

**Josephine County
Budget Message
Fiscal Year 2014-15
May 8, 2014**

As the Budget Officer for Josephine County, I am tasked by Oregon Budget Law with presenting 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 2014-15 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 following goals set by the Board of Commissioners in FY 2014:

- 1) Improve community outreach and communication to the public by investing in technology that will improve efficiencies within County Departments and provide enhanced service to citizens.
- 2) Develop a sustainable plan for all mandated and essential County government programs.
- 3) Provide access to County services to the citizens of Josephine County in a transparent, open and professional manner.

Overall the proposed budget shows an increase of approximately \$15.5 million dollars from FY 2013-14. The majority of the increase is for capital projects and pass through dollars related to grants. Because the County has not adopted the supplemental budget for FY 2013-14, increased budget costs approved for Public Safety were not reflected in the budget.

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. Most Departments continue to provide only minimal services for our citizens.

With the inclusion of the SRS 2013 payments in the Helium Bill, Congress included monies for O&C Counties through 2013 at the reduced rate of \$4.8 million dollars for general purpose. These payments were received in 2014 and will be shown as carryover in 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 the SRS 2013 payments for FY 2014-15.

Fund Structure Information*

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. Fund 10, General Fund Contingency: has improved from the \$2,840,700 budgeted in FY 2013-14 to a proposed \$3,640,300 for FY 2014-15. A minimum of three million dollars in contingency is recommended in order to cover costs until property tax and other revenues arrive in November.
3. Fund 10, General Fund Transfers: the budget proposal does include requests from the General Fund for the Public Health Solid Waste program, Public Health Administration/Clinical Services, Veterans Services, Animal Protection program and the Public Works Special Projects Fund. A proposed transfer of \$475,000 from forestry receipts in the General Fund is proposed to go to Property Reserve for future reforestation costs and the forest inventory.
4. Fund 12, Public Safety: funding for the public safety departments (Sheriff, District Attorney and Juvenile Justice) from Federal sources has ended. Revenues include a transfer from General Fund of two million dollars, carryover monies and dedicated revenues. An election is scheduled for May 22 that will fund the Jail and Juvenile Justice programs but is not included in this budget since it has not been approved by the citizens. With the pending adoption of the supplemental budget for FY 2013-14, that included the Grants Pass jail bed funding, 3.45 positions will be eliminated in FY 2014-15. A three year payback of the road dollars that was transferred from Public Works in FY 2012-13 for rural patrols is scheduled to start this fiscal year. The first payment is for \$141,700. No additional new funding is included in this budget.
5. Fund 11, Public Works: State Gas Tax dollars continues to be the major source of revenue. Public Works will also realize loss of revenues related to federal funding (SRS 2013 monies). A two million dollar transfer to the Roads and Bridges Reserve Fund is included for future capital projects.
6. Special Revenue Funds, such as Fair and Parks continue to be self sustaining from fees, grants or other dedicated revenue sources outside of the General Fund. These funds reversed deficit fund balances from FY 2010-11 with General Fund support and changes in operations over the last two fiscal years. Public Health continues to need General fund support to balance their budget.
7. Fund 16, Grant Project Fund is mainly a pass through fund for Title III monies from the federal government and Economic Development lottery dollars. Carryover monies from

the original O&C legislation for Title III programs will be utilized to fund Search and Rescue, community work crew programs and forest related activities for approximately three more years. Title III projects under SRS 2013 have more restrictions. Applications will be approved in June for projects. Any unobligated monies need to be returned to the Federal government by September, 2014. The BCC will advertise for Economic Development projects during the fiscal year. County Departments that receive economic development dollars continues to be maintained at the reduced rate set in FY 2011-12 (Airport, Parks, Fair and Planning).

8. Fund 40, Internal Service Fund (ISF) provides the centralized support services of the County including the Board of County Commissioners (BCC). ISF covers a wide range of programs that deliver administrative support to all County Departments. Instead of each Department hiring personnel to provide human resource, finance, legal, information technology, gis, property management and communications services, it is centralized to be more cost effective. The ISF rate is set each year by the BCC based on established methodology. Once all County department budgets are submitted, the ISF budget requirement is divided into the County's total operational department budgets (personal service and material & services) to arrive at the percent to be charged. For the third year in a row the BCC maintained the current rate of 10%. ISF program budgets were reduced an additional net of \$118,800 from FY 2013-14. If increased revenues that result in increased expenditures, such as a levy, happens during the year, the rate will be reassessed and possibly lowered for all County departments.
9. Fund 47, Property Reserve: this budget includes federal stimulus projects and projects funded by a portion of the rental charge to departments for depreciation. The Dimmick Tower project and related \$1.5 million dollar loan is included in this year's budget.

Personnel: Approximately \$436,000 was saved throughout the County departments in personnel charges due to a reduction in the Public Employer's Retirement System (PERS) charge. The County also saved interest monies with the refinancing of the PERS bond in 2010.

*The County established a new finance system including a revised chart of accounts.

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 sources or citizen approved levies, you will see 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 2013 federal monies, will be facing additional reductions in FY 2015-16 unless the levy is successful May 22nd. 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 and its related programs.

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 2014-15.

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 Public Safety, but the County will still be in business in FY 2014-15.

Rosemary Padgett, CFO/Budget Officer.