

**Josephine County  
Budget Message  
Fiscal Year 2013-14  
May 7, 2013**

As the Budget Officer for Josephine County, I am required by Oregon Budget Law to present to the Budget Committee a balanced budget. This budget message outlines the financial priorities of the County and highlights major changes to the Funds. Although County government and the resulting budget is complex, our goal is to provide as much transparency in government as possible while following Oregon Budget Law.

Based on “Budgeting for Outcomes”, the FY 2013-14 budget details Oregon Revised Statute (ORS) mandates, program outcomes, revenue and expenditure line items and personnel for each department within their respective fund. Each Department has detailed how their programs meet the goals set by the Board of Commissioners in FY 2010. Included in the “Introduction” section is a brief history of the actions Josephine County has taken since FY 2005-06 to reduce the cost of government while still attempting to fund essential programs throughout the County.

Overall the proposed budget reduced from approximately \$74 million to \$67 million dollars, a decrease of approximately ten percent (10%) from FY 2012-13. Operating expenditures dropped five percent (5%) overall. With the County’s goal of maintaining service levels comparable to FY 2012-13, reserves are being used up. This budget includes an additional proposed reduction of full-time equivalent positions (FTE) of 15.74, which includes 4.85 positions in Public Safety (Sheriff, District Attorney, and Juvenile Justice). These reductions will further impact service levels to the citizens of Josephine County. In the last decade, the County has reduced County government by over 400 positions, including 62 in the Sheriff’s Office. Some programs were outsourced to nonprofit agencies while other programs were drastically cut to minimum levels of service.

Josephine County requires that the majority of County programs be self sustaining through fees, grants, state contracts, and other revenue sources that don’t rely on property taxes or General Fund support. With the economy continuing to be stagnant and the State’s ongoing budget issues, many Departments will be further reducing staff, making it even more difficult to provide minimal services for our citizens. The budget proposal does include requests from the General Fund for Public Health Administration, Solid Waste and the Animal Protection programs. The transfer of two million dollars for Public Safety, again this year, plus an additional \$185,000 for the District Attorney’s Office is included. A transfer from solid waste franchise fees for costs associated with the Marlson landfill mediation is also scheduled for the Public Works Special Projects Fund.

As part of the SRS 2012 payments, Congress included monies for O&C Counties through 2013. Payments for general government purposes had been dedicated to the Public Safety Fund.

Public Works and Title III projects were also funded for the same time period. Currently, no new revenue sources have been identified or approved by the citizens to replace funding provided by the SRS 2012 payment for FY 2013-14 and future years.

### **Changes in Fund Structure**

1. Departments made up of elected offices, divisions, and programs that provide similar services and rely on common funding sources remain grouped together in separate funds such as the General Fund and the Public Safety Fund.
2. The General Fund contingency has improved from the \$2.6 million budgeted in FY 2012-13 to \$3.14 million dollars for FY 2013-14. This was partly achieved by reducing the transfer to Public Safety in the last two fiscal budgets by one million dollars. A conservative estimate of three million dollars in contingency is recommended in order to cover operating costs until property tax and other revenues arrive in November.
3. Three programs were added to General Fund in FY 2013-14:
  - a. Veterans Services receives the majority of their funding from General Fund, so it no longer qualified under the guidelines for the Comprehensive Annual Financial Report (CAFR) to be retained in Fund 210, Grant Fund.
  - b. Fund #275, Court Facilities/Security Fund previously included a transfer from General Fund that covered the maintenance and utility costs of the State Court facilities provided by the County as mandated. This year, the operational costs related to the Court facilities were established in its own program in the General Fund. Fund 275 now reflects only the security costs that are partially offset by revenues from court fines. The State Courts contracts with the Sheriff's Office for court security.
  - c. Emergency Management was the third program added. The Board of County Commissioners established a countywide program under the Board, separating it from the Search and Rescue program managed by the Sheriff's Office.
4. Funding for the public safety departments (Sheriff, District Attorney and Juvenile Justice) from Federal general purpose sources has ended. Revenues include a transfer from General Fund of \$2.185 million dollars, carry over monies from the last federal payment and dedicated revenues. The Sheriff's Office also received the last of the ARRA grants in FY 2012-13, reducing revenue an additional \$176,000. An election is scheduled for May 21 that will sustain the criminal justice system but is not included in this budget since it has not been approved by the citizens. With no new funding, the proposed budget reflects an estimated decrease of approximately thirty (30) percent for the public safety programs in the criminal justice system leaving approximately \$450,000 for carryover for FY 2014-

15 compared to \$3.965 million dollars for FY 2013-14. The departments will be requesting additional funding from the Budget Committee to maintain their individual programs.

5. The Public Works Fund's major source of revenue continues to be State Gas Tax dollars. Public Works will also realize loss of revenues related to the ending of funding of the SRS 2012 federal payment. With an additional federal payment of approximately \$980,000 and higher carryover of \$ 716,000 in FY 2012-13, they are proposing a transfer of \$1.7 million dollars to the Roads and Bridges Reserve Fund for capital projects.
6. Funds, such as Fair, Parks and Public Health will continue to be required to be self sustaining from fees, grants or other revenue sources outside of the General Fund. Monies that are for dedicated purposes are required to be shown as individual funds in the budget. The Parks Fund reversed their deficit fund balance in previous years with General Fund support and changes in operations. Public Health is requesting additional General Fund support for administration and to maintain programs. The Fair Fund will require approximately \$350,000 in FY 2012-13 from General Fund to end the year positive.
7. Fund 210, Grant Project Fund is mainly a pass through fund for prior Title III monies from the federal government and Economic Development lottery dollars. With carryover monies available from the original O&C legislation for Title III programs, the County has enough reserves to continue Search and Rescue, community work crew programs and forest related activities at reduced levels for approximately three more years. The monies available for Title III projects under SRS 2012 have more restrictions and any non-obligated monies have to be returned to the Federal government after September, 2013. Economic Development applications will be requested for projects at the beginning of the fiscal year by the Board of County Commissioners. County Departments that receive economic dollars will receive a reduced rate (Airport, Parks, Fair and Planning).
8. The centralized administrative overhead of the County is in Fund 401, Internal Service Fund. The Board of County Commissioners maintained the current charge of 10%. The percentage allocation is applied to the personal service and material & services budgets of the operating funds (excluding capital transfers and pass through monies). With the consistent application of the methodology, the County is able to charge the administrative fee to federal and state grants and contracts.
9. Fund 402 includes programs for maintenance and replacement of County facilities (BOM) and fleet within County departments. Departments are directly charged for services based on usage. BOM charges were increased from 57cents to 60 cents per square foot, with depreciation transfers to Property Reserve kept at the decreased rate of 2.5 cents.

10. Property sales and capital expenditures for facilities are shown under the Property Reserve Fund. This budget includes grant projects and other capital projects funded by a portion of the rental charge to departments for depreciation. The Equipment Reserve Fund receives revenues as direct transfers from Funds that require capital purchases of \$5,000 or more. Fleet depreciation for vehicle replacement will not be collected this year from user departments, reflecting no transfer to Equipment Reserve.
11. The Personnel section includes the Organizational chart with the proposed positions county wide. A comparison of FTE by Department between FY 2012-13 and FY 2013-14 is also included. Salary tables reflect the current union contracts with AFSCME, SEIU/OPEU and the Sheriff's Association that will expire June 30, 2015. These union contracts include openers for wages and benefits that will be bargained in FY 2013-14. FOPPO is currently being bargained.

### **Conclusion**

Today I am presenting a balanced budget – Josephine County will live within its' means as required by Oregon Budget Law. Because this budget contains no proposed funding from federal timber payments or citizen approved levies, you will see additional budget reductions throughout the Budget Book. The proposed Budget shows the continuing impacts of reduced service levels to programs, both in dollars and positions (FTE's) budgeted. The Public Safety Fund, which relied on General Fund transfers and SRS 2012 federal monies, will be facing major reductions in FY 2014-15 unless the Criminal Justice Systems levy is successful in May. Even if the levy passes, Josephine County and its citizens will need to continue to work together on a plan for sustainable long term funding for the criminal justice system.

Today is the first opportunity for the Budget Committee to deliberate on the proposed budget and to hear from the citizens of the County. Additional opportunities in the next few weeks will be available for our citizens to voice their thoughts on what services Josephine County should provide in FY 2013-14

Unlike some of our neighboring counties who are looking at program failures countywide, Josephine County is able to maintain essential services in most programs, although at reduced levels, because of policies put in place by the Board of County Commissioners in the last few years. We are facing challenges, especially in the criminal justice system, but the County will still be in business in FY 2013-14.

Respectfully submitted,

Rosemary Padgett, CFO/Budget Officer.