

MARION COUNTY PROPOSED FY2009-10 BUDGET
SUMMARIES

BUDGET OVERVIEW

The fiscal year 2009-2010 proposed budget totals \$329,683,511. This is a \$4,623,387 decrease from the total fiscal year 2008-2009 budget of \$334,306,898 as updated through the second supplemental budget. Oregon local budget law requires a balanced budget to be adopted by the governing body. Therefore, total resources and total requirements are both equal to this amount.

The budget includes a \$73,336,855 general fund and \$256,346,656 for all other funds. Some county departments are funded partially or entirely through the general fund which includes property tax revenues and fees. The majority of non-general fund revenues are federal, state and other agencies' contracts and grants that must, by law, be spent for specific purposes.

Resources

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 one department providing a service to another. 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 \$329,683,511.

FY 2009-2010 Resources						
Fund	Net Working Capital	Administrative Cost Recoveries	Transfers In	Financing (Loan) Proceeds	Current Revenues	Total Resources
General Fund	7,379,085	-	4,139,267	-	61,818,503	73,336,855
All Other Funds	73,704,755	40,686,946	11,814,733	9,998,208	120,142,014	256,346,656
Total	81,083,840	40,686,946	15,954,000	9,998,208	181,960,517	329,683,511
% of total	25%	12%	5%	3%	55%	100%

Requirements

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 budget includes an allocation for contingency. A subsequent budget amendment is required to transfer appropriation authority from this category into expenditure categories. The total budget also includes unappropriated reserves and unappropriated ending fund balance (collectively, unappropriated balance) that cannot be expended during the year while they are budgeted in those categories.

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The total requirements budget is \$329,683,511. This is the sum of the expenditures budget plus transfers out, contingency and unappropriated balance.

The expenditures budget is \$259,979,633. 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 unappropriated ending fund balance which total \$69,703,878 is excluded from the expenditures total.

Total direct expenditures are \$221,519,935. This is the direct expenditure (resulting in cash outlays) for personal services, materials and services, capital outlay and special payments.

FY 2009-2010 Requirements

Fund	Total Direct Expenditures	Administrative Charges *	Transfers Out	Contingency	Reserves and Unappropriated Balance	Total Requirements
General Fund	48,932,672	9,567,021	10,344,876	989,367	3,502,919	73,336,855
All Other Funds	172,587,263	12,935,231	5,612,570	25,742,109	39,469,483	256,346,656
total	221,519,935	22,502,252	15,957,446	26,731,476	42,972,402	329,683,511
% of total	67%	7%	5%	8%	13%	100%

* Internal service charges.

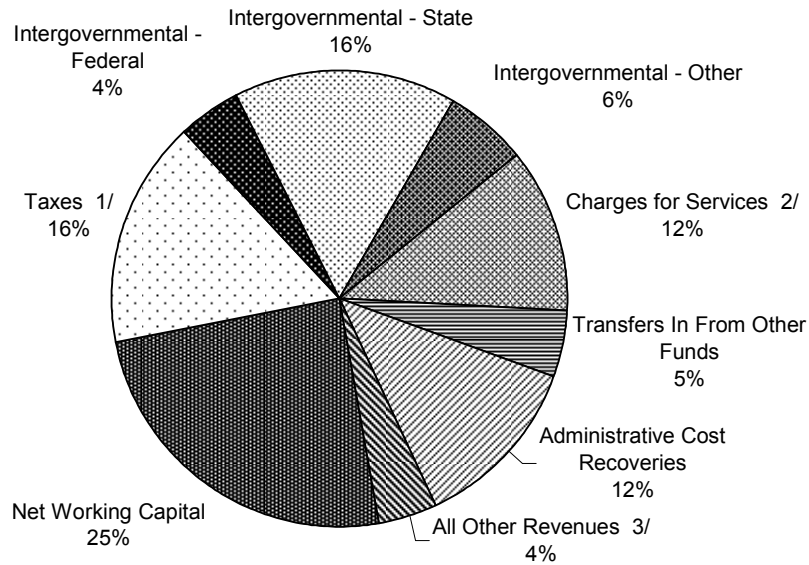
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WHERE THE MONEY COMES FROM

Total County Resources

The county's \$329,683,511 revenues and other available resources are shown in major categories as follows.

**Marion County FY 2009-10 Budget
Total Resources**



Net Working Capital	\$	81,083,840
Taxes 1/		53,620,909
Intergovernmental - Federal		14,654,865
Intergovernmental - State		51,675,120
Intergovernmental - Other		19,931,587
Charges for Services 2/		38,148,819
Transfers In From Other Funds		15,954,000
Administrative Cost Recoveries		40,686,946
All Other Revenues 3/		13,927,425
TOTAL	\$	<u>329,683,511</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, other charges for services.

3/ Includes fines, interest, financing proceeds and miscellaneous revenue.

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PRINCIPAL EXPENDITURES

Personal Services

The County's personnel regulations allow for an annual 5 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 (i.e., 7) in their grade level, or are at longevity pay steps for 10 or 15 years 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 pay increases down.

Through prudent management of Public Employee Retirement System (PERS) liabilities, the County was able in prior years to reduce PERS assessments to departments (per employee). Limited Tax Pension Obligations were issued in 2002 and 2004, and the total net proceeds of \$43.6 million were transferred to the Oregon PERS, which eliminated the county's unfunded actuarial liability. In addition, through the annual assessment to departments, a PERS reserve was created to offset potential excessive increases in the employer contribution rate the county may be required by law to pay into the Oregon Public Employees Retirement System. These increases have not materialized, and the amount of reserve (which is now incorporated in the Rainy Day Fund) has been deemed sufficient for near future needs. Beginning in FY2008-09, major bargaining units converted to a county-paid PERS contribution in place of an employee PERS contribution. This was done by permanently reducing employees compensation credit benefits by 40 hours and a one-time exchange of a three percent budget cost-of-living allowance for employer payment of six percent PERS contribution.

A strict policy of requiring vacant positions to be budgeted no higher than a step 2 has had a significant effect in some funds and programs in lowering the personal services budget. This is particularly true for positions that became vacant when the incumbent was being paid at step 7 or longevity, and departments were 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 2 requires human resources and personnel officer approval.

A normal increase in the cost of personal services for FY2009-10 is in the range of two to five percent for funds, departments and programs. This depends on the number of employees in step 7 and longevity, the number of vacant positions budgeted to be filled at lower steps, and the amount budgeted for temporary wages and overtime pay. In addition, individual employee fringe benefits have decreased proportionate to pay as discussed in the following paragraph. Variances from the normal two to five percent range are a result of adding or reducing positions.

Several wage and benefit changes were pending bargaining agreements with unions at the time of board of commissioner approval of the budget. Cost-of-living allowances (COLA), employer assumption of the employee Public Employee Retirement System (PERS) 6% contribution, and reduction in number of hours of compensation credit pay was still not settled for several bargaining units.

The trend in personal services has been to reduce reliance on temporary employees and payment of premium (overtime) pay, and shift this cost to regular positions. There is also a 4% increase in the budgeted annual cost of medical and dental insurance premiums.

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Materials and Services

Departments are not allowed to budget for across-the-board increases in materials and services. High inflation items such as construction materials and petroleum oil products, as well as some contracted services, have put a strain on some program budgets. Non-general fund programs have been allowed to reflect these inflationary increases to the extent that available resources allow. Such inflationary increases are reviewed and allowed on a case-by-case basis. General fund and central services fund program budgets 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. A selection of major expenditures is shown below.

Materials and Services - Major Expenditures > \$250,000 Budget FY 2009-10

<i>Account Description</i>	<i>Actual FY2007</i>	<i>Actual FY2008</i>	<i>Budget FY2009</i>	<i>Proposed FY2010</i>
52101 Office Supplies	494,657	489,602	553,552	510,657
52107 Departmental Supplies	564,163	442,452	512,347	419,861
52112 Drugs (Pharmecutical)	402,662	395,995	409,371	423,346
52121 Gasoline	1,149,884	1,257,490	1,424,538	1,138,875
52122 Diesel	300,933	407,460	502,050	386,600
52201 Liquid Asphalt	782,922	153,969	1,494,322	322,873
52202 Crushed Rock	298,031	247,786	940,495	440,917
52207 Paint	485,488	350,368	493,750	491,000
52210 Parts	372,293	247,964	310,500	330,250
52217 Computer Equipment (<\$5,000)	320,743	354,589	395,005	389,166
52219 Asphalt Concrete	570,912	679,792	525,312	411,936
52304 Data Connections	247,705	365,109	355,123	357,476
52305 Postage	374,327	357,392	454,813	404,119
52306 Cellular Phones	123,441	160,935	143,346	256,046
52401 Electricity	1,004,510	1,098,590	1,103,081	1,272,691
52404 Natural Gas	366,428	389,754	387,984	441,362
52510 Engineering Services	294,375	394,117	433,226	503,375
52511 Communication Services	892,949	997,311	1,072,959	1,112,940
52520 Pyschiatric Services	553,347	490,936	609,090	593,565
52530 Food Services	1,084,493	1,089,973	1,238,736	1,279,319
52544 Printing Services	587,461	494,202	691,738	588,566
52545 Advertising	545,382	526,072	552,726	549,679
52552 Waste to Energy Contract	12,336,434	8,920,570	8,615,900	9,599,000
52554 Transfer Station Contracts	2,048,701	1,861,054	2,202,900	2,007,900
52576 Solid Waste Contracts	904,537	838,396	960,000	945,000
52577 Security Services	275,031	273,425	351,955	402,141
52583 Health Contracts	44,691,951	14,501,365	16,636,604	16,812,796
52585 Consultations	176,684	467,091	275,000	450,000
52599 Miscellaneous Contractual Services	7,327,985	6,380,639	12,727,185	9,195,533
52602 Maint - Vehicle	662,807	738,423	619,164	635,343
52605 Maint - Building & Grounds	586,593	716,587	555,881	672,177
52610 Maint - Software	652,637	646,149	843,808	762,539
52703 Building Rental - Private	810,022	763,406	963,151	1,021,923
52704 Equipment Rental	242,106	293,348	273,097	303,674
52722 Fleet Leases	0	5,222	1,498,843	1,407,310
52815 Health Insurance Premium	11,598,348	12,546,297	15,097,332	15,576,503
52816 Dental Insurance Premium	1,406,182	1,527,842	1,741,080	1,863,292
52841 Liability Claims	550,447	911,804	439,800	545,900
52843 Unemployment Claims	133,236	195,140	289,000	306,600
52846 LTD Claims	40,483	208,354	141,475	273,314
52851 Wkr Comp Claims	321,937	250,290	632,600	688,343

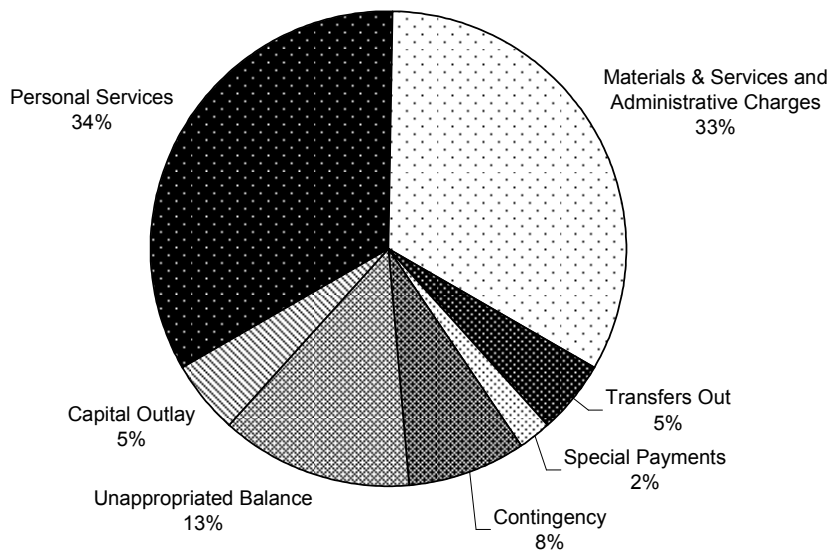
MARION COUNTY PROPOSED FY2009-10 BUDGET
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WHERE THE MONEY GOES

Total County Requirements

The county's \$329,683,511 requirements budget is allocated to expenditures and other purposes as shown below.

**Marion County FY 2009-10 Budget
Total Requirements**



Personal Services	110,432,082
Materials & Services and Administrative Charges	109,598,083
Transfers Out	15,957,446
Special Payments 1/	7,668,155
Contingency	26,731,476
Unappropriated Balance 2/	42,972,402
Capital Outlay	16,323,867
TOTAL	<u>329,683,511</u>

1/ Primarily debt service, with some distributions to taxing districts.

2/ Includes reserves.

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Resources and Requirements Compared to Prior Years

TOTAL COUNTY RESOURCES AND REQUIREMENTS

	FY2006-07 Actual	FY2007-08 Actual	FY2008-09 Budget	FY2009-10 Proposed
RESOURCES				
Property Taxes	47,477,850	49,504,414	51,948,519	53,160,909
Franchise Taxes	507,086	488,828	460,273	460,000
Federal Revenues	14,386,654	14,319,694	11,137,045	14,654,865
State Revenues	77,850,054	54,408,697	57,546,785	51,675,120
From Counties	975,245	766,461	889,596	839,625
From Cities	509,170	369,450	483,247	556,999
From Other Agencies and Funds	14,507,661	15,865,249	16,942,320	18,534,963
Fees, Charges for Services, Licenses, Permits	39,684,220	40,278,999	40,063,784	38,148,819
Fines and Forfeitures	2,464,446	2,465,015	2,264,133	2,283,247
Investment Interest and Fees	4,905,637	4,511,483	2,729,306	1,477,649
Other - Miscellaneous	605,446	442,589	500	-
Insurance Settlements	1,697,503	295,247	178,515	173,321
Transfers In - Fund to Fund	5,667,283	7,037,248	12,666,327	5,604,124
Transfers In - General Fund to Other Funds	9,255,289	9,632,125	9,679,772	10,344,876
Financing Proceeds	-	78,283	1,326,595	9,998,208
Administrative Cost Recoveries	32,640,389	34,651,849	40,008,351	40,686,946
Net Working Capital	79,149,666	78,963,454	85,981,830	81,083,840
total resources	332,283,600	314,079,085	334,306,898	329,683,511
REQUIREMENTS				
Personal Services	96,426,134	101,545,632	114,298,584	110,432,082
Materials and Services	107,997,972	74,813,914	90,776,239	87,095,831
Administrative Charges	18,859,730	19,750,492	22,408,677	22,502,252
Capital Outlay	7,918,108	6,164,520	7,508,095	16,323,867
Special Payments	2,892,074	1,663,740	1,963,727	857,087
Special Payments - Debt Service	4,303,556	5,102,049	5,384,042	6,811,068
Transfers Out - Fund to Fund, Outside Agencies	14,922,572	16,669,373	22,335,801	15,957,446
subtotal expenditures	253,320,145	225,709,720	264,675,165	259,979,633
Contingency*	-	-	9,412,163	26,731,476
Unappropriated Reserves*	-	-	9,341,000	9,173,680
Unappropriated Ending Fund Balance*	-	-	50,878,570	33,798,722
total requirements	253,320,145	225,709,720	334,306,898	329,683,511

* Expenditures are not allowed in contingency, unappropriated reserves, and unappropriated ending fund balance; these are budget items only.

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