

Grants Pass Budget Process

December/January

Council Goal Setting & Work Plan Development

January

Appoint Budget Officer
Establish Review Schedule
Conduct Budget Committee Orientation
Define Fiscal Policies

January/February

City Manager Conducts 6-Month Review of Current Year Budget
Staff Prepares New Year Budget Request

February through April

Budget Officer and Finance Director Review Department Requests
Department Incorporates Revisions

April

City Manager conducts 2x2 Reviews with Council & Budget Committee

April

Publish Notice of Meeting & Recommended Budget Document

April/May

Budget Committee meets as needed
Elects Chair
Adopts Review Schedule
Receives Public Testimony

5 – 30 days

June

Budget Committee Approve Proposed Budget & Tax Levy

Publish Hearing Notice & Summary

City Council Holds Budget Hearing

5 – 30 days

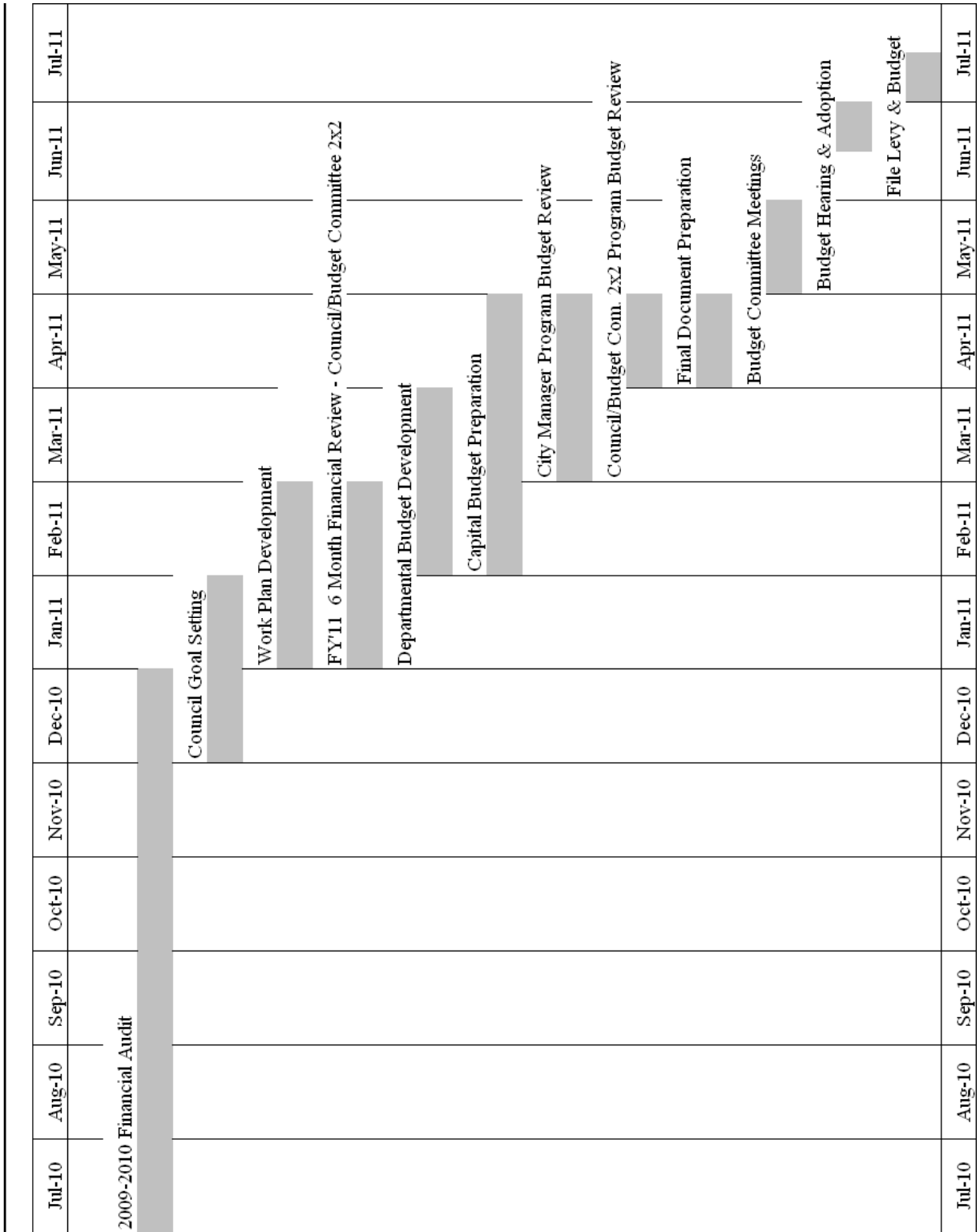
Adopt Levy & Budget & Make Appropriations

By June 30

Submit Levy to Assessor & File Appropriations

By July 15

The Grants Pass Budget Process



Grants Pass Budget Process

The City of Grants Pass must prepare and adopt a budget each year. The statutory guidelines for preparation and adoption of Oregon municipal budgets assure a complete and public process for the adoption of the fiscal plan. A schematic of the process required for adoption of the budget in Oregon is included in this section.

Beginning in January of 2002, our staff initiated a two-year budget process compiling data for fiscal years 2002-2003 and 2003-2004 General Fund activities projecting as far as 2006. This multi-year process continues for the fiscal year 2011-2012 budget. The process began with early requests and anticipations from staff. These were reviewed by management, refined and reduced by the finance staff and the department directors, and reviewed and altered by your Budget Officer before the document was prepared for presentation in the 2011-2012 public budget hearings.

The 2001 Oregon legislature revised local budget law to allow local taxing districts to budget either on a one-year (fiscal year) or a two-year (biennial) budget period. While the Council is no longer limited by state statute to adopting a budget for only the immediate forthcoming fiscal year, our budget is adopted on a fiscal-year basis. The second year projections have, however, accomplished several objectives. First they strengthen the ability of the City to project long term financial strategies. Second, they reduce the substantial impact that the budgetary process commands of the community as well as the staff.

From the prepared document, the recommendations are presented to the Budget Committee, a group of eight Councilors and eight appointed individuals. The Budget Committee will then convene in a series of meetings in a public forum to review all significant policies, activities, service levels, and planned expenditures of the community. Notices were published and display ads were placed in the local newspaper announcing the budget hearings schedule and highlighting programs to be discussed in an effort to promote public input. Citizens were encouraged to provide input to the budget process at all stages.

Our process usually includes the use of a discretionary set of potential capital investments from which the Budget Committee selects those that should be included in the budget for the ensuing year. A field trip into the community, combined with discussions and questions about the potential positive and negative impacts of postponing facility expansions or delaying critical rehabilitation work, provides other avenues of information critical to the process.

The Budget Committee recommendations and changes are forwarded to the City Council for adoption. In public hearing, the Council is limited, under statutory provision, to increasing expenditures in a fund by no more than 10% and they may not increase the amount of the tax levy. Had the governing body wished to amend appropriations beyond the limit, or to increase the tax levy, a hearing would have been noticed and another budget hearing would have been held.

Grants Pass Budget Process

CHANGES TO BUDGET APPROPRIATIONS

Appropriations may be amended during the budget year in two ways, by either transferring appropriations or by preparing a supplemental budget. These methods do not require budget committee involvement if the changes result in an increase in expenditure of less than 10% of the budget fund being adjusted.

A supplemental budget is required if the adopted budget gives no authority to make certain expenditures or when revenues are received for which the governing body had no previous knowledge. The supplemental budget would authorize changes in expenditures, new expenditures or spending of additional revenue in a current fiscal year. As in a transfer of appropriation, the Council may adopt the supplemental budget at a regular council meeting without Budget Committee input if the increases in expenditures are less than 10% of the budget fund being adjusted.

If adjustments to expenditure appropriations result in an increase of more than 10% of the budget fund, the Council must prepare and publish a supplemental budget. A public hearing must be held prior to adoption of the supplemental budget.

How to Read the Budget

The Table of Contents is the index to the budget. It provides the reader with locations of all of the major features and programs. The purpose of this segment is to help you sort through the pieces of the budget and see how the entire budget is assembled.

Our budget begins with a section *Financial Tables and Charts* which has summaries and charts to help the reader understand the total budget. This section provides an overview of the budget including where resources come from and their appropriation, a historic look at the summarized budget, and a review of tax rate and total property tax requests.

The financial plan is divided into major programs for budget presentation. In each program area, we begin the budget presentation with a summary of the contents of the program, the source for financing the program, a description, and a financial summary of the total contents of the program. The resources are divided into two general categories, Program Generated Resources and General Support.

Program Generated Resources are those revenues created by an activity or exclusively dedicated. An example is Public Safety, the Public Safety Levy, Fines and Forfeitures, Licenses, and the ordinance dedicated portion of the Transient Room Tax are revenues either exclusively generated by this activity or dedicated to the activity by Council directives.

General Support is the total of the Business Tax revenues, Franchise Fees, State Shared Revenues, and miscellaneous revenues generated by the City generally. The total of all general resources can be found in the *Summary of Resources and Expenditures - Operating Budget*, in the *Financial Tables and Charts* portion of the budget presentation. These are the monies we utilize to offset those costs of service provision that are not generated by a specific activity.

Following the program overview, each activity is presented with an activity analysis that shows the basic function of the activity, highlights in the budget, and the indicators of performance that can be expected from the activity. We have placed emphasis on performance indicators, and we are moving to gear our operating budget presentations to outcomes and specific expectations of service levels. Each performance measurement references a 2011 – 2012 Goal which it supports. The Goals are found in the Work Plan section of this book.

For our major activities, we follow the activity analysis with a financial summary that includes a table showing expenditures by summary line items, a personnel chart indicating employment history and recommendations, and a detail listing of any capital outlay contained in the activity. Most activities will also show a table detailing the revenues for the activity by source.

The final feature of the budget is the Appendix. Here the reader can find summaries, salary and compensation charts, an analysis of the total cost for selected positions, debt management information, and policies.

Generally all presentations begin with summaries, with greater levels of detail following each summary. It is also helpful to note, all our programs and activities include all costs allocated to the operation. This means, the cost of administration of the City, the costs for building space and use, the cost of insurance, finance, vehicle rental, and similar costs are all contained in each activity.

How to Read the Budget

We are required by Oregon budget law to present a budget that contains all the details of potential expenditures. Thus, a charge for property management paid by the transportation program will show as an expenditure in transportation and will again show as a revenue and an expenditure in property management, and if we are funding a capital project, that same dollar may show up again as a transfer from property management, and a revenue and expenditure in a capital projects fund. Although this system allows the full cost of each activity to be accurately accounted, it does make our “Total Budget” appear much larger than actual resources. It can also be challenging to the first time reader.

We use capital projects to allow us to plan for the life of an entire project. A capital project fund shows the total expected project in the first column, relates historic information, and shows what is planned for the current fiscal year. In the capital projects funds, all revenues that are anticipated for a particular project are shown on the project budget. The source of funds may be from transfers, grant funds, sale of assets, or a similar source. Most of our capital projects are partially funded from transfers from another activity, resulting in an appropriated transfer in one location in the budget with the revenue and expenditure appearing in the capital project. The practice of using capital projects helps our management track a project over time.

We use internal service funds for each of the services found in the Administrative Services Program and the Support Services Program. Internal service funds derive some or all resources from billing other divisions of the organization for services provided. When the reader of the budget finds the lines for **Direct Charges**, they will see the expected charges that are being planned to purchase internal service from Engineering, Community Development Management, or a similar internal service. The Workers' Compensation internal service fund charges for risk insurance and Garage Operations and Equipment Replacement are internal service funds that assure we are able to replace depreciated equipment and maintain our fleet. Vehicle charges are found in the **Materials and Services** category

The line **Indirect Charges** is a percentage fee levied on all activities to fund administration of our City. The Administrative Services fee is 8% on operations and 2% on capital outlay for administrative services. This internal service fund assures that each activity shows the portion of administrative overhead needed to keep managing our city, paying our bills, handling personnel, providing legal assistance, and similar costs. Information technology, which is an activity in the Support Services Fund, uses a 2% indirect charge on operations to provide technical services to all departments in the organization.

The Auxiliary Services section accounts for general debt, local improvement district debt, trust proceeds, and special reportable accounts such as Transient Room Tax. Several of our activities are from an exclusive financing source, and are expendable for identified purposes only. One such example is the Industrial Loan Services fund. This revolving loan fund originated with federal funds and is dedicated to accounting receipts for all loan payments and providing low-cost loans to assist the development of business in the community. The funds cannot be utilized for other purposes, and are shown in the budget as the total resource authorized to expend. We will actually utilize only a portion that is lent to a qualifying business for expansion. A check of the activity description provides the intent of the activity.

We hope this section will help people understand how our budget fits together and how to find answers to their questions. Our staff is dedicated to making our financial plan be understandable, yet, accurate and complete. We hope this section has added to the readability of the document. If we can provide any further information, please contact the staff to respond to your inquiries.

Oregon Budget Law

BUDGET BASICS

Most local governments in Oregon, from the smallest cemetery district to the largest city, must prepare and adopt an annual budget. (The only exceptions are local governments specifically exempted.) Schools, counties, cities, ports, rural fire protection districts, water districts, urban renewal agencies, and special districts are all subject to the same budget provisions.

This is not unusual. Many states have specific laws which require units of local government to prepare and adopt annual operating budgets. Yet, Oregon's budgeting system is considered one of the most progressive in the nation. Why?

Look at Oregon's Local Budget Law. (You'll find it in Chapter 294 of the Oregon Revised Statutes.) The law does two important things:

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

State Law requires that all funds be appropriated for which expenditures are anticipated. (See Appendix V for City of Grants Pass fund structure.) Lack of appropriation, either through the adopted or post adoption budget process, prohibits expenditures or is subject to individual financial accountability for both the elected officials and the budget officer. In addition, each local government must estimate and budget all of its anticipated resources for the upcoming fiscal year. The budget must be constructed so that the **total resources equal total requirements**.

Budgeting in Oregon is a joint effort between the people affected by the budget and the appointed and elected officials responsible for providing the services. To give the public ample opportunity to participate in the budgeting process, Local Budget Law requires that a budget officer be appointed and a Budget Committee be formed. The budget officer draws together necessary information and prepares the first draft of the budget. The budget committee then reviews and revises the proposed budget before it is formally approved. Notices are published, budgets are made available for public review, and at least two opportunities for public comment are provided. These requirements encourage public participation in the budget-making process and give public exposure to budgeted programs and fiscal policies before their adoption.

The budget is a financial plan containing estimates of expenditures and revenues for a single fiscal year (July 1 through June 30). Besides outlining programs for the coming year, the budget controls the local government's spending authority. Since the budgeting process encourages citizen input, the budget is also a vehicle for obtaining public opinion about proposed programs and fiscal policies of your district.

The budget cycle

Budgeting is a continuous process, and it takes 12 months to complete one cycle. Budgeting is a three part process: preparation, approval, and adoption. The budget must be prepared far enough in advance so that it can be adopted before June 30. After adopting the budget, the governing body will make the necessary appropriations and certify the tax levy to the county assessor. The following is a brief description of the budget process.

Oregon Budget Law

Preparing the budget

1. **Budget officer appointed.** Each local government must have a budget officer, either appointed by the governing body or designated in the local government's charter. The budget officer is under the supervision of either the executive officer or the governing body.
2. **Proposed budget prepared.** The budget officer is responsible for preparing or supervising the preparation of the proposed budget for presentation to the budget committee

Approving the budget

3. **Budget officer publishes notice.** When the proposed budget and the budget message are ready, the budget officer publishes a "Notice of Budget Committee Meeting." If notice is published in a newspaper of general circulation, it must be published at least twice, five to 30 days before the scheduled Budget Committee meeting date, each notice separated by at least five days. If notice is hand delivered or mailed, only one notice is required not later than 10 days prior to the meeting.
4. **Budget Committee meets.** At least one meeting must be held to 1) receive the budget message and budget document, and 2) hear the public. The budget officer provides a copy of the proposed budget to each member of the Budget Committee. The copies may be distributed any time before the advertised Budget Committee meeting. It is also acceptable to wait and distribute the budget at the advertised meeting. When the budget is given to the Budget Committee, it becomes a public record and must be made available to the public.

A majority of the Budget Committee members cannot get together in person, by telephone, or e-mail before the advertised meeting to discuss the budget. All budget discussions must be held at public meetings.

At the Budget Committee meeting, the budget message is delivered. The budget message explains the proposed budget and significant changes in the local government's financial position. At this meeting, the Budget Committee may provide members of the public the opportunity to ask questions about or comment on the budget. If public comment is not allowed at this meeting, the Budget Committee must provide the public with the opportunity at subsequent meetings. After the initial meeting, the Budget Committee may meet as many times as needed to revise and complete the budget. If two or more meetings are held to take comment from the public, only the first meeting to do so must meet the publication requirements explained in step three. Notice of additional meetings for this or any other purpose may be provided in the same time frame and manner as notices of meetings of the governing body. Notice of other meetings of the Budget Committee must be provided as required by Oregon public meeting law. All meetings are open to the public.

5. **Committee approves budget.** When the Budget Committee is satisfied with the proposed budget, including any additions to or deletions from the one prepared by the budget officer, the budget is approved. If the budget requires an ad valorem tax to be in balance, **the Budget Committee must approve an amount or rate of total ad valorem property taxes to be certified to the assessor.**

Oregon Budget Law

Advertising and holding hearings

6. **Budget summary and notice of budget hearing published.** After the budget is approved, a budget hearing must be held by the governing body. The budget officer must publish a summary of the budget approved by the Budget Committee and notice of budget hearing five to 30 days before the scheduled hearing. This information must either appear in a newspaper of general circulation, be mailed, or be hand delivered.
7. **Budget hearing held.** The budget hearing must be held by the governing body on the date specified on the public notices. The purpose of the hearing is to receive citizens' testimony on the budget approved by the Budget Committee. Additional hearings may be held. All hearings are open to the public.

Adopting the budget

8. **Budget adopted, appropriations made, tax levy declared and categorized.** By law, the governing body may make changes in the approved budget before or after it is adopted, but no later than the beginning of the fiscal year to which the budget relates. However, without first publishing a revised budget summary and holding another budget hearing:
 - a. Taxes may not be increased beyond the amount approved by the Budget Committee and
 - b. Estimated expenditures in a fund may not be increased by more than \$5,000 or 10 percent, whichever is greater.

After the budget hearing, and after considering relevant testimony, the governing body adopts the budget. **It should not be formally adopted until the latter part of June** so last-minute revisions to revenue or expenditure estimates can be incorporated.

The governing body must enact a resolution or ordinance to 1) formally adopt the budget, 2) make appropriations, and if needed, 3) levy and 4) categorize any tax. The budget is the basis for making appropriations and certifying the tax levy. The resolution or ordinance must be adopted no later than June 30.

9. **Budget filed and levy certified.** The final step in the budget cycle is to certify any necessary property tax levy to the county assessor. This must be done on or before July 15.

The section titled "Oregon Budget Law" is an excerpt taken from the Oregon Department of Revenue publication *Local Budgeting in Oregon 2001 Edition*.

Resolutions Adopting the Budget

RESOLUTION NO. 5805

A RESOLUTION OF THE COUNCIL OF THE CITY OF GRANTS PASS ADOPTING THE BUDGET AND MAKING APPROPRIATIONS FOR FISCAL YEAR 2011-2012.

RESOLUTION ADOPTING THE FY'12 BUDGET

WHEREAS the City of Grants Pass hereby adopts a budget for Fiscal Year 2011-2012 in the sum of \$91,525,481 now on file at the Grants Pass Municipal Building.

RESOLUTION MAKING APPROPRIATIONS

NOW, THEREFORE, BE IT RESOLVED, that the amounts for the fiscal year beginning July 1, 2011 and for the purposes shown below are hereby appropriated as follows:

General Fund

Mayor and Council	226,473
Public Safety Field Services	12,985,980
Public Safety Support Services	3,706,699
Crisis Support Services	42,071
Street Lighting	311,000
Park Maintenance Services	1,498,530
Aquatic Services	120,192
Recreation Services	137,439
Planning Services	687,004
Building and Safety Services	509,943
Economic Development Services	170,049
Downtown Development Services	342,364
Tourism Promotion Services	297,522
General Program Operations	324,640
Inter-fund Transfers	897,000
Contingency	<u>1,050,000</u>

Total General Fund Appropriation \$23,306,906

Administrative Services Fund

Management Services	760,133
Finance Services	1,377,964
Legal Services	351,585
Human Resources	437,554
General Program Operations	277,832
Contingency	<u>356,610</u>

Total Administrative Fund Appropriation \$3,561,678

Resolutions Adopting the Budget

Transportation Fund

Street & Drainage Maintenance Services	1,218,104
Customer Services	53,311
General Program Operations	442,071
Inter-fund Transfers	1,366,158
Contingency	<u>437,558</u>

Total Street Utility Fund Appropriation \$3,517,202

Storm Water and Open Space Fund

Storm Water Maintenance	0
Customer Services	0
General Program Operations	0
Debt Service	0
Contingency	<u>0</u>

Total Storm Water and Open Space Appropriation \$ 0

Transient Room Tax Fund

Materials & Services	16,515
Contingency	35,000
Inter-fund Transfers	<u>935,300</u>

Total Transient Room Tax Fund Appropriation \$ 986,815

Debt Service/Bancroft Fund

Materials & Services	56,200
Debt Service	103,800
Inter-fund Transfers	500,000
Contingency	<u>0</u>

Total Debt Service/Bancroft Bond Appropriation \$ 660,000

Debt Service/General Obligation Bond

Materials & Services	0
Debt Service	<u>980,200</u>

Total Debt Service/General Obligation Bond Appropriation \$980,200

Community Development Block Grant Fund

Materials & Services	25,400
Capital Outlay	900,000
Inter-fund Transfers	75,000
Contingency	<u>863,151</u>

Total Community Development Block Grant Appropriation \$1,863,551

Resolutions Adopting the Budget

Downtown & Industrial Loan Fund

Materials & Services	250,000	
Contingency	740,293	
Inter-fund Transfers	<u>5,000</u>	
Total Downtown & Industrial Loan Fund Appropriation		<u>\$ 995,293</u>

Transportation Projects Fund

Inter-fund Transfers	189,000	
Capital Outlay	<u>8,208,356</u>	
Total Transportation Projects Fund Appropriation		<u>\$8,397,356</u>

Stormwater & Open Space Projects Fund

Capital Outlay	<u>771,354</u>	
Total Storm Water & Open Space Projects Fund Appropriation		<u>\$ 771,354</u>

Water Projects Fund

Capital Outlay	1,834,915	
Inter-fund Transfers	<u>200,000</u>	
Total Water Projects Fund Appropriation		<u>\$ 2,034,915</u>

Wastewater Projects Fund

Capital Outlay	<u>2,852,814</u>	
Total Wastewater Projects Fund Appropriation		<u>\$2,852,814</u>

Lands and Building Projects Fund

Capital Outlay	8,292,970	
Inter-fund Transfers	<u>500</u>	
Total Lands & Buildings Projects Fund Appropriation		<u>\$8,293,470</u>

Solid Waste Projects Fund

Capital Outlay	1,204,016	
Inter-fund Transfers	<u>29,000</u>	
Total Solid Waste Projects Fund Appropriation		<u>\$1,233,016</u>

Resolutions Adopting the Budget

Water Fund

Water Treatment	1,589,962	
Water Distribution	1,232,734	
Customer Services	380,547	
Debt Services	397,800	
General Program Operations	350,195	
Contingency	1,006,110	
Inter-fund Transfers	<u>367,801</u>	
Total Water Fund Appropriation		<u>\$5,325,149</u>

Wastewater Fund

Wastewater Collection	696,656	
Wastewater Treatment	1,704,989	
JO-GRO™	626,897	
Customer Services	270,283	
Debt Service	491,712	
General Program Operations	367,881	
Contingency	1,150,825	
Inter-fund Transfers	<u>900,046</u>	
Total Wastewater Fund Appropriation		<u>\$6,209,289</u>

Solid Waste Fund

Field Operations	25,137	
Post Closure Operations	124,260	
General Program Operations	14,939	
Debt Service	0	
Contingency	116,774	
Inter-fund Transfers	<u>0</u>	
Total Solid Waste Fund Appropriation		<u>\$281,110</u>

Environmental Waste Fees Fund

Materials & Services	<u>218,300</u>	
Total Environmental Waste Fees Fund Appropriation		<u>\$ 218,300</u>

Fleet Operations Fund

Garage Operations	864,638	
Equipment Replacement	1,629,835	
Inter-fund Transfers	0	
Contingency	<u>457,492</u>	
Total Fleet Operations Fund Appropriation		<u>\$2,951,965</u>

Resolutions Adopting the Budget

Support Services Fund

Community Development Management Services	1,004,083	
Engineering Services	847,575	
Property Management Services	637,042	
Information Technology	625,690	
Debt Service	0	
Contingency	327,020	
Inter-fund Transfers	<u>0</u>	
Total Support Services Fund Appropriation		<u>\$3,441,410</u>

Insurance Fund

Workers' Compensation Insurance Services	403,511	
General Insurance Service	506,169	
Benefits Administration	43,750	
Contingency	<u>962,489</u>	
Total Insurance Fund Appropriation		<u>\$1,915,919</u>

Agency Fund

Materials & Services	<u>31,100</u>	
Total Agency Fund Appropriation		<u>\$ 31,100</u>

Total Appropriations, All Funds 79,828,812

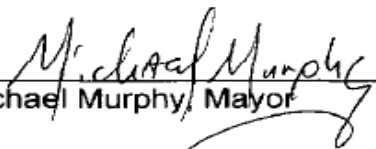
<i>Total Un-appropriated Amounts, All Funds</i>	<u>11,696,669</u>
<i>Total Budget</i>	<u>91,525,481</u>

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Grants Pass that the budget for fiscal year 2011-2012 is hereby adopted and appropriations are authorized by the Council.

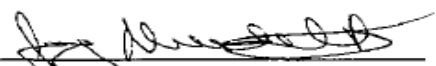
EFFECTIVE DATE of this Resolution shall be immediate upon the passage and signature by the Mayor in accord with the Grants Pass City Charter.

ADOPTED by the Council of the City of Grants Pass, Oregon, in regular session this 15th day June 2011.

SUBMITTED to and Approved by the Mayor of the City of Grants Pass, Oregon, this 16th day of June 2011 to be effective on the date indicated as adopted by the City Council.


Michael Murphy, Mayor

ATTEST:


Finance Director

Date submitted to Mayor: 6/16/2011

Approved as to form Mark Bartholomew, City Attorney MB

Resolutions Adopting the Budget

RESOLUTION NO. 5804

**A RESOLUTION OF THE COUNCIL OF THE CITY OF GRANTS PASS
LEVYING TAXES AND CATEGORIZING TAXES FOR FISCAL YEAR 2011-2012.**

RESOLUTION LEVYING AD VALOREM TAXES AND CATEGORIZING TAXES

BE IT RESOLVED that the Council of the City of Grants Pass hereby levies the taxes provided for in the adopted budget:

1. At the rate of \$4.1335 per \$1,000 of assessed value for the General Fund Permanent Rate Levy; and
2. At the rate of \$1.7900 per \$1,000 of assessed value for the General Fund/Public Safety Local Option Levy; and
3. \$1,016,850 total bond levy for the Debt Service Fund/Public Safety General Obligation Bond.

AND, that these taxes are hereby imposed and categorized for tax year 2011-2012 upon the assessed value of all taxable property within the City as follows:

CATEGORIZING TAXES

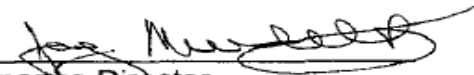
	Subject to the General Government Limitation	Excluded from the Limitation
General Fund Permanent Tax Rate Levy	\$4.1335/\$1,000	-0-
General Fund/Public Safety Local Option Levy	\$1.7900/\$1,000	-0-
Debt Service Fund/Public Safety General Obligation Bond (total bond levy)	\$ -0-	\$ 1,016,850

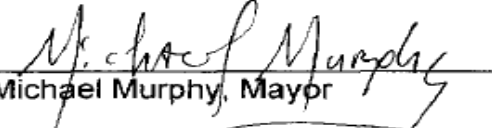
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ATTEST:


Finance Director


Michael Murphy, Mayor

Date submitted to Mayor: 6/16/2011

Approved as to form Mark Bartholomew, City Attorney 

WHERE THE ROGUE RIVER RUNS



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