

## USER'S GUIDE TO THE BUDGET DOCUMENT

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The budget document describes how the City of Tigard plans to meet the needs of the community. It is also a resource for citizens interested in learning more about the operation of their city government.

The city budget fulfills several functions:

- Firstly, the budget is a communication tool. It is one means that the city uses to explain the various demands, needs, constraints, resources and opportunities it faces. It communicates the choices made and the direction in which the city is headed.
- At the highest level, the budget is an important policy document. The annual budget process is the one time during the year when all of the city operations and processes are reviewed in a comprehensive manner. (The city reviews the needs of the community, priorities and goals, and then matches resources against those needs, priorities, and goals.) Resources are limited, so choices must be made. The annual budget reflects those choices.
- The budget also serves as an operational guide. It identifies work programs and goals to be achieved for each department or unit in the coming fiscal year.
- At its most basic level, the budget is an accounting document. It establishes the basic guidelines that the city uses to measure and control expenditures and to track its revenues.

The budget document has been organized to assist the reader in understanding how and why the city budgets as it does and to provide more summary level information at the beginning of the budget document with more detailed information at the end. Not only is the document arranged from a high level summary to more detailed, each section is also arranged in this manner.

As the reader reviews the information in this document, he or she will see this arrangement as well as the functions listed above that a budget should fulfill.

The City of Tigard's budget document is divided into thirteen primary sections as presented below:

### *Introduction*

The preceding section contains the Budget Transmittal from the City Manager. This letter summarizes the major provisions that have been included in the FY 2014-15 Adopted Budget. It includes a discussion of the major policy issues that were considered and major changes from last year. This section also contains what the council plans to focus on through 2014, which provide the foundation and direction for many of the choices made in constructing this budget. There is general city information about Tigard, including a map that shows the city's boundaries.

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### *Reader's Guide*

This section provides an overview of the budget process, the basis of budgeting, and the budget structure. This section is designed to help familiarize the reader with the city and its budget.

### *Budget Summary*

The Budget Summary is designed to give the reader an overall view of the entire city budget.

This section contains summary charts and information to provide a one-stop picture of the budget. These high-level summaries provide an easy reference for overall city trends and conditions.

This section also presents the Comprehensive Long Term Financial Forecast. The Financial Forecast projects city revenues and expenses for major operational areas of the city over the next five years, based on current conditions. The city uses the forecast to identify future trends, needed corrective action, and to forecast the success of current financial efforts.

### *Revenue Analysis*

The Revenue Analysis section contains information about the city's primary sources of revenue across all funds. This section provides a basic explanation of Oregon's property tax system and a summary of the City of Tigard's property tax revenues and assessed valuation. This section also provides historical trend information for each of the city's major revenue categories.

### *Program Summaries*

The city's operating budget is organized by major program areas: Community Services, Public Works, Community Development and Policy and Administration. Each program area contains one or more operating departments or budget units. The Program Summaries section provides detailed information for each program area by department and budget unit. The information in this section includes a program-level narrative and summary expenditures and authorized position counts.

The following subsections within the Program Summaries section include a narrative for each budget unit presenting the long term results the unit is working to achieve, a description of the unit's services and activities, FY 2014-15 goals and objectives, accomplishments for the prior fiscal year, and major highlights of the unit's budget. This section also includes workload indicators for each unit showing how much work it has accomplished in the past and how that workload is expected to change in FY 2014-15. Effectiveness measures show the progress of each unit in achieving its long term results.

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### *Community Services Program*

This section includes budget appropriations and explanatory material for the Community Services Program. The Community Services Program includes Police, Library and Social Services and Community Events.

### *Public Works Program*

This section includes budget appropriations and explanatory material for the Public Works Program. The Public Works Program includes Public Works Administration, Engineering, Parks and Grounds, Sanitary Sewer, Stormwater, Street Maintenance, Fleet Maintenance, Facilities, Street Lights and Signals, and Water.

### *Community Development Program*

This section includes budget appropriations and explanatory material for the Community Development Program. The Community Development Program includes Community Development Planning, Building and Economic Development.

### *Policy and Administration Program*

This section includes budget appropriations and explanatory material for the Mayor and Council, City Management, Administrative Services and Finance and Information Services.

### *Capital Improvement Plan*

The Capital Improvements section provides information about the city's five-year capital improvement program. It includes information about major construction and capital acquisition projects that are planned during FY 2014-15 as well as projections of capital needs over the following four years.

### *Debt Service*

The Debt Service section presents information on the City of Tigard's outstanding long term debt. This section shows current and future debt service requirements, calculations of debt ratios, the comparison to statutory debt limitations, and debt service schedules.

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### *Fund Summaries*

The Fund Summaries section shows the city's fund structure and detailed fund reconciliations for each fund managed by the city. A fund is a self-balancing set of accounts and is used to track revenues and expenditures for specific operations. Under Oregon law and "accounting principles generally accepted in the United States of America," revenues and expenditures of individual funds may not be co-mingled. This section shows current and historical information on the resources and requirements of each of the city's funds.

### *Appendix*

The Appendix section contains a variety of other budget-related information to assist the reader, such as salary schedules, staffing summary, the city's financial policies, and a glossary of terms used in the budget. This section also includes a listing of advisory board and committee members.



*Rhododendron Garden within Summerlake Park, Tigard, Oregon*

## BUDGET PROCESS

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Staff begins preparing the annual budget several months prior to adoption. In November and December, staff completes a five year forecast of all revenues, expenditures and fund balances. The forecast takes the budget and known future changes in fees, technology, laws and impact of capital construction on operating costs. The forecast does not assume future decisions in staffing levels or proposed programs. By producing a forecast on known items, it allows the city to see the size of decisions that need to be made. As the city works through the budget process in the following months, the forecast is continually updated.

The City Manager reviews the forecasts for all funds and directs which future expenditures must be postponed or eliminated to ensure a stable financial future, but still provide the necessary resources to continue to provide current services at the same level of service in the future and accomplish City goals that are set by Council in December.

Budget parameters and guidelines for the coming fiscal year are set in relation to the finalized five year forecast. Guidelines can include the number of additional or reduced staffing allowed in the budget requests, changes in programs, equipment replacement, etc. In January, department staff prepare their requested budgets to fulfill City Council goals set for the coming year. These goals and the necessary resources to accomplish them are included in the budget requests and may require adjustments to the forecast and budget guidelines.

After departments submit their requested budgets, Finance staff, and the City Manager reviews the requests and meets with the departments to discuss the requests and obtain additional information to assist with their analysis. In March and April, Finance staff finalizes their budget analyses and meets with the City Manager and department directors to review the requests. The City Manager makes decisions on the requested budgets, which are then incorporated into the proposed budget.

In April and into May, the City Manager presents the proposed budget to the Budget Committee. The Budget Committee, in accordance with Oregon Budget Law, is made up of the City Council and an equal number of citizen members. In Tigard's case, the Budget Committee is comprised of the Mayor, four council members, and five citizens. All budget meetings are open to the public and are required to be advertised as such. At each budget meeting, time for public comment and input is provided. After all input has been received, the Budget Committee approves the budget with any changes and forwards it to the City Council for adoption.

In June, the City Council holds another public hearing to allow for additional public comment. After the public hearing, the approved budget is adopted by City Council resolution. The adopted budget takes effect on July 1. According to Oregon Budget Law, a budget must be adopted prior to July 1.

## BUDGET PROCESS

Budget Timeline	
November-December	<p>Finance staff updates the five year revenue and expenditure forecasts and sets growth trends and baselines.</p> <p>City Manager reviews forecasts and sets guidelines and policy.</p> <p>City Council establishes goals for the year.</p> <p>Finance staff prepares budget instructions, provides training as required, and distributes budget guidelines to department staff.</p>
January	<p>Departments prepare budget requests for review by Finance staff.</p> <p>Finance staff reviews requests and prepares budget analysis.</p> <p>Departments and Finance staff review budget requests</p>
February	<p>The five year forecast is updated based on requested budget amounts and projections for the current fiscal year.</p> <p>Requested budgets and budget analyses are submitted to the City Manager.</p> <p>Budget discussions between the City Manager, department directors, and Finance staff take place.</p>
March-April	<p>Finance staff updates five year forecast based on proposed budget.</p> <p>The proposed budget document is produced by Finance staff.</p> <p>Budget Committee meetings are advertised.</p>
April-May	<p>The City Manager's proposed budget is submitted to the Budget Committee. Public meetings are held to present the proposed budget to the Budget Committee to discuss and to allow citizen comment. The Budget Committee makes changes and then approves the budget before forwarding it to the City Council for adoption.</p> <p>Finance staff updates five year forecast based on approved budget and revised projections for current fiscal year revenues and expenditures.</p> <p>Public Hearing Notice for Budget Adoption is advertised.</p>
June	<p>A public hearing before City Council is held to allow citizens to comment on the approved budget. After the public hearing, the Approved Budget is adopted by City Council resolution.</p> <p>Finance staff updates five year forecast based on adopted budget.</p>
July	<p>The adopted budget document is produced by Finance staff.</p> <p>The adopted budget takes effect.</p>

## BUDGET PROCESS

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### **Budget Revision Procedures**

Oregon Local Budget Law establishes procedures to revise the budget as events occur after budget adoption. The type of event determines the procedures to be followed.

### **Budget Amendment**

The adopted budget appropriates contingencies in several funds. As allowed by Oregon Local Budget Law, contingencies cannot be used unless transferred to a specific appropriation by Council Resolution amending the budget.

Budget amendments during a fiscal year cannot exceed 15% of fund appropriations without approval of a supplemental budget.

### **Supplemental Budgets**

In accordance with Oregon Local Budget Law, a supplemental budget is required to appropriate increased resources within a fund (except for gifts, grants, and donations), or if total budget amendments in a fund exceed 15% of the existing appropriations. If at least ten taxpayers make a written request within ten days of the notice, the Council must refer the supplemental budget to the Budget Committee prior to consideration and action.

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## BASIS OF BUDGETING

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The basis of budgeting is largely the same as the basis of accounting with a few exceptions. Budgets are prepared in accordance with the modified accrual basis of accounting for Governmental Fund Types. Proprietary Fund Type budgets follow the accrual basis of accounting, with the exception that depreciation is not shown as a budgetary expense. Proprietary funds also accrue compensated absences when incurred and become a fund liability. In the governmental funds, compensated absences are paid from current resources and are reported as an expenditure in the year they are paid. And finally, both governmental and proprietary funds show debt service proceeds as a resource and debt service payments as an expense under the budgetary basis of accounting.

Activities of the general fund, special revenue funds, debt service funds, capital project funds, enterprise funds, and internal service funds are included in the annual appropriated budget. Annual appropriations lapse at the end of each fiscal year (June 30). The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount), is established at the program level within each individual fund. The city maintains an encumbrance accounting system as one technique of accomplishing budgetary control.



## FUND STRUCTURE

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The City of Tigard uses various funds to account for its revenues and expenditures. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Also, funds are categorized by fund type as defined by generally accepted accounting principles (GAAP) and Oregon Budget Law.

The revenues in each fund may be spent only for the purpose specified by the fund. For example, the revenues in the Water Fund may be used only for purposes related to water operations. However, the General Fund is the primary exception to this rule. The General Fund is used to account for general-purpose revenues and operations of the city. Most of the traditional, core operations of the city (i.e. Police, Library, Parks, Planning, and Mayor and Council) are budgeted in this fund. In FY 2014-15, the city will use the following six funds:

- **General:** account for resources not accounted for in other funds. These resources support most central business services, public safety services, cultural/leisure services and some public development services.
- **Enterprise:** account for goods or services which are provided on a continuing basis to the general public and are financed primarily through user charges. Enterprise funds in Tigard include: sanitary sewer, stormwater, water, water CIP, water debt service, water quality/water quantity, and water SDC.
- **Special Revenue:** account for restricted resources designated for specific uses. In Tigard, these funds are building, city gas tax, criminal forfeiture, electrical inspection, gas tax, library donation and bequests, parks bond, parks SDC, street maintenance fee, traffic impact fee (TIF), transportation development tax (TDT), tree replacement, and underground utility.
- **Debt Service:** account for the accumulation of resources for the payment of debt principal and interest. Bancroft debt service and general obligation debt service fall into this category.
- **Capital Funds:** account for financial resources for the acquisition, construction and maintenance of capital facilities. These funds include facilities capital, parks capital, and project funds.
- **Internal Service:** Account for goods or services furnished internally from one department to another. The central services fund, fleet and property management fund, and insurance fund are the three internal service funds in Tigard.

A Summary of All Funds is provided in the Budget Summary section to show a summary of each of the funds resources and requirements as budgeted and more detailed breakdown is shown in the Fund Summaries section. Resources include beginning fund balances, current revenues and transfers in from other funds. Requirements include operating expenditures, debt service, loans, capital improvements, transfers out to other funds contingencies and ending fund balances or reserves. The FY 2014-15 budget is considered a balanced budget as total resources are equal to total requirements in each fund.

## PROGRAM BUDGET STRUCTURE

The city adopts and manages its budget by program. Each program is an aggregation of departments and their divisions that are similar in nature or function. Some programs have several departments, where others, like Public Works, only has one department.

Program	Department	Division
<b>Community Services</b>	Police	Administration Operations Support Services
	Library	Administration Readers' Services Technical Services Circulation
	Social Services/Community Events	Social Services Community Events
<b>Public Works</b>	Public Works	Administration PW-Engineering Property Management Fleet Maintenance Parks/Grounds Sanitary Sewer Streets Stormwater Water
<b>Community Development</b>	Community Development	Community Development - Planning Building Economic Development
<b>Policy and Administration</b>	City Management	City Manager's Office Human Resources Risk Management
	Mayor and Council	Mayor and Council
	Administrative Services	Design and Communications City Recorder/Records Municipal Court
	Finance and Information Systems	Administration Financial Operations Utility Billing Information Technology Contracts and Purchasing

## PROGRAM BUDGET STRUCTURE

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A breakdown of each of these programs, departments, and budget units' expenditures can be found in the individual program sections.

In addition to the four operating programs, Debt Service, Loans to the City Center Development Agency, Capital Improvement, Transfers, and Contingency provide the following functions:

- Debt Service includes appropriations for interest and principal on all types for debt, i.e., general obligation, local improvement districts, loans and both short-term and long-term debt for construction projects.
- Loans to the City Center Development Agency (CCDA), the city's urban renewal district, are for catalyst projects in the downtown plan. As the Urban Renewal District generates more tax increment financing revenues in the future, it will be able to finance its own projects. Until then, the city may loan monies to the CCDA, which will be repaid as outlined in the intergovernmental agreement between the two entities.
- Capital Improvement includes appropriations for all major construction project expenditures. Capital improvement projects are included in the long range plan for city facilities and infrastructure.
- Transfers will be made between funds when the revenue is received in one fund for an expense that occurs in another fund or when city functions have more than one funding source. Another primary reason for transfers is for a fund to pay for services provided by another fund.
- Contingency includes allowance for unforeseen needs that have not been planned for in the current budget and some reserves. Contingency can only be accessed by City Council resolution.



*Summerfield Golf Course in Tigard, Oregon*