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MARION COUNTY FY 2014-15 BUDGET
SUMMARY

TOTAL BUDGET

The fiscal year 2014-2015 budget totals \$370,830,876. This is a \$15,131,023 decrease from the fiscal year 2013-2014 final budget of \$385,961,899.

Oregon local budget law requires a balanced budget to be adopted by the governing body. Therefore, total resources and total requirements are equal.

The budget includes an \$82,390,826 General Fund and \$288,440,050 for all other funds. Some county departments are funded partially or entirely through the General Fund which includes property tax revenues. The majority of non-General Fund revenues are federal, state, and other agencies' contracts and grants that by law must be spent for specific purposes.

In this Summary section and throughout the remainder of this book, fiscal year 2013-14 budget amounts are the final budget after three supplemental budgets.

COUNTY RESOURCES OVERVIEW

In addition to revenues expected to be collected during the fiscal year, local budget law requires other available resources to be disclosed in the budget, including beginning net working capital, internal transactions, and transfers. These together are referred to as resources. Revenues are those funds received during the course of the fiscal year from outside sources. Beginning net working capital is that portion of the prior fiscal year ending fund balance available to finance the succeeding fiscal year's budget. Marion County's internal transactions are transactions between funds resulting from departments providing services to other departments. On the resources side, they are called administrative cost recoveries. The sum of revenues, working capital, internal transactions, and transfers are the total resources. The total resources budget is \$370,830,876.

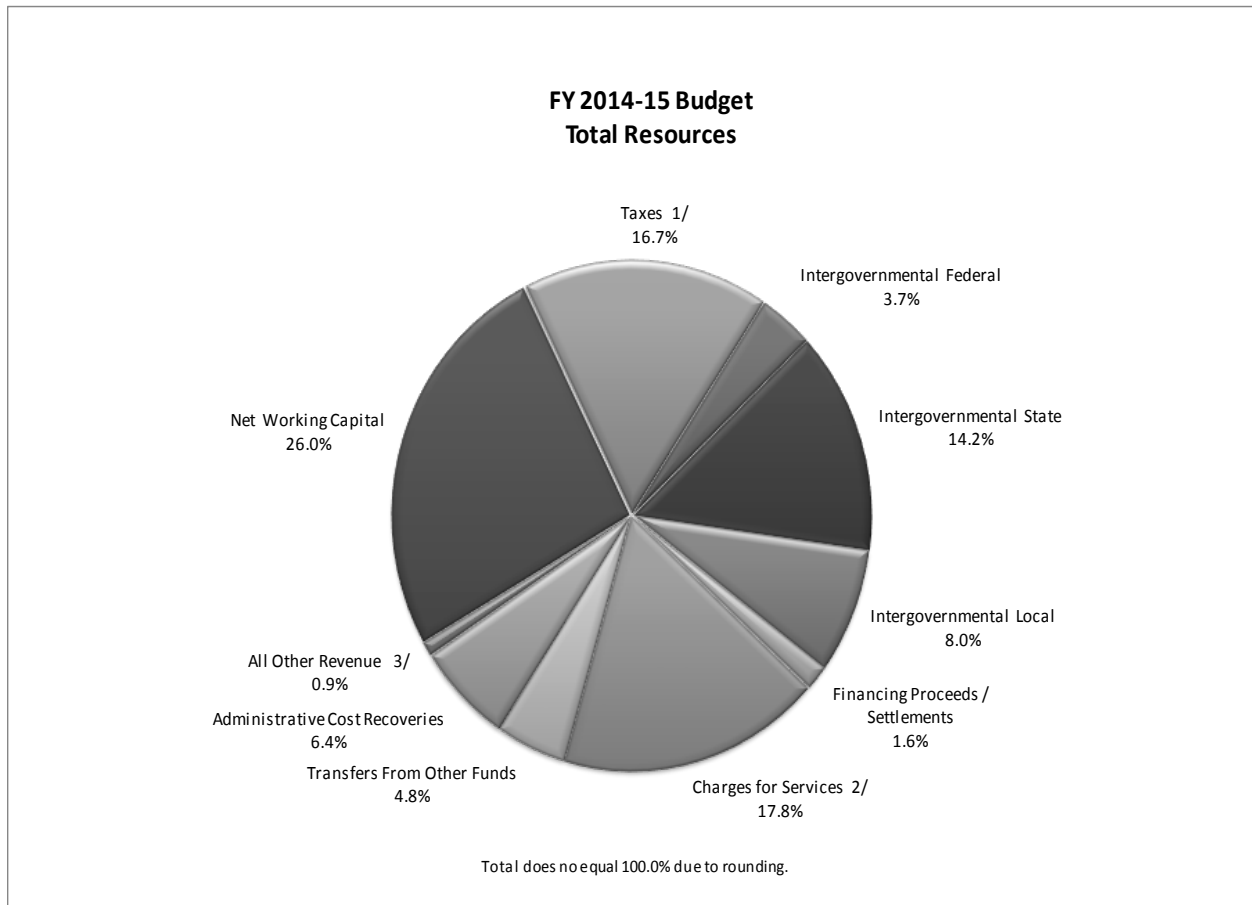
FY 2014-15 Total County Resources

Fund	Net Working Capital	Administrative Cost Recovery	Transfers In	Financing Proceeds	Current Revenue	Total Resources
General Fund	9,102,089	-	3,821,437	-	69,467,300	82,390,826
All Other Funds	87,178,490	23,864,359	13,983,120	5,000,000	158,414,081	288,440,050
total	96,280,579	23,864,359	17,804,557	5,000,000	227,881,381	370,830,876
% of total	26.0%	6.4%	4.8%	1.3%	61.5%	100.0%

MARION COUNTY FY 2014-15 BUDGET SUMMARY

Total County Resources Chart

The county's \$370,830,876 revenues and other available resources are shown in major categories on the following chart.



Net Working Capital	\$	96,280,579
Taxes 1/		61,762,000
Intergovernmental Federal		13,599,363
Intergovernmental State		52,726,747
Intergovernmental Local		29,642,758
Charges for Services 2/		63,241,629
Financing Proceeds		5,000,000
Administrative Cost Recoveries		23,864,359
All Other Revenue 3/		24,713,441
TOTAL	\$	<u>370,830,876</u>

1/ Total taxes include property tax collections (current year collections, delinquent taxes anticipated to be collected in the current year, and interest and penalties on delinquent tax), and cable television franchise taxes.

2/ Includes licenses, permits, fees, tolls, certain reimbursements, and other charges for services.

3/ Includes fines, interest, intrafund loan principal payments, settlements, certain reimbursements, and miscellaneous revenue.

MARION COUNTY FY 2014-15 BUDGET
SUMMARY

MAJOR COUNTY RESOURCES

County resources are categorized according to like characteristics, as the total county resources chart shown on the previous page shows. Net Working Capital is a resource although it is not classified as revenue.

Marion County - Budget - Income Summary

By County Wide Summary

FY 2014-15

FY 11-12 ACTUAL	FY 12-13 ACTUAL		FY 13-14 BUDGET	FY 14-15 ADOPTED	Increase or (Decrease) Compared to Prior Year	+/- % Prior Budget"
RESOURCES						
57,221,364	57,828,333	Taxes	58,924,457	61,762,000	2,837,543	4.82%
2,259,909	2,560,939	Licenses and Permits	2,496,728	2,669,632	172,904	6.93%
11,929,543	13,733,003	Intergovernmental Federal	17,706,582	13,599,363	(4,107,219)	-23.20%
53,613,687	55,051,779	Intergovernmental State	59,890,812	52,726,747	(7,164,065)	-11.96%
21,524,422	19,692,819	Intergovernmental Local	21,414,653	29,642,758	8,228,105	38.42%
64,389,278	63,108,172	Charges for Services	65,434,716	63,241,629	(2,193,087)	-3.35%
21,474,785	22,492,322	Admin Cost Recovery	23,492,208	23,864,359	372,151	1.58%
2,868,837	3,548,317	Fines and Forfeitures	2,582,469	2,429,706	(152,763)	-5.92%
864,046	747,518	Interest	771,365	694,601	(76,764)	-9.95%
798,652	716,163	Other Revenues	5,616,311	223,529	(5,392,782)	-96.02%
10,947,312	8,858,822	General Fund Transfers	9,081,001	11,409,800	2,328,799	25.64%
12,474,492	5,497,688	Other Fund Transfers	12,886,717	6,394,757	(6,491,960)	-50.38%
202,608	12,461,414	Settlements	188,677	891,416	702,739	372.46%
0	850,000	Financing Proceeds	15,000,000	5,000,000	(10,000,000)	-66.67%
90,631,340	93,991,356	Net Working Capital	90,475,203	96,280,579	5,805,376	6.42%
351,200,275	361,138,643	TOTAL RESOURCES	385,961,899	370,830,876	(15,131,023)	-3.92%

The resources shown in the above table include the General Fund. The remainder of this section about resources will exclude General Fund data, which is discussed in another section of this book.

MARION COUNTY FY 2014-15 BUDGET
SUMMARY

County Resources Excluding the General Fund

A table and a discussion of each category and the major resources follow. Comparative budgets for resources are stated for fiscal years 2014-15 and 2013-14. The reasons for year-to-year budget changes are not discussed here, with some high level exceptions. The reasons for changes are found in the departmental and non-departmental program budgets discussed in other parts of this book. Amounts discussed in this section are rounded.

Total County Resources Excluding General Fund

	<u>FY 13-14 Budget</u>	<u>FY 14-15 Budget</u>	Change FY 14-15 Over FY 13-14
Net Working Capital	\$ 83,162,936	\$ 87,178,490	\$ 4,015,554
Taxes 1/	290,000	285,000	(5,000)
Intergovernmental Federal	16,398,180	13,319,363	(3,078,817)
Intergovernmental State	53,740,486	48,696,739	(5,043,747)
Intergovernmental Local	21,414,653	29,642,758	8,228,105
Charges for Services 2/	62,057,843	59,826,423	(2,231,420)
Financing Proceeds	15,000,000	5,000,000	(10,000,000)
Transfers From Other Funds	15,514,438	12,983,120	(2,531,318)
Administrative Cost Recoveries	23,492,208	23,864,359	372,151
Settlements	174,992	891,416	716,424
All Other Revenue 3/	10,787,339	6,752,382	(4,034,957)
TOTAL	<u>\$ 302,033,075</u>	<u>\$ 288,440,050</u>	<u>\$ (13,593,025)</u>

1/ Total taxes include property tax collections (current year collections, delinquent taxes anticipated to be collected in the current year, and interest and penalties on delinquent tax), and cable television franchise taxes. The latter are included

2/ Includes licenses, permits, fees, tolls, reimbursements, and other charges for services.

3/ Includes fines and forfeitures, interest, intrafund loan principal payments, reimbursements, and miscellaneous revenue.

Net Working Capital

The terms “net working capital” and “beginning fund balance” are interchangeable in budgeting. Marion County uses the term net working capital. Beginning fund balance is the ending fund balance of prior year funds and programs that has carried over to begin a new fiscal year. A fund balance is the accumulation of revenues over expenditures throughout the life of the fund. It may include the unexpended portion of any or many of the categories of revenues for any given fund, and multiple revenues may have been comingled to the extent that individual revenues have lost their identity.

Net Working Capital

Net Working Capital **increased \$4.0 million** compared to the prior fiscal year budget for all funds. All except three of the county’s 37 budgeted funds have Net Working Capital budgeted for FY 14-15. The internal services Central Services Fund by rule has no ending fund balance as it charges administrative charges to other funds in an amount equal to its total expenditures. Some special revenue funds are required by law to transfer out to outside organizations or county organizations all revenue received. A schedule of change in fund balance discussed later in this section provides additional information about Net Working Capital, although the FY 14-15 budget is not compared to the FY 13-14 budget in the schedule.

For many funds, Net Working Capital is one of the more difficult resources to estimate because the estimates must be made several months prior to the end of the fiscal year when the budget is being formulated. At that time, departments must estimate both current year revenue and current year expenditures. Capital funds accounting for large construction projects are often difficult to estimate.

MARION COUNTY FY 2014-15 BUDGET SUMMARY

Notable increases in Net Working Capital by fund are:

- Facility Renovation Fund increased \$8,775,000, up from zero
- Health Fund increased \$3,220,696 (+24%)
- General Fund increased \$1,800,725 (+25%)
- Community Corrections Fund increased \$674,658 (+62%)
- Sheriff Grants Fund increased \$408,745 (+77%)
- Building Inspection Fund increased \$274,238 (+57%)

Notable decreases in Net Working Capital by fund are:

- Courthouse Square Redevelopment Fund decreased \$2,165,007 (-91%)
- Capital Building and Equipment Fund decreased \$248,671; (-46%)

Taxes

More than ninety-nine percent (99%) of tax revenue in the County is from property taxes and these are recorded in the General Fund.

Franchise Fees on Trash Collectors

Franchise fees are classified as a tax by local government financial rule. Franchise fees are paid by trash collectors and allocated to solid waste management activities. They are managed by the Environmental Services program of the Public Works Department. The franchise fees are budgeted at \$285,000 in FY 14-15 compared to \$290,000 in FY 13-14.

Intergovernmental Federal

Intergovernmental federal revenue is estimated based on current information provided by state agencies for pass-through federal funds and provided by federal grantor agencies for direct grants. In some cases departments use their knowledge of federal statutory funding requirements or what discretionary funding is available, and at what level.

Secure Rural Schools

Revenues were formerly derived from amounts collected by the federal government for forest reserve rentals, sales of timber, and other sources from national forest reserves and Oregon and California Railroad Grant lands within Marion County. Federal timber sales subsidies were subsequently appropriated by the federal government through the Secure Rural Schools and Community Self-Determination Act in three parts. Title I provided funding to the county General Fund, to the Public Works Fund for road work, and to a County Schools Fund; Title II funds were passed through Resource Advisory Councils (RAC) federal forest improvement projects; Title III revenues were allocated to county programs for projects such as sheriff forest patrol that are beneficial to national forest lands and certain non-federal lands within the county. Federal funding was not expected to be re-authorized and no revenue was budgeted for either FY 13-14 or FY 14-15. However, the funds were re-appropriated for FY 13-14 by the federal government in the middle of the county fiscal year and total actual revenue received was slightly more than \$2 million

Oregon Department of Justice Child Support Subsidies

These are federal child support revenues passed through the Oregon Department of Justice, Division of Child Support to maintain child support enforcement activities, which is a 66% federal match on qualified expenses for support enforcement activities pursuant to federal statute under Title IV of the Social Security Act. There is \$1.25 million budgeted for FY 14-15 which is a slight increase from the FY 13-14 \$1.24 million as funding has remained consistent for many years..

MARION COUNTY FY 2014-15 BUDGET SUMMARY

Intergovernmental State

State revenue is estimated based on current information provided by state grant and contract officials, reinforced by quarterly state economic forecasts, trend analysis examining whatever number of years appears to best characterize a trend, and state statutory requirements to provide funding.

Gas Tax (Motor Vehicle Fuel Tax)

The gas tax is a state fuel tax calculated on a per gallon basis. Oregon's constitution is the legal authority for imposing and collecting the gas tax, and dedicates the tax revenue to transportation funding; the tax is also commonly referred to as a road tax. The Oregon Department of Transportation (ODOT) is responsible for distribution of the tax revenues. Revenues must be used exclusively for the construction, reconstruction, improvement, repair, maintenance, operation and use of public highways, roads, streets, roadside rest areas, and some of the cost of administration. As vehicle use has grown over the years so has gas tax revenue, although the current trend is that revenue growth is not keeping pace with population and vehicle miles driven, as miles per gallon has improved for vehicles. The Department of Public Works is the recipient of all gas tax. The FY 14-15 gas tax revenue budget is \$17.96 million, virtually the same as FY 13-14.

Mental Health Grants and Contracts

Mental health, alcohol and drug, and developmental disabilities contract and grant revenues are received from the Oregon Health Authority, Oregon Department of Human Resources, and other agencies. The funds are used for both Health Department in-house programs and for contracting with outside non-governmental organization providers of similar services. The FY 14-15 \$13.5 million budget is reduced from \$18.5 million in FY 13-14; this gap will be closed substantially if funding is added through typical contract amendments that are executed during the ongoing fiscal year.

Community Corrections Grant-in-Aid (SB 1145)

This revenue is distributed from the Oregon State Department of Corrections to the Sheriff's Office as payment for the county's assumption of responsibility for felons on parole, on probation, on post-prison supervision, sentenced to 12 months or less incarceration, and other purposes. The Sheriff's Office allocates the funding for parole and probation programs and care of county jail inmates. FY 14-15 revenue is budgeted at \$10.9 million which is the same level as FY 13-14.

Video Lottery

The Oregon State Lottery Commission transfers an amount equal to 2.5% of net receipts from video lottery games, similar to casino slot machines, from the State Lottery Fund to counties, with ninety percent distributed to each county in proportion to the gross receipts from the games in each county. Funds are required to be expended on economic development activities. Economic development programs or projects are recommended by the county's Economic Development Advisory Board and approved by the Board of Commissioners. The revenue and expenditures are recorded in a non-departmental fund. Video Lottery revenue is budgeted at \$1.38 million in FY 14-15 compared to \$1.43 million in FY 13-14.

Oregon Commission on Children and Families Grants

Revenues passed through the Oregon Commission on Children and Families has provided funding for a number of diverse programs over the past several years: Great Start, Crisis Nursery, Healthy Start, Basic Capacity, Children, Youth and Families Flexible, and Child Appointed Special Advocates. The funds are administered by the county Department of Community Services, a restructured department which includes the former Department of Children and Families. State grant funding that once totaled \$1.5 million annually was subsequently subject to rapid elimination and there is no new revenue in FY 14-15. The state has devised a new service delivery system that eliminates pass-through and direct services by counties.

MARION COUNTY FY 2014-15 BUDGET SUMMARY

Intergovernmental Local

Although local government revenue is occasionally received from city and foundation grants, the far greater amount of the revenue in this category comes from the Mid-Valley Behavioral Care Network (MVBCN).

Mid-Valley Behavioral Care Network (MVBCN or more commonly “BCN”)

Mid-Valley Behavioral Care Network is a managed behavioral healthcare organization directed by a partnership of consumer-advocates and service providers who provide mental health and chemical dependency services in five counties including Marion County. Revenue to be received from this agency is estimated based on its financial plan including amounts budgeted to distribute to each of the five counties.

The Health Department receives state health capitation funds passed to the BCN and in turn allocated to counties who are members of the Mid-Valley Behavioral Care Network. The primary revenues are for specific mental health services. BCN contracts with the Health Department to provide Community and Provider Services (CAPS) and special crisis and respite services are provided additional funding. There are also small discretionary grant revenues which are used for purposes defined in an agreement with the BCN, including, but not limited to, Health Department administration and Psychiatric Crisis Center operations. FY 14-15 budgeted revenues totaling \$29.6 million are substantially higher than the \$21.4 million FY 13-14 budget.

Charges for Services

There is a great diversity of services provided by Marion County countywide and Charges for Services reflect that diversity. Charges for services outside the General Fund include fees for health, public safety, environmental health, surveyor, building inspection, land use planning, solid waste disposal, and dog services, as well as county fair sales, insurance assessments, various reimbursements, street assessments, ferry tolls, property leases, fleet rentals, and more.

Waste-to-Energy Tipping Fees

The Public Works Department Environmental Services Program earns solid waste disposal tipping fees collected at the Waste-to-Energy Facility located in Brooks. The plant is privately owned and operated under a contract with Marion County, with the county receiving a share of the gross receipts. Tipping revenue relatively finite and stable because there is a limit to capacity and the plant generally operates at capacity. The \$9.1 million FY 14-15 budget is a \$0.6 million decrease from the \$9.7 million FY 13-14 budget.

SKRTS (Salem-Keizer Recycling and Transfer Station) Tipping Fees and North Marion Tipping Fees

Customers who are not commercial garbage haulers bring garbage to SKRTS in southeast Salem or North Marion Recycling and Transfer Station in Woodburn and pay a tipping fee. The garbage is subsequently transported to the Waste-to-Energy Facility and incinerated. Compostable material goes to a commercial composting facility. Recyclable items are hauled to recycling markets; there is no tipping fee for recycled items. The fees are part of Environmental Services Program general operating revenues that are allocated to contracts for monitoring wells, the recycling program, engineering services, and other waste management services. . FY 14-15 budgeted revenues totaling \$3.2 million are markedly higher than the \$2.7 million FY 13-14 budget

Electricity Generation Fees

The Waste-to-Energy Facility burns waste at high temperature, generating steam that in turn drives turbines that generate electrical power. This electrical power is sold to Portland General Electric (PGE). Part of the fees earned from the sale of electricity goes to the county under the terms of the contract with the plant owner. Electrical generation fees revenue have been stable due to firm prices and a demand that has fully

MARION COUNTY FY 2014-15 BUDGET SUMMARY

used plant capacity. The FY 13-14 budget of \$5.4 million reflects the average revenue of the prior six years. However, the FY 14-15 budget of \$2.9 million is a huge decrease. This is an expected new revenue level as PGE now has a lower cost energy purchase alternative in natural gas.

Ferrous Metals Fees

This is revenue generated from the sale of ferrous metals that are recovered from the ash after waste is incinerated at the Waste-to-Energy Facility. The fees are collected as part of the terms and conditions for services with a contractor who recovers the metal. The funds are allocated along with other general operating resources of the Environmental Services Program. A new process that better recovers ferrous metal and small quantities of some types of non-ferrous metal from the incinerator ash was expected to increase after new equipment became fully operational. However, recovery has not met expectations and the f \$1.86 million FY 14-15 budget reflects a more realistic budget than the \$2.79 million FY 13-14 budget which was overstated.

Medicaid Fees

The Health Department bills the state for federal Social Security Act Title XIX (“19”) Medicaid fees for services. Behavioral health services for Medicaid are billed under an Office of Mental Health and Addiction Services (OMHAS) contract. Other billings occur under Department of Human Services, Office of Medical Assistance Program (OMAP) for services provided to clients covered by the Oregon Health Plan. Health Department charges are based on unit cost; however the actual reimbursement is set per the payer’s reimbursement schedule. The Juvenile Department also bills federal Medicaid through the state. The fees are for provision of a standardized program of rehabilitation services to qualified youth. The Guaranteed Attendance Program (GAP) also provides these services. The FY 14-15 budget of \$3.47 million is an increase of \$0.33 million over FY 13-14 \$3.14 million budget.

Supervision Fees (Probation and Parole)

A state regulated supervision fee is assessed each adult parole and probation client. The Sheriff’s Office allocates these fees to offset a portion of the cost of supervision of parole and probation clients. The FY 14-15 and FY 13-14 budgets are both at \$0.8 million consistent with the last several years.

Public Works Services to County Departments

The Public Works Department provides vehicle maintenance and minor other services, e.g., radio repair, to Marion County Sheriff’s Office, Juvenile Department, and Business Services Department. Public Works also provides the same services to the county pool car and light duty fleet which it manages. The FY 14-15 \$1.52 million budget is slightly decreased from the FY 13-14 \$1.57 million budget.

Public Works Fleet Rentals

The Public Works Department collects for rental of motor pool cars and for fleet vehicle leases to departments. The FY 14-15 and FY 13-14 budgets are at the \$1.8 million level.

Insurance

Charges for Services includes insurance charges budgeted in the Self-Insurance Fund. County departments and quasi-governmental agencies including the Marion County Housing Authority, the Mid-Valley Behavioral Care Network and several service districts that employ personnel are charged for a share of several types of county insurance costs. The FY 14-15 budget for the major insurance is: medical and dental health insurance \$21.4 million; liability insurance \$1.0 million; workers’ compensation insurance \$0.8 million; and group life, long-term disability, and unemployment insurance total \$0.9 million. The FY 14-15 budget of \$24.1 million is an increase of \$0.9 million from the FY 13-14 budget of \$23.2 million.

MARION COUNTY FY 2014-15 BUDGET SUMMARY

Licenses and Permits

(the dollar amounts are included in Charges for Services on the schedule at the beginning of this subsection)

Licenses and permits revenue is estimated based on trend analysis covering five years, including review of each of the types of fees collected. State quarterly economic forecasts are also reviewed with attention to the housing industry specifically and the construction industry generally.

Structural (Building) Permits

Building inspection revenues are generated from fees for structural, mechanical, plumbing, and electrical inspections, and from permits. These are revenues managed by the Department of Public Works. The \$2.05 million FY 14-15 budget is an increase of \$2.1 million over the \$1.84 million FY 13-14 budget.

Financing Proceeds

Although budgeted two consecutive years as part of an infrastructure upgrade program, financing proceeds are otherwise infrequently budgeted. For FY 14-15 \$5.0 million is budgeted for the second year bank loan to provide one-half of the estimated \$10 million financing of Courthouse parking garage construction.

Transfers from Other Funds

In Marion County's governmental budgeting system, resources are sometimes moved from one fund to another or others by means of transfer accounts. The fund receiving the transfer shows it as a fund resource. The result is that revenue is counted twice. Once when revenue is initially recorded in fund "A", and a second time after transferring out of fund "A" into fund "B". One of the most common situations is a transfer from the General Fund to other funds, including capital funds, debt service funds, and operating funds that are primarily funded by non-General Fund resources but require either temporary or permanent additional funding in order to pay the full cost of providing a service or services. Other funds are budgeted to receive a total of \$11.4 million from the General Fund in FY 14-15. Another \$6.4 million is budgeted for transfers between other funds, such as transfers from the Criminal Justice Assessment Fund to the Sheriff's Grant Fund and the Juvenile Grant Fund, a transfer from the Lottery Distribution Fund to the Land Use Planning Fund, transfer from one capital improvement fund to another to consolidate funding, and an annual transfer from the Community Corrections Fund to the General Fund Sheriff's Office operations. A total of \$17.8 million is budgeted for transfer in FY 14-15 compared to \$22.0 million for FY 13-14 as a number of one-time only transfers in FY 13-14 drove transfers up to an unusually high total.

Administrative Cost Recoveries

Administrative cost recoveries result from one department or program billing other departments or programs for services rendered. Internal services departments, grouped in the Central Services Fund, and the Self-Insurance Fund provides services or insurance coverage to all other departments and funds. Services given are county administration, information technology, financial management, payroll, human resources, risk management, facilities management, legal counsel, and a Public Employee Retirement System debt service assessment.

Administrative cost recoveries are unique revenue. The maximum that can be earned is a fixed amount based on a cost allocation plan. For example, the Information Technology Department knows how much it will be allowed to charge other departments and programs for its services based on its budget approved by the budget officer; in this case revenue is matched to expenditures. If the department expends less than budgeted, other departments will be charged according and the actual revenue will be matched to actual expenditures at fiscal year-end. The FY 14-15 budget of \$23.9 million is an increase of \$0.4 million over the \$23.5 million FY 13-14 budget.

MARION COUNTY FY 2014-15 BUDGET SUMMARY

Settlements

Settlement revenue comes from settling financial claims against outside parties either through legal proceeding or outside of court, and tend to be one-time. There is a \$0.75 million settlement budgeted for FY 14-15 in a capital outlay fund along with several minor settlements in other funds for a total of \$0.89 million budgeted. This compares to one FY 13-14 \$0.2 million settlement in the Lottery Distribution Fund-

All Other Revenues

Several revenue categories are combined for this discussion. These revenues include fines and forfeitures, investment earnings, loan interest, inter-fund loan principal payments, special grant loan repayment principal, donations, private foundation grants, and miscellaneous revenue that does not fit other categories and is often one-time. This is illustrated by the change in total All Other Revenue from \$5.9 million in FY 13-14 down to \$0.2 million in FY 14-15. A one-time \$5.0 million reimbursement from the local transit authority for its share of costs related to the Courthouse Square Remediation construction project in FY 13-14 was not repeated in FY 14-15. This, along with a decline in inter-fund loan principal payments accounts for the decrease.

MARION COUNTY FY 2014-15 BUDGET
SUMMARY

COUNTY REQUIREMENTS OVERVIEW

The amount planned for expenditure during the fiscal year is considerably less than the total budget. Oregon local budget law requires reporting of expenditures, internal transactions between funds, transfers, contingencies, and unappropriated ending fund balance in the total budget. These together are referred to as requirements.

The total budget includes internal transactions and transfers that are counted twice. Internal transactions are transactions between funds resulting from one department providing a service to another. On the expenditure side they are referred to as internal service (“administrative”) charges. Transfers are a special type of internal transaction that involves transferring resources out of one fund into another fund. For example, funds are transferred out of the General Fund into the Capital Improvement Projects Fund. In the General Fund, the transfer out is an expenditure, and in the Capital Improvement Projects Fund the incoming transfer is a resource which is in turn allocated to expenditures.

The total requirements budget is \$370,830,876. This is the sum of the expenditures, administrative charges, transfers out, contingency, reserves, and ending fund balance.

The expenditures budget is \$294,841,351. This is the total of direct expenditures, administrative charges (internal service), and transfers out. Expenditures equal true appropriation authority, e.g., authority to expend. Contingency, reserves, and ending fund balance which total \$75,989,525 are excluded from the expenditures total.

Total direct expenditures are \$254,923,188. This is the direct expenditure (resulting in cash outlays) for Personnel Services, Materials and Services, Capital Outlay, Debt Services, and Special Payments.

FY 2014-15 Total County Requirements

Fund	Total Direct Expenditures	Administrative Charges *	Transfers Out	Contingency	Reserves and Ending Fund Balance	Total Requirements
General Fund	\$ 56,155,954	\$ 9,072,373	\$ 11,409,800	\$ 1,249,437	\$ 4,503,262	\$ 82,390,826
All Other Funds	198,767,234	13,041,233	6,394,757	17,556,234	52,680,592	288,440,050
total	\$ 254,923,188	\$ 22,113,606	\$ 17,804,557	\$ 18,805,671	\$ 57,183,854	\$ 370,830,876
% of total	69%	6%	5%	5%	15%	100%

* Internal service charges.

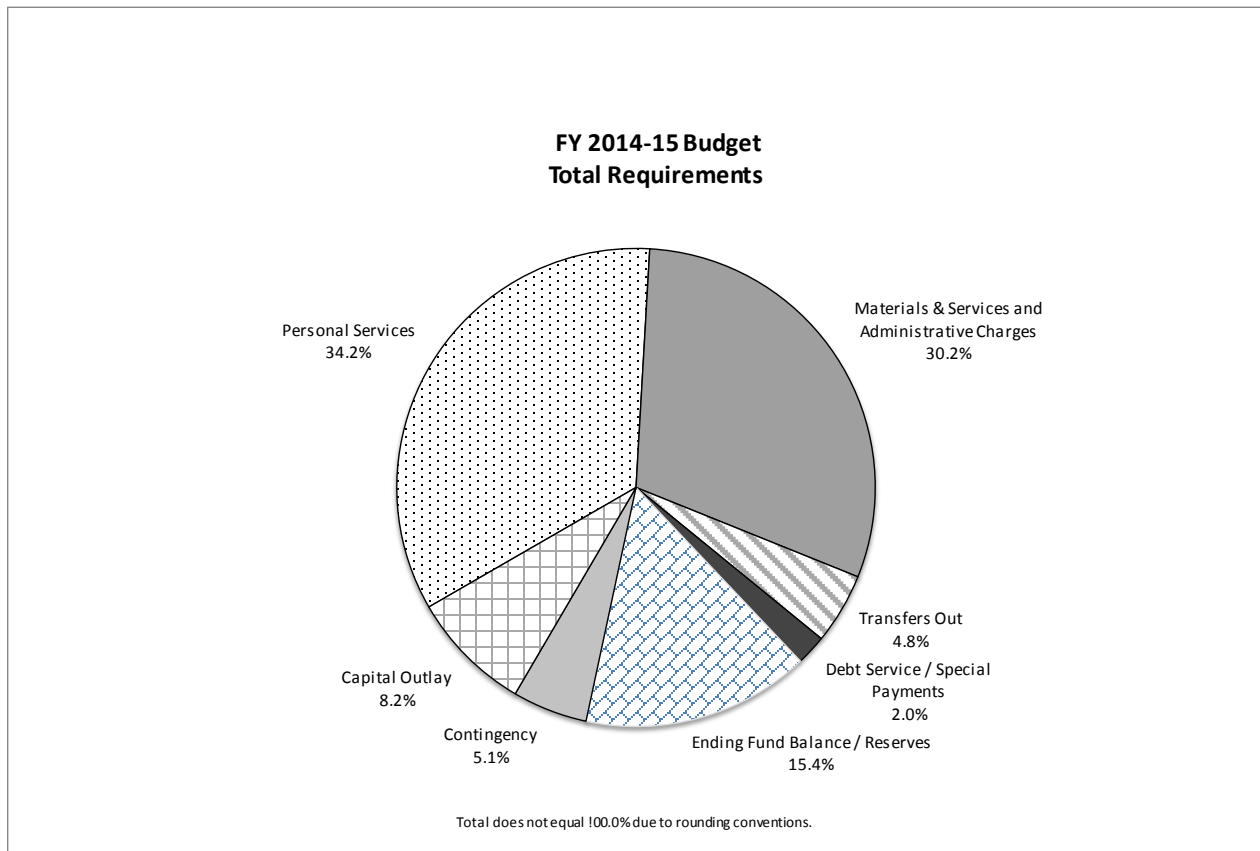
MARION COUNTY FY 2014-15 BUDGET SUMMARY

MAJOR COUNTY REQUIREMENTS

County requirements are categorized according to like characteristics. Several very similar categories are combined on the pie chart for the purpose of making it easier to read. Further discussions will follow the categories shown in the table below. Although Ending Fund Balance, Reserves and Contingency are requirements, they are not classified as expenditures and therefore not subject to appropriation.

Countywide Summary of Requirements
FY 2014-15

FY 11-12 ACTUAL	FY 12-13 ACTUAL		FY 13-14 BUDGET	FY 14-15 ADOPTED	Increase or (Decrease) Compared to Prior Year	+/- % Prior Budget
114,745,813	115,109,555	Personnel Services	122,262,950	127,003,653	4,740,703	3.88%
84,820,102	87,444,870	Materials and Services	98,175,916	89,810,651	(8,365,265)	-8.52%
20,329,413	20,840,007	Administrative Charges	21,320,392	22,113,606	793,214	3.72%
6,542,003	21,702,750	Capital Outlay	50,005,838	30,551,411	(19,454,427)	-38.90%
2,556,882	2,764,183	Debt Service Principal	3,070,349	3,770,195	699,846	22.79%
3,297,142	3,232,284	Debt Service Interest	3,336,113	3,388,394	52,281	1.57%
1,004,961	1,611,548	Special Payments	966,267	398,884	(567,383)	-58.72%
23,421,804	14,356,510	Transfers Out	21,967,718	17,804,557	(4,163,161)	-18.95%
0	0	Contingency	12,432,626	18,805,671	6,373,045	51.26%
0	0	Reserves	3,274,640	2,493,584	(781,056)	-23.85%
0	0	Ending Fund Balance	49,149,090	54,690,270	5,541,180	11.27%
256,718,120	267,061,706	TOTAL REQUIREMENTS	385,961,899	370,830,876	(15,131,023)	-3.92%



MARION COUNTY FY 2014-15 BUDGET SUMMARY

Major requirements categories discussion follows with broad explanations that are in many cases as applicable to the General Fund as to all other funds. In a departure from the resources discussion, the General Fund dollars are included in the budget amounts of this major county requirement section. More specificity prevails in the General Fund section located elsewhere in this book.

Personnel Services

The county's personnel regulations allow for an annual five percent step increase for satisfactory service (merit). However, the county has a high percent of employees who have worked enough years to have reached the last step in their grade level, or are at longevity pay steps of service. There are no merit pay increases between longevity steps. The number of employees in the step 7 and longevity steps tends to keep overall percentage pay increases down.

A policy of requiring vacant positions to be budgeted no higher than a step 1 has had the effect in some funds and programs in lowering the Personnel Services budget. This is particularly true for positions that became vacant at the time the incumbent is being paid at step 7 or longevity, and departments are not allowed to budget at the same level for replacements. If any such positions are ultimately allowed to be filled at a higher step than budgeted, savings from the turnover and hiring lag must be used to offset the higher actual cost compared to budgeted cost. All positions requested to be filled at a step higher than a step 1 require budget officer approval.

Over time, the mean personnel position cost has increased approximately 1.7% annually disregarding any cost-of-living (COLA) increase. Employees in step 7 or longevity steps are not eligible for five percent step increases except when they advance up to the next level every five years. Marion County has had a high proportion of employees whose pay is frozen at these highest steps. Periodic changes in pay grades for specific positions to bring pay within comparative local government rates ("market") may also have a small impact on funds and programs involved. The annual percent increase in Salaries and Wages in excess of the 1.7% mean is primarily attributed to additional positions.

The increase in total fringe benefits in recent years is attributable to health insurance and Public Employee Retirement System (PERS) rate increases. However, the FY 2014-15 budget also contains a major increase in PERS costs not related to rate increases. The county took over the payment of employee 6% PERS contribution for two groups (bargaining units) that make up 237 full-time equivalent (FTE) positions out of the total county 1,357 FTE. Countywide, this drove PERS costs up 8.5% and total fringe benefits up 2.1% out of the 7.8% increase.

Countywide Personnel Services Summary

FY 11-12 ACTUAL	FY 12-13 ACTUAL		FY 13-14 BUDGET	FY 14-15 ADOPTED	Change FY 13-14 to FY 14-15
		<u>Personnel Services</u>			
74,992,590	75,256,309	Salaries and Wages	80,392,401	82,043,739	2.1%
39,753,223	39,853,246	Fringe Benefits	41,662,797	44,919,866	7.8%
114,745,813	115,109,555	Total Personnel Services	122,055,198	126,963,605	4.0%
1,317	1,311	FTE	1,322	1,357	2.7%

Note that collective bargaining was underway for the county's largest bargaining unit as well as two other smaller units at the time of budget approval and adoption.

MARION COUNTY FY 2014-15 BUDGET
SUMMARY

Employee Number of Positions

The county allocates a substantial part of its resources to personnel services, which means employees. Including department heads and elected officials, there are more than 1,300 full-time regular and part-time regular employees working for Marion County. As many as 300 part-time temporary employees are also employed in a peak month; the count varies as some employment is seasonal.

Marion County Budget FY 2014-15							
FULL TIME EQUIVALENT POSITIONS (FTE) BY DEPARTMENT							
	FY 11-12	FY 12-13	FY 13-14	FY 14-15	Change FY 13-14 to FY 14-15	Change 4 Years	
Assessor's Office	52.10	50.70	51.00	51.00	0.00	-1.10	
Board of Commissioners' Office	13.00	14.00	14.00	14.00	0.00	1.00	
Business Services Department	60.25	57.50	58.50	59.00	0.50	-1.25	
Children and Families Department	7.65	0.00	0.00	0.00	0.00	-7.65	
Clerk's Office	14.50	14.50	14.00	14.50	0.50	0.00	
Community Services	0.00	17.77	14.84	15.10	0.26	15.10	
District Attorney's Office	82.63	81.63	83.29	84.03	0.74	1.40	
Finance Department	20.00	20.00	19.00	20.00	1.00	0.00	
Health Department	335.79	347.94	358.94	389.94	31.00	54.15	
Information Technology Department	54.00	54.00	53.00	53.00	0.00	-1.00	
Justice Courts Department	8.75	9.00	9.00	8.50	-0.50	-0.25	
Juvenile Department	104.30	104.30	103.43	103.50	0.07	-0.80	
Legal Department	10.53	10.75	10.80	10.80	0.00	0.27	
Public Works Department	204.80	187.31	186.61	188.40	1.79	-16.40	
Sheriff's Office	346.00	339.00	343.30	342.30	-1.00	-3.70	
Treasurer's Office	3.00	3.00	3.00	3.00	0.00	0.00	
total	1317.30	1311.40	1322.71	1357.07	34.36	39.77	

Includes FTE changes in supplemental budgets.

Additional information about Marion County's employees is found in the appendices where the full-time equivalent (FTE) positions history is broken down by fund.

MARION COUNTY FY 2014-15 BUDGET
SUMMARY

Materials and Services

General Fund and Central Services Fund departments and programs are not allowed to budget for across-the-board increases in Materials and Services. They have been required to absorb inflationary increases by reducing whatever line items are considered lower priority than the inflation-driven line items, or simply do with less. Other departments and programs have been allowed to reflect these inflationary increases to the extent that available resources allow.

Outside of the General Fund and Central Services Fund, Materials and Services budget categories, particularly Contracted Services, tend to expand and contract according to the amount state and federal funding that is earmarked for contracts with outside providers of services; charges for services driven by the level of services also lead to increases or decreases in contracted services. Contracted Services constitutes 49% of the total FY 14-15 Materials and Services budget. Expenditures by subcategories are shown below.

Countywide Materials and Services Summary

FY 11-12 ACTUAL	FY 12-13 ACTUAL	CATEGORY	FY 13-14 BUDGET	FY 14-15 ADOPTED	Change 13-14 to 14-15
4,246,149	4,135,984	Supplies	4,717,051	4,656,018	-1%
3,643,311	3,574,627	Materials	4,134,875	4,181,032	1%
996,236	1,029,432	Communications	1,056,758	1,049,765	-1%
1,861,496	1,834,845	Utilities	2,088,029	1,992,687	-5%
2,839,749	2,833,458	Repairs and Maintenance	3,185,807	3,203,681	1%
4,411,165	4,689,649	Rentals	5,014,779	4,442,566	-11%
22,398,705	22,424,895	Insurance	23,593,126	24,184,089	3%
2,222,730	2,256,078	Miscellaneous	2,294,553	2,531,455	10%
42,619,540	42,778,968	Subtotal	46,084,978	46,241,293	0%
Contracted Services					
369,374	235,518	<i>CH2 Redevelopment Fund</i>	1,180,075	91,426	-92%
1,449,346	1,454,588	<i>Children and Families Fund</i>	1,102,694	21,510	-98%
830,768	797,746	<i>Community Corrections Fund</i>	1,752,599	1,605,839	-8%
14,591,724	15,922,533	<i>Environmental Services Fund</i>	17,004,293	15,751,323	-7%
17,897,682	18,348,422	<i>Health Fund</i>	19,079,090	17,691,846	-7%
720,273	381,746	<i>Public Works Fund</i>	784,751	732,117	-7%
2,388,564	2,589,991	<i>Sheriff's Office General Fund</i>	2,541,395	2,549,972	0%
503,871	1,100,839	<i>Sheriff Grants Fund</i>	722,373	538,511	-25%
3,448,960	3,834,518	<i>All Other Funds</i>	4,824,813	4,586,814	-5%
42,200,562	44,665,901	Contracted Services Total	48,992,083	43,569,358	-11%
84,820,102	87,444,869	Total	95,077,061	89,810,651	-6%

MARION COUNTY FY 2014-15 BUDGET SUMMARY

Administrative Charges

Administrative charges are the counterpart of administrative cost recoveries. Administrative charges result when departments are billed by other departments or program for services rendered. As discussed in the resources section, central or internal services departments and the Self-Insurance Fund provide services or insurance coverage to all other departments and funds. Services charged are county administration, information technology, financial management, payroll, human resources, risk management, facilities management, legal counsel, and a Public Employee Retirement System debt service assessment.

Administrative charges are unique requirements. The maximum that can be charged is a fixed amount based on a cost allocation plan. For example, the Health Department knows the maximum it will be charged for information technology services for the fiscal year. If the Information Technology Department expends less than its budget, Health will be charged less administrative charge accordingly. Departments do not have much control over the amount of administrative charges expenditures for any given year. The FY 13-14 budget \$21.3 million is slightly lower than the FY 12-13 \$21.6 million budget.

Capital Outlay

Capital outlay budgets have two categories of capital outlays: (1) capital improvement projects, and (2) capital acquisitions.

Capital Improvement Projects

Capital improvement projects meet county fixed asset criteria. Examples include: new construction projects; major maintenance projects, such as remodeling, repair, and renovation, which maintain or increase the value or service life of existing county capital assets (new roof); complex projects requiring expert coordination of activities and selection of materials; and public works projects on county infrastructure.

Capital Acquisitions

Capital acquisitions are defined as purchases \$5,000 or greater per unit cost, have a useful life over one year, and will start and complete in the budgeted fiscal year. Examples include purchases of vehicles; construction and maintenance equipment; major office equipment; other equipment; information technology equipment and major software systems.

Except for Public Works Department construction projects, capital improvement projects are recorded in capital funds, and capital acquisitions are recorded in department budgets. Occasionally large General Fund capital acquisitions are recorded in a capital fund to avoid having one-time only items in General Fund departments.

The FY 14-15 capital outlay budget is \$30.6 million. The FY 13-14 \$50.0 million budget contained a \$15.2 Courthouse Square Remediation project that was completed in the fiscal year. In FY 14-15 major projects include Courthouse parking structure construction \$10.1 million, Health Building remediation \$4.8 million, and County Jail complex repairs \$2.2 million.

Debt Service

Debt service accounts for payment of principal and interest on long-term obligations of the county and on inter-fund loans. The long-term obligations are recorded in programs within a Debt Service Fund. One debt is for payment on funding a portion of the county's share of development, design and construction for the Courthouse Square construction project. Courthouse Square Debt Service principal and interest payments total \$1.5 million for FY 14-15.

MARION COUNTY FY 2014-15 BUDGET SUMMARY

A second long-term debt is repayment of Limited Tax Pension Obligations. The proceeds from sale of these obligations were transferred to the State of Oregon Public Employees Retirement System (PERS) to provide for the county's unfunded actuarial liability. PERS Debt Service principal and interest payments total \$4.4 million.

A third long-term debt is new for FY 14-15. The debt is a \$15 million bank loan for major infrastructure construction including the Courthouse parking garage. The initial debt services principal and interest payment total is \$1.1 million which is partial year as loan repayment will begin late in the fiscal year.

The county also makes annual bond payments on outstanding Oregon Garden bonds as outlined in a management agreement approved by the Board of Commissioners. Payment is charged to an Oregon Garden Foundation program in the Lottery Distribution Fund. Principal and interest payments total \$0.5 million in FY 14-15.

Other debt consists of an \$.85 million intrafund loan from the Public Works Fund to the Environmental Services Fund. The principal and interest total for FY 14-15 is \$0.1 million.

In total the FY 14-15 long-term debt budget is \$7.6 million compared to the FY 13-14 budget of \$6.4 million.

Special Payments

Special payments include distribution of earmarked revenue to either schools or taxing districts. State Chapter 530 Forest Rehabilitation timber sales revenue is passed through a County Schools Fund and distributed to the school districts in which the timber is cut. Small amounts of state Electric Coop taxes and Private Rail Car taxes are also passed through the County Schools Fund to school districts according to state formula. The County Schools Fund also receives a portion of federal Secure Rural Schools Title I revenue, which is subject to annual reauthorizations by the federal government and is not budgeted for FY 14-15

The proceeds from sale of tax foreclosed properties are passed through a Tax Title Land Sales Fund and program to local taxing districts according to location of the property.

The FY 14-15 total Special Payments budget is \$0.4 million; a decrease of \$0.6 million from the FY 13-14 total budget of \$1.0 million.

Transfers Out (to other funds)

Transfer out are the counterpart to Resources transfers in. The fund making the transfer shows the amount transferred as a budget requirement. As discussed in the Resources section, one of the most common situations is a transfer from the General Fund to other funds, including capital funds, debt service funds, and operating funds that are primarily funded by non-General Fund resources but require either temporary or permanent additional funding in order to pay the full cost of providing a service or services.

The General Fund is budgeted to transfer a total of \$11.4 million to other funds in FY 14-15, notably to the Health Fund, Debt Service Fund, Facility Renovation Fund, and the Capital Improvement Projects Fund. Another \$6.4 million is budgeted for transfers between other funds, such as transfers from the Criminal Justice Assessment Fund to the Sheriff's Grant Fund and the Juvenile Grant Fund, transfer from the Lottery Distribution Fund to the Land Use Planning Fund, and transfers from the Health Building Reserve Fund and the Capital Improvement Projects Fund to the Facility Renovation Fund.

The total FY 14-15 Transfers Out budget is \$17.8 million; a decrease of \$4.2 million from the FY 13-14 total of \$22.0 million.

MARION COUNTY FY 2014-15 BUDGET SUMMARY

Contingency

Departmental and non-departmental operating funds may budget an estimate for contingency. The Local Budget Manual states that “The estimate is based on the assumption that operations may necessitate spending during the year on items that cannot be specifically identified at the time the budget is being prepared. The contingency is not a separate fund. It is a line item with an operating fund, separate from any other major object classifications. During the fiscal year, money budgeted and appropriated as contingency must be transferred to another appropriation category before it can be expended.”¹ Most county operating funds have contingency budgeted; those that do not either have no available funds to allocate to contingency or are a type of fund for which contingency is not allowed to be budgeted. Contingency tends to be reduced in funds over time as budgets become tighter. The total county FY 14-15 Contingency budget is \$18.8 million; an increase of \$6.4 million over the total FY 13-14 budget of \$12.4 million.

Reserves

Reserves may be budgeted to save funds for expenditure in future fiscal years. These may be included in a reserve fund or in another fund when specifically allowed by Oregon statute. The FY 14-15 budget has a Capital Building and Equipment Fund \$0.5 million reserve and a Rainy Day Fund \$2.0 million reserve. The FY 14-15 budget is \$2.5 million compared to the FY 13-14 budget of \$3.3 million, an \$0.8 million decrease as a Health Building Reserve Fund was fully appropriated and closed.

Ending Fund Balance

The ending fund balance, or unappropriated ending fund balance, serves dual purposes. One purpose is to save funds for near future expenditure. This includes anticipation of carrying unexpended federal funds into the next county fiscal year and concurrently the last quarter of the federal fiscal year to keep county and federal funding in sync. Enterprise funds often build an ending fund balance until larger capital projects can be fully funded.

The General Fund and some special revenue funds dependent on grant reimbursements budget an ending fund balance to provide the fund with a cash or net working capital balance with which to begin the year following the fiscal year for which the budget is being prepared, until new revenue is received sufficient to meet daily expenditure needs.

No expenditure can be made from an ending fund balance during the fiscal year in which it is budgeted, except in emergency situations defined by state law and identified in a county supplemental budget. In a supplemental budget funds are transferred to an appropriation category, e.g., capital outlay, before they are expended.

The total county Ending Fund Balance budget for FY 14-15 budget is \$54.7 million, a \$6.5 decrease from the FY 13-14 budget of \$49.2 million.

¹ Local Budgeting Manual, Oregon Department of Revenue (Rev. 05-12), p. 27

MARION COUNTY FY 2014-15 BUDGET SUMMARY

CHANGES IN FUND BALANCES

The change between beginning fund balance and ending fund balance is one indicator of the financial condition of a fund. A small or no change likely indicates stability; a substantially larger ending fund balance is often a sign of financial improvement, while a substantially small or smaller ending fund balance may indicate a problem.

The schedule of Budgeted Change in Fund Balance FY 2014-15 on the following page illustrates how some funds may have funding difficulties in FY 14-15 due to greatly reduced, little, or no net working capital. The most critical problem is within departmental budgets where many funds will intentionally have an ending fund balance to carry into the following year for cash flow purposes to continue operating until sufficient new revenue is received. Also, special revenue funds utilizing large federal grant funds would normally carry grant unexpended balances into the following county fiscal year first quarter. This enables continued funding of programs until new federal funds are received in October, the first quarter of the new federal fiscal year. Out of 21 departmental funds that by intent normally have an ending fund, twelve funds have no ending fund balance budgeted and all nine of the remaining funds have a smaller fund balance than the prior year.

Non-Departmental funds are of a wide variety as to sources and uses of funds, and some function only to the extent that special revenue is received; two such funds not displayed were closed prior to the beginning of the fiscal year as the funding was provided for special purposes which were accomplished. Capital funds are not necessarily expected to have ending fund balances, this is situational.

Note that the number of funds and the extent of the decline in their fund balances “may” indicate financial difficulties. It is common for many types of funds to end a fiscal year with a larger fund balances than budgeted. Departments often budget for contingency rather than tying up funds in ending fund balance where by local budget law it cannot be readily accessed, and the contingency is frequently not utilized. On the expenditure side, personnel services budgets are rarely fully expended due to employee turnover and hiring lag and there is frequently savings in other appropriation categories. These savings all end up in ending fund balance. The explanation of whether or not a change in ending fund balance is good, bad or neutral lies throughout this book in budget justifications.

MARION COUNTY FY 2014-15 BUDGET
SUMMARY

Budget Change In Fund Balance FY 2014-15						
Fund Name	Beginning Fund Balance 1/	Revenues 2/	Expenditures 3/	Ending Fund Balance 4/	Change From Prior Year 5/	% Change
Departmental						
General Fund	9,102,089	73,288,737	77,887,564	4,503,262	(4,598,827)	-50.5%
Building Inspection	751,904	2,052,800	2,166,448	638,256	(113,648)	-15.1%
Central Services	0	21,021,176	21,021,176	0	0	n.a.
Child Support	0	1,473,090	1,473,090	0	0	0.0%
Children and Families	189,222	134,303	323,525	0	(189,222)	-100.0%
Community Corrections	1,759,770	12,498,047	14,257,817	0	(1,759,770)	-100.0%
County Clerk Records	15,000	129,710	144,710	0	(15,000)	-100.0%
County Fair	35,920	325,194	361,114	0	(35,920)	-100.0%
District Attorney Grants	153,608	904,632	1,058,240	0	(153,608)	-100.0%
Dog Control	23,221	1,202,848	1,226,069	0	(23,221)	-100.0%
Environmental Services	13,634,074	19,181,560	23,957,176	8,858,458	(4,775,616)	-35.0%
Fleet Management	2,616,048	2,020,540	2,097,990	2,538,598	(77,450)	-3.0%
Health	16,459,468	57,682,516	64,297,515	9,844,469	(6,614,999)	-40.2%
Inmate Welfare	344,579	257,450	602,029	0	(344,579)	-100.0%
Juvenile Grants	70,974	3,183,534	3,254,508	0	(70,974)	-100.0%
Land Use Planning	25,000	968,104	993,104	0	(25,000)	-100.0%
Law Library	374,781	251,800	345,765	280,816	(93,965)	-25.1%
Parks	136,405	269,250	322,308	83,347	(53,058)	-38.9%
Public Works	19,759,398	29,685,414	33,450,814	15,993,998	(3,765,400)	-19.1%
Sheriff Grants	937,210	2,843,562	3,780,772	0	(937,210)	-100.0%
Surveyor	1,396,404	527,434	640,521	1,283,317	(113,087)	-8.1%
Traffic Safety Team	1,043,744	1,685,848	2,729,592	0	(1,043,744)	-100.0%
Total Departmental	68,828,819	231,587,549	256,391,847	44,024,521	(20,205,471)	-29.4%
Non-Departmental						
Block Grant	46,204	114	46,318	0	(46,204)	-100.0%
CH2 Redevelopment	216,929	0	216,929	0	(216,929)	-100.0%
County Schools	0	166,650	166,650	0	0	0.0%
Criminal Justice Assessment	782,782	553,576	692,909	643,449	(139,333)	-17.8%
Debt Service	203,000	6,660,656	6,515,925	347,731	144,731	71.3%
Lottery Distribution	1,195,400	1,480,198	1,751,242	924,356	(271,044)	-22.7%
Non Departmental Grants	433,160	17,620	311,239	139,541	(293,619)	-67.8%
Rainy Day	2,195,900	7,685	0	2,203,585	7,685	0.3%
Self Insurance	10,533,754	24,371,842	26,377,312	8,528,284	(2,005,470)	-19.0%
Tax Title Land Sales	70,526	326,500	314,630	82,396	11,870	16.8%
Total Non-Departmental	15,677,655	33,584,841	36,393,154	12,869,342	(2,808,313)	-17.9%
Capital						
Capital Building and Equip.	288,269	1,730	0	289,999	1,730	0.6%
Capital Improvement Projects	1,919,836	1,268,397	3,188,233	0	(1,919,836)	-100.0%
Facility Renovation	8,775,000	8,104,030	16,879,030	0	(8,775,000)	-100.0%
Health Building Reserve	791,000	3,750	794,750	0	(791,000)	-100.0%
Total Capital	11,774,105	9,377,907	20,862,013	289,999	(11,484,106)	-97.5%
Total Budget	96,280,579	274,550,297	313,647,014	57,183,862	(34,497,890)	-35.8%

MARION COUNTY FY 2014-15 BUDGET SUMMARY

Footnotes to schedule of Budgeted Change in Fund Balance FY 2014-15.

1/ Although Marion County uses the terminology "Net Working Capital" instead of Beginning Fund Balance in budgeting, for purposes of showing changes in fund balance Beginning Fund Balance is used on the schedule..

2/ Revenues include all Resources except Beginning Fund Balance.

3/ Expenditures include Contingency which although not appropriated for expenditure, is also not a part of the ending fund balance.

4/ Ending fund balance includes those funds classified as reserves.

5/ The beginning fund balance is by definition also the ending fund balance of the prior fiscal year. Subtracting the ending fund balance from the beginning fund balance in effect compares the ending fund balance of two fiscal years.

6/ These types of funds usually expend all available resources by the end of each fiscal year although the Capital funds have planned ending fund balances and others do not, depending on the expenditure plan for the year.

7/ Capital funds may or may not have ending fund balances depending on planned expenditures for the year.

CONTINGENCY, RESERVES, AND ENDING FUND BALANCE COMBINED

The following page contains a schedule that shows contingency, reserves and ending fund balance separately and in total by fund and by total government. These budget items equal the sum that is not available for expenditure in FY 14-15 without a budget change approved by the Board of Commissioners under the terms of Oregon Local Budget Law.

MARION COUNTY FY 2014-15 BUDGET
SUMMARY

**Budgeted Contingency, Reserve and Unappropriated Ending Fund Balance
FY 2014-15**

	Contingency	Unappropriated Reserves	Ending Fund Balance (EFB)	Total Revenues (less NWC)	Contingency, Reserves and EFB % of Total General Fund Revenue
General Fund	1,289,485	-	4,503,262	73,288,737	
Rainy Day Fund		2,203,585	-	-	
Total	1,289,485	2,203,585	4,503,262	73,288,737	10.9%

	Contingency	Unappropriated Reserves	Ending Fund Balance	Total Budget	Contingency, Reserves & EFB as % of Total Budget
Other Funds					
Block Grant	46,318	-	-	46,318	100.0%
Building Inspection	133,586	-	638,256	2,804,704	27.5%
Capital Building and Equipment	-	289,999	-	289,999	100.0%
Capital Improvement Projects	900,157	-	-	3,188,233	28.2%
Central Services	-	-	-	21,012,473	0.0%
CH2 Redevelopment	-	-	-	216,929	0.0%
Child Support	-	-	-	1,473,090	0.0%
Children and Families	188,082	-	-	323,525	58.1%
Community Corrections	281,864	-	-	14,257,817	2.0%
County Clerk Records	-	-	-	144,710	0.0%
County Fair	26,253	-	-	361,114	7.3%
County Schools	-	-	-	166,650	0.0%
Criminal Justice Assessment	50,000	-	643,451	1,336,358	51.9%
Debt Service	-	-	347,731	6,863,656	5.1%
District Attorney Grants	215,312	-	-	1,058,240	20.3%
Dog Control	6,205	-	-	1,226,069	0.5%
Environmental Services	3,006,185	-	8,858,458	32,815,634	36.2%
Facility Renovation	45,265	-	-	16,879,030	0.3%
Fleet Management	260,000	-	2,538,898	4,636,588	60.4%
Health	5,801,627	-	9,844,469	74,141,984	21.1%
Health Building Reserve	-	-	-	794,750	0.0%
Inmate Welfare	163,778	-	-	602,029	27.2%
Juvenile Grants	-	-	-	3,254,508	0.0%
Land Use Planning	35,811	-	-	993,104	3.6%
Law Library	60,000	-	280,516	626,581	54.3%
Lottery Distribution	100,000	-	924,356	2,675,598	38.3%
Non-Departmental Grants	140,931	-	139,541	450,780	62.2%
Parks	36,000	-	83,347	405,655	29.4%
Public Works	2,592,566	-	15,993,998	49,444,812	37.6%
Self-Insurance	2,000,000	-	8,528,274	34,905,596	30.2%
Sheriff Grants	613,942	-	-	3,780,772	16.2%
Surveyor	131,949	-	1,283,317	1,923,838	73.6%
Tax Title Land Sales	10,000	-	82,396	397,026	23.3%
Traffic Safety Team	710,403	-	-	2,729,592	26.0%
Total Other Funds	17,556,234	289,999	50,187,008	286,227,762	23.8%

MARION COUNTY FY 2014-15 BUDGET
SUMMARY

COUNTY RESOURCES AND REQUIREMENTS SUMMARY

The following income summary schedule recapitulates the budget information provided in the previous pages of this section. More resources and requirements categories are shown than previously when like categories were combined.

Countywide Income Summary

FY 2014-15

FY 11-12 ACTUAL	FY 12-13 ACTUAL		FY 13-14 BUDGET	FY 14-15 ADOPTED	Increase or (Decrease) Compared to Prior Year	+/- % Prior Budget"
		RESOURCES				
57,221,364	57,828,333	Taxes	58,924,457	61,762,000	2,837,543	4.82%
2,259,909	2,560,939	Licenses and Permits	2,496,728	2,669,632	172,904	6.93%
11,929,543	13,733,003	Intergovernmental Federal	17,706,582	13,599,363	(4,107,219)	-23.20%
53,613,687	55,051,779	Intergovernmental State	59,890,812	52,726,747	(7,164,065)	-11.96%
21,524,422	19,692,819	Intergovernmental Local	21,414,653	29,642,758	8,228,105	38.42%
64,389,278	63,108,172	Charges for Services	65,434,716	63,241,629	(2,193,087)	-3.35%
21,474,785	22,492,322	Admin Cost Recovery	23,492,208	23,864,359	372,151	1.58%
2,868,837	3,548,317	Fines and Forfeitures	2,582,469	2,429,706	(152,763)	-5.92%
864,046	747,518	Interest	771,365	694,601	(76,764)	-9.95%
798,652	716,163	Other Revenues	5,616,311	223,529	(5,392,782)	-96.02%
10,947,312	8,858,822	General Fund Transfers	9,081,001	11,409,800	2,328,799	25.64%
12,474,492	5,497,688	Other Fund Transfers	12,886,717	6,394,757	(6,491,960)	-50.38%
202,608	12,461,414	Settlements	188,677	891,416	702,739	372.46%
0	850,000	Financing Proceeds	15,000,000	5,000,000	(10,000,000)	-66.67%
90,631,340	93,991,356	Net Working Capital	90,475,203	96,280,579	5,805,376	6.42%
351,200,275	361,138,643	TOTAL RESOURCES	385,961,899	370,830,876	(15,131,023)	-3.92%
		REQUIREMENTS				
		Personnel Services				
74,992,590	75,256,306	Salaries and Wages	80,535,976	82,069,074	1,533,098	1.90%
39,753,223	39,853,249	Fringe Benefits	41,726,974	44,934,579	3,207,605	7.69%
114,745,813	115,109,555	Total Personnel Services	122,262,950	127,003,653	4,740,703	3.88%
		Materials and Services				
4,246,149	4,135,984	Supplies	4,731,236	4,656,018	(75,218)	-1.59%
3,643,311	3,574,627	Materials	4,195,588	4,181,032	(14,556)	-0.35%
996,236	1,029,432	Communications	1,064,869	1,049,765	(15,104)	-1.42%
1,861,496	1,834,845	Utilities	2,088,029	1,992,687	(95,342)	-4.57%
42,200,562	44,665,901	Contracted Services	51,088,515	43,569,358	(7,519,157)	-14.72%
2,839,749	2,833,458	Repairs and Maintenance	3,250,010	3,203,681	(46,329)	-1.43%
4,411,165	4,689,649	Rentals	5,026,989	4,442,566	(584,423)	-11.63%
22,398,705	22,424,895	Insurance	24,393,126	24,184,089	(209,037)	-0.86%
2,222,730	2,256,078	Miscellaneous	2,337,554	2,531,455	193,901	8.30%
84,820,102	87,444,870	Total Materials and Services	98,175,916	89,810,651	(8,365,265)	-8.52%
20,329,413	20,840,007	Administrative Charges	21,320,392	22,113,606	793,214	3.72%
6,542,003	21,702,750	Capital Outlay	50,005,838	30,551,411	(19,454,427)	-38.90%
2,556,882	2,764,183	Debt Service Principal	3,070,349	3,770,195	699,846	22.79%
3,297,142	3,232,284	Debt Service Interest	3,336,113	3,388,394	52,281	1.57%
1,004,961	1,611,548	Special Payments	966,267	398,884	(567,383)	-58.72%
23,421,804	14,356,510	Transfers Out	21,967,718	17,804,557	(4,163,161)	-18.95%
0	0	Contingency	12,432,626	18,805,671	6,373,045	51.26%
0	0	Reserves	3,274,640	2,493,584	(781,056)	-23.85%
0	0	Ending Fund Balance	49,149,090	54,690,270	5,541,180	11.27%
256,718,120	267,061,706	TOTAL REQUIREMENTS	385,961,899	370,830,876	(15,131,023)	-3.92%
94,482,155	94,076,937	GRAND NET TOTAL	0	0	0	

MARION COUNTY FY 2014-15 BUDGET SUMMARY

FUNDS OVERVIEW

Oregon local budget law requires the use of funds in budgeting. A fund is defined as a fiscal and accounting entity of self-balancing accounts to record cash and other financial resources, related liabilities, balances and changes. Funds are segregated for specific, regulated activities and objectives.² Each fund records resources and requirements for the purpose of controlling and accounting for the specific activities for which the fund was created. Therefore, each fund is a self-contained, independent financial entity with its own assets and liabilities.

Marion County funds have gone through some reclassification as to type in accordance with Governmental Accounting Standards Board guidelines. The most well-known fund is the General Fund, which is used to account for resources and for which the Board of Commissioners has discretionary use.

General Fund

A general fund is used to account for all activities for which specific types of funds are not required. The General Fund is one of the largest funds within the county. The General Fund supports public safety and judicial activities, assessment and taxation, county clerk, and treasury within the fund, and transfers supplemental funding to other funds and departments.

Special Revenue Funds

Special revenue funds account for revenue that by federal law, Oregon statutes, or other requirements must be dedicated to specific expenditure purposes. The majority of Marion County's funds are special revenue funds. Major funds are the Community Corrections Fund, Health Fund, and Public Works Fund.

Reserve Funds

A reserve fund is a type of special revenue fund to hold moneys to be accumulated and expended for future purposes. The county has three reserve funds: (1) Rainy Day Fund, (2) Capital Building and Equipment Fund, and (3) Health Building Reserve Fund. One reserves fund, the Health IDS Reserve Fund, was closed in FY 13-14. The Health Building Reserve Fund will be closed in FY 14-15 after all its funds are transferred out.

Debt Service Fund

A debt service fund accounts for payment of principal and interest on notes payable and on general obligation long-term debt. The county has one debt service fund.

Enterprise Fund

An enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. Enterprise fund services are rendered to the general public. The county uses an enterprise fund to account for the Environmental Services Fund in public works.

Internal Service Fund

An internal service fund is similar to an enterprise fund except services are not rendered to the public. Rather, services are rendered to other departments and activities. The county uses an internal service fund titled Central Services Fund to account for central services such as financial management, human resources, and facilities operations and maintenance, risk management, and information technology.

Capital Fund

Capital funds account for the acquisition and improvement of capital facilities and acquisition of capital equipment. The county currently has four capital funds budgeted, and the Health Building Reserve Fund is categorized as capital in the county's budget presentation.

² p. 15, Local Budgeting Manual, Oregon Department of Revenue, Property Tax Division

MARION COUNTY FY 2014-15 BUDGET
SUMMARY

BUDGET BY FUND AND DEPARTMENT
Fiscal Year 2014-15 Adopted Budget by Fund and Department

Department Fund	Assessor's Office	Commissioners' Office	Business Services	Clerk's Office	Community Services	District Attorney's Office	Finance	Health	Information Technology	Justice Courts	Juvenile	Legal	Public Works	Sheriff's Office	Treasurer's Office	Capital	Non-Departmental	Total
DEPARTMENTS																		
General Fund	5,535,125			2,431,760	838,431	7,882,079				885,291	9,513,821			36,091,405	448,782		18,764,120	82,390,826
Building Inspection													2,804,704					2,804,704
Central Services		2,152,386	6,407,615				2,397,711		8,440,533			1,296,024					326,907	21,021,171
Child Support						1,473,090												1,473,090
Children and Families					323,525													323,525
Community Corrections														14,257,817				14,257,817
County Clerk Records				144,710														144,710
County Fair					361,114													361,114
District Attorney Grants						1,058,240												1,058,240
Dog Control					1,226,069													1,226,069
Environmental Services													32,815,634					32,815,634
Fleet Management													4,636,588					4,636,588
Health								74,141,984										74,141,984
Inmate Welfare														602,029				602,029
Juvenile Grants											3,254,508							3,254,508
Land Use Planning													993,104					993,104
Law Library												626,581						626,581
Parks													405,655					405,655
Public Works													49,444,812					49,444,812
Sheriff Grants														3,780,772				3,780,772
Surveyor													1,923,836					1,923,836
Traffic Safety Team														2,729,592				2,729,592
Departments Total	5,535,125	2,152,386	6,407,615	2,576,470	2,749,139	10,413,409	2,397,711	74,141,984	8,440,533	885,291	12,768,325	1,922,605	93,024,335	57,461,615	448,782	0	19,091,035	300,416,368
CAPITAL																		
Capital Building and Equipment																289,999		289,999
Capital Improvement Projects																3,188,233		3,188,233
Facility Renovation Fund																16,879,030		16,879,030
Health Building Reserve																794,750		794,750
Capital Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	21,152,012	0	21,152,012
NON-DEPARTMENTAL																		
Block Grant																	46,318	46,318
CH2 Redevelopment																	216,929	216,929
County Schools																	166,650	166,650
Criminal Justice Assessment																	1,336,356	1,336,356
Debt Service																	6,863,656	6,863,656
Lottery Distribution																	2,675,598	2,675,598
Non-Departmental Grants																	450,780	450,780
Rainy Day																	2,203,585	2,203,585
Self Insurance																	34,905,596	34,905,596
Tax Title Land Sales																	397,026	397,026
Non-Departmental Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	49,262,496	49,262,496
Total County Budget	5,535,125	2,152,386	6,407,615	2,576,470	2,749,139	10,413,409	2,397,711	74,141,984	8,440,533	885,291	12,768,325	1,922,605	93,024,335	57,461,615	448,782	21,152,012	68,353,531	370,830,876

MARION COUNTY FY 2014-15 BUDGET
SUMMARY

PROGRAMS PARTIALLY FUNDED WITH STATE RESOURCES

The State of Oregon requires that county government annual budgets must contain summary revenue and expenditure information for major programs funded in part by the state (ORS 294.444). The state stipulates the government functions covered by the report. The amounts for these functions are shown on the following table.

SUMMARY OF MAJOR PROGRAMS FUNDED IN PART BY STATE RESOURCES

	Fiscal Year 2011-12 Actual	Fiscal Year 2012-13 Actual	Fiscal Year 2013-14 Budget	Fiscal Year 2014-15 Budget
ASSESSMENT AND TAXATION				
General Resources	\$ 3,631,132	\$ 4,023,718	\$ 4,308,990	\$ 4,237,669
State Resources	1,647,038	1,490,543	1,540,911	1,366,440
Total Resources	\$ 5,278,170	\$ 5,514,261	\$ 5,849,901	\$ 5,604,109
Total Requirements	\$ 5,278,170	\$ 5,514,261	\$ 5,849,901	\$ 5,604,109
COMMUNITY CORRECTIONS				
State Resources	\$ 7,209,681	\$ 8,042,097	\$ 8,690,816	\$ 8,082,035
Other Revenue	2,600,770	1,810,765	1,937,432	2,568,770
Total Resources	\$ 9,810,451	\$ 9,852,862	\$ 10,628,248	\$ 10,650,805
Total Requirements	\$ 8,823,687	\$ 8,363,785	\$ 10,628,248	\$ 10,650,805
JAIL OPERATIONS				
General Resources	\$ 14,667,491	\$ 14,968,868	\$ 15,310,236	\$ 16,077,252
State Resources	3,507,440	3,393,874	3,730,658	4,004,564
Federal Resources	218,507	155,508	446,183	75,000
Other Revenue	1,114,595	1,135,262	1,232,720	1,302,379
Total Resources	\$ 19,508,033	\$ 19,653,512	\$ 20,719,797	\$ 21,459,195
Total Requirements	\$ 19,281,595	\$ 19,372,913	\$ 20,719,797	\$ 21,459,195
DISTRICT ATTORNEY				
General Resources	\$ 7,728,797	\$ 7,821,878	\$ 8,027,293	\$ 8,293,342
State Resources	407,305	403,063	415,510	549,283
Federal Resources	1,211,423	1,227,328	1,235,440	1,302,285
Other Revenue	100,223	145,057	120,662	268,499
Total Resources	\$ 9,447,748	\$ 9,597,326	\$ 9,798,905	\$ 10,413,409
Total Requirements	\$ 9,382,631	\$ 9,567,475	\$ 9,798,905	\$ 10,413,409
JUVENILE CORRECTIONS & PROBATION				
General Resources	\$ 9,758,257	\$ 9,991,696	\$ 10,267,201	\$ 10,401,385
State Resources	959,850	1,164,851	1,145,744	1,319,704
Federal Resources	30,210	26,422	203,584	143,284
Other Revenue	1,346,860	1,178,244	1,159,610	903,956
Total Resources	\$ 12,095,177	\$ 12,361,213	\$ 12,776,139	\$ 12,768,329
Total Requirements	\$ 11,953,125	\$ 12,292,925	\$ 12,776,139	\$ 12,768,329
PUBLIC HEALTH				
General Resources	\$ 2,263,193	\$ 2,237,281	\$ 2,248,746	\$ 2,254,425
State Resources	3,697,476	3,675,387	3,777,982	3,455,957
Federal Resources	120,992	128,087	111,196	118,251
Other Revenue	5,270,091	6,120,484	6,266,096	6,788,632
Total Resources	\$ 11,351,752	\$ 12,161,239	\$ 12,404,020	\$ 12,617,265
Total Requirements	\$ 8,862,463	\$ 9,221,481	\$ 12,404,020	\$ 12,617,265
MENTAL HEALTH AND CHEMICAL DEPENDENCY				
General Resources	\$ 1,203,254	\$ 1,202,401	\$ 1,190,936	\$ 1,185,260
State Resources	17,825,780	18,254,477	17,412,493	14,866,108
Federal Resources	-	155	79,500	70,125
Other Revenue	33,923,010	33,653,368	36,605,316	45,403,229
Total Resources	\$ 52,952,044	\$ 53,110,401	\$ 55,288,245	\$ 61,524,722
Total Requirements	\$ 41,498,148	\$ 42,813,681	\$ 53,288,245	\$ 61,524,722

MARION COUNTY FY 2014-15 BUDGET
SUMMARY

SUMMARY OF MAJOR PROGRAMS FUNDED IN PART BY STATE RESOURCES

	Fiscal Year 2011-12 Actual	Fiscal Year 2012-13 Actual	Fiscal Year 2013-14 Budget	Fiscal Year 2014-15 Budget
ROADS				
General Resources	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000
State Resources	16,797,782	17,131,834	18,992,755	19,380,159
Federal Resources	2,921,948	3,881,371	9,127,263	6,549,189
Other Revenue	20,275,964	22,031,559	20,347,857	23,512,464
Total Resources	\$ 39,999,694	\$ 43,048,764	\$ 48,471,875	\$ 49,445,812
Total Requirements	\$ 18,265,240	\$ 23,464,352	\$ 48,471,875	\$ 49,445,812
ECONOMIC DEVELOPMENT				
General Resources	\$ 744,834	\$ 489,661	\$ 688,627	\$ 574,889
State Resources	50,002	48,110	48,110	50,964
Video Lottery Resources	1,464,136	1,408,021	1,432,553	1,376,388
Other Revenue	1,191,918	1,791,354	2,035,701	2,027,635
Total Resources	\$ 3,450,890	\$ 3,737,146	\$ 4,204,991	\$ 4,029,876
Total Requirements	\$ 2,630,819	\$ 2,519,663	\$ 4,204,991	\$ 4,029,816

MARION COUNTY FY 2014-15 BUDGET
SUMMARY

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