



BUDGET MESSAGE

Fiscal Year 2016-2017

TO: Budget Committee
FROM: Brian Latta, City Administrator
DATE: April 15, 2016
RE: City of Harrisburg Budget &
Harrisburg Redevelopment Agency Budget

Thank you for volunteering your time, energy, and expertise to the City's budget process. You will be asked to consider the budgets for the next fiscal year for the City of Harrisburg and for the Harrisburg Redevelopment Agency (HRA). The fiscal year goes from July 1, 2016 through June 30, 2017. The HRA is a separate entity and therefore has its own budget. The Budget Committee for the City also serves as the Budget Committee for the HRA.

Per ORS 294.403, a budget message is presented to the Budget Committee explaining the budget document, describing proposed financial policies, highlighting important features of the budget, explaining significant changes to the budget, and identifying major changes in financial or accounting policy and practice. The Finance Officer and city staff has prepared a proposed budget. It is your responsibility to review it and make changes you think are appropriate.

Keep in mind these basic municipal budgeting principles:

- The complete City budget is divided into funds.
- Some funds, called "Enterprise Funds", are required to be self-supporting. This includes the Water Fund and the Sewer Fund.
- The City budget is required to be balanced. The amount of money shown on the expense side must equal the amount shown on the revenue side.
- The City cannot spend more money in a fund than is actually available.

You have been provided a copy of the proposed City budget and the HRA budget. At the beginning of each fund are a chart, table, and narrative statement that summarize describe the proposed revenues and expenditures for the fund. These tools also give a historical comparison of the last three years financial position to help determine the needs for fiscal year 2016-2017 and future budget years. As they say a picture paints a thousand words and that is the idea behind using charts, tables and the narrative summary.

In the Budget document, the revenue table headings are **BLUE** while the expenditure table headings are **GREEN**. The expenditure table is further broken down into Object Classifications and Expenditure Detail. Expenditure Details are the line item expenses or the details of the budget. Object Classifications are simply Expenditure Details arranged by organization unit or program. Examples of Object Classifications in the City's Budget document are Personnel Services, Materials and Services, Capital Outlay, Debt Service, Interfund Transfers, and Contingency. It is worth noting that in the General, Water and Sewer Funds the Materials and Services Object Classification includes a lot of detail and therefore are broken down into several 'subcategories'. It is also important to understand when budgeting that it is acceptable, although not encouraged, for expenses to exceed the amount identified in the Expenditure Detail of a specific line, as long as the total expenditures do not exceed the amount budgeted in the Object Classification. See diagram 1 below which shows the difference between a Fund, Object Classification, and Expenditure Detail.

**CITY OF HARRISBURG
PROPOSED BUDGET: 2016-2017**

General Fund (10) ← FUND

BY ORGANIZATIONAL UNIT OR PROGRAM & ACTIVITY

GENERAL FUND (10): REQUIREMENTS

2 yrs ago Actual 13-14	Prior year Actual 14-15	Current Budget 15-16	REQUIREMENTS FOR: ADMINISTRATION	Proposed Budget 16-17	Approved Budget 16-17	Adopted Budget 16-17
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PERSONNEL SERVICES ← OBJECT CLASSIFICATION

163,225	170,349	224,921	ADMINISTRATION WAGES	227,296	0	0
2,047	287	5,500	ADMIN OFFICE ASSISTANCE	5,500	←	EXPENDITURE DETAIL
15,300	15,300	15,300	JUDGE SALARY	15,300		
6,651	3,449	0	MUSEUM SALARY	0		

Diagram 1

City's Strategic Plan:

The City Council annually reviews and adopts a 5-year Strategic Plan for the City. The Strategic Plan lays out the Council goals and priorities for the upcoming fiscal year. The following are the Council priorities for FY 2016-17:

Table 1: Council Priorities

Objective / Action #	Description
Objective # 23	Effectively and efficiently design, build and operate any conventional Water Treatment Facilities that Harrisburg's citizens need, want, and are willing to support to provide the highest quality drinking water.
Actions	<i>Have open discussions with the community on ways to improve the water quality to the extent on which they would be willing to fund. Initiate and implement the direction the community wants to pursue.</i>
Objective # 10	Celebrate Harrisburg's 150 th Incorporation Anniversary.
Actions	<i>Create Historic Harrisburg Walking Tours; bury a 50-year time capsule; and, hold a 150th two-day celebration event on October 22-23rd.</i>

Objective # 15	Work with the Railroad to repair and improve 4 th Street from LaSalle Street to Smith Street.
<i>Actions</i>	<i>Design and construct a long-term rail/roadway solution with the railroad. Determine how to fund this project.</i>
Objective # 14	Restore a functional year round boating access to the Willamette River.
<i>Actions</i>	<i>Obtain funding, permitting, and reconstruct the existing boat ramp in the downtown Riverfront Park.</i>

The budget has been prepared with these Council priorities in mind. For example, staff proposes a \$100,000 transfer from the Water Fund to the Water Reserve Fund in preparation for water infrastructure projects related to improving the city’s drinking water. Other priorities may not be reflected in the budget, but are being worked on. For example, the City is seeking grants to restore and replace the existing boat launch on the Willamette River. Staff did not put these grants in the budget document at this time, because they have not been awarded.

Changes to the Budget:

There are a few changes to the budget document this year. One change came about through a change in state law, which now requires the city to state the Total Organization and Program Requirements, as well as the Total Requirements Not Allocated for each fund. You will notice this information provided on the expenditures tables of each fund that contains object classifications of Materials & Services, Personnel Services or Capital Outlay. Staff has highlighted this information in the budget document in **YELLOW**.

Another major change to the budget is the elimination of the H.A.R.T. Fund. The HART Family Resource Center is separating from the City to become a non-profit organization. The center will now be called the HART Community Center. On April 13, 2016, the City Council passed Resolution No. 1132 closing the H.A.R.T. Fund as of July 1, 2016. City staff proposes a special payment to the HART Community Center from the General Fund to pay the ending fund balance of the H.A.R.T. Fund for FY2015-16. The proposed budget number is much larger than the anticipated ending fund balance, and does not represent the actual payment that will be made. One final note is the H.A.R.T. Fund will continue to appear in the budget document for the next two years until the prior year’s budgeted numbers drop off the budget sheets.

Budget Highlights:

1. Assessed Property values for our City increased this year as per the Linn County Tax Assessor’s office. This results in a property tax revenue increase from last year.
2. Construction activity in Harrisburg is still relatively slow. This trend keeps projected revenues from building permit fees, land use application fees and systems development charges lower than historical averages.
3. Public Works projects are primarily limited to maintenance and projects for which we have obtained outside funding through grants. The City will be exploring sustainable funding options this next year. Otherwise these projects will be completed as the City is able to save enough money, which can take several years between projects.

4. Transfers to the Street Fund have been increased from \$4,500 in prior years to \$30,000. This will greatly assist in completing overlay and crack seal street maintenance projects.
5. The Water and Sewer Funds are able to transfer \$100,000 and \$150,000 respectively, to the Water Reserve and Sewer System Reserve Funds.

City Projects:

1. The City will be continuing a Water Study to identify issues and solutions to the municipal water's aesthetic and other issues.
2. The City will be constructing the Moore Street project in the summer of 2016. This project is partially funded through a grant from ODOT.
3. The City may be instituting a public improvement district for the construction of the unimproved Burton Street right-of-way, east of 9th Street.

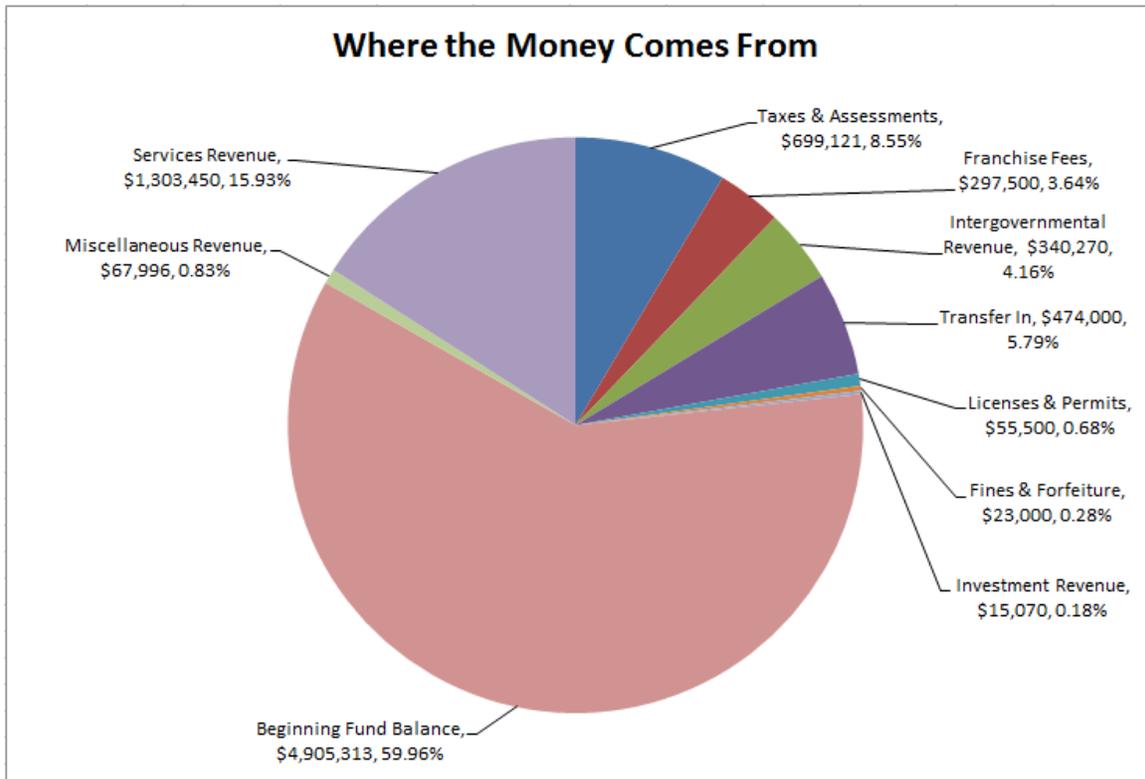
The proposed HRA budget is relatively short and does not contain as much detail as the City budget. Projects identified through Substantial Amendment No. 5 to the HRA Plan will be starting this summer, with Moore Street. Other projects will be completed as funds become available or the HRA acquires debt to do them. The fifth amendment increased our Maximum Indebtedness to \$8,177,674.00 and extended the HRA Plan by up to 22 years. The budget does not include any funds being transferred out of the HRA to any other entities. We will not be making any transfers out of the HRA in future years.

The proposed budgets for the City and the HRA are offered for your consideration and review.

Respectfully submitted,

Brian Latta
City Administrator

Where the Money Comes From



Where the Money Goes

