; 1997 c.179 §25]

## COUNTY AND MUNICIPAL FINANCIAL ADMINISTRATION

### (Generally)

**294.005 Definitions for ORS 294.005 to 294.025.** As used in ORS 294.005 to 294.025, unless the context requires otherwise:

(1) "Warrant" means a warrant issued by a subdivision.

(2) "Subdivision" means any county, municipal corporation, quasi-municipal corporation, or civil or political subdivision in this state.

**294.010 Surrender of warrants upon payment.** Subject to ORS 294.015, no warrant issued by a subdivision shall be paid unless such warrant is surrendered and delivered to the officer charged with the payment thereof, contemporaneously with payment or prior thereto.

**294.015 Payment on lost, stolen or destroyed warrants upon affidavit of owner, payee or representative.** A warrant may be paid without surrender or delivery thereof if

the one claiming to be the lawful owner of the warrant:

(1) Satisfies the officer by whom payment is to be made that the warrant has been lost, stolen or destroyed prior to the owner having received value therefor or having negotiated the warrant; and

(2) Furnishes to the issuing officer a written statement signed by such person specifically alleging that the owner is the lawful owner, payee or legal representative of the lawful owner or payee of the original instrument giving the date of issue, the number, amount, for what services or claim the original instrument was issued and that the original instrument has been lost, destroyed or stolen, and has not been paid. However, if the lawful owner, payee or legal representative is (a) a bank or national bank, (b) the federal government or (c) this state or any board, department, commission or subdivision of this state, or any officer thereof in the officer's official capacity, a certificate may be furnished in lieu of an affidavit or affirmation. The issuing officer may also, in the officer's discretion, require the bank or national bank to furnish a satisfactory indemnity agreement executed by the bank or national bank. [Amended by 1979 c.763 §6]

**294.020** [Repealed by 1979 c.763 §7]

**294.025 Effect of wrongful payment; liability of officer.** When any warrant is paid, other than as authorized by ORS 294.005 to 294.025, such wrongful payment shall not relieve the political body issuing the warrant from liability to the true and lawful owner thereof; but the officer or person making such wrongful payment and the sureties on the official bond of the officer or person, if any, shall be responsible to the political body represented by the officer or person in making such payment, for the full amount of the loss occasioned thereby.

**294.027 Provisions relating to warrants and payment of claims.** (1) In addition to any other provisions of law for the issuance and payment of warrants of any municipal or quasi-municipal corporation or civil subdivision of this state other than school districts, the governing body thereof may by resolution authorize such practices with respect to the form, issuance, delivery, indorsement and payment of warrants as it shall deem convenient, efficient and in the public interest, conforming substantially to those specified in subsection (1) or (2) of this section or in ORS 294.028.

(2) Such governing body may authorize the use of check-warrant forms, to be drawn by its appropriate warrant issuing officer or officers upon the custodian of its funds, so prepared that such custodian may, by sub-

scribing a direction to the depository of such funds to pay the same to the order of the payee, convert the instrument to a check or, by subscribing an indorsement that such warrant is not paid for want of funds, convert the same to an interest-bearing warrant and such governing body may direct that such check-warrants shall not be delivered to the payees therein named until such direction or indorsement shall have been subscribed by the custodian of its funds.

(3) Such governing body may provide that when funds are available for the payment of approved claims, the approval of claims for payment shall, without the issuance of any warrant, be authority to the custodian of its funds to pay such claims by check. [1953 c.664 §1]

**294.028 Payment of warrants by depository.** When authorized by the governing body, any custodian of funds of any municipal or quasi-municipal corporation or civil subdivision of this state other than a school district may direct the depository of such funds to pay any warrant drawn upon such custodian upon presentment of such warrant to such depository, to the same extent and with the same effect as though such warrant were a check drawn upon such depository by such custodian. Such direction shall be in writing and shall identify by name and signature the warrant issuing officer or officers and such depository may rely upon such direction and identification in the payment of such warrants. [1953 c.664 §2]

**294.029 Provisions of ORS 294.027 and 294.028 not mandatory.** Nothing contained in ORS 294.027 or 294.028 shall be deemed to require any municipal or quasi-municipal corporation or civil subdivision of this state or any custodian of public funds to exercise any of the powers conferred by such sections. [1953 c.664 §3]

**294.030 Deductions for bonds from compensation of municipal and other employees; purchasing bonds in advance.** (1) The governing body of a municipal corporation, quasi-municipal corporation or civil subdivision of the state may, with the approval of the relevant employees of the municipal corporation, quasi-municipal corporation or civil subdivision, make deductions from their salaries and wages for the purpose of purchasing for them United States War Savings Bonds or other federal obligations.

(2) The governing body shall take proper precautions for the depositing, securing and disbursing of the sums so deducted and for the delivering of all bonds or other obligations purchased.

(3) Balances to the credit of the accounts in which the sums so deducted are deposited

may be used for the purchase in advance, from the federal government or from any federal reserve bank or other authorized federal agency, of war savings bonds or other obligations of the federal government, either in blank or in inscribed form, in convenient denominations to meet the requirements of the purchasers thereof.

**294.033 Investment of deferred compensation funds.** Funds set aside by any local government pursuant to a deferred compensation plan may be invested in any investment enumerated in ORS 294.035 and shall not be subject to the collateral requirements of ORS chapter 295. [1977 c.470 §3; 1997 c.179 §26]

**294.035 Investment of surplus funds of political subdivisions; approved investments.** Subject to ORS 294.040 and 294.135 to 294.155, the custodial officer may, after having obtained a written order from the governing body of the county, municipality, political subdivision or school district, which order shall be spread upon the minutes or journal of the governing body, invest any sinking fund, bond fund or surplus funds in the custody of the custodial officer in the bank accounts, classes of securities at current market prices, insurance contracts and other investments listed in this section. However, the custodial officer of any county shall make no such investment of funds belonging to any municipality, political subdivision or school district, unless and until the custodial officer has received a written order from the governing body of the municipality, political subdivision or school district to which the funds belong, which order authorizes the custodial officer to invest the funds, and which order has been spread upon the minutes or journal of the governing body. This section, however, shall not limit the authority of the custodial officer to invest surplus funds in other investments when the investment is specifically authorized by another statute. Investments authorized by this section are:

(1) Lawfully issued general obligations of the United States, the agencies and instrumentalities of the United States or enterprises sponsored by the United States Government.

(2) Lawfully issued debt obligations of the agencies and instrumentalities of the State of Oregon and its political subdivisions that have a long-term rating of A or an equivalent rating or better or are rated on the settlement date in the highest category for short-term municipal debt by a nationally recognized statistical rating organization.

(3) Lawfully issued debt obligations of the States of California, Idaho and Washington and political subdivisions of those states if

the obligations have a long-term rating of AA or an equivalent rating or better or are rated on the settlement date in the highest category for short-term municipal debt by a nationally recognized statistical rating organization.

(4) Time deposit open accounts, certificates of deposit and savings accounts in insured institutions as defined in ORS 706.008, in credit unions as defined in ORS 723.006 or in federal credit unions, if the institution or credit union maintains a head office or a branch in this state.

(5) Share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

(6) Fixed or variable life insurance or annuity contracts as defined by ORS 731.170 and guaranteed investment contracts issued by life insurance companies authorized to do business in this state.

(7) Trusts in which deferred compensation funds from other public employers are pooled, if:

(a) The purpose is to establish a deferred compensation plan;

(b) The trust is a public instrumentality of such public employers and described in section (2)(b) of the Investment Company Act of 1940, 15 U.S.C. 80a-2(b), as amended, in effect on September 20, 1985, or the trust is a common trust fund described in ORS 709.170;

(c) Under the terms of the plan the net income from or gain or loss due to fluctuation in value of the underlying assets of the trust, or other change in such assets, is reflected in an equal increase or decrease in the amount distributable to the employee or the beneficiary thereof and, therefore, does not ultimately result in a net increase or decrease in the worth of the public employer or the state; and

(d) The fidelity of the trustees and others with access to such assets, other than a trust company, as defined in ORS 706.008, is insured by a surety bond that is satisfactory to the public employer, issued by a company authorized to do a surety business in this state and in an amount that is not less than 10 percent of the value of such assets.

(8)(a) Banker's acceptances, if the banker's acceptances are:

(A) Guaranteed by, and carried on the books of, a qualified financial institution;

(B) Eligible for discount by the Federal Reserve System; and

(C) Issued by a qualified financial institution whose short-term letter of credit rating is rated in the highest category by one

or more nationally recognized statistical rating organizations.

(b) For the purposes of this subsection, "qualified financial institution" means:

(A) A financial institution that is located and licensed to do banking business in the State of Oregon; or

(B) A financial institution that is wholly owned by a financial holding company or a bank holding company that owns a financial institution that is located and licensed to do banking business in the State of Oregon.

(c) A custodial officer shall not permit more than 25 percent of the moneys of a local government that are available for investment, as determined on the settlement date, to be invested in banker's acceptances of any qualified financial institution.

(9)(a) Corporate indebtedness subject to a valid registration statement on file with the Securities and Exchange Commission or issued under the authority of section 3(a)(2) or 3(a)(3) of the Securities Act of 1933, as amended. Corporate indebtedness described in this subsection does not include banker's acceptances. The corporate indebtedness must be issued by a commercial, industrial or utility business enterprise, or by or on behalf of a financial institution, including a holding company owning a majority interest in a qualified financial institution.

(b) Corporate indebtedness must be rated on the settlement date P-1 or Aa or better by Moody's Investors Service or A-1 or AA or better by Standard & Poor's Corporation or equivalent rating by any nationally recognized statistical rating organization.

(c) Notwithstanding paragraph (b) of this subsection, the corporate indebtedness must be rated on the settlement date P-2 or A or better by Moody's Investors Service or A-2 or A or better by Standard & Poor's Corporation or equivalent rating by any nationally recognized statistical rating organization when the corporate indebtedness is:

(A) Issued by a business enterprise that has its headquarters in Oregon, employs more than 50 percent of its permanent workforce in Oregon or has more than 50 percent of its tangible assets in Oregon; or

(B) Issued by a holding company owning not less than a majority interest in a qualified financial institution, as defined in subsection (8) of this section, located and licensed to do banking business in Oregon or by a holding company owning not less than a majority interest in a business enterprise described in subparagraph (A) of this paragraph.

(d) A custodial officer shall not permit more than 35 percent of the moneys of a lo-

cal government that are available for investment, as determined on the settlement date, to be invested in corporate indebtedness, and shall not permit more than five percent of the moneys of a local government that are available for investment to be invested in corporate indebtedness of any single corporate entity and its affiliates or subsidiaries.

(10) Securities of any open-end or closed-end management investment company or investment trust, if the securities are of the types specified in subsections (1) to (3), (8) and (9) of this section and if the investment does not cause the county, municipality, political subdivision or school district to become a stockholder in a joint company, corporation or association. A trust company or trust department of a national bank while acting as indenture trustee may invest funds held by it as indenture trustee in any open-end or closed-end management investment company or investment trust for which the trust company or trust department of a national bank or an affiliate of the trust company or trust department of a national bank acts as investment adviser or custodian or provides other services. However, the securities of the investment company or investment trust in which such funds are invested must be of the types specified in subsections (1) to (3), (8) and (9) of this section and the investment must not cause the county, municipality, political subdivision or school district whose funds are invested to become a stockholder in a joint company, corporation or association. For purposes of this subsection, companies are affiliated if they are members of the same affiliated group under section 1504 of the Internal Revenue Code of 1986 (26 U.S.C. 1504).

(11) Repurchase agreements whereby the custodial officer purchases securities from a financial institution or securities dealer subject to an agreement by the seller to repurchase the securities. The repurchase agreement must be in writing and executed in advance of the initial purchase of the securities that are the subject of the repurchase agreement. Only securities described in subsection (1) of this section shall be used in conjunction with a repurchase agreement and such securities shall have a maturity of not longer than three years. The price paid by the custodial officer for such securities may not exceed amounts or percentages prescribed by written policy of the Oregon Investment Council or the Oregon Short Term Fund Board created by ORS 294.885. [Amended by 1957 c.53 §1; 1957 c.689 §1; 1965 c.404 §1; 1973 c.157 §1; 1973 c.288 §1; 1974 c.36 §9; 1975 c.359 §3; 1977 c.300 §1; 1981 c.804 §84; 1981 c.880 §13; 1983 c.456 §2; 1985 c.256 §2; 1985 c.440 §1; 1985 c.690 §2; 1987 c.493 §1; 1991 c.459 §379; 1993 c.59 §1; 1993 c.452 §1; 1993 c.721 §1; 1995 c.79 §102; 1995 c.245 §2; 1997 c.249 §91; 1997 c.631 §446; 1999 c.601 §1; 2001 c.377 §43; 2003 c.405 §1]

**294.040 Restriction on investments under ORS 294.035.** The bonds listed in ORS 294.035 (1) to (3) may be purchased only if there has been no default in payment of either the principal of or the interest on the obligations of the issuing county, port, school district or city, for a period of five years next preceding the date of the investment. [Amended by 1995 c.245 §3]

**294.045** [Amended by 1959 c.224 §1; 1973 c.157 §2; repealed by 1975 c.359 §7]

**294.046 List of approved securities for investment under ORS 294.035; distribution.** The State Treasurer shall prepare and keep current a list of agencies and instrumentalities of the United States with available obligations that any county, municipality, political subdivision or school district may invest in under ORS 294.035 (1) and 294.040. The list shall be distributed, upon request, to any county, municipality, political subdivision or school district. [1973 c.157 §3; 1975 c.359 §4; 1995 c.245 §4]

**294.047 Loss of principal on liquidation of investments.** Whenever the custodial officer is forced to liquidate investments made pursuant to ORS 294.035 and 294.040 to meet current cash demands and such liquidation results in a loss of invested principal because the securities were liquidated prior to maturity under market conditions unfavorable to such liquidation, the loss shall be charged against current or future investment earnings and the custodial officer shall not be personally liable to make good such loss. [1959 c.612 §1; 1963 c.465 §1; 1975 c.359 §5]

**294.048 Borrowing money when premature withdrawal or liquidation of certain investments would cause loss.** When funds invested under ORS 294.035 (4) are required to meet current cash demands and when withdrawal or liquidation of such investments at the time would cause a loss because the investment would be withdrawn or liquidated prior to maturity, the custodial officer may, after receiving the approval of the governing body, borrow funds on short-term promissory notes that shall be secured by pledging or assigning the investments held under ORS 294.035 (4). The notes shall mature in not more than six months after date of issue. If a lender demands physical possession of the certificates of deposit or other evidence of an investment pledged or assigned under this section, the custodial officer shall deliver the certificate or other evidence to the lender. [1967 c.411 §1; 1975 c.359 §6; 1995 c.245 §5]

**294.050 County borrowing money from county general road fund.** The county court or board of county commissioners may borrow money from the general road fund of the county to supplement depleted election accounts within the general fund of the

county if there is no money within the emergency fund of the county to supplement the depleted accounts within the general fund. The amount so borrowed shall be returned to the general road fund during the following fiscal year from the first funds available in the general fund, or from the emergency fund. [Amended by 1959 c.664 §29; 1969 c.616 §1]

**294.052 Definitions; investment by municipality of proceeds of bonds or certificates of participation.** (1) As used in this section:

(a) "Bond" has the meaning given that term in ORS 288.605.

(b) "Certificate of participation" has the meaning given that term in ORS 288.605.

(c) "Municipality" means a unit of local government within Oregon including, but not limited to, cities, counties, school districts, special districts, public corporations and intergovernmental corporations organized under the authority of ORS 190.010.

(2) Notwithstanding ORS 294.135 or 294.145 or any other law or charter provision, a municipality may invest proceeds of bonds or certificates of participation and amounts held in a bond or certificate of participation payment, reserve or proceeds fund or account in float agreements, debt service deposit agreements, forward investment agreements, guaranteed investment contracts or other investment agreements if the agreements or contracts:

(a) Produce a guaranteed rate of return;

(b) Are fully collateralized by direct obligations of, or obligations guaranteed by, the United States; and

(c) Require that the collateral be held by the municipality, an agent of the municipality or a third-party safekeeping agent. [1999 c.559 §21; 2001 c.537 §7]

**294.053 Investment by county in master warrants of county.** A county treasurer may invest any sinking fund, bond fund or surplus of funds in the custody of the county treasurer in master warrants of that county issued under ORS 287.482 to 287.488. [1959 c.208 §1]

**294.055 Use by counties of moneys received from federal government under the Mineral Leasing Act.** All funds received from the United States Government under the Mineral Leasing Act and Acts amendatory thereof and distributed to counties pursuant to ORS 293.565 shall be used for the support of public schools or for the construction and maintenance of public roads in such counties.

**294.060 Apportionment of moneys received by counties from federal forest reserves to road and school funds.** (1) The moneys received by each county under ORS 293.560 shall be divided 75 percent to the road fund and 25 percent to the school fund of the county and, subject to subsection (2) of this section, the moneys shall be expended as other moneys in those funds are expended.

(2) The moneys apportioned to the county road fund may be applied in payment of any outstanding road bonds or may be placed in any county road bond sinking fund for the purpose of being so applied.

(3) Notwithstanding the division of receipts specified in subsection (1) of this section, in any county east of the summit of the Cascade Mountains with a population of less than 9,000 and more than 6,500, according to the 1990 federal decennial census, moneys from the road fund in excess of \$2 million may be transferred to the school fund when the amount of money credited to the road fund under subsection (1) of this section exceeds the amount needed for county roads, as determined by the board of county commissioners. Any amount received by a school district from the school fund of the county that is in excess of the 25 percent required under subsection (1) of this section may not be considered as a receipt that would reduce the district's apportionments from the State School Fund.

(4) Notwithstanding the division of receipts specified in subsection (1) of this section, in any county east of the summit of the Cascade Mountains with a population of less than 58,000 and more than 55,000, according to the 1990 federal decennial census, if the moneys credited to the road fund under subsection (1) of this section exceed the amount needed for county roads, as determined by the county governing body, the portion of such moneys in excess of an amount specified by the county governing body may be transferred to the school fund of the county or may be transferred directly to the school districts of the county in accordance with procedures established by the county governing body. The county governing body may distribute moneys under this subsection among the several school districts without regard to the percentage of the resident average daily membership in each school district. Moneys transferred under this subsection may be transferred upon the condition that any school district receiving a share of such moneys must use the moneys only for a purpose described in ORS 328.205 (1)(a) or (c). Any amount received by a school district from the county under this subsection that is in excess of the 25 percent required under subsection (1) of this section

may not be considered as a receipt that would reduce the district's apportionments from the State School Fund.

(5) Notwithstanding the division of receipts specified in subsection (1) of this section, in any county east of the summit of the Cascade Mountains with a population of less than 6,500, according to the 1990 federal decennial census, moneys received by the county under ORS 293.560 may be divided between the road fund and the school fund of the county as specified under an agreement between the county governing body and the education service district board of the county that provides for a different apportionment of those moneys. Any amount received by a school district from the school fund of the county that is in excess of the 25 percent required under subsection (1) of this section may not be considered as a receipt that would reduce the district's apportionments from the State School Fund.

(6) Notwithstanding the division of receipts specified in subsection (1) of this section, in any county west of the summit of the Cascade Mountains with a population of less than 19,500 and more than 6,500, according to the 1990 federal decennial census, moneys from the road fund in excess of \$1 million may be transferred to the school fund when the amount of money credited to the road fund under subsection (1) of this section exceeds the amount needed for county roads, as determined by the board of county commissioners. Any amount received by a school district from the school fund of the county that is in excess of the 25 percent required under subsection (1) of this section may not be considered as a receipt that would reduce the district's apportionments from the State School Fund.

(7) As used in subsections (3) to (6) of this section, "summit of the Cascade Mountains" has the meaning for that term provided in ORS 477.001. [Amended by 1969 c.327 §1; 1971 c.539 §1; 1977 c.776 §1; 1981 c.342 §1; 1987 c.315 §1; 1989 c.579 §1; 1991 c.309 §1; 2003 c.226 §21]

**294.065 Use by counties of moneys received from federal government under the Federal Flood Control Act.** All moneys received from the United States Government under the Federal Flood Control Act, and Acts amendatory thereof and supplemental thereto, and distributed to counties pursuant to ORS 293.570, shall be used for the benefit of the public schools and public roads of the counties receiving the funds.

**294.070 Expenditure of Taylor Grazing Act funds; advisory board.** (1) Except for moneys required to be expended through the county general fund as required by subsection (5) of this section, all moneys paid to a county under ORS 293.575 shall be deposited

with the county treasurer and credited to a special fund designated the Range Improvement Fund of Grazing District No. \_\_\_\_\_. The county treasurer as ex officio district treasurer shall disburse the moneys in the Range Improvement Fund only upon the written order of the grazing advisory board.

(2) Except as provided in subsection (4) of this section, money from grazing fees of grazing districts shall be expended within such district as the grazing advisory board may direct and shall be expended only for range improvements, such as fences, reservoirs, wells, water development, maintenance and other range improvements approved by the grazing advisory board.

(3) Pending approval by the grazing advisory board of the expenditure of such money, all or any part of it may be invested in United States Government securities. In such case the securities shall be held by the county treasurer in lieu of such money so invested and subject to liquidation and expenditure when recommended by the grazing advisory board.

(4) In counties receiving funds from grazing districts containing Indian lands ceded to the United States for disposition under public land laws, funds therefrom shall be expended only for the benefit of public schools and public roads of such county.

(5) In counties in which there are leased lands but no grazing district, such funds shall be expended by the county court through the county general fund.

(6) As used in this section, "grazing advisory board" means a board appointed by the governing body of any county receiving funds under ORS 293.575 and authorized to expend those funds as provided in this section. [Formerly 606.230; amended by 1969 c.255 §1; 1977 c.115 §1; 1981 c.42 §1; 1991 c.67 §73]

**294.080 Disposition of interest earned on funds held by county treasurer.** (1) Except as provided in subsections (2) and (3) of this section, the county treasurer shall credit to the general fund of the county all interest received from any investment made from the general cash balance of any funds in the hands of the county treasurer. If the entire investment is made from a specific fund, however, the treasurer shall credit the interest to the fund from which the investment was made.

(2) The county fiscal officer of a community college district, as defined in ORS 341.005, shall credit to the general fund of the district all interest received from any investment made by funds in the hands of the county fiscal officer. If the entire investment is made from a specific fund, however, the county fiscal officer shall credit the interest

to the fund from which the investment was made.

(3) Interest earned by investment of any moneys received by the county treasurer from any source, which moneys have been designated for a particular municipal corporation as defined in ORS 294.311, shall be credited to the account of the particular municipal corporation and not to any county fund. [1963 c.316 §1; 1971 c.513 §54; 1979 c.762 §8; 1997 c.308 §33]

**294.085 Examining books and papers of county officers.** (1) The county court or board of county commissioners, while sitting for county business at the regular terms in January and July of each year, shall carefully examine all books and papers relating to the financial affairs of the county offices of county clerk, clerk of the county court, treasurer and sheriff of the county.

(2) The county clerk and clerk of the county court shall exhibit the numbered orders and vouchers referred to in ORS 294.090, together with the stubs of the warrants, and all other books and papers relating to the financial affairs of the county, for the inspection of the county court or board of county commissioners at the time provided for in subsection (1) of this section. [Amended by 1985 c.565 §49]

**294.090 County orders and vouchers to be numbered to correspond to warrants drawn.** The county clerk and clerk of the county court shall number all orders and vouchers with numbers to correspond with warrants drawn.

**294.095 Action or proceeding with respect to budget or levy; fiscal year with respect to which taken.** Wherever it is provided by law that any action or proceeding of any county, city, school district or other municipal corporation or body politic shall be taken with respect to a budget or tax levy for the calendar year, or for a fiscal year closing on any day other than June 30, each such action or proceeding shall be taken with respect to the fiscal year commencing on July 1 and closing on June 30.

**294.100 Public official expending money in excess of amount or for different purpose than provided by law unlawful; civil liability.** (1) It is unlawful for any public official to expend any moneys in excess of the amounts provided by law, or for any other or different purpose than provided by law.

(2) Any public official who expends any public moneys in excess of the amounts or for any other or different purpose than authorized by law shall be civilly liable for the return of the money by suit of the district attorney of the district in which the offense

is committed, or at the suit of any taxpayer of such district, if the expenditure constitutes malfeasance in office or willful or wanton neglect of duty.

(3) On the demand in writing of 10 taxpayers of any municipal corporation with a population exceeding 100,000 inhabitants, filed with the tax supervising and conservation commission in the county in which the municipal corporation is situated, which demand sets forth that a public official has unlawfully expended public moneys in excess of the amount or for any other or different purpose than provided by law and that the expenditure constitutes malfeasance in office or willful or wanton neglect of duty, the tax supervising and conservation commission shall make an investigation of the facts as to the expenditure. If the tax supervising and conservation commission finds that public moneys have been unlawfully expended and that the expenditure constitutes malfeasance in office or willful or wanton neglect of duty, the commission shall proceed at law in the courts against the public official who has unlawfully expended the moneys for the return of the moneys unlawfully expended to the treasury of the municipal corporation. A right of action hereby is granted to the tax supervising and conservation commission for the purposes of this section.

(4) This section does not apply to the expenditure of revenues that:

(a) Are allowed to be accrued from a fiscal year to the prior fiscal year under ORS 294.447; or

(b) Result in a negative ending fund balance that is allowed under section 6, chapter 1, Oregon Laws 2002 (fourth special session). [Amended by 2001 c.399 §1; 2002 s.s.4 c.1 §9]

**Note:** The amendments to 294.100 by section 10, chapter 1, Oregon Laws 2002 (fourth special session), become operative January 1, 2006. See section 11, chapter 1, Oregon Laws 2002 (fourth special session). The text that is operative on and after January 1, 2006, is set forth for the user's convenience.

**294.100.** (1) It is unlawful for any public official to expend any moneys in excess of the amounts provided by law, or for any other or different purpose than provided by law.

(2) Any public official who expends any public moneys in excess of the amounts or for any other or different purpose than authorized by law shall be civilly liable for the return of the money by suit of the district attorney of the district in which the offense is committed, or at the suit of any taxpayer of such district, if the expenditure constitutes malfeasance in office or willful or wanton neglect of duty.

(3) On the demand in writing of 10 taxpayers of any municipal corporation with a population exceeding 100,000 inhabitants, filed with the tax supervising and conservation commission in the county in which the municipal corporation is situated, which demand sets forth that a public official has unlawfully expended public moneys in excess of the amount or for any other or different purpose than provided by law and that the expenditure constitutes malfeasance in office or willful

or wanton neglect of duty, the tax supervising and conservation commission shall make an investigation of the facts as to the expenditure. If the tax supervising and conservation commission finds that public moneys have been unlawfully expended and that the expenditure constitutes malfeasance in office or willful or wanton neglect of duty, the commission shall proceed at law in the courts against the public official who has unlawfully expended the moneys for the return of the moneys unlawfully expended to the treasury of the municipal corporation. A right of action hereby is granted to the tax supervising and conservation commission for the purposes of this section.

(4) This section does not apply to the expenditure of revenues that are allowed to be accrued from a fiscal year to the prior fiscal year under ORS 294.447.

**294.105** [Amended by 1963 c.9 §15; 1973 c.315 §1; repealed by 1983 c.537 §7]

**294.110** [Repealed by 1953 c.306 §18]

**294.115** [1953 c.655 §1; repealed by 1963 c.576 §44]

**294.120 Use of facsimile signatures.** (1)

When authorized to use facsimile signatures by the governing body of any county, city, district organized for public purposes or any other public corporation or political subdivision of the state, any person authorized to sign any check, warrant or other instrument on behalf of the county, city, district, public corporation or political subdivision may, in the discretion of the person, sign the check, warrant or other instrument by facsimile signature affixed by rubber stamp or by any mechanical equipment or device.

(2) Where the use of facsimile signatures is authorized under this section, the holder or drawee of any check, warrant or other instrument bearing or purporting to bear a facsimile signature shall be under no duty to determine the authority of the person who affixed the facsimile signature to use facsimile signatures. [1955 c.261 §1]

**294.125 Investment of funds authorized by order of governing body; limitations.** (1) Subject to ORS 294.040 and 294.135 to 294.155, the custodial officer of any county, municipality, school district or other political subdivision of this state may, after having obtained a written order from the governing body of the county, municipality, school district or other political subdivision, which order shall be spread upon the minutes or journal of the governing body, invest any sinking fund, bond fund or surplus funds belonging to that county, municipality, school district or other political subdivision in the bank accounts, classes of securities at current market prices, insurance contracts and other investments described in ORS 294.035. However, notwithstanding any provision of ORS 190.003 to 190.250, except as provided in ORS 294.035:

(a) No custodial officer of any political subdivision of this state may accept for investment or invest the funds of any other political subdivision of this state; and

(b) No such political subdivision may tender funds for investment to the custodial officer of any other such political subdivision.

(2) Subject to ORS 294.040, 294.135 to 294.155 and subsection (1) of this section, the custodial officer of a port organized under ORS chapter 777 or 778 may invest any sinking fund, bond fund or surplus funds belonging to the port in interest-bearing revenue bonds issued by an export trading corporation formed by the port under ORS 777.755 to 777.800. A custodial officer of a port shall not invest in the aggregate more than \$3 million in revenue bonds issued by an export trading corporation. [1981 c.880 §5; 1983 c.200 §17; 1995 c.245 §6]

**294.135 Investment maturity dates.** (1)

An investment made by a custodial officer under ORS 294.035 (1) to (6) and (8) to (10) or 294.125 may not exceed a maturity of 18 months or the date of anticipated use of the funds by the county, municipality, school district or other political subdivision to which the funds belong, whichever period is shorter. However:

(a) The custodial officer may make investments having a maturity longer than 18 months when the governing body of the county, municipality, school district or other political subdivision to which the funds belong has adopted a written investment policy that, prior to adoption, was submitted to the Oregon Short Term Fund Board for review and comment to the governing body, that includes guidelines concerning maximum investment maturity dates and that provides by its terms for readoption not less than annually; or

(b) When the funds in question are being accumulated for an anticipated use that will occur more than 18 months after the funds are invested, then, upon the approval of the governing body of the county, municipality, school district or other political subdivision, the maturity of the investment or investments made with the funds may occur when the funds are expected to be used.

(2) The maximum term of any repurchase agreement transaction may not exceed 90 days. [1981 c.880 §§6, 8; 1987 c.389 §1; 1989 c.303 §1; 1995 c.245 §7; 2003 c.41 §1]

**294.145 Prohibited conduct for custodial officer.** In making investments pursuant to ORS 294.035, the custodial officer shall not:

(1) Make a commitment to invest funds or sell securities more than 14 business days prior to the anticipated date of settlement of the purchase or sale transaction;

(2) Enter into any agreement to invest funds or sell securities for future delivery for a fee other than interest;

(3) Lend securities to any person or institution, except on a fully collateralized basis, and except when such lending is specifically permitted under an investment policy adopted pursuant to ORS 294.135 (1)(a);

(4) Pay for any securities purchased by the custodial officer until the officer has received sufficient evidence of title thereof. Evidence of title shall be consistent with modern investment, banking and commercial practices and may include physical possession, book entry and automated recordation of such title. However, the custodial officer may instruct one or more custodian banks, as defined in ORS 295.005, to accept or release securities as that custodial officer considers advisable to be held in safekeeping for collection of principal and interest or other income; or

(5) Deliver securities to the purchaser thereof upon sale prior to receiving payment in full therefor. However, the custodial officer may deliver the securities to any custodian bank, defined in ORS 295.005 upon instructions to hold the same pending receipt by the institution of full payment therefor. [1981 c.880 §7; 1991 c.88 §5; 1995 c.245 §8]

**294.155 Annual audit report; monthly report.** (1) The custodial officer for a local government that holds and invests funds on behalf of another government unit shall at least once a year submit an audited report to that government unit for which funds are invested. An audit report shall be submitted to the local governmental unit or units within 30 days after receipt of the audit report by the custodial officer's governing body. This subsection shall not apply to municipal corporations or political subdivisions exempt from municipal audits in ORS 297.435.

(2) The custodial officer shall prepare a report not less than monthly to each county, municipality, school district and other political subdivision the segregated funds of which the custodial officer is then investing, as to changes made in the investments of the funds of that body during the preceding month. If requested by that body, the custodial officer shall furnish to it details on the investment transactions for its fund. The custodial officer shall also provide copies of any investment policy which has been adopted to the custodial officer's governing body upon request. [1981 c.880 §9; 1995 c.245 §9]

**294.160 Opportunity for public comment on new fee or fee increase.** (1) After July 14, 1995, the governing body of a city, county or other unit of local government

shall provide an opportunity for interested persons to comment on the enactment of any ordinance or resolution prescribing a new fee or a fee increase or an increase in the rate or other manner in which the amount of a fee is determined or calculated.

(2) Where a local government exercises authority to assume the responsibility for a program delivered by the state, the local government shall provide an opportunity to comment on the difference between the fee amount charged by the state for such service and the proposed local fee for the service. [1995 c.576 §5]

### COUNTY ASSESSMENT FUNDING ASSISTANCE PROGRAM

**294.175 Definitions; county expenditures for assessment; determination of adequacy; certification of adequacy; appeal of denial of certification; effect of certification.** (1) As used in this section and ORS 294.178 to 294.187:

(a) "Department" means the Department of Revenue.

(b) "Expenditures" has the meaning given the term for purposes of ORS 294.305 to 294.520 and may be further defined by rule of the department. "Expenditures" does not include any item or class of items that cannot reasonably be allocated to an organizational unit.

(c) "Expenditures for assessment and taxation" means expenditures for any of the activities, functions or services required of a county in the assessment, equalization, levy, collection or distribution of property taxes under ORS chapters 305, 306, 307, 308, 308A, 309, 310, 311, 312 and 321. "Expenditures for assessment and taxation" specifically includes expenditures for appraising principal or secondary industrial properties, the responsibility for the making of which has been delegated by the department to a county under ORS 306.126 (3).

(d) "Grant" has the meaning given the term for purposes of ORS 294.305 to 294.520, and is further described under ORS 294.178.

(2) On or before May 1 of each year, each county shall file with the department a true copy of its estimates of expenditures for assessment and taxation for the ensuing year as prepared for purposes of ORS 294.352 but in accordance with any rules adopted by the department.

(3) Upon receipt of the estimate, the department shall review the estimate to determine its adequacy to provide the resources needed to achieve compliance with ORS 308.232 and 308.234, ORS chapter 309 and other laws requiring equality and uniformity in the system of property taxation within the

county in order that the same equality and uniformity may be achieved throughout the state.

(4) If, upon initial review of the estimate, the department determines that the proposed expenditures, or any of them, are not at the level or of the type needed to achieve adequacy, the department shall notify the county governing body. The notice shall contain an explanation of the reasons for the determination and may describe specific items or classifications of expenditure which the department has determined are required, or are not required, in order to achieve adequacy. The notice shall fix the date upon which a conference with the county governing body or representatives of the county governing body shall be held.

(5)(a) Subject to paragraph (b) of this subsection, if, upon initial review, or upon or after conference held on the date specified in the notice under subsection (4) of this section, or another date or dates convenient to the department and the county governing body, the department determines that the expenditures as initially filed, or that the expenditures as agreed upon at the conference, are at the level and of the type needed to achieve adequacy for that year or over a period of years under a plan presented as described under ORS 294.181, the department shall certify to the county governing body that its estimate of expenditures for assessment and taxation so determined are adequate and that the county will be included in the computation made under ORS 294.178 for the purpose of determining the amount of that county's quarterly grant. The department shall include in the certification an estimate of the percentage share of the funds available in the County Assessment Function Funding Assistance Account that the county will receive under ORS 294.178 and an estimate of the total amount of the grant that will be forthcoming to the county from that account for the ensuing year on account of the certification.

(b) The department shall not certify expenditures under this subsection that the department determines are in excess of the expenditures necessary to meet the requirements of subsection (3) of this section.

(6) Any certification issued under subsection (5) of this section shall be issued as of the June 15 following the filing of the estimate of expenditures under subsection (2) of this section. If, as of June 15, agreement has not been reached between the department and the county governing body upon the estimate, the department shall issue a denial of certification.

(7) A county may appeal the determination of the department under subsection

(5)(b) of this section or the denial of certification issued under subsection (6) of this section to the Director of the Oregon Department of Administrative Services. Appeal shall be filed within 10 days after the date that the denial of certification is issued. The sole issue upon appeal shall be the adequacy of expenditures for assessment and taxation as filed with the department under subsection (2) of this section, and the determination, if any, made by the department under subsection (5)(b) of this section. If the Oregon Department of Administrative Services does not issue an order approving the expenditures before July 1 of the fiscal year for which the expenditures are proposed, the certification for purposes of ORS 294.175 to 294.187 shall be considered denied. [1989 c.796 §2; 1995 c.748 §11; 1997 c.782 §2; 1999 c.314 §88; 2003 c.169 §9]

**294.178 Assessment grant to county; determination of grant amount.** (1) Before issuing any certificate under ORS 294.175, the Department of Revenue shall estimate the amount available in the County Assessment Function Funding Assistance Account created under ORS 294.184 for distribution as grants to counties for the ensuing fiscal year.

(2) The estimate shall be used to determine the estimated percent of the moneys available in the County Assessment Function Funding Assistance Account that each county will receive as grants and the total estimated grant that each county will receive for the ensuing fiscal year. The estimates so determined shall serve as the estimates required to be included in any certification issued under ORS 294.175 for that county.

(3) On or before the 25th day of the month following the close of each fiscal quarter, the department shall pay a percentage of the moneys in the County Assessment Function Funding Assistance Account as of the close of that fiscal quarter to each county to which a certificate has been issued under ORS 294.175.

(4) Except as provided under subsection (5) of this section, the percentage to be paid to each county under subsection (3) of this section shall be the percentage that the expenditures of the county certified by the department to the county governing body under ORS 294.175 bears to the total of all expenditures of all counties certified by the department to counties under ORS 294.175. In determining the expenditures of a county or in determining the total of all expenditures for purposes of this subsection:

(a) No expenditures shall be included that have not been certified under ORS 294.175.

(b) No expenditures of any county that did not file an estimate of expenditures under ORS 294.175 shall be included.

(c) No expenditures of any county for which certification has been denied shall be included.

(d) No expenditures of any county that does not make its appropriation under ORS 294.435 based upon 100 percent of the expenditures certified shall be included.

(e) No expenditures of any county that does not certify compliance under ORS 294.181 shall be included.

(5) If the expenditures of a county are not included for a fiscal quarter on account of subsection (4) of this section, no grant shall be made to that county under subsection (3) of this section for that fiscal quarter. If grant funds are denied to any county under this subsection for any fiscal quarter, the percentage determined under subsection (4) of this section shall be redetermined, excluding from the computation for that fiscal quarter the certified expenditures of the county for which grant funds are denied to the end that all of the funds available in the County Assessment Function Funding Assistance Account as of the close of the fiscal quarter may be distributed. [1989 c.796 §3; 1997 c.782 §3; 2003 c.273 §1]

**294.181 Alternative method for certification.** (1) If, at a conference held pursuant to notice under ORS 294.175, it becomes apparent that a county will be unable to meet the level of expenditures necessary to achieve adequacy for the tax year for which the filing under ORS 294.175 was made, the Department of Revenue may certify to the county governing body expenditures for assessment and taxation at the level contained in the county's estimate on file with the department or as adjusted by the conference agreement.

(2) The department shall not certify expenditures under subsection (1) of this section if the county does not present to the department at the conference a plan to achieve adequacy in assessment and taxation within a number of years specified by the Department of Revenue.

(3) Any county for which expenditures are certified pursuant to this section shall certify to the department, not less than 15 days prior to the close of the fiscal quarter, that the county is in compliance with the conference agreement and the plan developed at the conference agreement. [1989 c.796 §4]

**294.184 County Assessment Function Funding Assistance Account; sources; purpose.** (1) There is created under ORS 293.445 a suspense account to be known as

the County Assessment Function Funding Assistance Account. The account shall consist of:

(a) All moneys paid over by the county treasurers as provided under ORS 294.187; and

(b) All interest earned upon any moneys in the account.

(2) Of the moneys in the account as of the last day of each fiscal quarter, the moneys necessary to pay the following Department of Revenue expenses shall be transferred to a suspense account of the department created under ORS 293.445 and are continuously appropriated to the department for:

(a) Expenses incurred in carrying out the purposes of ORS 294.175 to 294.184; and

(b) Appraisal expenses incurred by the department in appraising principal and secondary industrial properties identified under ORS 306.126 and property of centrally assessed companies under ORS 308.505 to 308.665.

(3) The total amount of moneys transferred to the suspense account of the department under subsection (2) of this section may not exceed 10 percent of the moneys in the account as of the last day of the fiscal quarter for which the transfer is being made.

(4) The remainder of the moneys in the account as of the last day of the fiscal quarter shall be used for the purpose of making the grant payments to counties as required under ORS 294.178 and are continuously appropriated to the department for that purpose. [1989 c.796 §6; 1999 c.701 §2a; 2001 c.303 §13]

**294.187 County Assessment and Taxation Fund; sources; purpose.** (1) There is created in the county treasury of each county a fund to be known as the County Assessment and Taxation Fund. The fund shall consist of:

(a) Moneys deposited and credited to the fund under ORS 311.508.

(b) Moneys deposited and credited to the fund under ORS 205.323.

(c) Interest earned upon moneys credited to the fund.

(2) The county treasurer shall pay over the moneys in the fund, determined as of the last day of the fiscal quarter, to the State Treasurer on or before the 10th day of the month following the last day of the fiscal quarter.

(3) The State Treasurer shall deposit and credit the moneys received under subsection (2) of this section to the County Assessment Function Funding Assistance Account referred to in ORS 294.184.

(4) If the county treasurer fails to pay over moneys, as required under subsection (2) of this section, then any unpaid moneys shall be a debt due and owing by the county to the state and the county shall pay the legal rate of interest thereon from the due date until paid. Payment of interest under this section shall not relieve the county treasurer from any penalty imposed by law for failure to make the payments, and in addition, the county treasurer shall be liable under ORS 311.375 (4)(a) and (b).

(5) ORS 294.305 to 294.565 do not apply to a fund created under this section. [1989 c.796 §7; 2003 c.273 §2]

**294.205** [Amended by 1963 c.544 §13; repealed by 1971 c.267 §16]

**294.210** [Amended by 1963 c.544 §14; repealed by 1971 c.267 §16]

**294.215** [Repealed by 1971 c.267 §16]

**294.220** [Repealed by 1971 c.267 §16]

**294.225** [Repealed by 1971 c.267 §16]

**294.230** [Amended by 1957 c.153 §1; 1959 c.243 §1; 1963 c.504 §1; 1983 c.310 §17; 1991 c.683 §2; repealed by 1999 c.654 §37]

**294.235** [Amended by 1957 c.153 §2; repealed by 1999 c.654 §37]

**294.240** [Amended by 1957 c.153 §3; repealed by 1999 c.654 §37]

**294.245** [Amended by 1957 c.153 §4; repealed by 1999 c.654 §37]

## PUBLICATION OF FINANCIAL REPORTS

**294.250 Publication by county governing body of schedule of expenditures and statement of proceedings; manner of publication; notice.** (1) The county governing body of each county shall cause to be made out and published at the expense of the county by the last day of each month a schedule of those expenditures of the county which singly exceed \$500 for the previous month. The schedule shall also include expenditures made to claimants who receive in excess of \$500 for the previous month in return for a combination of articles or services which individually cost less than \$500. The publication shall also include a concise statement of the proceedings of the governing body in the transaction of county business entered of record during the previous month.

(2) The schedule of expenditures shall state the names of all claimants, the general purpose of the article or service for which payment is claimed in each bill and the amount ordered paid. The statement of proceedings shall be a true reflection of actions taken at any public meeting of the county governing body.

(3) Except as otherwise provided in this subsection, the county shall not be required

to publish any claim for personal services of regular county officers and employees occupying budgeted positions. Once each year the county shall publish the name and gross monthly salary of all regular officers and employees occupying budgeted positions.

(4) The publications required by this section shall not apply to any counties having a tax supervising and conservation commission.

(5) The publications required by this section shall be made by posting on the bulletin board of the county courthouse and at all public libraries in the county. The county shall also publish at least once each month in a newspaper of general circulation in the county a notice stating that the information required to be published under this section is posted and available for review at the county courthouse and public libraries. The notice shall also state that copies of all or part of the posted information may be obtained from the county upon request and upon payment of a fee not exceeding the actual costs incurred by the county in making copies of the posted information. [Amended by 1963 c.360 §1; 1979 c.651 §1; 1987 c.435 §1; 1991 c.285 §1]

**294.255** [Repealed by 1991 c.285 §2]

**294.260** [Repealed by 1991 c.285 §2]

## LOCAL BUDGET LAW

**294.305 Sections constituting Local Budget Law.** ORS 294.305 to 294.565 shall be known as the Local Budget Law.

**294.310** [Amended by 1959 c.262 §1; repealed by 1963 c.576 §44]

**294.311 Definitions for ORS 294.305 to 294.565.** As used in ORS 294.305 to 294.565, unless the context requires otherwise:

(1) "Accrual basis" means the recording of the financial effects on a municipal corporation of transactions and other events and circumstances that have cash consequences for the municipal corporation in the periods in which those transactions, events and circumstances occur, rather than only in the periods in which cash is received or paid by the municipal corporation.

(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.

(4) "Basis of accounting" means the cash basis, the modified accrual basis or the accrual basis.

(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.

(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.

(9) "Cash basis" means a basis of accounting under which transactions are recognized only in the period during which cash is received or disbursed.

(10) "Current budget period" means the budget period in progress.

(11) "Current year" means the fiscal year in progress.

(12) "Encumbrance accounting" means the method of accounting under which outstanding encumbrances are recognized as reductions of appropriations and the related commitments are carried in a reserve for encumbrances until liquidated, either by replacement with an actual liability or by cancellation. This method of accounting may be used as a modification to the accrual basis of accounting in accordance with generally accepted accounting principles.

(13) "Encumbrances" means obligations in the form of purchase orders, contracts or salary commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved. Obligations cease to be encumbrances when paid or when the actual liability is set up.

(14) "Ensuing budget period" means the budget period following the current budget period.

(15) "Ensuing year" means the fiscal year following the current year.

(16) "Expenditure" means, if the accounts are kept on the accrual basis or the modified accrual basis, decreases in net financial resources and may include encumbrances. If the accounts are kept on the cash basis, the term covers only actual disbursement, the

drawing of the check or warrant for these purposes and not encumbrances, except that deferred employee compensation shall be included as a personal service expenditure where an approved deferred employee compensation plan is in effect for a municipal corporation.

(17) "Fiscal year" means for municipal corporations with the power to impose ad valorem property taxes, the fiscal year commencing on July 1 and closing on June 30, and for all other municipal corporations, an accounting period of 12 months ending on the last day of any month.

(18) "Fund balance" means the excess of the assets of a fund over its liabilities and reserves except in the case of funds subject to budgetary accounting where, prior to the end of a fiscal period, it represents the excess of the fund's assets and estimated revenues for the period over its liabilities, reserves and appropriations for the period.

(19) "Governing body" means the city council, board of commissioners, 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.

(20) "Grant" means a donation or contribution of cash to a governmental unit by a third party.

(21) "Intergovernmental entity" means an entity created under ORS 190.010 (5). The term includes any council of governments created prior to the enactment of ORS 190.010 (5).

(22) "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.

(23) "Liabilities" means probable future sacrifices of economic benefits, arising from present obligations of a municipal corporation to transfer assets or provide services to other entities in the future as a result of past transactions or events. The term does not include encumbrances.

(24)(a) "Modified accrual basis" means the accrual basis of accounting adapted to the governmental fund-type measurement focus. Under this basis of accounting, revenues and other financial resource increments, such as bond proceeds, are recognized when they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures in the current period.

(b) As used in this subsection, "available" means collectible in the current period or soon enough thereafter to be used

to pay liabilities of the current period. Under this basis of accounting, expenditures are recognized when the fund liability is incurred except for:

(A) Inventories of material and supplies that may be considered expenditures either when purchased or when used; and

(B) Prepaid insurance and similar items that may be considered expenditures either when paid for or when consumed.

(25) "Municipal corporation" means any county, 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.

(26) "Net working capital" means the sum of the cash, cash equivalents, investments, accounts receivable expected to be converted to cash during the ensuing year or ensuing budget period, inventories, supplies and prepaid expenses less current liabilities and, if encumbrance accounting is adopted, reserve for encumbrances. The term is not applicable to the cash basis of accounting.

(27) "Object" means, as used in expenditure classification, articles purchased including, but not limited to, land, buildings, equipment and vehicles, or services obtained including, but not limited to, administrative services, clerical services, professional services, property services and travel, as distinguished from the results obtained from expenditures.

(28) "Object classification" means a grouping of expenditures on the basis of goods or services purchased, including, but not limited to, personal services, materials, supplies and equipment.

(29) "Operating taxes" has the meaning given that term in ORS 310.055.

(30) "Organizational unit" means any administrative subdivision of a municipal corporation, especially one charged with carrying on one or more functions or activities.

(31) "Population" means the number of inhabitants of a municipal corporation according to certified estimates of population made by the State Board of Higher Education.

(32) "Program" means a group of related activities aimed at accomplishing a major service or function for which the municipality is responsible.

(33) "Public utility" means those public utility operations authorized by ORS chapter 225.

(34) "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.

(c) Hand delivery to each street address within the jurisdictional boundaries of the municipal corporation.

(35) "Receipts" means cash received unless otherwise qualified.

(36) "Reserve for encumbrances" means a reserve representing the segregation of a portion of a fund balance to provide for unliquidated encumbrances.

(37) "Revenue" means the gross receipts and receivables of a governmental unit derived from taxes, licenses, fees and from all other sources, but excluding appropriations, allotments and return of principal from investment of surplus funds.

(38) "Special revenue fund" means a fund properly authorized and used to finance particular activities from the receipts of specific taxes or other revenues. [1963 c.576 §3; 1971 c.513 §55; 1975 c.319 §2; 1977 c.102 §4; 1977 c.305 §1; 1979 c.686 §1; 1997 c.308 §3; 1997 c.541 §322; 1999 c.632 §1; 2001 c.104 §102; 2001 c.135 §3; 2003 c.235 §1]

**Note:** The amendments to 294.311 by section 1, chapter 235, Oregon Laws 2003, apply to fiscal years and budget periods beginning on or after July 1, 2004. See section 4, chapter 235, Oregon Laws 2003. The text that applies to fiscal years and budget periods beginning prior to July 1, 2004, is set forth for the user's convenience.

**294.311.** As used in ORS 294.305 to 294.565, unless the context requires otherwise:

(1) "Accrual basis" means the recording of the financial effects on a municipal corporation of transactions and other events and circumstances that have cash consequences for the municipal corporation in the periods in which those transactions, events and circumstances occur, rather than only in the periods in which cash is received or paid by the municipal corporation.

(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.

(4) "Basis of accounting" means the cash basis, the modified accrual basis or the accrual basis.

(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.

(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.

(9) "Cash basis" means a basis of accounting under which transactions are recognized only in the period during which cash is received or disbursed.

(10) "Current budget period" means the budget period in progress.

(11) "Current year" means the fiscal year in progress.

(12) "Encumbrance accounting" means the method of accounting under which outstanding encumbrances are recognized as reductions of appropriations and the related commitments are carried in a reserve for encumbrances until liquidated, either by replacement with an actual liability or by cancellation. This method of accounting may be used as a modification to the accrual basis of accounting in accordance with generally accepted accounting principles.

(13) "Encumbrances" means obligations in the form of purchase orders, contracts or salary commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved. Obligations cease to be encumbrances when paid or when the actual liability is set up.

(14) "Ensuing budget period" means the budget period following the current budget period.

(15) "Ensuing year" means the fiscal year following the current year.

(16) "Expenditure" means, if the accounts are kept on the accrual basis or the modified accrual basis, decreases in net financial resources and may include encumbrances. If the accounts are kept on the cash basis, the term covers only actual disbursement, the drawing of the check or warrant for these purposes and not encumbrances, except that deferred employee compensation shall be included as a personal service expenditure where an approved deferred employee compensation plan is in effect for a municipal corporation.

(17) "Fiscal year" means for municipal corporations with the power to impose ad valorem property taxes, the fiscal year commencing on July 1 and closing on June 30, and for all other municipal corporations, an accounting period of 12 months ending on the last day of any month.

(18) "Fund balance" means the excess of the assets of a fund over its liabilities and reserves except in the case of funds subject to budgetary accounting where, prior to the end of a fiscal period, it represents the excess of the fund's assets and estimated revenues for the period over its liabilities, reserves and appropriations for the period.

(19) "Governing body" means the city council, board of commissioners, 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.

(20) "Grant" means a donation or contribution of cash to a governmental unit by a third party.

(21) "Intergovernmental entity" means an entity created under ORS 190.010 (5). The term includes any council of governments created prior to the enactment of ORS 190.010 (5).

(22) "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.

(23) "Liabilities" means probable future sacrifices of economic benefits, arising from present obligations of a municipal corporation to transfer assets or provide services to other entities in the future as a result of past transactions or events. The term does not include encumbrances.

(24)(a) "Modified accrual basis" means the accrual basis of accounting adapted to the governmental fund-type measurement focus. Under this basis of accounting, revenues and other financial resource increments, such as bond proceeds, are recognized when they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures in the current period.

(b) As used in this subsection, "available" means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Under this basis of accounting, expenditures are recognized when the fund liability is incurred except for:

(A) Inventories of material and supplies that may be considered expenditures either when purchased or when used; and

(B) Prepaid insurance and similar items that may be considered expenditures either when paid for or when consumed.

(25) "Municipal corporation" means any county, 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.

(26) "Net working capital" means the sum of the cash, cash equivalents, investments, accounts receivable expected to be converted to cash during the ensuing year or ensuing budget period, inventories, supplies and prepaid expenses less current liabilities and, if encumbrance accounting is adopted, reserve for encumbrances. The term is not applicable to the cash basis of accounting.

(27) "Object" means, as used in expenditure classification, articles purchased including, but not limited to, land, buildings, equipment and vehicles, or services obtained including, but not limited to, administrative services, clerical services, professional services, property services and travel, as distinguished from the results obtained from expenditures.

(28) "Object classification" means a grouping of expenditures on the basis of goods or services purchased, including, but not limited to, personal services, materials, supplies and equipment.

(29) "Operating taxes" has the meaning given that term in ORS 310.055.

(30) "Organizational unit" means any administrative subdivision of a municipal corporation, especially one charged with carrying on one or more functions or activities.

(31) "Population" means the number of inhabitants of a municipal corporation according to certified estimates of population made by the State Board of Higher Education.

(32) "Program" means a group of related activities aimed at accomplishing a major service or function for which the municipality is responsible.

(33) "Public utility" means those public utility operations authorized by ORS chapter 225.

(34) "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.

(c) Hand delivery to each street address within the jurisdictional boundaries of the municipal corporation.

(35) "Receipts" means cash received unless otherwise qualified.

(36) "Reserve for encumbrances" means a reserve representing the segregation of a portion of a fund balance to provide for unliquidated encumbrances.

(37) "Revenue" means the gross receipts and receivables of a governmental unit derived from taxes, licenses, fees and from all other sources, but excluding appropriations, allotments and return of principal from investment of surplus funds.

(38) "Special revenue fund" means a fund properly authorized and used to finance particular activities from the receipts of specific taxes or other revenues.

**294.315** [Repealed by 1963 c.576 §44]

**294.316 Application.** The provisions of ORS 294.305 to 294.565 do not apply to the following municipal corporations and entities:

(1) Drainage districts organized under ORS chapter 547;

(2) District improvement companies organized under ORS chapter 554;

(3) Highway lighting districts organized under ORS chapter 372;

(4) Irrigation districts organized under ORS chapter 545;

(5) Road districts organized under ORS chapter 371;

(6) Soil and water conservation districts organized under ORS chapter 568 that will not levy an ad valorem tax during the ensuing year or ensuing budget period;

(7) Municipal public utilities operating under separate boards or commissions, authorized under ORS chapter 225 and city charters, and people's utility districts organized under ORS chapter 261, both operating without ad valorem tax support during the ensuing year or ensuing budget period;

(8) Housing authorities organized under ORS 446.515 to 446.547 and ORS chapter 456 that are not carrying out urban renewal activities using a division of ad valorem taxes under ORS 457.440 during the ensuing year or ensuing budget period;

(9) Water control districts organized under ORS chapter 553 that will not levy an ad valorem tax during the ensuing year or ensuing budget period;

(10) Hospital financing authorities organized under ORS 441.525 to 441.595;

(11) Export trading corporations organized under ORS 777.755 to 777.800;

(12) Diking districts organized under ORS chapter 551;

(13) Health districts organized under ORS 440.315 to 440.410; and

(14) Intergovernmental entities created under ORS 190.010, including councils of governments described in ORS 294.900 to 294.930, except that an intergovernmental entity or a council of governments that proposes to impose ad valorem property taxes for the ensuing year or budget period is subject to ORS 294.305 to 294.565 for the budget prepared for that year or period. [1963 c.576 §35; 1965 c.451 §1; 1979 c.621 §8a; 1979 c.686 §9; 1981 c.918 §5; 1983 c.200 §18; 1985 c.361 §1; 1999 c.632 §2; 2001 c.135 §4; 2001 c.251 §3; 2003 c.235 §2]

**Note:** The amendments to 294.316 by section 2, chapter 235, Oregon Laws 2003, apply to fiscal years and budget periods beginning on or after July 1, 2004. See section 4, chapter 235, Oregon Laws 2003. The text that applies to fiscal years and budget periods beginning prior to July 1, 2004, is set forth for the user's convenience.

**294.316.** The provisions of ORS 294.305 to 294.565 do not apply to the following municipal corporations:

(1) Drainage districts organized under ORS chapter 547;

(2) District improvement companies organized under ORS chapter 554;

(3) Highway lighting districts organized under ORS chapter 372;

(4) Irrigation districts organized under ORS chapter 545;

(5) Road districts organized under ORS chapter 371;

(6) Soil and water conservation districts organized under ORS chapter 568 that will not levy an ad valorem tax during the ensuing year or ensuing budget period;

(7) Municipal public utilities operating under separate boards or commissions, authorized under ORS chapter 225 and city charters, and people's utility districts organized under ORS chapter 261, both operating without ad valorem tax support during the ensuing year or ensuing budget period;

(8) Housing authorities organized under ORS 446.515 to 446.547 and ORS chapter 456 that are not carrying out urban renewal activities using a division of ad valorem taxes under ORS 457.440 during the ensuing year or ensuing budget period;

(9) Water control districts organized under ORS chapter 553 that will not levy an ad valorem tax during the ensuing year or ensuing budget period;

(10) Hospital financing authorities organized under ORS 441.525 to 441.595;

(11) Export trading corporations organized under ORS 777.755 to 777.800;

(12) Diking districts organized under ORS chapter 551; and

(13) Health districts organized under ORS 440.315 to 440.410.

**294.320** [Repealed by 1963 c.576 §44]

**294.321 Purposes.** The purposes of ORS 294.305 to 294.565 are:

(1) To establish standard procedures for the preparation, presentation, administration and appraisal of budgets of municipal corporations;

(2) To provide for a brief description of the programs of a municipal corporation and the fiscal policy 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 in the preparation of fiscal policy;

(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 and investors to be apprised of the financial policies and administration of the municipal corporation in which they are interested. [1963 c.576 §2; 1997 c.308 §4; 1997 c.541 §323]

**294.323 Budget period.** (1) A municipal corporation, by ordinance, resolution or charter, 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, a municipal corporation may not prepare a budget and budget documents for a period longer than one fiscal year.

(2) When the governing body of a municipal corporation prepares a biennial budget, the governing body shall certify to the assessor for each fiscal year of the budget period the ad valorem property tax amount or rate for the ensuing fiscal year. [2001 c.135 §2]

**Note:** 294.323 was added to and made a part of 294.305 to 294.565 by legislative action but was not added to any smaller series therein. See Preface to Oregon Revised Statutes for further explanation.

**294.325** [Amended by 1961 c.397 §1; repealed by 1963 c.576 §44]

**294.326 Compliance with Local Budget Law required prior to expenditure or tax certification; exceptions.** (1) Except as provided in subsections (3) to (11) of this section, it is unlawful for any municipal corporation to expend money or to 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 to 294.565.

(2) To the extent that any of subsections (3) to (11) of this section apply in a given case, the municipal corporation need not comply with ORS 294.305 to 294.565.

(3) Subsection (1) of this section shall not apply to the expenditure in the year of receipt of grants, gifts, bequests or devises transferred to a municipal corporation in trust for specific purposes or to other special purpose trust funds at the disposal of municipal corporations. However, subsection (1) of this section shall apply to the expenditure of grants, gifts, bequests or devises transferred to a municipal corporation for undesignated general purposes or to the expenditure of grants, gifts, bequests or devises transferred to a municipal corporation in trust for specific purposes which were received in a prior year. Expenditure of grants, gifts, bequests and devises exempt from subsection (1) of this section by this subsection shall be lawful only after enactment by the governing body of the municipal corporation of appropriation ordinances or resolutions authorizing the expenditure.

(4) Subsection (1) of this section shall not apply whenever the governing body of a municipal corporation has declared the existence of an unforeseen occurrence or condition which could not have been foreseen at the time of the preparation of the budget for the current year or current budget period or could not have foreseen a pressing necessity for the expenditure or has received a request for services or facilities, the cost of which shall be supplied by a private individual, corporation or company or by another governmental unit necessitating a greater expenditure of public money for any specific purpose or purposes than the amount budgeted therefor in order to provide the services for which it was responsible. Such governing body may make excess expenditures for such specific purpose or purposes beyond the amount budgeted and appropriated therefor to the extent that maintenance, repair or self-insurance reserves authorized by ORS 294.366 or nontax funds are available or may be made available. Such expenditures shall be lawful only after the enactment of appropriate appropriation ordinances or resolutions authorizing the expenditures. The ordinance or resolution shall state the need for the expenditure, the purpose for the expenditure and the amount appropriated.

(5) Subsection (1) of this section shall not apply to the expenditure during the current year or current budget period of the proceeds of the sale of the following bonds or other obligations, or to the expenditure during the current year or current budget period of other funds to pay debt service on the following bonds or other obligations:

(a) Bonds that are issued under the Uniform Revenue Bond Act, ORS 288.805 to 288.945, for which the referral period de-

scribed in ORS 288.815 ended after the preparation of the budget of the current year or current budget period;

(b) Bonds or other obligations that were approved by the electors during the current year or current budget period; or

(c) Bonds or other obligations issued during the current year or current budget period to refund previously issued bonds or obligations.

(6) Notwithstanding subsection (5) of this section, subsection (1) of this section shall not apply to:

(a) Expenditures of funds received from the sale of conduit revenue bonds issued for private business or nonprofit corporations by cities, counties, county service districts, port districts, special districts, the Port of Portland or the State of Oregon or to pay debt service on such bonds;

(b) Expenditures of funds that have been irrevocably placed in escrow for the purpose of defeasing and paying bonds; or

(c) Expenditures of assessments or other revenues to redeem bonds or other obligations that are payable from such assessments or other revenues, when such assessments or other revenues are received as a result of prepayments or other unforeseen circumstances.

(7) Subsection (1) of this section shall not apply to expenditures of funds received from assessments against benefited property for local improvements as defined in ORS 223.001 to the extent that the cost of such improvements is to be paid by owners of benefited property.

(8) Subsection (1) of this section shall not apply to the expenditure of funds accumulated to pay deferred employee compensation.

(9) Subsection (1) of this section shall not apply to refunds or the interest on them granted by counties under ORS 311.806.

(10) Subsection (1) of this section shall not apply to refunds, received by a municipal corporation when purchased items are returned after an expenditure has been made. Expenditure of refunded amounts to which this subsection applies shall be lawful only after the governing body of the municipal corporation has enacted, after public hearing, appropriate appropriation ordinances or resolutions authorizing such expenditure.

(11) Subsection (1) of this section shall not apply to a newly formed municipal corporation during the fiscal year in which it was formed. If a new municipal corporation is formed between March 1 and June 30, subsection (1) of this section shall not apply to the municipal corporation during the fis-

cal year immediately following the fiscal year in which it was formed. [1963 c.576 §4; 1965 c.451 §2; 1977 c.102 §2; 1979 c.310 §1; 1987 c.280 §1; 1991 c.902 §110; 1995 c.333 §8; 1997 c.308 §5; 1997 c.541 §324; 1999 c.632 §3; 2001 c.135 §5; 2003 c.195 §25]

**294.330** [Repealed by 1963 c.576 §44]

**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 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. [1963 c.576 §5]

**294.335** [Repealed by 1963 c.576 §44]

**294.336 Budget committee.** (1) Except as provided in ORS 294.341, the governing body of each municipal corporation shall establish a budget committee in accordance with the provisions of this section.

(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; 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.

(3) The members of the budget committee shall receive no compensation for their services as members of such 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 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.

(6) Appointive members of a budget committee that prepares a biennial budget shall be appointed for terms of four years. The terms shall be staggered so that, as near as practicable, one-fourth of the terms of the appointive members end each year.

(7) If any appointive member is unable to serve the term for which the member was appointed, or an appointive member resigns prior to completion of the term for which the member was appointed, the governing body of the municipal corporation shall fill the vacancy by appointment for the unexpired term.

(8) If the number of members of the governing body is reduced or increased by law or charter amendment, the governing body of the municipal corporation shall reduce or increase the number of appointive members of the budget committee so that the number thereof shall be equal to but not greater than the number of members of the governing body. To effect a reduction, the governing body of the municipal corporation may remove such number of appointive members as may be necessary. The removals shall be made so that the number remaining will be divided into three, if the terms of the appointive members are governed by subsection (5) of this section, or four, if the terms of the appointive members are governed by subsection (6) of this section, equal or approximately equal groups as to terms. In case of an increase, additional appointive members shall be appointed for such terms so that they, together with the members previously appointed, will be divided into three or four, as appropriate under this section, equal or approximately equal groups as to terms.

(9) The budget committee shall at its first meeting after its appointment elect a presiding officer from among its members. [1963 c.576 §6; 1973 c.61 §1; 1979 c.310 §2; 1997 c.308 §6; 2001 c.135 §32]

**294.340** [Repealed by 1963 c.576 §44]

**294.341 Governing body of certain municipal corporations to be budget committee.** The governing body of each municipal corporation having a population exceeding 200,000 and which is located in a county having a tax supervising and conservation commission shall be the budget committee for such municipal corporation. [1963 c.576 §7; 1997 c.308 §7]

**294.345** [Amended by 1953 c.715 §2; 1955 c.250 §1; 1957 c.673 §3; repealed by 1963 c.576 §44]

**294.347** [1953 c.715 §3; repealed by 1963 c.576 §44]

**294.348** [1957 c.673 §2; repealed by 1963 c.576 §44]

**294.350** [Amended by 1953 c.715 §2; 1957 c.673 §4; repealed by 1963 c.576 §44]

**294.351** [1963 c.576 §8; 1965 c.451 §3; 1971 c.516 §1; 1979 c.310 §3; repealed by 1979 c.686 §2 (294.352 enacted in lieu of 294.351)]

**294.352 Estimates of expenditures required; form and contents.** (1) Each municipal corporation shall prepare estimates of expenditures for the ensuing year or ensuing budget period.

(2) The estimates required by subsection (1) of this section shall be prepared by organizational unit or by program.

(3) Estimates required by subsection (1) of this section and prepared by organizational unit shall be detailed under separate object classifications of personal services, materials and services and capital outlay. Separate estimates shall be made for special

payments, debt service, interfund revenue transfers, operating expenses and general capital outlays which cannot reasonably be allocated to an organizational unit.

(4) Estimates required by subsection (1) of this section and prepared by program shall be arranged for each activity of a program. Estimates under each activity shall be detailed under separate object classifications of personal services, materials and services and capital outlay. Separate estimates shall be made for each program for special payments, debt service, interfund revenue transfers, operating expenses and general capital outlays which cannot reasonably be allocated to an activity within a function. For common and union high school districts and community colleges, estimates required by this subsection shall be further detailed by object within each object classification.

(5) Estimates of expenditures for personal services, other than services of persons who receive an hourly wage or who are hired on a part-time basis, shall list the salary for each officer and employee, except that employees of like classification and salary range, (such range not to exceed that established by the governing body of the municipal corporation in accordance with its policy for setting salaries) in each organizational unit or activity may be listed by the number of those employees, the limits of each salary range and the amount of their combined salaries.

(6) The general capital outlay estimate shall include separate amounts for land, buildings, improvements to land other than buildings and machinery and equipment which cannot be reasonably allocated to an organizational unit or activity.

(7) The debt service estimates shall include separate amounts for principal and interest of each bond issue in each fund.

(8) There may be included in each fund an estimate for general operating contingencies.

(9) If the estimates required by subsection (1) of this section are not prepared by fund, there shall be prepared a summary which cross-references programs or organizational units to the appropriations required by ORS 294.435. [1979 c.686 §3 (enacted in lieu of 294.351); 2001 c.135 §6]

**294.355** [Repealed by 1963 c.576 §44]

**294.356 Preparation of estimates by school, education service and community college districts and by municipal corporations operating public utility or hospital.** (1) Each school district, each education service district and each community college district shall prepare its estimates of expenditures required by ORS 294.352 in ac-

cordance with the classification of revenue and expenditure accounts prescribed by rules of the State Board of Education with the approval of the Department of Revenue. The Department of Revenue shall be responsible for determining compliance.

(2) The term "organizational unit" shall not apply to hospitals, school districts, education service districts and community colleges in preparing estimates of expenditures under ORS 294.352 or making appropriations under ORS 294.435. The term "organizational unit" shall not apply to hospitals in preparing the budget summary required by ORS 294.416.

(3) Notwithstanding ORS 294.352 (5), each municipal corporation which operates a public utility or hospital shall prepare its estimates for such operations in accordance with the generally accepted system of accounts for such operation or in accordance with the general system of accounts contained in ORS 294.311 to 294.520. [1963 c.576 §§8a,9; 1971 c.513 §56; 1979 c.686 §4; 1993 c.112 §1]

**294.360** [Amended by 1957 c.673 §5; 1963 c.576 §22; renumbered 294.416]

**294.361 Contents of estimate of budget resources.** (1) Each municipal corporation shall estimate in detail its budget resources for the ensuing year or ensuing budget period by funds and sources.

(2) Budget resources include but are not limited to: The balance of cash, cash equivalents and investments (in the case of a municipal corporation on the cash basis) or the net working capital (in the case of a municipal corporation on the accrual or modified accrual basis of accounting) that will remain in each fund on the last day of the current year or current budget period; taxes; fees; licenses; fines; interest on deposits or on securities of any kind; endowments; annuities; penalties; sales of property or other assets or products of any kind; delinquent taxes; judgments; damages; rent; premiums on sales of bonds; reimbursement for services, road or other work performed for others; transfer or reverter of unused balances of any kind; reimbursement for services provided other funds; rebates; refunds of moneys heretofore paid on any account; apportionment, grant, contribution, payment or allocation from the federal or state government or any unit of government; taxes for the ensuing year or ensuing budget period; interfund revenue transfers; and revenues from any and all other sources of whatsoever kind or character.

(3) Budget resources shall not include:

(a) The estimate for the ensuing year or ensuing budget period of discounts under ORS 311.505.

(b) The estimate of uncollectible amounts of taxes, fees or charges for the ensuing year or ensuing budget period.

(c) Moneys accumulated under an approved employee deferred compensation plan and interest or investment returns earned on such moneys.

(d) Grants, gifts, bequests or devises transferred to a municipal corporation in trust for specific uses in the year of transfer. However, such grants, gifts, bequests or devises shall be included as budget resources if, by the time the budget committee approves the budget, the amount thereof that will be received in the ensuing year or ensuing budget period can be reasonably estimated. Such grants, gifts, bequests or devises may be placed in a trust and agency fund, to then be appropriated from such fund or funds. [1963 c.576 §10; subsection (4) enacted as 1965 c.604 §11; 1969 c.612 §3; 1977 c.102 §3; 1979 c.310 §4; 1997 c.308 §8; 1999 c.632 §4; 1999 c.1051 §268; 2001 c.135 §7]

**294.363** [1971 c.516 §10; repealed by 1979 c.686 §10]

**294.365** [Amended by 1957 c.310 §2; 1959 c.262 §2; 1961 c.299 §1; 1961 c.678 §1; 1963 c.576 §23; renumbered 294.421]

**294.366 Earmarking of receipts from revenue-producing property or facility; deposit in special fund.** (1) Any port or dock commission may reserve any portion of the receipts from any revenue-producing property or facility, and any city may reserve any portion of the receipts from any public utility operation of such city, and any such port, dock commission or city may reserve any proceeds from the sale of any such property, for future maintenance, alteration, repair, equipment, relocation or replacement of such properties or facilities of the general nature and type from which the proceeds or receipts were received, or for insurance funds or retirement pension funds, as the governing body may deem necessary or appropriate; provided, that if money is received from the sale of property which has been purchased with the proceeds from the sale of bonds or utility certificates, the governing body shall first apply the receipts from the sale of such property to the payment of any applicable outstanding bonded indebtedness before allocation of any portion of the receipts to a reserve fund.

(2) Moneys reserved under subsection (1) of this section shall be placed in a special fund or funds. [1963 c.576 §12]

**294.370** [Amended by 1961 c.678 §2; repealed by 1963 c.576 §44]

**294.371 Estimate of unappropriated ending fund balance for each fund.** A municipal corporation may include in its budget an estimate of unappropriated ending fund balance for each fund, for use in the fiscal period following that for which the budget is

being prepared. The estimate authorized by this section represents cash or net working capital which will be carried over into the year following the ensuing fiscal year or ensuing budget period for which the budget is being prepared. It shall not in any way reduce the cash balance or net working capital which becomes part of the budget resources provided in ORS 294.361 (1) to (3). The unappropriated ending fund balance authorized by this section shall become a budget resource at the close of the ensuing fiscal year or ensuing budget period for the succeeding year or budget period. Except as provided in ORS 294.326 (3) and 294.455, no appropriation nor expenditure shall be made in the year or budget period for which the budget is applicable for the amount estimated pursuant to this section. [1963 c.576 §13; 1965 c.451 §4; 1997 c.308 §9; 2001 c.135 §8]

**294.375** [Repealed by 1963 c.576 §44]

**294.376 Expenditure and resource estimate sheets; made part of budget document.** (1) The sheet or sheets containing the estimate of expenditures shall also show in parallel columns the actual expenditures for the two fiscal years next preceding the current year or the actual expenditures for the two budget periods preceding the current budget period, the estimated expenditures for the current year or current budget period and the estimated expenditures for the ensuing year or ensuing budget period.

(2) The sheet or sheets containing the estimate of budget resources shall also show in parallel columns the actual budget resources of the two fiscal years next preceding the current year or the actual budget resources for the two budget periods preceding the current budget period, the estimated budget resources for the current year or current budget period and the estimated budget resources for the ensuing year or ensuing budget period.

(3) The estimate sheets shall be made a part of the budget document. [1963 c.576 §14; 2001 c.135 §9]

**294.380** [Amended by 1959 c.262 §3; repealed by 1963 c.576 §44]

**294.381 Determination of estimated tax revenues.** (1) Each municipal corporation that has the power to levy an ad valorem property tax shall estimate, in the manner provided in this section, the amount of revenues that will be received in the ensuing year or ensuing budget period through the imposition of taxes upon the taxable property within the municipal corporation.

(2) Subject to the additional adjustments required under subsection (3) of this section, the estimated ad valorem taxes that will be received in the ensuing year or ensuing budget period is the sum of the following:

(a) The amount derived by multiplying the estimated assessed value for the ensuing year or each fiscal year of the ensuing budget period of the taxable property within the municipal corporation, after boundary changes have been filed in final approved form with the county assessor and the Department of Revenue as provided in ORS 308.225, by whichever of the following is applicable to the municipal corporation:

(A) The municipal corporation's permanent rate limit on operating taxes, as defined in ORS 310.202 (7), or such lesser rate as the municipal corporation may determine to use for purposes of levying such ad valorem taxes; or

(B) The municipal corporation's statutory rate limit on operating taxes, as defined in ORS 310.202 (10), or such lesser rate as the municipal corporation may determine to use for purposes of levying such ad valorem taxes.

(b) If the municipal corporation is authorized to levy a local option tax that was authorized by the electors as a dollar amount, the dollar amount of such local option tax that is authorized to be levied in the ensuing year or ensuing budget period.

(c) If the municipal corporation is authorized to levy a local option tax that was authorized by the electors as a tax rate, the amount derived by multiplying the authorized rate of such local option tax for the ensuing year or ensuing budget period by the estimated assessed value for the ensuing year or each fiscal year of the ensuing budget period of the taxable property within the municipal corporation.

(d) An amount equal to the principal and interest on all bonded indebtedness of the municipal corporation that is due and payable in the ensuing year or ensuing budget period, divided by the annual average percentage of taxes collected in the county in which the taxable property of the municipal corporation is located.

(3) The sum of the amounts determined under subsection (2)(a), (b) and (c) of this section shall be reduced by an amount equal to the estimated amount of such taxes that will not be collected as a result of:

(a) The discount allowed under ORS 311.505;

(b) The limits imposed under ORS 310.150 (3); and

(c) The failure of taxpayers to pay such taxes in the year for which they are levied.

(4) The estimated ad valorem taxes determined in accordance with subsections (2) and (3) of this section shall be used by the municipal corporation for purposes of com-

plying with the requirements of ORS 310.060 (1). [1963 c.576 §15; 1979 c.762 §1; 1991 c.459 §5; 1997 c.308 §10; 1997 c.541 §328; 1999 c.186 §7; 1999 c.632 §5; 2001 c.135 §10; 2001 c.138 §1; 2003 c.46 §1; 2003 c.709 §41]

**Note:** The amendments to 294.381 by section 41, chapter 709, Oregon Laws 2003, were referred to the people by referendum petition for their approval or rejection at a special election to be held throughout this state on February 3, 2004. See section 1, chapter 730, Oregon Laws 2003. If chapter 709, Oregon Laws 2003, is approved by the people, the amendments to 294.381 by section 41, chapter 709, become operative on March 4, 2004. The text (including amendments by section 1, chapter 46, Oregon Laws 2003) that is operative if chapter 709 is rejected by the people, and that is operative until March 4, 2004, regardless of the outcome of the election, is set forth for the user's convenience.

**294.381.** (1) Each municipal corporation that has the power to levy an ad valorem property tax shall estimate, in the manner provided in this section, the amount of revenues that will be received in the ensuing year or ensuing budget period through the imposition of taxes upon the taxable property within the municipal corporation.

(2) Subject to the additional adjustments required under subsection (3) of this section, the estimated ad valorem taxes that will be received in the ensuing year or ensuing budget period is the sum of the following:

(a) The amount derived by multiplying the estimated assessed value for the ensuing year or each fiscal year of the ensuing budget period of the taxable property within the municipal corporation, after boundary changes have been filed in final approved form with the county assessor and the Department of Revenue as provided in ORS 308.225, by whichever of the following is applicable to the municipal corporation:

(A) The municipal corporation's permanent rate limit on operating taxes, as defined in ORS 310.202 (7), or such lesser rate as the municipal corporation may determine to use for purposes of levying such ad valorem taxes; or

(B) The municipal corporation's statutory rate limit on operating taxes, as defined in ORS 310.202 (10), or such lesser rate as the municipal corporation may determine to use for purposes of levying such ad valorem taxes.

(b) If the municipal corporation is authorized to levy a local option tax that was authorized by the electors as a dollar amount, the dollar amount of such local option tax that is authorized to be levied in the ensuing year or ensuing budget period.

(c) If the municipal corporation is authorized to levy a local option tax that was authorized by the electors as a tax rate, the amount derived by multiplying the authorized rate of such local option tax for the ensuing year or ensuing budget period by the estimated assessed value for the ensuing year or each fiscal year of the ensuing budget period of the taxable property within the municipal corporation.

(d) An amount equal to the principal and interest on all bonded indebtedness of the municipal corporation that is due and payable in the ensuing year or ensuing budget period, divided by the annual average percentage of taxes collected in the county in which the taxable property of the municipal corporation is located.

(3) The sum of the amounts determined under subsection (2)(a), (b) and (c) of this section shall be reduced by an amount equal to the estimated amount of such taxes that will not be collected as a result of:

(a) The discounts allowed under ORS 311.505;

(b) The limits imposed under ORS 310.150 (3); and

(c) The failure of taxpayers to pay such taxes in the year for which they are levied.

(4) The estimated ad valorem taxes determined in accordance with subsections (2) and (3) of this section shall be used by the municipal corporation for purposes of complying with the requirements of ORS 310.060 (1).

**294.385** [Repealed by 1963 c.576 §44]

**294.386 Financial summary.** Each municipal corporation shall prepare a financial summary. The financial summary shall include:

(1) A summary statement by funds showing the estimate of budget resources and the estimate of expenditures;

(2) A classified statement of outstanding indebtedness, but not including indebtedness that has been defeased and is no longer considered to be outstanding as provided in ORS 288.675;

(3) A classified statement of all indebtedness authorized but not incurred; and

(4) A summary statement of the estimate of ad valorem property taxes, stated in dollars and cents and also stated as an estimated tax rate per thousand dollars of assessed value. [1963 c.576 §16; 1979 c.686 §5; 1997 c.308 §11; 1997 c.541 §329]

**294.390** [Repealed by 1963 c.576 §44]

**294.391 Budget message.** A budget message shall be prepared by or under the direction 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. The budget message shall be delivered at a meeting of the budget committee as provided in ORS 294.401 (1). The budget message shall:

(1) Explain the budget document;

(2) Contain a brief description of the proposed financial policies of the municipal corporation for the ensuing year or ensuing budget period;

(3) Describe in connection with the financial policies of the municipal corporation, the important features of the budget document;

(4) Set forth the reason for salient changes from the previous year or budget period in appropriation and revenue items; and

(5) Explain the major changes in financial policy. [1963 c.576 §17; 1997 c.308 §12; 2001 c.135 §11]

**294.395** [Repealed by 1963 c.576 §44]

**294.396 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. [1963 c.576 §18; 2001 c.135 §12]

**294.400** [Amended by 1953 c.40 §2; 1959 c.168 §1; repealed by 1963 c.576 §44]

**294.401 Budget committee meeting; distribution of budget message and document; copies of document to be available.**

(1) The budget committee shall hold one or more meetings for the following purposes:

(a) Receiving the budget message and the budget document; and

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

(2) When more than one meeting of the budget committee is held under subsection (1) of this section, the first meeting shall be the meeting at which the budget message and the budget document are received by the budget committee. The budget committee may provide members of the public with an opportunity to ask questions about and comment upon the budget document at the first meeting of the budget committee. If such opportunity is not provided at the first meeting, the budget committee shall provide the public with the opportunity to ask questions and make comments upon the budget document at subsequent meetings.

(3) The budget officer shall publish prior notice of each meeting of the budget committee held for the purpose of satisfying the requirements of subsection (1) of this section. The published notice shall contain the information required under subsection (4) of this section. However:

(a) If more than one meeting of the budget committee is held for the purpose of meeting the requirements of subsection (1) of this section, the budget officer may publish a single notice containing the required information for all of the meetings to be held for the purpose of meeting the requirements of subsection (1) of this section; and

(b) If the budget committee holds two or more meetings under subsection (1)(b) of this section for the purpose of taking questions and comments from the public, then:

(A) Only notice of the first meeting held for the purpose of taking questions and comments from the public need be published in accordance with the requirements of this subsection, and notice of any subsequent meeting held for the purpose of taking questions and comments from the public may be given as provided in ORS 294.406 (2); and

(B) If notice is published for a meeting to be held for the purpose of taking questions and comments from the public and it is subsequently determined that the meeting is not needed, notice of cancellation of the meeting shall be published as provided in ORS 294.406 (2).

(4) A notice meets the requirements of this subsection when it states:

(a) The purpose, time and place of the meeting or meetings to which the notice relates and the place where the budget document is available;

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

(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.

(5) When notice of a meeting of the budget committee is published by publication in a newspaper, the notice satisfies the requirements of this section if the notice is published on not fewer than two occasions separated by at least five days, with the first publication not earlier than 30 days prior to the meeting date and the final publication not later than five days prior to the meeting date. When notice of a meeting of the budget committee is published by mailing or by hand delivery, the notice satisfies the requirements of this section if the notice is placed with the United States Postal Service or hand delivered not later than 10 days prior to the meeting date.

(6) At any time prior to the meeting of the budget committee at which the budget committee will receive the budget message and the budget document, the budget officer may provide a copy of the budget document to each member of the budget committee for the information and use of the individual member.

(7) Except when copies of the budget document were provided to the members of the budget committee under subsection (6) of this section, the budget officer shall submit to the members of the budget committee the budget document at the first meeting held under subsection (1) of this section for their use and consideration.

(8) 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) or (7) of this section. The copy shall become a public record of the municipal corporation.

(9) The governing body shall either provide the means of duplicating the budget or part thereof, in those situations where the budget document or portion thereof may be quickly reproduced, or shall provide copies of the budget document or part thereof so that a copy of the budget document or part thereof may be readily obtained by any individual interested in the affairs of the munic-

ipal corporation. [1963 c.576 §19; 1965 c.451 §5; 1971 c.516 §2; 1989 c.504 §1; 1997 c.308 §13; 1999 c.632 §6]

**294.405** [Repealed by 1953 c.306 §18]

**294.406 Budget committee hearings; approval of budget document.** (1) The budget committee shall approve the budget document as submitted by the budget officer or the budget document as revised and prepared by the budget committee. The budget document as approved by the budget committee shall specify the ad valorem property tax amount or rate for all funds.

(2) In addition to the meetings held under ORS 294.401 (1), the budget committee may meet from time to time at its discretion. All meetings of the budget committee shall be open to the public. Except for a meeting of the budget committee held under ORS 294.401 (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 (34).

(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. [1963 c.576 §20; 1965 c.451 §6; 1997 c.308 §14; 1997 c.541 §336a; 1999 c.632 §7; 2001 c.104 §103; 2001 c.135 §13]

**294.410** [Repealed by 1963 c.576 §44]

**294.411 Submission of budget document to tax supervising and conservation commission in certain cases prior to publication and approval by budget committee.** (1) Each municipal corporation having a population not exceeding 200,000, located in a county having a tax supervising and conservation commission and not submitting its budget document to the tax supervising and conservation commission for a public hearing, pursuant to ORS 294.430 (3), shall submit its approved budget document to the tax supervising and conservation commission in the county at least 30 days prior to the date of the public hearing in accordance with ORS 294.430. If its territory lies in two or more counties, the municipal corporation shall submit its budget to the commission if the real market value of all property subject to taxation by the municipal corporation in the county having a commission is greater than the real market value of all property subject to taxation by the municipal corporation in any other county. Real market value is the real market value computed according to ORS 308.207 from the as-

essment rolls last in the process of collection.

(2) Before adopting the budget, the governing body for a municipal corporation described in subsection (1) of this section shall consider and take appropriate action on any orders, recommendations or objections made by the tax supervising and conservation commission. [1963 c.576 §21; 1969 c.155 §1; 1991 c.459 §6; 1997 c.308 §15; 1999 c.632 §8]

**294.413 Format for notices and summaries.** Format for publication of notices and summaries required by ORS 294.416 shall be prescribed by the Department of Revenue. [1971 c.516 §9; 1983 c.549 §1; 1993 c.742 §46; 1997 c.308 §16]

**294.415** [Renumbered 294.425]

**294.416 Publication of budget summary, financial summary, statement of accounting basis, and notices of meeting and availability of budget document.** Except as provided in ORS 294.418, there shall be published, as provided in ORS 294.421:

(1) A 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 in accordance with forms prescribed by the Department of Revenue in the manner provided in ORS 294.413. The summary shall be of sufficient detail to inform the citizens of the municipal corporation of the proposed financial plan for the ensuing year or ensuing budget period. As a minimum requirement, the personnel services, the major expense items under materials and services and capital outlay for each organizational unit or activity of each fund and the major items for debt service, special payments, and operating contingencies for each fund shall be listed separately. The summary shall show the major items of budget resources. As used in this subsection, the term "program" may be substituted for the term "organizational unit" for municipal corporations which prepare program budgets.

(2) The financial summary prepared under ORS 294.386 for the ensuing year or ensuing budget period and for the current year or current budget period.

(3) A notice of the time and place at which the budget document as approved by the budget committee may be discussed with the governing body.

(4) A statement that the budget is 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. If a change in the basis of accounting is to be

made, there shall be an explanation of the change and the effects of the change.

(5) A notice of the place where the complete budget document is available for inspection by the general public during regular business hours and where copies of the complete budget document may be obtained. [Formerly 294.360; 1965 c.451 §7; 1971 c.516 §3; 1979 c.686 §6; 1997 c.308 §17; 2001 c.135 §14]

**294.418 Alternative budget publication procedure.** In lieu of the publication requirements contained in ORS 294.416, a municipal corporation may elect to publish its budget as provided in this section.

(1) There shall be published, as provided in ORS 294.421, a summary of the budget as approved by the budget committee and compared with the budget summary of the preceding year or preceding budget period and the budget summary for the current year or current budget period. As a minimum requirement, there shall be listed the total requirements for personal services, materials and services, capital outlay, special payments, debt service, transfers and operating contingencies for the budget. In addition, there shall be published a brief narrative description of the major activities or major programs of the municipal corporation and the prominent changes from the current year or current budget period. Information shall be furnished showing the personnel requirement changes for each major activity or major program. The narrative shall state the major resources for financing each major activity or program and the prominent changes from the current year or current budget period, or shall state that each major activity or program is financed from general resources of the governmental unit. The summary for the ensuing year or ensuing budget period and for the current year or current budget period shall show total budgeted requirements, total estimated resources other than ad valorem property taxes and estimated ad valorem property tax revenues, stated in dollars and cents. The summary shall also state the municipal corporation's operating tax rate and the amount or rate of any other ad valorem property taxes to be certified to the assessor. Tax rates shall be expressed at a rate per thousand dollars of assessed value. The summary shall include an analysis of ad valorem property taxes for the current and ensuing years or budget periods that are outside of the municipal corporation's permanent rate limit or statutory rate limit, if applicable, showing local option taxes and ad valorem property taxes for meeting payments on bond, principal and interest thereon and for meeting other obligations of the municipal corporation described under section 11 (5), Article XI of the Oregon Constitution.

(2) There shall be published with the summary:

(a) A notice of the time and place at which the budget document as approved by the budget committee may be discussed with the governing body.

(b) A statement that the budget is prepared in accordance with the basis of accounting used in the preceding year or budget period unless a change in the basis of accounting is anticipated; and if a change in the basis of accounting is to be made, there shall be an explanation of the change and the effects of the change.

(c) A notice of the place where the complete budget document is available for inspection by the general public during regular business hours and where copies of the complete budget document may be obtained. [1971 c.516 §5; 1979 c.686 §7; 1997 c.308 §18; 1997 c.541 §330; 2001 c.135 §15]

**294.420** [Renumbered 294.555]

**294.421 Manner of publication; alternative requirements in certain cases.** (1) Subject to subsections (3) to (6) of this section, the summary of the budget document approved by the budget committee shall be published at least once prior to the time appointed for the proposed meeting of the governing body in accordance with ORS 294.430.

(2) Subject to subsections (3) to (6) of this section, the notice of the time and place at which the budget document as approved by the budget committee may be discussed shall be published by one or more of the methods described in ORS 294.311 (34) not less than five days and not more than 30 days prior to the date of the meeting required by ORS 294.430.

(3) If no newspaper is published in the municipal corporation, a municipal corporation whose aggregate of estimated budget expenditures for the ensuing fiscal year does not exceed \$50,000 or for the ensuing budget period does not exceed \$100,000 may, in lieu of the publication and notice provided in subsections (1) and (2) of this section and in lieu of publication by one or more of the methods described in ORS 294.311 (34), post the summaries and notices provided by ORS 294.416 or 294.418 in three conspicuous places in the municipal corporation for at least 20 days prior to the date of the meeting provided in ORS 294.430 and publish the notice provided by subsection (4) of this section.

(4) If notice is given as provided in subsection (3) of this section, the municipal corporation shall publish, by one or more of the methods described in ORS 294.311 (34), a notice of the following:

(a) The date, time and place of the meeting provided by ORS 294.430;

(b) The place where the complete budget document is available for inspection by the general public during regular office hours;

(c) Total budget requirements and taxes proposed to be levied;

(d) Changes in the amount or rate of proposed ad valorem property taxes; and

(e) The place where copies of the complete budget or parts thereof may be obtained.

(5) The notice provided in subsection (4) of this section shall be published not less than five days and not more than 30 days prior to the date of the meeting provided in ORS 294.430.

(6) A municipal corporation having a population exceeding 200,000 inhabitants, or a municipal corporation with 200,000 or fewer inhabitants that requests the tax supervising and conservation commission to conduct the public hearing outlined in ORS 294.430, shall, in lieu of the publication and notice prescribed in subsection (1) of this section, submit its budget document, as approved by the budget committee, to the tax supervising and conservation commission within its county, if there is such a commission, at least 20 days prior to the legal date of the public hearing before the tax supervising and conservation commission on the budget, and the budget document shall thereupon be open to inspection by any taxpayer or citizen. The municipal corporation shall also publish a notice as provided in subsections (4) and (5) of this section. [Formerly 294.365; 1965 c.451 §8; 1967 c.525 §1; 1969 c.155 §2; 1971 c.516 §6; 1991 c.459 §7; 1997 c.308 §19; 1997 c.541 §331; 1999 c.632 §9; 2001 c.104 §104; 2001 c.135 §16]

**294.425 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 to 294.565, publication of the document shall be considered sufficient for all purposes if a good faith effort is made by the budget officer of the municipal corporation to publish by any one or more of the methods described in ORS 294.311 (34), notwithstanding any defect in the publication, including but not limited to:

(a) Typographical or scriveners' errors in the published material;

(b) Failure of the published materials to be mailed or hand delivered to each street address within the jurisdictional boundaries of the municipal corporation;

(c) Arithmetic errors in computing numerical information, including tax levies or tax rates;

(d) Calculations of ad valorem property taxes not made in accordance with the applicable requirements of law; or

(e) Failure to publish within the time periods required by law.

(2) At the first regularly scheduled meeting of the governing body of the municipal corporation that is held following the discovery of any publication error described in subsection (1)(a), (c) or (d) of this section, the budget officer shall advise the governing body in writing of the error and shall correct the error by testimony before the governing body at the meeting. If the error relates to the calculation of ad valorem property taxes, the budget officer shall immediately notify the county assessor of the error in writing, identifying the correct ad valorem property tax. [Formerly 294.415; 1997 c.308 §20; 1997 c.541 §336b; 1999 c.632 §10; 2001 c.104 §105; 2001 c.135 §17]

**294.430 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 by ORS 294.416 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 budget document.

(2) Each municipal corporation having a population exceeding 200,000 and located in a county having a tax supervising and conservation commission, shall, in lieu of the meeting provided for in subsection (1) of this section, submit its budget document to the tax supervising and conservation commission of the county. The governing body of such municipal corporation or its representatives shall meet with the taxpayers thereof at a public hearing to be called and conducted by the tax supervising and conservation commission.

(3) Any municipal corporation having a population not exceeding 200,000 and located in a county having a tax supervising and conservation commission, may, in lieu of the meeting provided for in subsection (1) of this section, submit its budget document to the tax supervising and conservation commission of the county for a public hearing. The governing body of such municipal corporation or its representatives shall meet with the taxpayers thereof at a public hearing to be called and conducted by the tax supervising and conservation commission.

(4) If its territory lies in two or more counties, a municipal corporation subject to subsection (2) of this section shall, and a

municipal corporation subject to subsection (3) of this section may, submit its budget document to the tax supervising and conservation commission for public hearing if the real market value of all property subject to taxation by the municipal corporation in the county with a commission is greater than the real market value of all property subject to taxation by the municipal corporation in any other county. Real market value is the real market value computed according to ORS 308.207 from the assessment rolls last in the process of collection. [1963 c.576 §24; 1969 c.155 §3; 1991 c.459 §8; 1997 c.308 §21]

**294.435 Governing body to adopt budget, make appropriations, declare and categorize property tax amount or rate; greater tax, encumbrance or expenditure limited; exception.** (1) After the public hearing provided for in ORS 294.430 (1) has been held, the governing body shall enact the proper ordinances or resolutions 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 provided in ORS 310.060. Consideration shall be given to matters discussed at the public hearing. The budget estimates and proposed ad valorem property tax amount or rate as shown in the budget document may be amended prior to adoption and may also be amended by the governing body following adoption if such amendments are adopted prior to the commencement of the fiscal year or budget period to which the budget relates. However, the amount of estimated expenditures for each fund in an annual budget may not be increased by more than \$5,000 or 10 percent of the estimated expenditures, whichever is greater, and the amount of estimated expenditures for each fund in a biennial budget may not be increased by more than \$10,000 or 10 percent of the estimated expenditures, whichever is greater, and the amount or rate of the total ad valorem property taxes to be certified by the municipal corporation to the assessor may not exceed the amount approved by the budget committee:

(a) Unless the amended budget document is republished as provided by ORS 294.416 or 294.418 and 294.421 for the original budget and another public hearing is held as provided by ORS 294.430 (1); or

(b) Except to the extent ad valorem property taxes may be increased pursuant to ORS 294.437.

(2) After the public hearing provided for in ORS 294.430 (2) or (3) has been held and

the certification of the tax supervising and conservation commission received, if such certification is required, the governing body shall enact the proper ordinances or resolutions to adopt the budget, to make the appropriations, to determine, make and declare the ad valorem property tax amount or rate for either the ensuing fiscal year or each of the fiscal years of the ensuing budget period and to itemize and categorize the ad valorem property tax amount or rate as provided in ORS 310.060. Consideration shall be given any orders, recommendations or objections made by the tax supervising and conservation commission in accordance with law. The action taken on each order, recommendation or objection after such consideration by the governing body, with the reasons for such action, shall be included in the ordinance or resolution adopting the budget. A certified copy of the ordinance or resolution shall be sent to the commission within 15 days after the date the ordinance or resolution is adopted. The budget estimates, appropriations and ad valorem property tax amount or rate as shown in the budget document may be amended prior to adoption and may also be amended by the governing body following adoption if such amendments are adopted prior to the commencement of the fiscal year or budget period to which the budget relates. However, the amount of estimated expenditures for each fund may not be increased by more than \$5,000 or 10 percent of the estimated expenditures, whichever is greater, the amount of estimated expenditures for each fund in a biennial budget may not be increased by more than \$10,000 or 10 percent of the estimated expenditures, whichever is greater, and the amount or rate of the total ad valorem property taxes to be certified by the municipal corporation to the assessor may not exceed the amount shown in the budget document at the time of the budget hearing:

(a) Unless the amended budget document is resubmitted to the tax supervising and conservation commission for another public hearing, and for recommendations or objections of that body; or

(b) Except to the extent ad valorem property taxes may be increased pursuant to ORS 294.437.

(3) The appropriations required by subsections (1) and (2) of this section shall, as a minimum, contain one amount for each organizational unit or program of each fund. In addition, separate amounts shall be appropriated in each fund for debt service, special payments, interfund revenue transfers, capital outlay, operating expenses which cannot be allocated to an organizational unit or program and operating contingencies. If the

governing body so desires, it may appropriate separate amounts for activities within an organizational unit or program. For those municipal corporations where the term "organizational unit" has no application, the appropriations shall contain separate amounts for personal services, materials and services, capital outlay, debt service, special payments, interfund revenue transfers and operating contingency for each fund.

(4) Thereafter no greater expenditure, or encumbrance if encumbrance accounting is used, of public money shall be made for any specific purpose other than the amount appropriated therefor except as provided in ORS 294.326, 294.440, 294.450 and 294.480.

(5) The determination of the amount or rate of ad valorem property taxes to be certified shall be entered in the proper records of the governing body. Except as provided in ORS 294.437, no greater tax than that so entered upon the record shall be certified by the municipal corporation proposing the tax for the purpose or purposes indicated.

(6) Nothing contained in this section shall preclude a governing body during the fiscal year or budget period by appropriate ordinance or resolution, after public hearing, from adjusting budgeted resources and reducing appropriations to reflect a decrease in available resources.

(7)(a) The governing body shall determine, make and declare ad valorem property taxes under subsections (1) and (2) of this section as a rate per \$1,000 of assessed value if the taxes are operating taxes or rate-based local option taxes as a rate per \$1,000 of assessed value.

(b) The governing body shall determine, make and declare ad valorem property taxes under subsections (1) and (2) of this section as an amount if the taxes are being certified as amount-based local option taxes, to pay principal and interest on exempt bonded indebtedness or to pay other government obligations described in section 11 (5), Article XI of the Oregon Constitution. [1963 c.576 §25; 1965 c.451 §9; 1969 c.682 §1; 1971 c.516 §7; 1977 c.305 §2; 1979 c.310 §5; 1979 c.686 §8a; 1993 c.270 §3; 1997 c.308 §22; 1997 c.541 §332; 1999 c.632 §11; 2001 c.135 §18; 2001 c.753 §5; 2003 c.14 §145]

**294.437 Local option tax approved after adoption of budget; supplemental budget.** (1) Following the adoption of a budget under ORS 294.435 that does not include revenue from a proposed local option tax, 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 to determine, make and declare the local option tax and to categorize the local option tax amount or rate as provided in ORS 310.060;

(b) Receive from the assessor of the county in which the municipal corporation is located (or, if the municipal corporation is located in more than one county, from the assessor of each county in which the municipal corporation is located) written approval to file a supplemental notice of property tax as described in ORS 310.060 (9); and

(c) File with the assessor of the county in which the municipal corporation is located (or, if the municipal corporation is located in more than one county, with the assessor of each county in which the municipal corporation is located) two copies of the ordinance or resolution described in paragraph (a) of this subsection, two copies of the supplemental notice of property tax required under ORS 310.060 and two copies of the approved local option tax measure.

(2) Funds raised by a local option tax described in this section may not be expended by the municipal corporation unless the municipal corporation has adopted a supplemental budget in accordance with ORS 294.480. Funds may be expended only in accordance with the supplemental budget so adopted.

(3) As soon as received, the county assessor shall forward one copy of each of the documents described in subsection (1)(c) of this section to the Department of Revenue. [2001 c.753 §4]

**Note:** 294.437 was added to and made a part of 294.305 to 294.565 by legislative action but was not added to any smaller series therein. See Preface to Oregon Revised Statutes for further explanation.

**294.440 School or community college district expending federal or state funds in emergency.** Whenever the board of directors of any school district or the board of education of any community college district has declared the existence of an emergency necessitating a greater expenditure of public money for any specific purpose or purposes than the amount appropriated therefor in order to provide or maintain and operate, or both, adequate school or college facilities, supplies and personnel for the proper instruction of the pupils who are attending or will attend the public schools or college within such district during the remainder of the budget year, such board may make excess expenditures for such specific purpose or purposes beyond the amount appropriated therefor to the extent that all funds for such excess expenditures are:

(1) Advanced or committed to such district by apportionment, grant, contribution or allocation from the United States, or any agency thereof. In connection therewith, the district may enter into and carry out any plan of financing sponsored by the United States, or any agency thereof, upon such terms and conditions and subject to such lawful rules and regulations as may be prescribed by the United States, or a proper agency thereof;

(2) Made available to a common or union high school district by the education service district board from an emergency aid fund established under ORS 334.370. [1963 c.576 §26; 1971 c.513 §58; 1983 c.740 §84]

**294.443 Certain interest to be included in budget; method.** In the exercise of the authority granted by ORS 288.165, 328.565 and 341.715, specific provision for interest must be contained in duly adopted budgets. However, reporting of anticipated loan proceeds and related principal repayments within a particular fiscal year or budget period may be accomplished in narrative form or by footnoted schedules to the duly adopted budget and need not be included as a budgetary resource or requirement. Such narrative or footnoted disclosure must indicate that principal repayments are a liability of the applicable fund from which they are made. [1985 c.356 §3; 1993 c.97 §16; 2001 c.135 §19]

**294.445 Basis of accounting used by municipal corporation; change of basis.** (1) A municipal corporation shall record its revenues and expenditures, on a fund by fund basis, using either the cash basis, the modified accrual basis or the accrual basis of accounting.

(2) The selection of the basis of accounting is left to the discretion of each municipal corporation. Any change in the basis of accounting shall be clearly set forth in the budget message for the fiscal year or budget period in which the change is contemplated and the reasons for the change and its effect on the operations of the municipal corporation shall be explained. Once a new basis of accounting is adopted, it shall be followed in the year or period for which the budget was prepared and each succeeding year or period thereafter until changed in a subsequent budget. Such change must be published as provided in ORS 294.416 (3). [1963 c.576 §28; 1977 c.305 §3; 1997 c.308 §23; 2001 c.135 §20]

**Note:** Sections 6 and 7, chapter 1, Oregon Laws 2002 (fourth special session), provide:

**Sec. 6.** (1) Notwithstanding ORS 294.445, a school district or education service district that uses the cash basis method of accounting may show a negative ending fund balance at the end of a fiscal year. The amount of the negative ending fund balance may not be greater than the amount calculated under section 5 (3)(b) or (c), chapter 1, Oregon Laws 2002 (fourth special session)

[294.447 (3)(b) or (c)], multiplied by the extended ADMw of the school district or education service district as defined in section 5, chapter 1, Oregon Laws 2002 (fourth special session).

(2) This section only applies to those school districts and education service districts that used the cash basis method of accounting on June 30, 2002. [2002 s.s.4 c.1 §6; 2003 c.96 §4]

**Sec. 7.** Section 6 of this 2002 third special session Act [chapter 1, Oregon Laws 2002 (fourth special session)] is repealed on January 1, 2006. [2002 s.s.4 c.1 §7]

**294.447 Inclusions in accrued revenues of school districts, education service districts, community college districts and community college service districts using accrual basis of accounting; State School Fund grant calculations.** (1) As used in this section “extended ADMw” means:

(a) For a school district the district extended ADMw as calculated under ORS 327.013.

(b) For an education service district the sum of the extended ADMw of the component school districts of the education service district.

(2) Notwithstanding ORS 294.445, a school district or education service district that uses the accrual basis method of accounting may include as accrued revenues in the budget and financial statement of the school district or education service district, for any fiscal year, an amount from the next fiscal year that is to be received in the next fiscal year. The amount accrued under this section may not be greater than the amount calculated under subsection (3)(b) or (c) of this section multiplied by the extended ADMw of the school district or education service district.

(3)(a) For each fiscal year, the Department of Education shall calculate the amount available in the State School Fund for grants and distributions to school districts and the amount available for grants and distributions to education service districts under ORS 327.008 and 327.013 and sections 2 to 7, chapter 695, Oregon Laws 2001, based on the appropriations and allocations made to the State School Fund for that fiscal year by the Legislative Assembly in regular session. The department may not include in the amount calculated to be available for school districts under this paragraph the amounts received by the Youth Corrections Education Program and the Juvenile Detention Education Program under ORS 327.026 from the State School Fund.

(b) The department shall calculate for school districts an amount equal to (the amount calculated under paragraph (a) of this subsection for school districts ÷ 12) ÷ the total statewide extended ADMw of all school districts.

(c) The department shall calculate for education service districts an amount equal to (the amount calculated under paragraph (a) of this subsection for education service districts ÷ 12) ÷ the total statewide extended ADMw of all education service districts.

(d) The department may adjust the calculations under this subsection based on current data for the factors used to calculate the State School Fund distribution to school districts and education service districts under ORS 327.008 and 327.013 and sections 2 to 7, chapter 695, Oregon Laws 2001.

(e) Notwithstanding paragraph (d) of this subsection, the department may not adjust the calculation under paragraph (a) of this subsection based on changes made to the appropriations or allocations to the State School Fund by the Legislative Assembly in special session or by rule of the Oregon Department of Administrative Services relating to allotting funds.

(4) Notwithstanding ORS 294.445, a community college district or community college service district that uses the accrual basis method of accounting may include as accrued revenues in the budget and financial statement of the community college district or community college service district, for any fiscal year, an amount from the next fiscal year that is to be received in the next fiscal year. The amount accrued under this section may not be greater than 25 percent of the amount the community college district or community college service district received as a Community College Support Fund grant for the fiscal year for which the revenues are to be accrued. [2002 s.s.4 c.1 §5; 2003 c.96 §1]

**Note:** The amendments to 294.447 by section 2, chapter 96, Oregon Laws 2003, become operative July 1, 2005. See section 3, chapter 96, Oregon Laws 2003. The text that is operative on and after July 1, 2005, is set forth for the user's convenience.

**294.447.** (1) As used in this section "extended ADMw" means:

(a) For a school district the district extended ADMw as calculated under ORS 327.013.

(b) For an education service district the sum of the extended ADMw of the component school districts of the education service district.

(2) Notwithstanding ORS 294.445, a school district or education service district that uses the accrual basis method of accounting may include as accrued revenues in the budget and financial statement of the school district or education service district, for any fiscal year, an amount from the next fiscal year that is to be received in the next fiscal year. The amount accrued under this section may not be greater than the amount calculated under subsection (3)(b) or (c) of this section multiplied by the extended ADMw of the school district or education service district.

(3)(a) For each fiscal year, the Department of Education shall calculate the amount available in the State School Fund for grants and distributions to school districts and the amount available for grants and distrib-

utions to education service districts under ORS 327.008, 327.013 and 327.019 based on the appropriations and allocations made to the State School Fund for that fiscal year by the Legislative Assembly in regular session. The department may not include in the amount calculated to be available for school districts under this paragraph the amounts received by the Youth Corrections Education Program and the Juvenile Detention Education Program under ORS 327.026 from the State School Fund.

(b) The department shall calculate for school districts an amount equal to (the amount calculated under paragraph (a) of this subsection for school districts ÷ 12) ÷ the total statewide extended ADMw of all school districts.

(c) The department shall calculate for education service districts an amount equal to (the amount calculated under paragraph (a) of this subsection for education service districts ÷ 12) ÷ the total statewide extended ADMw of all education service districts.

(d) The department may adjust the calculations under this subsection based on current data for the factors used to calculate the State School Fund distribution to school districts and education service districts under ORS 327.008, 327.013 and 327.019.

(e) Notwithstanding paragraph (d) of this subsection, the department may not adjust the calculation under paragraph (a) of this subsection based on changes made to the appropriations or allocations to the State School Fund by the Legislative Assembly in special session or by rule of the Oregon Department of Administrative Services relating to allotting funds.

(4) Notwithstanding ORS 294.445, a community college district or community college service district that uses the accrual basis method of accounting may include as accrued revenues in the budget and financial statement of the community college district or community college service district, for any fiscal year, an amount from the next fiscal year that is to be received in the next fiscal year. The amount accrued under this section may not be greater than 25 percent of the amount the community college district or community college service district received as a Community College Support Fund grant for the fiscal year for which the revenues are to be accrued.

**Note:** 294.447 was added to and made a part of 294.305 to 294.565 by legislative action but was not added to any smaller series therein. See Preface to Oregon Revised Statutes for further explanation.

**Note:** Section 5, chapter 96, Oregon Laws 2003, provides:

**Sec. 5.** (1) Notwithstanding section 5 (2), chapter 1, Oregon Laws 2002 (fourth special session) [294.447 (2)], for the 2002-2003 fiscal year, the amount accrued under section 5, chapter 1, Oregon Laws 2002 (fourth special session):

(a) For a school district may not be greater than \$309 multiplied by the extended ADMw of the school district.

(b) For an education service district may not be greater than \$12 multiplied by the extended ADMw of the education service district.

(2) Notwithstanding sections 5 and 6, chapter 1, Oregon Laws 2002 (fourth special session), for the 2002-2003 fiscal year, the amount of the negative ending fund balance allowed under section 6, chapter 1, Oregon Laws 2002 (fourth special session):

(a) For a school district may not be greater than \$309 multiplied by the extended ADMw of the school district.

(b) For an education service district may not be greater than \$12 multiplied by the extended ADMw of the education service district. [2003 c.96 §5]

**294.450 Transfers of appropriations within fund or from one fund to another; appropriation of pass-through revenues.** Subject to the provisions contained in the charter of any city or county or in any law relating to municipal corporations:

(1) Except as provided in subsection (2) of this section, transfers of appropriations may be made within a given fund when authorized by official resolution or ordinance of the governing body. The resolution or ordinance shall state the need for the transfer, the purpose for the authorized expenditure and the amount of appropriation transferred.

(2) Transfers of general operating contingency appropriations which in aggregate during a fiscal year or budget period exceed 15 percent of the total appropriations of the fund may be made only after adoption of a supplemental budget prepared for that purpose. All other transfers of general operating contingencies are subject to subsection (1) of this section.

(3) Transfers of appropriations or of appropriations and a like amount of budget resources may be made from the general fund of the municipal corporation to any other fund when authorized by an official resolution or ordinance of the governing body. The resolution or ordinance shall state the need for the transfer, the purpose for the authorized expenditures embodied in the appropriation and the amount of appropriation transferred.

(4) It shall be unlawful to transfer appropriations from any special revenue fund to the general fund or any other special revenue fund.

(5) The transfers referred to in this section apply to transfers which occur after the budget has been approved and which are made during the fiscal year or budget period for which the appropriations are made. Nothing in this section shall prohibit or regulate lawful transfers which have been budgeted in accordance with the local budget law.

(6) When a municipal corporation imposes taxes, fees or charges that, in accordance with applicable law or an intergovernmental agreement under ORS chapter 190, are required to be paid, on a pass-through basis, to another municipal corporation, the municipal corporation that imposes the taxes, fees or charges shall include the taxes, fees or charges in its budget and shall appropriate the estimated amount generated thereby. The appropriation shall take the form of an expense of the municipal corporation that imposes the taxes, fees or charges. If the actual amount collected from the taxes, fees or charges during a fiscal year or budget period exceeds the estimated

amount included in the imposing municipal corporation's budget for the fiscal year or budget period, then upon determining that such excess exists the municipal corporation imposing the taxes, fees or charges shall appropriate such excess by means of a resolution or ordinance of its governing body, and no further action shall be required under ORS 294.305 to 294.565 to lawfully budget, appropriate or expend such excess. [1963 c.576 §27; 1975 c.569 §1; 1979 c.310 §6; 1997 c.308 §24; 1999 c.632 §12; 2001 c.135 §21]

**294.455 Authorization to expend or borrow moneys after destruction of property or natural disaster; authorization by chief executive officer to protect public health or safety.** If property has been involuntarily converted or destroyed during the current year or current budget period or if, as a result of civil disturbance, fire, flood, earthquake or other calamity or natural disaster, it is necessary for a municipal corporation to expend funds, receive grants or borrow moneys that were not included in the budget for the current year or current budget period, authorization of all matters necessary in order for the municipal corporation to receive those grants or borrow those moneys may be made by ordinance or resolution of the governing body, and appropriations for the estimated expenditures out of any source of available funds, including but not limited to unappropriated fund balances, shall be made by resolution or ordinance in the same manner as provided in ORS 294.450 (1), or by supplemental budget as provided by ORS 294.480 (3) and (4). When prompt action is necessary to protect the public health or safety following the involuntary conversion or destruction of property or the occurrence of a calamity or natural disaster and if it is not practical to convene a meeting of the governing body of the municipal corporation, the chief executive officer of the municipal corporation may, by written order, authorize the immediate expenditure of funds from any available source to redress the situation that threatens the public health or safety. [1963 c.576 §27a; 1965 c.451 §10; 1991 c.573 §2; 1997 c.308 §25; 2001 c.135 §22]

**294.460 Loans from one fund to another; commingling cash balances of funds.** (1) It shall be lawful to loan money from any fund to any other fund of the municipal corporation whenever the loan is authorized by official resolution or ordinance of the governing body. The loans shall be made in compliance with the applicable requirements and limitations of this section. Loans made under this section shall not be made from:

(a) Debt service reserve funds created to provide additional security for outstanding bonds or other borrowing obligations that

the municipal corporation has covenanted with the holders of such bonds or other borrowing obligations to maintain at certain specified levels. However, nothing in this paragraph is intended or shall be construed to prohibit loans from any such debt service reserve fund to the extent that the aggregate outstanding amount of the loans does not exceed the amount by which the amount in such debt service reserve fund exceeds the amount the municipal corporation has covenanted to maintain in the reserve fund with the holders of the related bonds or other borrowing obligations;

(b) Debt service funds created to account for moneys needed to make annual debt service payments on outstanding bonds or other borrowing obligations; or

(c) Moneys credited to any fund when, under applicable constitutional provisions, the moneys are restricted to specific uses unless the purpose for which the loan is to be made is a use allowed under such constitutional provisions.

(2) The resolution or ordinance authorizing any interfund loan permitted under this section shall:

(a) State the fund from which the loan is to be made, the fund to which the loan is to be made, the purpose for which the loan is to be made and the principal amount of the loan.

(b) If the interfund loan is a capital loan, set forth a schedule under which the principal amount of the loan, together with interest thereon at the rate provided for in paragraph (c)(B) of this subsection, is to be budgeted and repaid to the lending fund. The schedule shall provide for the repayment in full of the loan over a term not to exceed five years from the date the loan is made.

(c) If the interfund loan is a capital loan, provide that the loan shall bear interest at an annual rate equal to:

(A) The rate of return on moneys invested in the local government investment pool under ORS 294.805 to 294.895, as reported under ORS 294.875, immediately prior to the adoption of the ordinance or resolution authorizing the loan; or

(B) Such other rate as the governing body may determine.

(d) If the interfund loan is an operating loan, provide that the money loaned shall be budgeted and repaid to the fund from which the money was borrowed by the end of the ensuing year or ensuing budget period.

(3) The payment of any operating loans not repaid in the year or budget period in which the operating loan was made shall be

budgeted as a requirement in the ensuing year or ensuing budget period.

(4) It shall be lawful to commingle cash balances of funds so long as all such fund moneys are segregated in the budget and accounting records.

(5) As used in this section:

(a) "Capital loan" means any interfund loan, or portion thereof, made for the purpose of financing the design, acquisition, construction, installation or improvement of real or personal property and not for the purpose of paying operating expenses.

(b) "Operating loan" means any interfund loan, or portion thereof, that is not a capital loan, including any interfund loan, or portion thereof, made for the purpose of paying operating expenses. [1963 c.576 §§27b,27c; 1979 c.310 §7; 1999 c.632 §13; 2001 c.135 §23]

**294.465** [1963 c.576 §29; repealed by 1999 c.632 §30]

**294.470 Internal service funds.** (1) A municipal corporation may establish by ordinance or resolution one or more internal service funds. The ordinance or resolution creating the fund shall set forth in detail the following:

(a) The appropriation or appropriations to be charged in order to provide the initial money for financing the fund;

(b) The object or purpose of the fund;

(c) The methods for controlling of expenditures and encumbering of such funds; and

(d) The sources from which the fund shall be replenished.

(2) No person shall expend or encumber or authorize expenditure or encumbrance from funds created in accordance with subsection (1) of this section in excess of the balance of that fund, or for a purpose for which there is no appropriation or source of reimbursement authorized at that time.

(3) The anticipated expenditure for the ensuing year or ensuing budget period from an internal service fund created in accordance with subsection (1) of this section shall be budgeted as any other fund in accordance with ORS 294.305 to 294.565, appropriations shall be made for each internal service fund in accordance with ORS 294.435 and expenditures from the internal service fund shall be regulated thereby.

(4) Notwithstanding the limitations in ORS 294.305 to 294.565 applicable to increasing the appropriations of funds during the current year or current budget period, the governing body may increase appropriations of the internal service funds by ordinance or resolution.

(5) The charges for services shall be computed to cover all costs for such services and the charges shall be periodically revised to eliminate any element of profit or loss. [1963 c.576 §30; 1975 c.319 §1; 1997 c.308 §26; 2001 c.135 §24]

**294.475 Elimination of unnecessary fund; disposition of balance.** Subject to the provisions contained in the charter of any city or county or in any law relating to municipal corporations, when the necessity for maintaining any fund of the municipal corporation has ceased to exist and a balance remains in the fund, the governing body shall so declare by ordinance or other order and upon such declaration such balance shall forthwith be transferred to the general fund of the municipal corporation unless other provisions have been made in the original creation of the fund. [1963 c.576 §31]

**294.480 Supplemental budget in certain cases; no increase in property taxes permitted.** (1) Notwithstanding requirements as to estimates of and limitation on expenditures, the governing body of any municipal corporation may make a supplemental budget for the fiscal year or budget period for which the regular budget has been prepared under one or more of the following circumstances:

(a) An occurrence or condition which had not been ascertained at the time of the preparation of a budget for the current year or current budget period which requires a change in financial planning.

(b) A pressing necessity which was not foreseen at the time of the preparation of the budget for the current year or current budget period which requires prompt action.

(c) Funds were made available by another unit of federal, state or local government and the availability of such funds could not have been ascertained at the time of the preparation of the budget for the current year or current budget period.

(d) A request for services or facilities, the cost of which shall be supplied by a private individual, corporation or company or by another governmental unit and the amount of the request could not have been accurately ascertained at the time of the preparation of the budget for the current year or current budget period.

(e) Proceeds from the involuntary destruction, involuntary conversion, or sale of property has necessitated the immediate purchase, construction or acquisition of different facilities in order to carry on the governmental operation.

(f) Ad valorem property taxes are received during the fiscal year or budget period in an amount sufficiently greater than the

amount estimated to be collected that the difference will significantly affect the level of government operations to be funded by those taxes as provided in the budget for the current year or current budget period.

(g) A local option tax described in ORS 294.437 is certified for extension on the assessment and tax roll under ORS 310.060 for the fiscal year or budget period in which the local option tax measure is approved by voters.

(2) A supplemental budget may not extend beyond the end of the fiscal year or budget period during which it is submitted.

(3) When the estimated expenditures contained in a supplemental budget for a fiscal year or budget period differ by less than 10 percent of any one of the individual funds contained in the regular budget for that fiscal year or budget period that is being changed in the supplemental budget, the governing body of the municipal corporation may adopt the supplemental budget at a regular meeting of the governing body. Notice of such regular meeting, including sufficient detail on revenues and expenditures, shall be published by one or more of the methods permitted under ORS 294.311 (34) not less than five days prior to the meeting. Following such meeting, the governing body shall make additional appropriations and may thereafter make additional expenditures as authorized by such appropriations.

(4) When the estimated expenditures contained in a supplemental budget for a fiscal year or budget period differ by 10 percent or more of any one of the individual funds contained in the regular budget for that fiscal year or budget period that is being changed in the supplemental budget, the supplemental budget, or a summary thereof, shall be published, or, in counties having a tax supervising and conservation commission, shall be submitted to the tax supervising and conservation commission within the county. The governing body, or, where applicable, the tax supervising and conservation commission shall then hold a public hearing on the supplemental budget. Publication of the budget and notice of the hearing shall be given in the manner provided in ORS 294.421. Following such hearing, the governing body shall make additional appropriations and may thereafter make additional expenditures as authorized by such appropriations.

(5) Except as provided in ORS 294.437, the making of a supplemental budget does not authorize the governing body to increase the municipal corporation's total ad valorem property taxes above the amount or rate published with the regular budget and certified to the assessor under ORS 310.060 in

conjunction with the regular budget for the fiscal year or for each fiscal year of the budget period to which the supplemental budget applies. [1963 c.576 §32; 1979 c.689 §1; 1991 c.459 §9; 1991 c.573 §1; 1993 c.270 §5; 1997 c.308 §27; 1997 c.541 §333; 1999 c.632 §14; 2001 c.104 §106; 2001 c.135 §25; 2001 c.753 §6]

**294.483 Supplemental budget not required in certain cases; appropriation required for debt service on certain bonds.**

(1) A municipal corporation that has outstanding limited general obligation bonds that were issued pursuant to ORS 287.049 shall budget and appropriate, subject to any applicable covenants or agreements which limit payment of certain obligations to particular sources of funds, amounts sufficient to pay, in each succeeding fiscal year or budget period, debt service on such bonds. However, this section does not require the municipal corporation to adopt a supplemental budget to pay the principal and interest coming due on limited tax bonds, as defined in ORS 288.150, in the fiscal year or budget period in which such bonds are authorized and issued.

(2) A municipal corporation shall not be required to adopt a supplemental budget to:

(a) Expend during the current year or current budget period proceeds of the sale of the following bonds or other obligations:

(A) Bonds that are issued under the Uniform Revenue Bond Act, ORS 288.805 to 288.945, for which the referral period described in ORS 288.815 ended after the preparation of the budget for the current year or current budget period.

(B) Bonds or other obligations that were approved by the electors during the current year or current budget period.

(C) Bonds or other obligations issued during the current year or current budget period to refund previously issued bonds or obligations.

(b) Expend during the current year or current budget period other funds to pay the principal and interest coming due on bonds or other obligations listed in paragraph (a) of this subsection.

(c) Expend assessments or other revenues to redeem bonds or other obligations that are payable from such assessments or other revenues, when such assessments or other revenues are received as a result of prepayments or other unforeseen circumstances. [1993 c.97 §4; 1995 c.333 §9; 1997 c.308 §28; 2001 c.135 §26; 2003 c.195 §26]

**294.485 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 to 294.565 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.

(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 may appeal to the regular division of the Oregon Tax Court and such appeal shall be perfected in the following manner only:

(a) Within 30 days after the certification of ad valorem property taxes is filed with the county assessor under ORS 310.060, the appealing party shall file an original and two certified copies of a complaint with the clerk of the tax court at its principal office in Salem, Oregon. Such filing in the tax court shall constitute the perfection of the appeal. Service upon the Department of Revenue shall be accomplished by the clerk of the tax court filing a certified copy of the complaint with the Director of the Department of Revenue and with the secretary or clerk of the municipal corporation. When a complaint is filed under this section by 10 or more interested taxpayers, if following perfection of the court's jurisdiction to hear the case:

(A) One or more of the taxpayers withdraws from the proceedings, and five or more of the taxpayers do not withdraw, the court shall nevertheless retain jurisdiction to hear the matter; or

(B) One or more of the taxpayers withdraws from the proceedings, and fewer than five of the taxpayers remain parties and do not withdraw, the court shall not retain jurisdiction to hear the matter but shall dismiss the case with prejudice.

(b) The complaint shall state the facts and the grounds upon which the plaintiff contends the tax should be voided or modified. The case shall proceed thereafter in the manner provided in ORS 305.405 to 305.494.

(3) If the tax court finds that the budget and the tax certification in question were not prepared and made in substantial compliance with ORS 294.305 to 294.565 and any other applicable law relating to the making of ad valorem property taxes, it shall declare void or modify any such tax and shall direct that such action be taken, all as in the circumstances it shall deem appropriate. [1963 c.576 §33; 1967 c.78 §12; 1977 c.250 §1; 1993 c.270 §6; 1995 c.79 §103; 1995 c.650 §101; 1997 c.541 §334; 1999 c.340 §7; 1999 c.632 §15]

**294.490 Department of Revenue not to interfere with fiscal policy of municipal corporation.** The department's authority pursuant to ORS 294.495 to 294.510 shall be limited to obtaining compliance with ORS 294.305 to 294.565 and shall not interfere in any way with the fiscal policy of a municipal

corporation as established by its governing body or budget committee. [1963 c.576 §34c]

**294.495 Department of Revenue to construe Local Budget Law; rules and regulations.** Notwithstanding ORS 294.695, the Department of Revenue shall:

(1) Construe ORS 294.305 to 294.565 and any other law relating to the making of tax levies when requested by any interested person 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.

(2) Make such rules and regulations and prescribe such forms as it considers proper to effectually carry out the purposes of ORS 294.305 to 294.565 or any other law relating to the making of tax levies. [1963 c.576 §34]

**294.500 Declaratory ruling by Department of Revenue as to its rules and regulations under Local Budget Law.** The Department of Revenue may, on petition by 10 interested taxpayers or municipal corporation, issue a declaratory ruling with respect to the validity or applicability to any person, municipal corporation or state of facts of any rule or regulation promulgated by it. The department shall prescribe by rule the form, content and procedure for submission, consideration and disposition of such petitions. Full opportunity for hearing shall be afforded to interested parties. A declaratory ruling shall bind the department and all parties to the proceedings on the state of facts alleged, unless it is altered or set aside by a court. A ruling shall be subject to review in the Oregon Tax Court in the manner provided by ORS 294.515 and shall be subject to the same limitations as appeals provided in ORS 294.515. [1963 c.576 §34d]

**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 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.

(2) If the Department of Revenue finds from the information submitted by the Division of Audits pursuant to subsection (1) of this section that ORS 294.305 to 294.565 have not been followed, the Department of Revenue shall order the municipal corporation to correct its procedures in the preparation

of its subsequent budgets. The order shall set forth the irregularities and the steps necessary to prevent such irregularities from happening in the future. Such order shall be a public record. [1963 c.576 §34a]

**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 to 294.565 when irregularities in the procedures of the municipal corporation are called to its attention.

(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, 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. [1963 c.576 §34b; 1977 c.221 §1]

**294.515 Appeal by municipal corporation from Department of Revenue order.** Any municipal corporation aggrieved by and directly affected by an order of the Department of Revenue relating to the preparation of budgets or the extension of any tax levy may appeal to the Oregon Tax Court in the manner provided by ORS 305.404 to 305.560. [1963 c.576 §33a; 1979 c.689 §2; 1995 c.650 §102]

**294.520 Priority of appeals under Local Budget Law.** The appeal filed with the Oregon Tax Court pursuant to ORS 294.485, 294.500 and 294.515 shall have priority over all other cases pending before the Oregon Tax Court and shall be heard and decided as soon after coming to issue as is reasonably possible. [1963 c.576 §33b]

**294.525 Reserve fund established without vote; review of need for reserve fund; unexpended balances; application to system development charges.** (1) Any municipal corporation, by ordinance or resolution of its governing body, may establish one or more reserve funds to hold moneys to be accumulated and expended for the purposes specified in ORS 280.050, without submitting the question of establishing the reserve fund to a vote of the electors. The municipal corporation may cause to be credited to any reserve fund all or any portion of the revenues derived from taxes levied under ORS 280.060 and any other taxes, charges or revenues as the governing body may determine. The municipal corporation may also limit the crediting of such taxes, charges or revenues to a reserve fund to a specific period of time designated by the governing body.

(2) Not less frequently than every 10th anniversary of the date upon which a reserve fund is established under subsection (1) of this section, the governing body of the municipal corporation shall review the reserve fund and determine whether the fund will be continued or abolished. When the governing body determines, by resolution, that it is no longer necessary to maintain such a reserve fund:

(a) Commencing with the next succeeding fiscal year, the political subdivision shall discontinue the levy of any taxes under ORS 280.060 that would otherwise be required to be credited to such fund; and

(b) There shall be transferred to the general fund or any other fund of the political subdivision that the governing body determines is appropriate:

(A) Any unexpended balance in the fund to be abolished that is not required to be held for subsequent expenditure for the purposes for which the fund was established; and

(B) Any subsequent receipts from tax levies that are otherwise required to be credited to such fund, together with any penalties and interest thereon.

(3) This section does not apply to system development charges imposed under ORS 223.297 to 223.314, and no system development charges shall be credited to any reserve fund established under this section. [1997 c.308 §2; 1999 c.632 §16]

**294.555 Filing copy of budget and certain documents with county assessor and Department of Revenue.** (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 and

that prepares an annual budget shall file with the Department of Revenue a copy of the resolution adopting the budget and of the resolution making appropriations.

(2) On or before July 15 of the first fiscal year of the budget period, 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 and that prepares a biennial budget shall file with the Department of Revenue a copy of the resolution adopting the budget and of the resolution making appropriations.

(3) Each municipal corporation subject to the Local Budget Law that certifies an ad valorem property tax shall file with the county assessor as provided in ORS 310.060 the following:

(a) Two copies each of the notice required to be filed under ORS 310.060 and the categorization certification.

(b) Two copies of a statement confirming the ad valorem property taxes approved by the budget committee.

(c) Two copies each of the following ordinances or resolutions: to adopt the budget; to make the appropriations; to itemize and categorize the taxes; and to certify the taxes.

(4) As soon as received, the county assessor shall forward one copy of each of the documents listed in subsection (2) of this section to the Department of Revenue.

(5) Each civil subdivision and municipal corporation that is subject to the Local Budget Law shall retain a true copy of its budget for, if an annual budget is prepared, two years following the end of the fiscal year or, if a biennial budget is prepared, two budget periods following the budget period for which the biennial budget was prepared. During this period, the civil subdivision or municipal corporation shall send a copy of the budget to the county assessor, Department of Revenue or the Division of Audits if requested to do so by one of those entities. [Formerly 294.420; 1965 c.451 §11; 1973 c.333 §1; 1977 c.884 §2; 1985 c.319 §1; 1995 c.79 §104; 1997 c.154 §4; 1997 c.541 §336; 2001 c.135 §27]

**294.565 Failure to file copy of required budget, reports or other documents; effect.** If any city shall fail to file its documents or reports required by ORS 294.555 or 297.405 to 297.555 with the Department of Revenue or Secretary of State, as the case may be, within 30 days after a request therefor has been made by certified mail to the city, the Department of Revenue or Secretary of State may certify to the officer responsible for disbursing funds to cities under ORS 323.455, 366.785 to 366.820 and 471.810 the fact of such failure to file the documents

or reports. Notwithstanding the requirements under ORS 323.455, 366.785 to 366.820 and 471.810 for prompt payment of funds due a city, such officer shall withhold payment to the city of any funds ordinarily payable to it under ORS 323.455, 366.785 to 366.820 and 471.810 until notified by the Department of Revenue or Secretary of State that the required document or report has been received as required by law. A copy of such certification and request shall be furnished the delinquent city. [1973 c.252 §1; 1977 c.774 §18; 1979 c.286 §5]

**TAX SUPERVISING AND CONSERVATION COMMISSION**

**294.605 Definitions for ORS 294.605 to 294.705.** As used in ORS 294.605 to 294.705, unless the context otherwise requires:

- (1) "Commission" means the tax supervising and conservation commission.
- (2) "Commissioner" means a member of the tax supervising and conservation commission.
- (3) "Municipal corporations" means the county, and any city, town, port, school district, union high school district, road district, irrigation district, water district, dock commission, and all other public and quasi-public municipal corporations that have power to levy a tax within the county.
- (4) "Levying board" means the common council, board of commissioners, board of directors, county court or other managing board of the county, or of any city, town, port, school district, union high school district, road district, irrigation district, water district, dock commission, and of all other public or quasi-public corporations that have power to levy a tax within the county.
- (5) "County court" means the county court or board of county commissioners of the county.
- (6) "Fiscal year" means the calendar year ending on December 31, or any period of 12 months ending during the calendar year on the last day of any month other than December.
- (7) "Assessor" means the county assessor or other officer charged by law with the duty of extending taxes upon the assessment and tax roll.
- (8) "Current year" means the present year.

**294.610 Tax supervising and conservation commission; members; appointment; qualifications; salary; term; removal; filling vacancies.** (1) There hereby is created in each county which attains a population of

500,000 or more inhabitants, according to the latest federal decennial census, a commission to be known as the tax supervising and conservation commission.

(2) The commission shall consist of five members appointed by the Governor. The commissioners appointed shall be citizens of the United States and of Oregon and residents in the county for which they are appointed and shall be electors therein. The commissioners shall serve wholly without compensation.

(3) Unless sooner removed by the Governor, as provided in this section, the commissioners shall hold office for a term of four years and until their successors are appointed and qualified. The term of office of the members of the commission shall commence on January 1.

(4) The Governor may, for good and sufficient cause, remove any commissioner at any time and appoint a successor.

(5) In case of death, resignation or inability of any member of the commission to serve, or of removal of any member of the commission from office, the Governor shall make an appointment to fill the balance of the unexpired term of that commissioner. [Amended by 1961 c.644 §2; 1973 c.61 §2; 1991 c.80 §1]

**294.615 Oath of commissioner.** Before taking office each commissioner shall take and subscribe the following oath, before an officer qualified to administer oaths, in substantially the following form:

\_\_\_\_\_ )  
 State of Oregon )  
 ) ss.  
 County of \_\_\_\_\_ )

I, \_\_\_\_\_, being first duly sworn, depose and say that for the term of \_\_\_\_ year (s), to which I have been appointed as a member of the tax supervising and conservation commission for \_\_\_\_\_ County, I will faithfully and impartially discharge the duties of my said office; that I will support the Constitution of the United States and the Constitution of the State of Oregon and all laws passed in pursuance of either; that I will endeavor to secure economical expenditure of public funds sufficient in amount to afford efficient and economical administration of government in the county for which I have been appointed, and in each city, town, port, school district, union high school district, road district, irrigation district, water district, dock commission and all other municipal corporations within the territorial limits of my county; and that I will perform said duty without fear, favor or compulsion, and without hope of reward.

Subscribed and sworn to before me this  
 \_\_\_\_\_ day of \_\_\_\_\_, 2\_\_\_\_.

Notary Public of Oregon

My commission expires \_\_\_\_\_.

**294.620 Office of commission; employment and compensation of assistants.** (1) The county court shall furnish an office in the county courthouse or other convenient place for the use of the commission, as is furnished to other departments.

(2) The commission may employ and fix the salaries of such clerks and other assistants as in their judgment shall seem meet and proper to keep the records of the commission and perform any other service to which they may be assigned by the commission. Such clerks and assistants shall be paid out of the general fund of the county in the same manner as other county officers and employees are paid.

**294.625 Jurisdiction of commission.** The commission shall have jurisdiction over all municipal corporations in the county subject to the provisions of the Local Budget Law. If the territory of the municipal corporation lies in two or more counties, the municipal corporation shall be within the jurisdiction of the commission if the real market value of all property subject to taxation by the municipal corporation in a county having a commission is greater than the real market value of property subject to taxation by the municipal corporation in any other county. Real market value is the real market value computed according to ORS 308.207 from the assessment rolls last in the process of collection. [Amended by 1961 c.678 §3; 1965 c.451 §12; 1969 c.155 §4; 1981 c.623 §1; 1991 c.459 §10]

**294.630 Tax supervising and conservation commission account.** There hereby is created an account to be known as the tax supervising and conservation commission account in the general fund of each county subject to ORS 294.605 to 294.705. The tax supervising and conservation commission shall on or before April 1 of each year submit certified budgets for the ensuing fiscal year to the county court or board of county commissioners. The budget shall contain a complete and detailed estimate of the proposed expenditures of the commission for all purposes. Following the receipt of the budget the county court or board of county commissioners shall include the budget as submitted as a part of the county budget and shall make an appropriation for the tax supervising and conservation commission account sufficient to cover the proposed ex-

penditures, but no appropriation shall be made in any county in any year for such purpose in excess of \$280,000. The county court or board of county commissioners shall not reduce the amount of the budget as presented by the tax supervising and conservation commission, within the amount stated in this section, nor shall it refuse to approve any lawful request for disbursement of money from the tax supervising and conservation commission account. [Amended by 1955 c.263 §1; 1961 c.644 §1; 1969 c.363 §1; 1973 c.68 §1; 1975 c.116 §1; 1977 c.88 §1; 1981 c.96 §1; 1985 c.228 §1; 1989 c.222 §1; 1999 c.632 §20]

**294.635 Submission of budget estimates by levying boards.** (1) In each county which attains a population of 500,000 or more inhabitants, according to the latest federal decennial census, or which has established a commission under ORS 294.710, the levying boards of all municipal corporations shall on or before May 15 of each fiscal year or on or before May 15 of the first fiscal year of a budget period, submit their detailed estimates of the budget deemed necessary to be expended by the municipal corporations, respectively, for all purposes for the next ensuing fiscal year or ensuing budget period. The tax supervising and conservation commission may, if a good and sufficient reason exists therefor and if application is made to the commission in writing, grant any municipal corporation such extension of time for filing its budget as may seem to the commission just and reasonable.

(2) The budget estimates required by this section to be filed with the commission shall be in writing and shall be certified to as correct and shall be so prepared and arranged as to show in plain and succinct language each particular item of proposed expenditure. There shall be attached to each budget, and made a part thereof, the levying board's estimate of the probable receipts of the municipal corporation from all other sources than direct tax levy and bond issues during the fiscal years for which the budget has been prepared. The budget estimates shall show in parallel columns the actual expenditures for the two fiscal years next preceding the current year, the estimated expenditures for the current year and the estimated expenditures for the next ensuing fiscal year. [Amended by 1961 c.678 §4; 1963 c.576 §37; 1977 c.431 §2; 1991 c.80 §2; 2001 c.135 §28]

**294.640 Hearing on budget.** Every levying board shall be entitled to a hearing by the commission upon the budget submitted by it. The commission shall set times and places for such hearings, which shall be open to the public. The commission shall give notice, in such form and manner as it shall prescribe, of such hearing to every levying body entitled to such hearing. The levying

boards shall meet with the commission at such times and places fixed by the commission for such hearings and discuss the budget with the commission.

**294.645 Consideration of budget by commission; certifying objections or recommendations to levying board; procedure where municipality holds hearing in place of commission.** (1) After the hearings have been held the commission shall carefully consider the proposed budgets and shall by majority vote of the members of the commission certify in writing to the levying board of any municipal corporation, on or before June 25 of each fiscal year, or on or before June 25 of the first fiscal year of a budget period, any objections which the commission may have to the adoption of the budget, or any item therein, or any recommendations which the commission may desire to make regarding the budget. If the commission does not desire to make any recommendations or objections, it shall certify that fact to the levying board. The responsibility of the commission shall be advisory only.

(2) Certification of a budget for a municipal corporation holding its own hearing shall be made in the same manner as required by subsection (1) of this section, except that any recommendations or objections shall be certified to the levying board prior to the date of the hearing. [Amended by 1961 c.678 §5; 1963 c.576 §38; 1999 c.632 §17; 2001 c.135 §29]

**294.650 Striking unauthorized items from budget; reducing total amount to within limits permitted by law and Constitution.** (1) If in the examination of any budget of any municipal corporation the commission finds that any item is an expenditure not authorized by law to be made by the municipal corporation, the commission may order the item to be stricken from the budget. The levying board of the municipal corporation thereupon shall strike the item from the budget and shall not thereafter levy any tax for the payment of the same.

(2) If, after the hearing, the commission finds that the total amount of the tax levy of any municipal corporation exceeds the amount permitted by law or any provision of the Constitution of this state to be levied by the municipal corporation, the commission shall order that the total amount of the budget be reduced to within the limits permitted by law or constitutional limitation, and shall file certified copies of such order with the county assessor and county clerk. The levying board of the municipal corporation thereupon shall comply with the order of the commission by so reducing the total amount of the budget.

**294.655 Hearing on special tax levies and bond issues proposed for elector approval.** The commission shall conduct public hearings on all special tax levies and bond issues proposed for elector approval by the levying boards. Any levying board proposing to ask elector approval of a special tax levy or of a bond issue shall notify the commission in writing of its proposal not less than 30 days prior to the filing date for the election and set forth its reasons therefor, but the commission in its discretion may permit such notification to be filed in such shorter period of time as it sees fit. Upon the receipt of the notification the commission shall fix the time and place of hearing and notify the levying board to attend the hearing and discuss the proposed special tax levy or bond issue with the commission. The hearings provided for in this section shall be in addition to the regular budget hearings provided for by ORS 294.640. [Amended by 1999 c.632 §18]

**294.660 Compiling information as to indebtedness; including in annual report.** The commission shall compile accurate statistical and other information as to bonded or other indebtedness within the county and of all municipal corporations within the county and shall keep a permanent record thereof. The commission shall issue a statement thereof as of June 30 of each year, in the annual report of the commission. The statement shall show also the interest charges for the ensuing year on account of such indebtedness and the amount of principal to be retired in that year.

**294.665 Levying board to submit audit report or financial statements annually.** The levying board of each municipal corporation under the jurisdiction of the commission shall annually submit a copy of the full report of its independent auditor under ORS 297.425, or a copy of the financial statements submitted to the Secretary of State under ORS 297.435, as soon as practicable after the close of each fiscal year. [Amended by 1999 c.632 §19]

**294.670 Commission may inquire into management, books and systems; rules.** (1) The commission may inquire into the management, books of account and systems employed, of each municipal corporation, and of each department thereof within its respective county.

(2) Notwithstanding ORS 294.495 (2), the commission may prescribe such rules and regulations as are considered proper to effectually carry out the purposes of ORS 294.305 to 294.705. In any case where rules adopted pursuant to this subsection conflict with rules adopted by the Department of Re-

venue, rules adopted by the department shall prevail. [Amended by 1975 c.669 §1]

**294.675 Calling joint meetings of levying boards.** The commission may call joint meetings of the levying boards subject to ORS 294.605 to 294.705 and may require their attendance for the purpose of discussing problems common to two or more municipal corporations under the jurisdiction of the commission, including long range financial planning, building programs, special levies, bond issues and cooperative ventures such as joint purchasing.

**294.680 Certifying excessive or unauthorized expenditures to district attorney; action by district attorney.** If at any time the commission finds that any municipal corporation, or public official thereof, has expended any public money in excess of the amounts or for any other or different purpose or purposes than is authorized by law, the commission shall certify to the district attorney for the county that fact, and the district attorney shall proceed for the recovery thereof as by law provided.

**294.685 Annual report by commission.** A complete and comprehensive report of the budgets as presented by the several levying boards, as provided by ORS 294.635 to 294.650, and of any and all other information pertaining to the administration of government in the county and to the expenditures and conservation of public funds, shall be made annually by the commission and published in document form for the information of the electors and taxpayers. Copies of the report shall be filed with the Governor and with the county court.

**294.690 Records and files of commission open to public inspection.** The public shall have access to the records and files of the commission at the office of the commission at all times during office hours.

**294.695 Attorney General as legal advisor and counsel to commission.** The Attorney General shall be the legal advisor and counsel of the commission and shall represent it in all suits and actions and other legal proceedings in any court in this state. The Attorney General shall receive compensation for any services rendered in such capacity. [Amended by 1969 c.363 §2; 1973 c.775 §6]

**294.700 Proceedings to collect penalties.** The penalties provided for in ORS 294.990 (2) and (3) shall be recovered by actions at law instituted in the name of the commission by the district attorney. Any proceedings against a municipal corporation shall be taken against the municipal corporation, as such, and the penalty when recovered shall be deducted from any money in the county treasury to the credit of the mu-

nicipal corporation. Any proceeding against a levying board shall be taken against the individual members of the levying board who are responsible for the failure, neglect or refusal to comply. [Amended by 1971 c.267 §14]

**294.705 Tax supervising and conservation fund.** There is established the tax supervising and conservation commission fund in the county treasury. The fund shall consist of any penalties recovered under ORS 294.700.

**294.710 Commission in counties other than Multnomah.** (1) Any county with a population of less than 500,000 may establish, with the approval of a majority of its electors voting on the question, a tax supervising and conservation commission which substantially conforms to the provisions of ORS 294.605 to 294.705.

(2) Notwithstanding ORS 294.630, a county under this section may establish its own maximum annual appropriation to a tax supervising and conservation commission in the ordinance creating the commission. [1977 c.431 §1; 1991 c.80 §3]

#### LOCAL GOVERNMENT EMPLOYER BENEFIT TRUST FUND

**294.725 Definitions for ORS 294.725 to 294.755.** For the purposes of ORS 294.725 to 294.755:

(1) "Account balance" means the amount a political subdivision has paid into the Local Government Employer Benefit Trust Fund less the amount of unemployment benefits paid by the Employment Department on behalf of the political subdivision.

(2) "Aggregate benefit cost rate" means the total unemployment benefits paid during a cost rate period that is attributable to wages paid by all political subdivisions divided by the gross wages paid to individuals subject to ORS chapter 657 during the cost rate period by all political subdivisions. The rate shall be expressed as a percent and rounded to the nearest one-tenth of one percent.

(3) "Benefit cost rate" means the total unemployment benefits paid during a cost rate period that is attributable to wages paid by a political subdivision divided by gross wages paid to individuals subject to ORS chapter 657 during the cost rate period by the political subdivision. The rate shall be expressed as a percent and carried to four decimal places.

(4) "Cost rate period" means the prior three-year period ending June 30 of each year except that with respect to June 30, 1977, the cost rate period is the two-year period ending June 30, 1977.

(5) "Account reserve ratio" means the account balance of the political subdivision on June 30, divided by gross wages paid to individuals subject to ORS chapter 657 during the four calendar quarters ending on such June 30 by such political subdivision. The ratio shall be expressed as a percent carried to four decimal places.

(6) "Department" means the Employment Department.

(7) "Director" means the Director of the Employment Department.

(8) "Erroneous benefit payments" means any amount paid to an individual to which the individual is not entitled due to:

(a) Any error, whether or not due to misrepresentation or nondisclosure of material fact by the claimant; or

(b) An initial decision to pay benefits is subsequently reversed by a decision finding the individual was not eligible for such benefits and such decision has become final.

(9) "Political subdivision" means a political subdivision as defined by ORS 657.097.

(10) "Local Government Employer Benefit Trust Fund" or "fund" means the fund created by ORS 294.730.

(11) "Unemployment benefits" or "benefits" means regular and extended benefits paid under ORS chapter 657. [1977 c.491 §3; 1989 c.135 §1; 1993 c.344 §9]

**294.730 Fund created; State Treasurer as custodian; use of moneys; distribution of earnings.** (1) There is created a Local Government Employer Benefit Trust Fund, separate and distinct from the General Fund. The State Treasurer shall be the custodian of such fund and the fund shall consist of:

(a) All moneys received from political subdivisions under the provisions of ORS 293.701, 294.725 to 294.755 and 657.513;

(b) Interest earned upon any moneys in the fund;

(c) Moneys transferred from other funds to cover shortages in the fund; and

(d) All other moneys received from a political subdivision to be applied against benefit payment charges for any period the political subdivision has requested the Employment Department to reimburse the Unemployment Compensation Trust Fund on its behalf.

(2) Moneys in the fund are continuously appropriated to the department and, notwithstanding ORS 657.505, shall be the sole source of funds for payment to the Unemployment Compensation Trust Fund for benefits attributable to a political subdivision during its period of participation in the fund

and repayment of advances and the interest thereon due to any shortages in the fund.

(3) Interest earned upon any moneys in the fund is continuously appropriated to the department for the payment of:

(a) Administrative expenses of ORS 293.701, 294.725 to 294.755 and 657.513 and expenses incurred in the investment of the fund in the amount authorized by ORS 293.718;

(b) Erroneous benefit payments determined during the period in which a political subdivision is a participant in the fund; and

(c) Benefits attributed to a political subdivision that has ceased to exist, has no positive account balance and has no successor.

(4) When insufficient interest exists to pay obligations under subsection (3) of this section, such amounts may be paid from the fund. When the fund again begins earning interest, all obligations paid pursuant to this subsection shall be repaid to the fund before any allocation is made under subsection (5) of this section.

(5) As soon as possible after the end of each calendar quarter, the State Treasurer shall review the applicable quarterly interest earnings and payments made therefrom and distribute any excess interest earnings to the political subdivision accounts that had a positive balance on the last day of the applicable quarter. Such allocation shall be in a ratio that the political subdivision positive account balance on the last day of the calendar quarter bears to the total balance of all political subdivisions with positive account balances on the last day of the calendar quarter. The amounts distributed for the quarter ending June 30 shall be included in the account reserve ratio determination for such June 30.

(6) The Director of the Employment Department is authorized to requisition from the fund such amounts determined to be necessary for the payment of benefits attributable to wages of political subdivisions.

(7) Interest accrued each quarter on advances pursuant to subsection (2) of this section shall be allocated each quarter to those political subdivision accounts with a negative balance on the last day of such calendar quarter. The allocation shall be in a ratio that the political subdivision negative account balance on the last day of the calendar quarter bears to the total balance of all political subdivisions with negative account balances on the last day of the calendar quarter. The amounts allocated for the quarter ending June 30 shall be included in the account reserve ratio determination for such June 30. [1977 c.492 §4; 1983 c.53 §1; 1989 c.135 §2; 1989 c.966 §22]

**294.735 Payments to fund by political subdivisions; benefit cost rate determinations; effect of negative balance; refunds.** (1) A political subdivision shall pay into the fund a percentage of the gross wages it pays to individuals in employment subject to ORS chapter 657 except that minor adjustments to wages in a calendar quarter on which payments have previously been made shall not result in either a credit to the employer or an additional amount due the fund. Such percentage shall be as determined in subsections (2) to (6) of this section.

(2) As soon as possible after June 30, 1977, and each June 30 thereafter, the Employment Department shall for each political subdivision determine the benefit cost rate and the account reserve ratio applicable as of that June 30.

(3) The percentage rate assigned to a political subdivision whose account has been potentially chargeable with benefits for each of the last four calendar quarters ending on the June 30 immediately preceding the determination shall be the benefit cost rate of the political subdivision plus one-third of the difference obtained by subtracting the political subdivision's account reserve ratio from 1.5 times the political subdivision's benefit cost rate. The resulting rate shall be rounded up to the nearest one-tenth of one percent. A political subdivision's rate shall be not less than one-tenth of one percent nor more than five percent.

(4) The percentage rate assigned to a political subdivision whose account has not been potentially chargeable with benefits for each of the last four quarters ending on the immediately preceding June 30 shall be the greater of one percent or 1.5 times the aggregate benefit cost rate for the cost rate period ending on that June 30.

(5) Notwithstanding subsections (3) and (4) of this section, a local government employer with an account balance on June 30 that is less than five percent of the taxable wage base currently in effect shall not be assigned a rate of:

(a) Less than two percent if the payroll of the employer was less than \$25,000 during the four most recently completed calendar quarters; or

(b) Less than one percent if the payroll of the employer was \$25,000 or more but less than \$50,000 during the four most recently completed calendar quarters; or

(c) Less than one-half of one percent if the payroll of the employer was \$50,000 or more but less than \$100,000 during the four most recently completed calendar quarters; or

(d) Less than two-tenths of one percent if the payroll of the employer was \$100,000 or more during the four most recently completed calendar quarters.

(6) Percentages determined in subsections (3) to (5) of this section shall be applicable for the four-calendar-quarter period beginning July 1 of the year immediately following the determination.

(7) In addition to the payment made into the fund under subsections (1) to (6) of this section, any political subdivision which has a negative account balance at the end of a calendar quarter and had a negative account balance at the end of each of the three immediately preceding calendar quarters shall make additional payments into the fund during each of the next four calendar quarters. The additional payment required shall be computed as follows with all computations omitting cents:

(a) Multiply the gross payroll reported by the employer during the four most recent calendar quarters by the current percentage rate of payment into the fund.

(b) Subtract the amount of benefits attributable to the employer that was reimbursed from the fund during the most recent four calendar quarters from the product determined in paragraph (a) of this subsection.

(c) If the remainder obtained in paragraph (b) of this subsection is more than zero, subtract the remainder from the negative balance of the account.

(d) If the remainder in paragraph (b) of this subsection is zero or less, make no adjustment to the amount of the negative balance of the account.

(e) Divide the amounts determined in either paragraph (c) or (d) of this subsection by four. The resulting amount shall be the additional payment required for each quarter.

Only one such determination shall be made in any four-quarter period. If the negative balance is eliminated before the end of the four quarters in which the additional payments were determined necessary, no further additional payments will be required under this subsection.

(8) During the first four calendar quarters in which a political subdivision is a participant in the fund, additional payments shall be required if the account balance of the political subdivision is negative at the end of any of the four quarters. The additional payment shall be determined in the same manner described in subsection (7) of this section except that the computation in subsection (7)(a) and (b) of this section shall include only those quarters in which the

political subdivision was a participant in the fund.

(9) Employers subject to the provisions of this section may request a refund of amounts in excess of the amount required to obtain the minimum contribution rate. [1977 c.491 §5; 1981 c.5 §1; 1983 c.53 §2; 1989 c.135 §3; 1993 c.778 §3]

**294.740 Refund of account balances; payment of deficits; erroneous benefit payments.** (1) The Employment Department shall refund to a political subdivision electing to cancel its request as provided by ORS 657.513 any account balance remaining after the department has made all payments to the Unemployment Compensation Trust Fund required to be made on behalf of the political subdivision.

(2) A political subdivision canceling a request having a negative account balance shall make such additional payments into the fund as necessary to maintain a zero account balance.

(3) Erroneous benefit payments determined after June 30, 1978, and attributable to wages paid by a political subdivision making payments under ORS 294.735 shall be excluded from the account balance determination and the determination of the benefit cost rate of that political subdivision. [1977 c.491 §§6,7; 1989 c.135 §4]

**294.745 Analysis of fund receipts and expenditures; report to Legislative Assembly.** The Employment Department shall investigate the experience of political subdivision participation in operations of the fund, including the relationship of fund receipts to fund expenditures and report the results of the investigation to the legislature at least 30 days prior to the date a regular session of the legislature is scheduled to convene. The report shall include any recommended changes in the provisions of ORS 293.701, 294.725 to 294.755 and 657.513. [1977 c.491 §8; 1989 c.135 §5]

**294.750 Experience and liability of successor political subdivisions; unpaid assessment.** (1) The experience and liabilities of a political subdivision that has ceased to exist shall be acquired by the successor political subdivision.

(2) Notwithstanding subsection (1) of this section, all units of government who are parties to an agreement to form a political subdivision shall be liable for any unpaid assessments of that political subdivision and for such amounts as necessary to maintain the account balance of the political subdivision, if no longer in existence, at zero dollars. [1977 c.491 §9]

**294.755 Payment on quarterly basis; remedies for collection.** Political subdivisions electing to participate in the Local Government Employer Benefit Trust Fund shall pay into the fund on a quarterly basis and are subject to all remedies for the collection of delinquent taxes provided in ORS chapter 657. [1977 c.491 §10]

## LOCAL GOVERNMENT INVESTMENT POOL

**294.805 Definitions for ORS 294.805 to 294.895.** As used in ORS 294.805 to 294.895:

(1) "Board" means the Oregon Short Term Fund Board.

(2) "Council" means the Oregon Investment Council created under ORS 293.706.

(3) "Funds" means funds under the control or in the custody of any local government official by virtue of office that are not required to meet current demands.

(4) "Investment officer" means the State Treasurer in capacity as investment officer for the council and the investment pool.

(5) "Investment pool" means the aggregate of all funds from local government officials that are placed in the custody of the investment officer for investment and reinvestment as provided under ORS 294.805 to 294.895.

(6) "Local government official" means each officer or employee of any agency, political subdivision or public corporation of this state, including the Oregon State Bar, who by law is made the custodian of or has control of any funds. [1973 c.748 §1; 1981 c.880 §14; 1987 c.381 §1]

**294.810 Local governments authorized to place limited funds in pool.** (1) With the consent of the governing body, a local government official may place in the aggregate up to \$30 million of its funds in the investment pool, or, if the assets of the investment pool have been transferred pursuant to ORS 294.882, in the state investment fund established pursuant to ORS 293.721, for investment and reinvestment by the investment officer as provided under ORS 293.701 to 293.820 or 294.805 to 294.895, as the case may be. The \$30 million limitation stated in this section shall not apply either to funds of a governing body which are placed in the investment pool on a pass-through basis or to funds invested on behalf of another government unit. Local governments must remove pass-through funds which result in an account balance in the pool in excess of \$30 million within 10 business days. County governments must remove such excess funds within 20 business days. The investment officer shall promptly report each instance of noncompliance with, or apparent abuse of,

the limitations of this section to the Secretary of State and to the governing body of the local government involved.

(2) The \$30 million limitation contained in subsection (1) of this section shall increase in proportion to the increase occurring after September 9, 1995, in the Consumer Price Index for All Urban Consumers of the Portland, Oregon, Standard Metropolitan Statistical Area, as compiled by the United States Department of Labor, Bureau of Labor Statistics. [1973 c.748 §2; 1981 c.880 §15; 1987 c.381 §2; 1995 c.245 §10]

**294.815 Period of investments; withdrawal of funds.** Subject to the right of the unit of local government to specify the period in which its funds may be held in the investment pool for investment and reinvestment, the investment officer by rule shall prescribe the time periods for investments in the investment pool and the procedure for withdrawal of funds. [1973 c.748 §3]

**294.820 Establishment of investment pools by intergovernmental agreement; conditions; powers.** If the State Treasurer and the Oregon Investment Council terminate the operation of all investment pools created under ORS 293.824, governmental units, as defined in ORS 288.150, may establish by written agreement under ORS chapter 190 one or more pools for the investment of proceeds for the purposes identified in ORS 293.822. In establishing one or more such pools, the participating governmental units may exercise those powers conferred on the State Treasurer and the Oregon Investment Council by ORS 293.824. [1973 c.748 §4; 1979 c.608 §1; 1995 c.245 §11]

**294.825 State Treasurer as investment officer; bond; employment of personnel; rules.** (1) The State Treasurer is the investment officer for the Oregon Investment Council and the investment pool, and shall perform functions in that capacity as authorized or required by law and, consistent with law, by the council.

(2) The bond of the State Treasurer required from the State Treasurer by law shall be deemed to extend to the faithful performance of all functions of the office of investment officer under ORS 294.805 to 294.895.

(3) The investment officer may:

(a) Subject to any applicable provision of the State Personnel Relations Law, employ, prescribe the functions and fix the compensation of personnel necessary to facilitate and assist in carrying out the functions of the council, investment officer and investment pool.

(b) Require a fidelity bond of any person employed by the investment officer who has charge of, handles or has access to any of

the moneys in the investment pool. The amounts of the bonds shall be fixed by the investment officer, except as otherwise provided by law, and the sureties shall be approved by the investment officer. The premiums on the bonds shall be an expense of the State Treasurer.

(4) Subject to review by the board, the investment officer may, pursuant to ORS chapter 183, make reasonable rules necessary for the administration of ORS 294.805 to 294.895. [1973 c.748 §§5,18]

**294.830** [1973 c.748 §7; repealed by 1979 c.608 §2 (294.831 enacted in lieu of 294.830)]

**294.831 Investment objective; limit on maturity dates.** (1) The local government investment pool shall seek to obtain a competitive return on investments subject to the standards set forth in ORS 294.835 and consistent with the liquidity requirements demanded by the short term nature of local government deposits in the pool.

(2) The investment officer shall at all times hold investments which mature in three years or less, in an amount not less than an amount equal to the aggregate of all funds placed with the investment officer by local governments under ORS 294.805 to 294.895, which investments shall be from the funds defined in ORS 293.701 (2)(p).

(3) Notwithstanding subsection (2) of this section, the investment officer may purchase legally issued general obligations of the United States and of the agencies and instrumentalities of the United States if the seller of the obligations agrees to repurchase the obligations within 90 days following the date on which the investment officer makes the investment. The price paid by the investment officer for such obligations may not exceed amounts or percentages prescribed by written policy of the Oregon Investment Council or the Oregon Short Term Fund Board created by ORS 294.885.

(4) Investments and commitments of the investment pool which do not conform to the quality or maturity requirements set forth in ORS 294.805 to 294.895 shall be liquidated by the investment officer once the market value of such investments and commitments reaches book value, or as soon as is practicable thereafter. [1979 c.608 §3 (enacted in lieu of 294.830); 1981 c.880 §16; 1987 c.381 §3; 1993 c.18 §61; 1995 c.40 §1]

**294.835 Standard of care; investment in certain stocks prohibited.** (1) In investing and reinvesting moneys in the investment pool and in acquiring, retaining, managing and disposing of investments of the investment pool there shall be exercised the judgment and care under the circumstances then prevailing, which individuals of prudence, discretion and intelligence exercise in the management of their own affairs, not in

regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital. Within the limitations of the foregoing standard and subject to subsections (2) and (3) of this section, there may be acquired, retained, managed and disposed of as investments of the investment pool every kind of investment which individuals of prudence, discretion and intelligence acquire, retain, manage and dispose of for their own account.

(2) Notwithstanding subsection (1) of this section, moneys in the investment pool may not be invested in the stock of any company, association or corporation.

(3) Notwithstanding subsection (1) of this section, no moneys in the investment pool shall be invested, after June 30, 1979, in any securities originating outside the United States. [1973 c.748 §8; 1979 c.608 §4]

**294.840 Investment policies; review; separate policies for individual local government units.** Subject to the objective set forth in ORS 294.831 and the standards set forth in ORS 294.835, the Oregon Investment Council shall formulate policies for the investment and reinvestment of moneys in the investment pool and the acquisition, retention, management and disposition of investments of the investment pool. The council, from time to time, shall review those policies and make changes therein as it considers necessary or desirable. The council may formulate separate policies for any funds from any single governmental unit included in the investment pool. [1973 c.748 §9]

**294.845 Investment officer to invest, reinvest pool funds.** In amounts available for investment purposes and subject to the policies formulated by the Oregon Investment Council, the investment officer shall invest and reinvest moneys in the investment pool and acquire, retain, manage, including exercise of any voting rights, and dispose of investments of the investment pool. [1973 c.748 §10]

**294.847 Prohibited conduct for investment officer.** In making investments pursuant to ORS 294.805 to 294.895, the investment officer shall not:

(1) Make a commitment to invest funds or sell securities more than 14 business days prior to the anticipated date of settlement of the purchase or sale transaction;

(2) Enter into any agreement to invest funds or sell securities for future delivery for a fee other than interest;

(3) Lend securities to any person or institution, except on a fully collateralized basis;

(4) Pay for any securities purchased by the investment officer until the investment officer has received physical possession, or other sufficient evidence, as determined under ORS 293.751 (1), of title thereof. However, the investment officer may instruct any custodian bank, defined in ORS 295.005 (2), to accept securities on the investment officer's behalf against payment therefor previously deposited with the institution by the investment officer; or

(5) Deliver securities to the purchaser thereof upon sale prior to receiving payment in full therefor. However, the investment officer may deliver the securities to any custodian bank, defined in ORS 295.005 (2), upon instructions to hold the same pending receipt by the institution of full payment therefor. [1981 c.880 §11; 1991 c.88 §6]

**294.850 Contracts with persons to perform investment functions; compensation; bond.** The Oregon Investment Council may enter into contracts with one or more persons whom the council determines to be qualified, whereby the persons undertake, in lieu of the investment officer, to perform the functions specified in ORS 294.845 to the extent provided in the contract. Performance of functions under contract so entered into shall be paid for out of the gross interest or other income of the investments with respect to which the functions are performed, and the net interest or other income of the investments after that payment shall be considered income of the investment pool. The council may require a person contracted with to give to the state a fidelity bond in a penal sum as may be fixed by law or, if not so fixed, as may be fixed by the council, with corporate surety authorized to do business in this state. Contracts so entered into and functions performed thereunder are not subject to the State Personnel Relations Law or ORS 279.545 to 279.746. [1973 c.748 §11]

**Note:** The amendments to 294.850 by section 251, chapter 794, Oregon Laws 2003, become operative March 1, 2005, and apply only to public contracts first advertised, but if not advertised then entered into, on or after March 1, 2005. See sections 336 and 337, chapter 794, Oregon Laws 2003. The text that is operative on and after March 1, 2005, is set forth for the user's convenience.

**294.850.** The Oregon Investment Council may enter into contracts with one or more persons whom the council determines to be qualified, whereby the persons undertake, in lieu of the investment officer, to perform the functions specified in ORS 294.845 to the extent provided in the contract. Performance of functions under contract so entered into shall be paid for out of the gross interest or other income of the investments with respect to which the functions are performed, and the net interest or other income of the investments after that payment shall be considered income of the investment pool. The council may require a person contracted with to give to the state a fidelity bond in a penal sum as may be fixed by law or, if not so fixed, as may be

fixed by the council, with corporate surety authorized to do business in this state. Contracts so entered into and functions performed thereunder are not subject to the State Personnel Relations Law or ORS 279A.140.

**294.855 Legal opinions; investment counseling services; mortgage services.**

(1) In the acquisition or disposition of bonds with which approving legal opinions ordinarily are furnished, the investment officer may require an original or certified copy of the written opinion of a reputable bond attorney or attorneys, or the written opinion of the Attorney General, certifying to the legality of the bonds.

(2) The Oregon Investment Council may arrange for the furnishing to the investment officer of investment counseling services. The furnishing and acquisition of those services are not subject to the State Personnel Relations Law or ORS 279.545 to 279.746.

(3) The investment officer, with the approval of the council, may arrange for services with respect to mortgages in which moneys in the investment pool are invested. Those services shall be paid for out of the gross interest of the mortgages with respect to which the services are furnished, and the net interest of the mortgages after that payment shall be considered income of the investment pool. The furnishing and acquisition of those services are not subject to the State Personnel Relations Law or ORS 279.545 to 279.746. [1973 c.748 §12]

**Note:** The amendments to 294.855 by section 252, chapter 794, Oregon Laws 2003, become operative March 1, 2005, and apply only to public contracts first advertised, but if not advertised then entered into, on or after March 1, 2005. See sections 336 and 337, chapter 794, Oregon Laws 2003. The text that is operative on and after March 1, 2005, is set forth for the user's convenience.

**294.855.** (1) In the acquisition or disposition of bonds with which approving legal opinions ordinarily are furnished, the investment officer may require an original or certified copy of the written opinion of a reputable bond attorney or attorneys, or the written opinion of the Attorney General, certifying to the legality of the bonds.

(2) The Oregon Investment Council may arrange for the furnishing to the investment officer of investment counseling services. The furnishing and acquisition of those services are not subject to the State Personnel Relations Law or ORS 279A.140.

(3) The investment officer, with the approval of the council, may arrange for services with respect to mortgages in which moneys in the investment pool are invested. Those services shall be paid for out of the gross interest of the mortgages with respect to which the services are furnished, and the net interest of the mortgages after that payment shall be considered income of the investment pool. The furnishing and acquisition of those services are not subject to the State Personnel Relations Law or ORS 279A.140.

**294.860 Custody of investment documents; collection of income; distribution to local governments; calculation and allocation of profit and loss; defaulted pay-**

**ments of principal and interest, collection, compromise.** (1) Except as provided in ORS 294.850 and this subsection, all instruments of title of all investments of the investment pool shall remain in the custody of the investment officer. The investment officer may deposit with one or more custodial agents or banks those instruments of title that the State Treasurer considers advisable, to be held in safekeeping by the agents or banks for collection of the principal and interest or other income, or of the proceeds of sale or maturity. For purposes of this section, instruments of title of investments of the investment pool may include such evidence of title as the investment officer shall consider secure and consistent with modern investment, banking and commercial practices, and may include book entry and automated recordation of such title.

(2) Except as provided in ORS 294.850 and 294.855 (3) and subsections (1) and (3) of this section, the investment officer shall collect the principal and interest or other income of investments of the investment pool, title of which is in the investment officer's custody, when due and payable, and shall pay to the appropriate local government official the principal and interest or other income, within 30 days after the last day of the calendar quarter in which the principal and interest or other income accrues. Not less often than quarterly and without regard to whether the short-term investments were made with moneys placed by local government officials or by other sources, the investment officer shall compute the amount by which the current fair market value exceeds or is less than the net purchase price of all short-term investments administered by the investment officer that mature more than 270 days from the date computation is made. The investment officer shall compute the fair market value of such investments based upon the mean value of the bid and ask price of such investments as of the date of computation, based upon quotations from reputable dealers or financial institutions dealing in such investments. If the amount so computed by the investment officer totals more than one percent of the balance of the pool, either in terms of a gain or loss, the investment officer shall allocate the amount to all pool participants. Any addition to or deduction from amounts to be distributed shall be allocated among the municipalities participating in the pool at any time during the month in proportion to their average daily balances of funds invested through the pool. Investments maturing 270 days or less from the date of computation shall not be subject to the foregoing computation, but for other purposes shall be valued at book value or original purchase price.

(3) In the event of default in the payment of principal or interest or other income of any investment of the investment pool, the investment officer, with the approval of the council, may:

(a) Institute the proper proceedings to collect the matured principal or interest or other income.

(b) Accept for exchange purposes refunding bonds or other evidences of indebtedness at interest rates to be agreed upon by the investment officer and obligor.

(c) Make compromises, adjustments or disposition of the matured principal or interest or other income as the investment officer considers advisable for the purpose of protecting the moneys invested.

(d) Make compromises or adjustments as to future payments of principal or interest or other income as the investment officer considers advisable for the purposes of protecting the moneys invested. [1973 c.748 §13; 1979 c.475 §2; 1987 c.381 §4; 1991 c.88 §1; 1995 c.40 §2]

**294.865 Monthly deductions from income received for payment of expenses.** The State Treasurer may deduct monthly a maximum of 0.435 basis points of the most recent market value of assets under the management of the investment pool. Amounts so deducted shall pay the State Treasurer for expenses of the State Treasurer as investment officer and to the extent the amounts deducted are so used shall be deposited into the Miscellaneous Receipts Account established in the General Fund for the State Treasurer, and are continuously appropriated for payment of the expenses of the State Treasurer as investment officer. [1973 c.748 §6; 1975 c.740 §9; 1977 c.266 §11; 1991 c.88 §2; 1995 c.288 §2; 1999 c.1043 §3; 2001 c.716 §25]

**294.870 Separate accounts for local governments; reports on investment changes and monthly financial statements required.** (1) The investment officer shall keep, for each governmental unit with funds in the investment pool, a separate account, which shall record the individual amounts and the totals of all investments of its moneys in the investment pool.

(2) The investment officer shall report monthly to the local government official of a governmental unit with funds in the investment pool the changes in its account made during the preceding month for the investment pool. The investment officer shall also furnish a financial report monthly to each participating governmental unit investor in the local government investment pool. The financial report shall include, but not be limited to, such comparative data for the preceding six months operation of the investment pool as will provide a basis for analyzing trends and comparing operating

results and financial position. A monthly statement shall be distributed within 30 days after the end of that month. [1973 c.748 §§14,15; 1979 c.608 §5; 1989 c.569 §4]

**294.875 Monthly report of investments of pool funds; distribution.** Not later than 15 days after the last day of each month, the investment officer shall submit to the Oregon Investment Council and the Oregon Short Term Fund Board a report of the investments made during the preceding month. The report shall include a detailed summary of investment, reinvestment, purchase, sale and exchange transactions, setting forth, among other matters, the investments bought, sold and exchanged, the dates thereof, the prices paid and obtained, the names of the dealers involved and a statement of the accounts referred to in ORS 294.870 (1). The reports shall include a description of every investment in the portfolio of assets in the investment pool showing issuer, coupon, purchase date, maturity date, yield to maturity, book value, market value as of the end of the month for which the report is rendered and the method used to value pool investments; a computation of the average life of the portfolio of assets in the investment pool weighted according to the market value of each investment that matures more than 270 days from the report date as of the end of the month for which the report is rendered; and a computation of the annualized rate of return of the investment pool portfolio, net of expense. A copy of the reports shall be made available to each county, municipality, school district and other political subdivision the funds of which are then being invested by the investment officer. The investment officer may send copies of the report to investment bankers and brokers recommended by the council. [1973 c.748 §16; 1981 c.880 §17; 1987 c.381 §5]

**294.880 Program examination and audit; report; distribution.** An examination and audit of the investment pool shall be made separately from the audit of the treasurer for submission to the Oregon Investment Council, local governmental units which are investors in the pool, the Legislative Assembly and the board at least once a year and at other times as the council may require. An audit report shall be submitted to the individuals and units specified within 60 days after the end of the fiscal year or as soon as practical. The report shall include a statement prepared by the State Treasurer of the investment rules governing investments authorized by the council. [1973 c.748 §17; 1979 c.608 §6]

**294.882 Merger or subsequent separation of local government investment pool and state investment fund; preconditions.** (1) It is recognized that a time may

come when the interest of local governments diminishes to the extent that participation in the local government investment pool no longer warrants its operation as a separate fund. If the local government investment pool decreases to a level below \$125 million, the State Treasurer may transfer the assets of the pool to the state investment fund established under ORS 293.701 (2)(o). In that event, the local government investment pool participant accounts will be treated as are other state funds and accounts in receiving a proportionate share of the earnings of that investment fund. Notwithstanding ORS 294.860, 294.865, 294.870, 294.875 or 294.880, when the State Treasurer transfers the assets of the local government investment pool to the state investment fund, the distributions of income to local governments, payment of related expenses and the reporting, program examination and audit functions with respect to the investment pool participant accounts shall be administered in accordance with ORS 293.718, 293.751, 293.756, 293.761, 293.766, 293.771, 293.776 and 293.820.

(2) The State Treasurer, at the discretion of the treasurer may reestablish the local government investment pool as a separate fund, if the participant accounts increase to over \$125 million and in the State Treasurer's judgment, sufficient interest by local government exists to insure the local government investment pool will remain over \$125 million. Prior to reestablishing the pool as a separate fund, the State Treasurer shall first present a plan for operation, including the reasons for such action, to the Oregon Investment Council at a regularly scheduled meeting for its review and comment. The State Treasurer shall publish notice in the Secretary of State's administrative rules bulletin of the treasurer's intent to reestablish the pool as a separate fund at least 30 days prior to the meeting at which the Oregon Investment Council shall review the proposal, and notice of the meeting time and location of the Oregon Investment Council at which the proposal will be discussed. [1979 c.608 §9; 1980 c.19 §7; 1983 c.456 §3; 1993 c.18 §62; 1997 c.129 §1; 1999 c.1043 §7]

**294.885 Oregon Short Term Fund Board; members; appointment; term; vacancies.** (1) There is created the Oregon Short Term Fund Board consisting of seven members.

(2) One member shall be the State Treasurer or the treasurer's designated representative. Three members who are qualified by training and experience in the field of investment or finance and who do not hold any other public office or employment, shall be appointed by the State Treasurer. Three members, who are treasurers, finance or fiscal officers or business managers of any

county, city or school district, shall be appointed by the Governor. In making the appointment, the Governor may consider persons recommended by:

- (a) The Association of Oregon Counties.
- (b) The League of Oregon Cities.
- (c) The Oregon School Boards Association.

(3) The term of office of each appointed member of the board is four years, but each appointed member serves at the pleasure of the appointing authority. A vacancy in the appointed membership occurring other than by expiration of term shall be filled in the same manner as the original appointment, but for the unexpired term only. [1973 c.748 §19; 1979 c.608 §7; 1981 c.880 §18; 1989 c.1006 §2]

**294.890 Board members serve without compensation; selection of chairperson.**

(1) A member of the Oregon Short Term Fund Board shall serve without compensation.

(2) The board shall select one of its members as chairperson, for a term and with the powers and duties necessary for the performance of the functions of the office as the board shall determine. [1973 c.748 §20]

**294.895 Board duties, generally.** The Oregon Short Term Fund Board shall:

(1) Advise the Oregon Investment Council and the investment officer in the management of the investment pool and in the investment of all funds defined in ORS 293.701 (2)(p) and invested pursuant to ORS 293.721.

(2) Review the rules promulgated by the investment officer as authorized under ORS 294.825 (4).

(3) Consult with the council and the investment officer on any matter relating to the investment and reinvestment of funds in the investment pool and on any matter relating to the investment or reinvestment of funds defined in ORS 293.701 (2)(p) and invested pursuant to ORS 293.721. [1973 c.748 §21; 1981 c.880 §19; 1993 c.18 §63]

## COUNCILS OF GOVERNMENTS

**294.900 "Council of governments" defined.** As used in ORS 294.900 to 294.930, "council of governments" means an entity organized by units of local government under an intergovernmental agreement under ORS 190.003 to 190.130, which does not act under the direction and control of any single member government and does provide services directly to individuals. [1987 c.666 §1]

**Note:** 294.900 to 294.930 were enacted into law by the Legislative Assembly but were not added to or made a part of ORS chapter 294 or any series therein by legislative action. See Preface to Oregon Revised Statutes for further explanation.

**294.905 Budget committee; membership; term; vacancies; officers; meetings to be public.** (1) A council of governments shall establish a budget committee in accordance with the provisions of this section.

(2) The budget committee shall consist of the members of the governing body of the council of governments and an equal number of representatives of the services provided by the council of governments. If there are fewer representatives of the services than the number of members of the governing body of the council, the governing body and the representatives willing to serve shall be the budget committee. If there are no representatives willing to serve, the governing body shall be the budget committee.

(3) The members of the budget committee shall receive no compensation for their services as members of such committee.

(4) Appointive members of the budget committee shall not be officers, agents or employees of the council of governments or providers of the services.

(5) The appointive members of the budget committee shall be appointed for terms of three years. The terms shall be staggered so that one-third or approximately one-third of the terms of the appointive members end each year.

(6) If any appointive member is unable to serve the term for which the member was appointed, or an appointive member resigns prior to completion of the term for which the member was appointed, the governing body of the council of governments shall fill the vacancy by appointment for the unexpired term.

(7) The budget committee, at its first meeting after its appointment, shall elect a chairperson and a secretary from among its members.

(8) Meetings of the budget committee shall comply with the requirements of ORS 192.610 to 192.710. [1987 c.666 §2]

**Note:** See note under 294.900.

**294.910 Estimates of expenditures; organization and format; matters to be included.** (1) Each council of governments shall prepare estimates of expenditures for the ensuing year.

(2) The estimates required by subsection (1) of this section shall be prepared by organizational unit or by program.

(3) Estimates required by subsection (1) of this section and prepared by organizational unit shall be detailed under separate object classifications of personal services, materials and services and capital outlay. Separate estimates shall be made for special payments, debt service, interfund revenue

transfers, operating expenses and general capital outlays which cannot reasonably be allocated to an organizational unit.

(4) Estimates required by subsection (1) of this section and prepared by program shall be arranged for each activity of a program. Estimates under each activity shall be detailed under separate object classifications of personal services, materials and services and capital outlay. Separate estimates shall be made for each program for special payments, debt service, interfund revenue transfers, operating expenses and general capital outlays which cannot reasonably be allocated to an activity within a function.

(5) Estimates of expenditures for personal services, other than services of persons who receive an hourly wage or who are hired on a part-time basis, shall list the salary for each officer and employee, except that employees of like classification and salary range in each organizational unit or activity may be listed by the number of those employees, the limits of each salary range and the amount of their combined salaries.

(6) The general capital outlay estimate shall include separate amounts for land, buildings, improvements to land other than buildings and machinery and equipment which cannot be reasonably allocated to an organizational unit or activity.

(7) The debt service estimates shall include separate amounts for principal and interest of each bond issue in each fund.

(8) If the estimates required by subsection (1) of this section are not prepared by fund, there shall be prepared a summary which cross-references programs or organizational units to the appropriations required by ORS 294.435. [1987 c.666 §3]

**Note:** See note under 294.900.

**294.915 Notice of budget committee meeting; public availability of documents.**

(1) Not less than eight days and not more than 14 days prior to the meeting of the budget committee of the council of governments, notice of the meeting shall be published in a newspaper of general circulation within each county represented by the council of governments. The notice shall contain the purpose, time and place of the meeting and the place where the budget document is available. The notice shall also state that the meeting is a public meeting where deliberations of the budget committee will take place and that any person may discuss proposed programs with the budget committee at that time.

(2) The governing body shall either provide the means of duplicating the budget or part thereof, in those situations where the budget document or portion thereof may be

quickly reproduced, or shall provide copies of the budget document or part thereof so that a copy of the budget document or part thereof may be readily obtained by any individual interested in the affairs of the council of governments. [1987 c.666 §4]

**Note:** See note under 294.900.

**294.920 Hearing on budget document.**

(1) Each council of governments shall hold a public hearing on the budget document as approved by the budget committee.

(2) Not less than eight days and not more than 14 days prior to the meeting held as required by subsection (1) of this section, notice of the meeting shall be published in a newspaper of general circulation within each county represented by the council of governments. The notice shall contain the time and place of the meeting and the place where the budget document, as approved by the budget committee, is available. The notice shall also state that the meeting is a public meeting where any person may appear for or against any item in the budget document. [1987 c.666 §5]

**Note:** See note under 294.900.

**294.925 Supplemental budget; conditions; term; publication.** (1) Notwithstanding requirements as to estimates of and limitation on expenditures, any council of governments may make a supplemental budget for the fiscal year for which the regular budget has been prepared under one or more of the following circumstances:

(a) An occurrence or condition which had not been ascertained at the time of the preparation of a budget for the current year which requires a change in financial planning.

(b) A pressing necessity which was not foreseen at the time of the preparation of the budget for the current year which requires prompt action.

(c) Funds were made available by another unit of federal, state or local government and the availability of such funds could not have been ascertained at the time of the preparation of the budget for the current year.

(d) A request for services or facilities, the cost of which shall be supplied by a private individual, corporation or company or by another governmental unit and the amount of the request could not have been accurately ascertained at the time of the preparation of the budget for the current year.

(e) The involuntary destruction, involuntary conversion, or sale of property has necessitated the immediate purchase, construction or acquisition of different facilities in order to carry on the governmental operation.

(2) A supplemental budget shall not extend beyond the end of the fiscal year during which it is submitted.

(3) The supplemental budget shall be published. [1987 c.666 §6; 1989 c.171 §40]

**Note:** See note under 294.900.

**294.930 Duties of Department of Revenue.** (1) The Department of Revenue shall exercise the same powers and authority with regard to councils of governments and the budgets and budget committees of councils of governments as the department exercises under ORS 294.495 to 294.510 with regard to municipal corporations.

(2) On or before July 15 of each year, or upon such other date as the Department of Revenue shall designate, each council of governments shall file with the Department of Revenue a true copy of its budget as finally adopted, a copy of the notices required to be published under ORS 294.915 (1) and 294.920 (2) and a copy of the resolution adopting the budget.

(3) The copies of budgets filed with the Department of Revenue under subsection (2) of this section shall be turned over to the Division of Audits created by ORS 297.010 on or before the end of the fiscal year for which the budget was prepared, and shall be retained by the Division of Audits for a period of two years following the end of the fiscal year for which the budget was prepared. [1987 c.666 §7]

**Note:** See note under 294.900.

## MISCELLANEOUS

**294.950 County revenue sharing with cities.** (1) Subject to the limitation contained in subsection (3) of this section, a county may give, out of its general fund, moneys that are not otherwise obligated for county purposes to any city situated in whole or in part within the county. Such moneys may be used by the city for general municipal purposes.

(2) Subject to the limitation contained in subsection (3) of this section, a county may share the proceeds of any tax or excise described in section 3a, Article IX of the Oregon Constitution, with any city situated in whole or in part within the county for the purposes stated in that section.

(3) In any fiscal year, moneys given to a city under this section shall not exceed the amount of revenue raised in any manner by the county within the boundaries of that city.

(4) Any sharing of revenues between a county and city under this section is declared to be for a public purpose. [1981 c.335 §2]

**294.960 Collection and disposition of amounts due counties.** Pursuant to ORS 293.250, a county may collect any moneys owed to the county pursuant to a judgment obtained under ORS 169.151. The county shall provide to the Department of Revenue the amount owed and the name, Social Security number and address of the person who owes the moneys. [2001 c.641 §1]

**Note:** 294.960 was enacted into law by the Legislative Assembly but was not added to or made a part of ORS chapter 294 or any series therein by legislative action. See Preface to Oregon Revised Statutes for further explanation.

### PENALTIES

**294.990 Penalties.** (1) Any officer willfully violating any of the provisions of ORS 51.340 shall, upon conviction thereof, be fined not more than \$25 for each offense, to be paid into the county treasury for the benefit of the common schools.

(2) Unless the time is extended by the commission, any municipal corporation subject to ORS 294.605 to 294.705 which fails, neglects or refuses to submit its annual or biennial budget to the commission on or before May 15 of each fiscal year, or on or before May 15 of the first fiscal year of a budget period, as provided in ORS 294.635, shall forfeit to the use of the tax supervising and conservation commission fund \$50 for each day of such failure, refusal or neglect.

(3) Any levying board subject to ORS 294.605 to 294.705 which fails, neglects or refuses to attend any budget hearing at the time and place fixed by the commission, or to be represented by counsel thereat, shall forfeit to the use of the tax supervising and conservation commission fund \$25 for each member of such levying board responsible for such failure, neglect or refusal. [Amended by 1953 c.306 §17; 1971 c.267 §15; 1999 c.654 §26; 2001 c.135 §30]

