

Agenda

Josephine County Budget Committee Workshop
4:00 to 6:00 p.m. - Wednesday, March 16, 2011
Anne Basker Auditorium

Budget Officer Presentation: Rosemary Padgett, CFO

- 1. Introduction
- 2. The Budget Process - Oregon Budget Law
- 3. Budget Committee Role
- 4. Approved Budget Goals
- 5. Budgeting for Outcomes
- 6. Budget Overview
- 7. Budget Directives/Guidelines for FY 11-12
- 8. Budget Committee Questions / Input

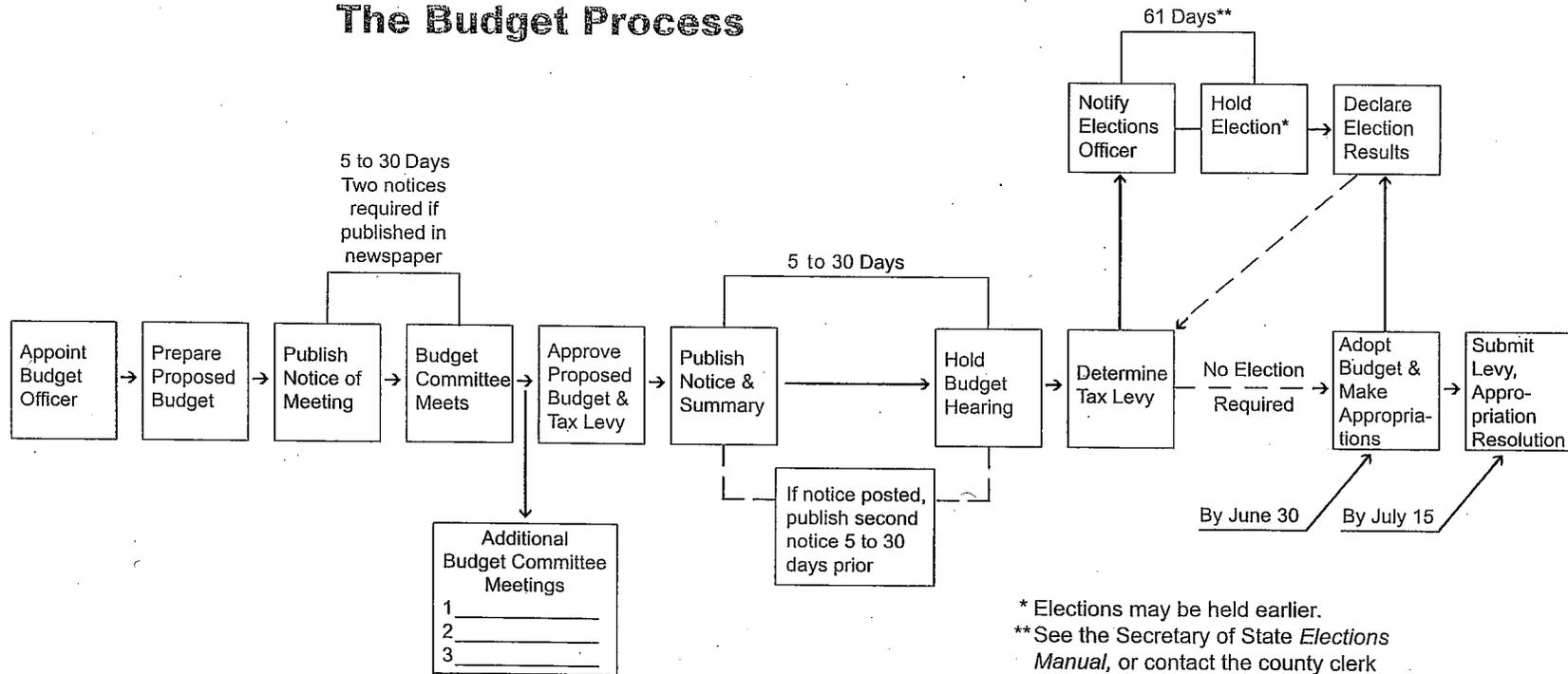
The Budget Process

■ Oregon Budget Law

- Appoint Budget Officer
- Establish Calendar
- Budget Directives
- Departments develop Proposed Budget
- Finance consolidates into Funds
- Departments meet with BCC Liaisons/CFO
- Meetings with BCC (open to Public)
- Present balanced budget to Budget Committee
- Budget Committee meets in public session
- Publish approved Budget Committee Budget
- Hold Public Hearing and Adopt budget with appropriation resolution
- Certify Tax

The Budget Process

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* Elections may be held earlier.
 ** See the Secretary of State *Elections Manual*, or contact the county clerk for actual dates of filing.

Proposed Budget Calendar

- **March 16, Wednesday** **Budget Workshop – Budget Committee (4 to 6 p.m.)**
- March 25, Friday Completed Budgets to Finance
- March 28, Week of BCC review with Finance and individual Departments
- **April 21, Thursday** **Budget Committee Meeting**
- **April 26, Tuesday** **Budget Committee Meeting**
- **April 28, Thursday** **Budget Committee Meeting**
- May, Month of Budget Meetings if needed
- **June 22, Wednesday** **Adopt Budget – BCC**

Appendix B: Budget process checklist

Note: Local governments in Multnomah County may have a slightly different process involving the Tax Supervising and Conservation Commission.

Action	ORS/OAR
<p>1. The governing body appoints the budget officer. The budget officer does not have to live within the boundaries of the district, unless the district's charter requires it.</p>	294.331
<p>2. The governing body appoints the budget committee. The budget committee is made up of the governing body and an equal number of appointed registered voters of the district who are appointed for three-year terms. The appointed members cannot be officers, agents or employees of the district. All members of the budget committee are equal in authority.</p>	294.336
<p>3. The budget officer prepares the proposed budget. The proposed budget must be in balance with resources equaling requirements.</p>	294.331
<p>4. The budget officer publishes the Notice of Budget Committee Meeting. Publish notice of the first budget committee meeting(s) scheduled for the purposes of 1) receiving the proposed budget and hearing the budget message, and 2) taking public questions and comments on the budget.</p>	294.401 294.311(32)
<p>To publish the notice:</p>	
<ul style="list-style-type: none"> • Print the notice twice in a newspaper of general circulation in the boundaries of the district. Print the first notice no more than 30 days before the meeting. Print the second notice no less than five days before the meeting. Allow at least five days between the two notices; or, • Mail one notice through the U.S. Postal Service by first class mail to each street address within the district. Mail no less than 10 days before the meeting; or, 	

- Hand-deliver one notice to each street address within the boundaries of the district. Deliver no less than 10 days before the meeting.
5. **The budget officer provides a copy of the proposed budget to each member of the budget committee.**
This may be done at any time prior to the first meeting of the budget committee for which notice is published, or at that meeting. Committee members must not discuss or deliberate on the budget outside of a public meeting.
 6. **The budget officer files a copy of the budget in the district office.**
This must be done immediately after providing copies of the budget to the budget committee. The budget becomes a public record at this point. The district must make copies of the budget or the means of duplicating it readily available to any interested person. The district may charge a reasonable fee for a copy of the budget.
 7. **The executive officer of the district prepares or directs the preparation of the budget message.**
The budget message explains the budget. The explanation should include a brief description of the district's fiscal policies and any major changes in the policy, resources or requirements, or staffing, from the previous year.
 8. **The budget committee meets at the time and place in the notice to receive the proposed budget and the budget message, and hear public comment and questions from any interested person.**
At its first meeting, the budget committee elects a presiding officer from among its members. The budget committee must have a quorum, or majority, of the total membership of the committee present in order to hold a meeting or to take any formal action.
 9. **The budget committee approves the budget.**
Before approving the budget, the budget committee can make any changes to the budget on which a majority of the committee members agree.

294.401(6)

294.401(8)
150-294.401(7)

294.391

294.336
150-294.336
294.401

294.406

- | | |
|---|-----------------------------------|
| <p>10. The budget committee establishes and approves the amount or rate of the tax the district will impose.
This approval should be in the form of a motion, which is recorded in the minutes of the committee. Approval is by majority vote of the whole committee. The work of the budget committee is now complete.</p> | <p>294.406</p> |
| <p>11. The budget officer publishes one Notice of Budget Hearing and a summary of the approved budget.
This notice must be published between five and 30 days before the hearing by one of the publication methods above. The information for the publication forms comes from the budget detail sheets "Approved by budget committee" column.</p> | <p>294.416</p> |
| <p>12. The governing body conducts the budget hearing and takes public comment from any interested person.
The governing body must have a quorum, or majority, of the total membership of the governing body present at the public hearing. The governing body considers the comments of all interested parties about the budget and the fiscal policy decisions reflected in the budget. The governing body can establish procedures for taking testimony. Time limits can be set as long as all parties or sides on issues are treated equally.</p> | <p>294.430
150-294.430(1)</p> |
| <p>13. After the hearing the governing body can make adjustments to the approved budget.
It can:</p> <ul style="list-style-type: none"> • Reduce the tax rate or amount. • Adjust estimates of resources and requirements. • Raise expenditures in any fund up to \$5,000 or 10 percent, whichever is greater. | <p>294.435</p> |
| <p>14. If the governing body wants to raise expenditures more than \$5,000 or 10 percent, or increase the tax, it must republish the adjusted budget and notice of a second budget hearing.
The notice of the second hearing must be published by one of the methods above between five and 30 days before the second hearing.</p> | <p>294.435</p> |
| <p>14A. The governing body holds a second budget hearing if required.</p> | |

15. After the budget hearing, the governing body enacts resolutions or ordinances to adopt the budget, make appropriations, impose tax, and categorize the tax.
 These actions can be taken at any regularly scheduled public meeting of the governing body after the budget hearing at which a quorum is present.
 The resolution adopting the budget should state the total amount of all budget requirements. The budget must be adopted by June 30.
 The resolution making appropriations creates the authority to make expenditures and to incur obligations for specific purposes. Appropriations must be made by June 30. Each fund must have its own appropriations. Appropriations are limited to one fiscal year or a 24-month budget period.
 The resolution imposing taxes provides the information used to complete the tax certification form (LB-50 or ED-50). It declares the method of the tax (rate and/or dollar amount) and the amount.
 The resolution categorizing taxes is required every year that you impose taxes. The Measure 5 categories must be declared.

294.435(2)
 150-294.435(3)
 310.060

16. The budget officer submits the certification documents to the assessor's office by July 15.
 The assessor gets:
- Two copies of the tax certification form LB-50 or ED-50.
 - Two copies of the resolution statements.
 - Two copies of the successful ballot measure for any tax to be imposed for the first time.
- Do not send the entire budget document to the assessor unless specifically requested.
 The amount or rate of tax certified to the assessor cannot exceed the amount or rate approved by the budget committee, unless the budget was republished and a second hearing held.
 The county clerk gets:
- One copy of the entire budget document including the notices, resolutions and approved ballot measures by September 30.

150-294.435(1)-(A)
 310.060

Budget Committee Role

- **What is a Budget Committee?**
- **What is the purpose of the Budget Committee?**
- **What is the budget message?**
- **The Budget Committee also must approve the property tax rate or tax amounts that will be submitted to the assessor**
- **How many Budget Committee members must be present to hold a meeting and take action?**
- **How many meetings must the Budget Committee have?**
- **When can the proposed budget be released to the Budget Committee members?**

PHASE 2

APPROVING THE BUDGET

ORS 294.336 specifies that a budget committee must be established.

What is a budget committee?

The budget committee is an advisory group established by statute. The committee is made up of the governing body of the local government and an equal number of appointed members. If the governing body can't find enough citizens willing to serve on the budget committee, then the committee is made up of the citizens who will serve *and* all the members of the governing body.

The appointed members must be electors of the local government. That means they must be qualified voters of the local government who have the right to vote on the adoption of any measure. They cannot be employees, officers, or agents of the local government. They are appointed for staggered, three-year terms. No member of the budget committee (governing body members included) can receive compensation for serving on the committee. They can receive reimbursement for expenses incurred while serving.

What is the purpose of the budget committee?

The budget committee has several purposes. It conducts public meetings to hear the budget message and review the budget proposed by the budget officer. One of its most important purposes is to listen to comments and questions from interested citizens. It considers this public input as it deliberates on the budget. It can revise the

proposed budget to reflect changes it wants to make in the local government's fiscal policy. When it is satisfied, the committee approves the budget. The budget committee doesn't have the authority to negotiate employee salaries.

What is the budget message?

The budget message explains the budget. It gives the budget committee and the public information that will help them understand the proposed budget.

The statute requires that the budget message contain a brief description of the financial policies reflected in the proposed budget and, in connection with the financial policies, explain the important features of the budget.

Sample of a Partial Budget Message

The proposed budget contains a reserve fund for equipment purchase. Our financial policy is to set aside money each year so that there will be money available to replace or purchase new fire suppression equipment when the need arises. We hope this fund will allow us to keep equipment up-to-date without having to ask our voters for additional tax revenue.

The budget message must also explain proposed changes from the prior year's budget and explain any major changes in financial policies.

ORS 294.401(1) explains the purposes of the budget committee.

The budget message is prepared by or under the direction of the chief executive officer (CEO), i.e., city manager, or the chair of the governing body if the local government doesn't have a CEO. It needs to be in writing so it can become part of the budget committee's records. It is delivered at the first meeting of the budget committee. It can be delivered by the budget officer, the chief executive officer, or the governing body chair.

ORS 294.406 requires the committee to approve the budget and specify the property taxes.

The budget committee also must approve the property tax rate or tax amounts that will be submitted to the assessor.

We recommend that the budget committee make a motion to approve the property taxes so that the action is documented in the minutes of the committee.

Sample Motion to Approve Taxes

I move that the Sample Rural Fire Protection District budget committee approve taxes for the 2001-2002 fiscal year at the rate of \$4.2379 per \$1,000 of assessed value for operating purposes, and in the amount of \$97,396 for payment of bond principal and interest.

OAR 150-294.336 requires that a quorum of the total budget committee members be present to hold a meeting.

How many budget committee members must be present to hold a meeting and take action?

There must be a quorum present to hold a meeting. A quorum is one more than half the committee membership. For example, if

there are six members of the budget committee, four must be present to hold a meeting.

To take action requires an affirmative vote of the majority of the membership, not just a majority of the members present. A majority is one more than half of the committee membership. So if there is just a quorum present, then all members must vote in the affirmative to take any action. In the example above, all four members would have to vote in the affirmative to approve the budget or take any other action.

How many meetings must the budget committee have?

Local budget law requires that the budget committee hold at least one meeting for the purpose of:

1. Receiving the budget message and budget document, and
2. Providing members of the public with an opportunity to ask questions about and comment on the budget.

You must give prior public notice of the meeting(s) held for these two purposes. If you plan to have more than one budget committee meeting for these purposes, the first meeting must be to receive the budget message and the budget document (unless the budget document has been released before the meeting). You can also plan to hear public comments and questions at the first meeting.

You have the option of not taking public comments at the first meeting. This is a policy decision that you should make with

ORS 294.401(3) specifies the number of meetings and what kind of notice must be given.

the budget committee. Here are some reasons why you may choose not to take public comments at the first meeting:

- To give the budget committee time to hear and discuss the budget message,
- To allow the committee time to understand the proposed fiscal policy reflected in the proposed budget, and
- To give the committee and public time to walk through the budget document to understand how it is arranged.

If the budget committee does not invite the public to comment during the first meeting, the committee must provide that opportunity in at least one subsequent meeting. The notice of the committee meeting must tell the public at which meeting comments and questions will be taken. The budget committee can establish rules for public comment. The rules should be explained at the beginning of the first meeting at which the public is invited to speak. The rules should be reasonable and apply to everyone who has comments. Remember, one of the major reasons to have a budget committee meeting is to hear what your patrons have to say.

If several meetings are planned to take public comments and questions, only the first of the series must be published using the forms and dates required by local budget law. However, notice for the subsequent meetings must also be given. You can choose to give notice in the same time frame and manner as the regular meeting of the governing body, or you can use one of the local budget law publication methods.

Approved Budget Goals

- Goals for budget purposes (Approved 2/16/2010):
- Encourage public involvement, through community outreach, in identifying service requirements and programs to be provided by Josephine County.
- Provide sustainable funding for all mandated and essential County government programs for the next ten years.
- Provide services in a transparent, open and efficient manner to the citizens of Josephine County.
- Ensure cost effective achievement of services to the County's citizens by providing an environment that fosters a highly qualified and professional workforce.

Budgeting for Outcomes

■ **Budgeting for Outcomes is...**

- A departure from the traditional budgeting model of using last year as a base, adding inflation, and then cutting the result to balance the budget.
- A type of zero-based budgeting (programs versus historical).
- A top-to-bottom review of everything from citizens' perspectives and priorities, rather than a department or government perspective.
- A way of establishing program priorities and allocating resources when revenues are limited.
- A better tool for elected officials to set the direction of the County and choose the services it will provide.

Budgeting for Outcomes

■ **Budgeting for Outcomes focuses on...**

- Setting the price of government
- Setting the priorities of government
- Setting the price of each priority
- The “keeps”, not the cuts.

Budgeting for Outcomes

■ Four Basic Questions

- How much revenue will we have: What price of government will we charge the citizens?
- What outcomes (results) matter most to our citizens?
- How much should we spend to achieve each outcome?
- How can we “best” deliver each outcome that citizens expect?

Budgeting for Outcomes

- Josephine County looks at programs provided by each department and the level to which each should be funded, rather than looking at expenditure categories and line items as in the past.
- If funding is reduced or lost, priorities will help the County determine how best to adjust service levels and choose which programs to keep.

Budget Overview

■ Funds grouped by CAFR Designation

■ Operational funds

- General Fund - Assessor, Treasurer, County Clerk, Surveyor, Planning, Forestry
- Public Safety Fund - Sheriff, District Attorney, Juvenile Justice departments
- Public Works Fund

■ Reserve Funds

- Property (land and buildings)
- Equipment
- Roads & Bridges (PW)

■ Special Revenue Funds

- Fairgrounds
- Parks
- Building Safety

Budget Overview

■ Fund Structure

- Revenues, transfers, and ISF Indirect charges at Fund level vs. Departmental level
- Expenditures (example)
 - Department
 - Office/Division
 - ex: Public Safety
 - Program
 - ex: Office of Sheriff
 - GL Code
 - ex: Adult Jail
 - ex: Operating Supplies

Budget Overview

■ Internal Service Funds:

■ Indirect Fixed Costs – at Fund Level

- Allocated by Fund budget (P/S and M/S)

■ Direct Fixed Costs (Shown as internal vendors and expensed directly to departments)

- Building O&M, Fleet, and Insurance

ISF Departments

- Board of County Commissioners
- Communications
- Finance
- General Government
- GIS
- Human Resources
- Information Technology
- Legal
- Property Management

ISF Methodology

- Step 1 – Calculate ISF amount by taking ISF Budgets less revenue offsets.
- Step 2 – Allocate ISF amount proportionally to Operating Funds based on Personal Service and Materials and Service budget (excluding Capital and pass-through payments).

Internal Vendors

- **Building Operation & Maintenance**
 - Responsible for repair, maintenance, and replacement of County owned buildings.
- **County Fleet**
 - Responsible for repair, maintenance, and replacement of County owned vehicles.
- **Insurance**
 - Responsible for payment of insurance premiums and claims.

Internal Vendors

Cost Allocation Methodology:

- BOM – all costs based on square footage:

Utilities

Repairs & Maintenance

Custodial

Landscaping

Depreciation

- County Fleet -

Operation & Maintenance – rate based

Purchase/Replacement – rate based

Budget Directives/Guidelines

- Based on Local Budget Law and Budgeting for Outcomes (modified zero based)
 - Two Year Plan with budget required for FY2011-12 & FY2012-13
 - Revenue projections with support for inclusion at Fund level
 - Expenditures – Department level (Departments: Offices, Divisions, Programs)
 - Reported at Service Levels - Mandatory and/or self supporting
 - Source of Revenue – document additions or reductions
 - Narratives describing program purpose and relation to County goals
 - Personal Services Budget – prepared by Finance
 - Based on current payroll (February 2011)
 - Allocate at Department level
 - Vacant and/or new positions require justification paper
 - Capital Outlay
 - Limited to \$5,000 or above, requires justification paper
 - 5 Year Projection (County Charter requirement)
 - Expensed to related Reserve Fund
 - Transfers between Funds
 - At Fund level
 - Debt Service
 - At Fund level

Budget Directives/Guidelines

- General Fund Reserve (Contingency) will be maintained at a minimum of \$3 million dollars.
- Transfer to Public Safety of \$3 million dollars from General Fund resources.
- Public Safety Fund budgets and FTE requirements should not exceed projections for FY 11-12 as submitted under the Public Safety Plan approved on January 9, 2009. Dollar limits will be provided with the work sheets.
- Funds supported by dedicated and/or outside sources need to balance revenues with expenditures.

Budgeting is an Estimate

off the mark.com

by Mark Parisi



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Budget Committee Workshop

- Budget Committee Questions or Input?