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MARION COUNTY FY 2012-13 BUDGET BUDGET OVERVIEW

ORGANIZATION OF THE BUDGET BOOK

Within county departments and in capital and non-departmental services the county is organized and managed by program. The budget is presented to the budget committee and the Board of Commissioners in a format that emphasizes programs, with program financial reports and budget narratives. However, budget information by fund is also presented, and the budget is approved by the Budget Committee and adopted by the Board of Commissioners by fund and appropriation category as required by State of Oregon local budget law. Budget summary and line item detail – but not narratives – are stated at fund level. The fund and program mix is diverse. There are some funds that have only one program. Other funds have multiple programs. Some funds share parts of programs with other funds, e.g., a program can cross more than one fund.

The book begins with the budget officer's message, which sets forth proposed financial policies and changes in financial policy for the ensuing budget year, reasons for the most important changes in the proposed budget from the current year, and generally establishes the setting and policy tone for the proposed budget.

The **Budget Message** by Marion County's Budget Officer, John Lattimer, presents his proposed budget to the budget committee, and explains the budget document, among other purposes. The budget document presented to the budget committee is not identical to this budget book. While all the information presented to the budget committee is contained in this budget book, more information is added for other parties who do not have the same familiarity with Marion County as the budget committee members.

About Marion County provides information about the county and its people and its economy. The **Strategic Direction** section discusses the county's strategic plan, with priorities, goals, and key indicators. The **Budget Overview** section describes the financial policies, budget constraints and requirements, an outline of the statutory budget process in Oregon, and a glossary of budget terminology.

The **Summary** section is about the total county budget. Resources and requirements are summarized by category and pie charts display allocations to these categories. Key revenues and principal expenditures are discussed. Total county budget by materials and services subcategories is shown. There are tables showing the amount of state revenue dedicated to specific county services.

The **Departments** section displays tables and discusses each department's budget by program and category and a summary of funds as well as fund line items. Detailed key indicators are presented, as are department key accomplishments.

The **General Fund** merits a separate section as it is the largest discretionary funding source of the Board of Commissioners. It also funds all or part of seven departments and considerable non-departmental activities.

The **Capital Budget** section discusses capital improvements by program. Several capital programs go across more than one capital fund. Capital funds are summarized.

The **Non-Departmental** section covers programs and activities that are not a part of any department's budget. They serve a variety of purposes, and often reflect the type of fund of which they are part. These programs and funds encompass debt service, dedicated reserves, insurance, non-departmental activities that provide support to departments, and special revenues that are distributed to departments or outside agencies.

The **Funds** section describes the types of funds budgeted by the county, and provides summary financial reports for each of the county's funds. There are departmental, non-departmental, and capital funds. **Funds Detail** provides a report of line item resources and requirements by fund.

The **Appendices** contain information that is required by law to be included in a county budget as well as supplemental information for the reader's interest.

MARION COUNTY FY 2012-13 BUDGET BUDGET OVERVIEW

FINANCIAL POLICIES

In the State of Oregon, many financial policies and procedures are dictated by state statute. For example, Oregon Budget Law found in Oregon Revised Statutes Section 294 is designed to:

- Establish standard procedures for preparing, presenting, and administering the budgets of Oregon's local governments,
- Encourage citizen involvement in the preparation of the budget before its final adoption,
- Provide a method of estimating revenues, expenditures, and proposed taxes, and
- Institute a method of control of revenues and expenditures for the promotion of efficiency and economy in the expenditure of funds.¹

For example, the budget must be adopted by fund, and the resources must equal the requirements for each fund, in effect requiring a balanced county budget. Adherence to Oregon law is to all intents and purposes Marion County policy; in effect Marion County follows many state financial policies.

The Marion County Board of Commissioners has adopted the following budget and other financial management policies. Each policy also has counterpart procedures not presented in this book.

General Reserves

The purpose is to establish policy regarding the development and maintenance of a prudent level of resources to ensure the future financial stability of the county.

- It is the policy of the Marion County Board of Commissioners that procedures will be developed to determine the appropriate amount to be budgeted for general fund contingency (no less than 1% of General Fund resources), unappropriated ending fund balance (no less than 5% of General Fund resources) and rainy day fund unappropriated reserves.

Position Control

The purpose is to establish a policy to manage increases in the number of personnel positions in department programs.

- It is the policy of Marion County that departments and programs may increase the total number of full-time equivalent (FTE) personnel positions over approved program budget levels only when there is new revenue to support such positions. All FTE increases must be approved through the budget process.

Vacant Positions Termination

The purpose is to establish budget policy and procedure concerning the handling of vacant positions whenever it is clear that such positions will not be filled during the current or ensuing budget year.

- Personnel positions that have not been filled or are not currently under recruitment during the current fiscal year shall not be included in a department's requested annual budget for the ensuing fiscal year. Elimination of vacant positions must be done in accordance with Marion County Personnel Rules.

¹ State of Oregon, Department of Revenue web site. www.oregon.gov/DOR/PTD

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Restrictions of Backfills

The purpose is to establish a policy for setting the conditions under which reduced or eliminated program resources may be replaced by General Fund transfers.

- It is the policy of Marion County that general fund resources shall not be transferred to backfill, i.e., replaced, reduced or eliminated federal, state, foundation or other grant or contract funding, or any other program resource, unless specific conditions set by the Board of Commissioners are met.

Transfers Between Departmental Appropriation Categories

The purpose is to establish a policy that substantiates Board of Commissioners' authority to approve budget appropriation transfers.

- It is the policy of Marion County that the transfers of monies between departmental appropriation categories, using the object classifications of reserves, special payments, transfers, contingency, capital outlay, materials and services, and personal services, require prior authorization by the Board of Commissioners.

Administrative Charges

The purpose is to establish the use of administrative charges as a means to financing the operations of centralized activities of county departments and programs.

- It is the policy of Marion County to identify the full cost of delivering programs and services that benefit the county as a whole. Administrative charges provide a useful means of accounting for such centralized activities as human resources, financial services, risk and facilities management, information technology, and Board of Commissioners' oversight. It is the intent of the Board of Commissioners that all departments, agencies, and funds receive a fair allocation of cost of the central services operations of Marion County.

Administrative Charges on Grants

The purpose is to ensure that outside grants and contracts are allocated a share of the cost of central administrative charges.

- Administrative charges must be budgeted as a reimbursable cost or as in kind cost to maintain consistency in the application of administrative charges.

Capital Outlay Appropriations

The purpose is to establish the guidelines and procedures to be used concerning capital outlay appropriations.

- Capital outlay items will be budgeted and appropriated during the annual budget process. A capital projects fund will be established. All capital purchases supported by the General Fund shall be expended from this fund. Non-General Fund capital purchases will be budgeted in the fund from which the expenditures will be incurred. All capital purchases will be monitored by the capital projects coordinator, and reviewed by the Budget Committee. Requests for capital items not submitted during the annual budget process may be considered during the year through the supplemental budget process.

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Capital Improvement Project Document

The purpose is to establish an official statement of public policy regarding the physical maintenance and development of Marion County's infrastructure.

- It is the policy of Marion County to maintain a sound and workable capital improvement project plan. The CIP document shall be the basis for a system for the proposal, approval, execution, oversight, and monitoring of all Marion County capital improvement projects on financial and production bases. The CIP document is a long range strategic document which identifies CIP's well in advance of need.

Fixed Asset Control

The purpose of the policy is to establish accountability for county fixed assets at the department level.

- It is the policy of Marion County that each department head and elected official will be responsible for the inventory, tagging and control of all fixed assets in his or her department.

Other Financial Policies

There are other Marion County policies that have an indirect relationship to development and execution of the county budget.

- Assessing fees for services provided by the county to outside agencies and organizations.
- Collection of accounts receivable.
- Annual audits.
- Revenue bonds in partnership with nonprofit agencies.
- Payment card processing.
- Investment of public funds.

MARION COUNTY FY 2012-13 BUDGET
BUDGET OVERVIEW

BUDGET PARAMETERS

Budget parameters are budget officer requirements with which departments must comply when preparing their budget requests. They accompany the budget instructions. A budget parameter can remain the same in the long-term, or change annually. In effect, most are budget policies. Although it is not common, a budget parameter may be changed after the budget process begins, particularly one that is subject to employee bargaining agreements subsequent to the budget officer's message.

Budget Parameters FY 2012-13

1. Adopt the recommendation of the Treasurer that interest income be calculated at a rate of return of 0.10% (ten one-hundredth of one percent) for all funds. The rate is a net of investment interest of 0.35% less an investment fee of 0.25% charged by the Treasurer for management of the funds.

2. A zero percent (0%) cost-of-living allowance (COLA) is to be budgeted for all pay units except MCLEA unit 5 which is 1.0% COLA.

3. Health insurance (medical and dental) will be budgeted at composite rates per FTE, including FTE of 0.5 or greater. The rates are determined from known cost caps per plan elements for the period July 1, 2012 – December 31, 2012 and an estimated percent increase for the period January 1, 2013 – June 30, 2013 (e.g., the second one-half of the fiscal year). Second one-half rates are calculated as 10% greater than first one-half for all plans.

The rate for unit 5 (MCLEA) is \$1,388 mo. / \$16,656 yr. For all other units including management the rate is \$1,330 mo. / \$15,960 yr.

4. PERS expenses will be budgeted at 15.5% for positions for units for which the County pays the 6% employer pick-up of PERS. The budgeted rate of units 5 and 7 will be 9.5%.

An additional 4.5% assessment for debt service on PERS bonds will also be applied to all positions.

5. Follow the recommendation of the Council of Economic Advisors for forecasting property tax and other major General Fund revenues. Review major non-General Fund revenue forecasts with the Council for their judgment on reasonableness of assumptions.

6. Departments must fully justify the use of temporary workers for each department program.

7. All requested and approved new positions will be budgeted for 22 pay periods (there are 26 pay periods in a year). Vacant positions will be eliminated in accordance with current county administrative policy and procedures. Budgeting of new positions for less than a full year recognizes the time needed for recruitment and hiring; elimination of vacant positions also addresses over-budgeting for Personal Services. All new positions must be budgeted at step 1.

8. No automatic inflationary increases in Materials and Services (M&S) will be allowed in the budget for either General Fund or Central Services departments. Total M&S amounts for General Fund programs that are in excess of the current year budget require a decision package. The current year budget is not a base budget that is automatically repeated. M&S, as well as Personal Services, is subject to reduction at any time budget analysis and financial circumstances indicate such action is prudent.

9. One-time Materials and Services appropriations in the current fiscal year budget shall be removed from the budget request (i.e., contractual services for a specific project, start up costs, etc.).

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10. All light duty vehicles belong to the Marion County fleet. For departments assigned light duty vehicles, lease, repair and maintenance will be charged to departments in accordance with fleet management policy and procedures. Pool vehicle program charges are also established by fleet management policy.
11. Purchases or leases of all computer desktop, laptop and other computer equipment, printers, copiers, scanners, digital cameras, multi-media machines, and other electronic devices that require network access must be approved by the Information Technology Department before inclusion in departmental budgets.
12. Capital acquisitions must be requested on the appropriate budget form and entered in BUD directly. Capital improvement projects must be contained in the five year plan and must be approved by the Budget Officer for inclusion in the budget request.
13. Departments must submit requests to carry forward capital improvement project appropriations from FY 2011-12. If a project has not been started, a new request must be submitted for prioritization against other new requests. Capital Outlay and capital improvement project policies and procedures must be followed.
14. The Budget Officer will recommend the amount of General Fund resources to be set aside for Capital Outlay appropriations. These amounts will be managed in appropriate capital funds.
15. Central Services Fund departments will be required to prepare their budgets prior to other departments to ensure that the amount of Administrative Charges to be allocated to the other departments is firm.
16. The Budget Officer will recommend an amount to be budgeted for General Fund Contingency that meets the General Reserves policy. General Fund departments may **not** budget for Contingency.
17. Departments may not budget Contingency amounts of more than 10% of the total fund requirements in funds with a majority of non-General Fund revenue without budget officer permission. Available amounts in excess of the 10% must be budgeted in Ending Fund Balance.
18. All requests for new programs and program enhancements must be submitted as individual decision packages. Departments must carefully consider submitting decision packages requests. Decision packages are not meant to reflect a department's entire wish list and few General Fund decision packages will be approved due to financial constraints.
19. Departments that propose to continue programs, projects or special activities no longer supported by outside funding or requiring a shift in funding from the prior year, must submit a decision package to do so, clearly identifying new or proposed financing sources. This must be done within the conditions of the restrictions on backfills policy regarding General Fund resources.
20. Decision packages will be included in the total department requested budget. They will be removed from the budget if the Budget Officer does not approve their inclusion in the budget at the Budget Officer proposed stage. Departments may not submit as alternatives two or more decision packages that are for similar purposes.

BUDGET MANUAL

Budget Manual FY 2012-13

The Finance Department maintains a budget manual that is the guideline for planning, preparing and executing a budget. It describes the process and requirements of preparation and execution of the budget. The manual is updated annually to reflect current requirements for both form and content of department budgets, and budget execution requirements. The manual is available on the county intranet at the Finance Department website.

MARION COUNTY FY 2012-13 BUDGET BUDGET OVERVIEW

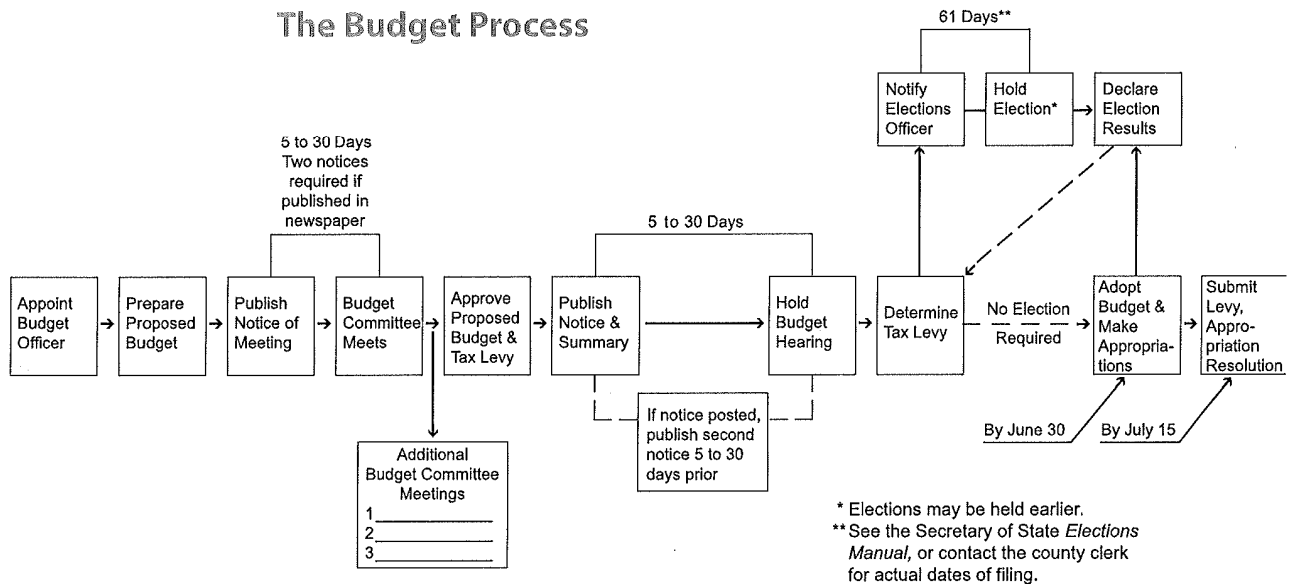
BUDGET PROCESS

The Marion County budget is a financial plan with estimates of resources (revenues) and requirements (expenditures), for a single fiscal year. The fiscal year begins on July 1 and ends on June 30.

According to Oregon's local budget law, each county must have a budget officer appointed by the governing body. Marion County's chief administrative officer also serves as the budget officer. The budget officer is responsible for preparing, or supervising the preparation of, a proposed budget that will be presented to the county's budget committee. A budget committee is another legal requirement of Oregon's local budget law. The Marion County Budget Committee is comprised of three citizens of the county, who are not county employees, and the three county commissioners. The make-up of the budget committee ensures that citizens/electors are involved in the budget process.

In Marion County, the budget development process begins in late fall and ends with adoption of the budget by the Board of Commissioners by June 30 of each year. Budgeting is a continuous cycle. After the budget is adopted, revenues and expenditures are monitored in order to ensure that expenditures do not exceed budgeted amounts, by categories specified by Oregon's local budget law. Necessary adjustments to the budget are made during the fiscal year through the supplemental budget process. Marion County typically has one to three supplemental budget actions during the fiscal year.

Budgets for the General, Special Revenue, Debt Service and Capital Project Funds are adopted on a modified accrual basis of accounting, the same basis used in the county's financial statements. Budgets for the Enterprise and Internal Service Funds are also adopted on a modified accrual basis which differs from financial reporting in that depreciation and accrued vacation pay are not budgeted. The budget is prepared in accordance the basis of accounting used during the preceding year.



Source: Local Budgeting in Oregon, Oregon Department of Revenue

MARION COUNTY FY 2012-13 BUDGET

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Outline of the Budget Process According to Local Budget Law

The following overview is taken from the Oregon Department of Revenue Local Budgeting Manual revised May 2012 to reflect changes to the law passed in 2011 and which took effect on January 1, 2012. References to sections that were renumbered in the current law, and references to other chapters in the Local Budget Manual have been removed. ORS is the Oregon Revised Statutes and Chapter 294 is the Local Budget Law, e.g., ORS 294.

1. **Appoint budget officer** (ORS 294.331).

2. **Appoint electors to the budget committee** (ORS 294.414). The budget committee consists of the governing body of the local government and an equal number of electors appointed by the governing body.

3. **Prepare proposed budget** (ORS 294.426). The budget officer prepares or supervises the preparation of a proposed budget to present to the budget committee.

4. **Publish notice of budget committee meeting** (ORS 294.401). After the proposed budget is prepared, the budget officer publishes a "*Notice of Budget Committee Meeting*." The notice must contain the date, place and time of the budget committee's first formal meeting, and of the meeting in which public comment will be heard. It may contain notice of several meetings, if the budget officer anticipates that more than one meeting will be needed.

- If the sole form of notice is publication in a newspaper, it must be published at least twice, five to 30 days before the scheduled budget committee meeting date.
- If the notice is published both in a newspaper and online, it need only be published once in the newspaper, but the publication must include the website address for the online publication, and it must be published online for at least 10 days before the meeting.
- If the notice is hand delivered or mailed, only one notice is required, not later than 10 days before the meeting.

5. **Budget committee meets** (ORS 294.426). The budget message is delivered at the first budget committee meeting. The budget message explains the proposed budget and any significant changes in the local government's fiscal policy or financial position. After the initial meeting, the budget committee may meet as many times as needed to revise and complete the budget. At least one meeting must provide the opportunity for questions and comments from any interested person. The budget committee is allowed to meet for training and advisory reviews throughout the year, but the budget may not be deliberated before the first meeting for which notice is published. All meetings are subject to Oregon's Public Meetings Law (ORS Chapter 192).

The budget officer may make the proposed budget available to the members of the budget committee at any time before the first meeting, or may distribute the budget at the first meeting. At the time the budget is given to the committee, a copy must be filed in the office of the district. The budget becomes a public record at this point and must be made available to anyone who is interested in viewing it.

6. **Budget committee approves budget** (ORS 294.428). The budget committee considers the budget proposed by the budget officer and comments made by the public and may make additions or deletions. When the budget committee is satisfied, it approves the budget. The budget approved by the committee specifies the amount or rate of each ad valorem tax levy. Approval of the budget and of the amount or rate of tax should be by motion and be recorded in the minutes of the meeting.

7. **Publish budget summary and notice of budget hearing** (ORS 294.448). After the budget is approved, the governing body of the local government must hold a budget hearing. The governing body must publish a "*Notice of Budget Hearing and Financial Summary*" five to 30 days before the scheduled hearing. This information must either appear in a newspaper of general circulation, be mailed or hand delivered. See Chapter 9 for more detail on publication requirements.

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8. **Hold budget hearing** (ORS 294.453, renumbered from 294.430). The governing body must hold the budget hearing on the date specified in the public notice. The purpose of the hearing is to listen to citizens' testimony on the approved budget. Additional hearings may be held. All hearings must be open to the public.

9. **Adopt budget, make appropriations, impose taxes, and categorize taxes** (ORS 294.456). The governing body may make changes in the approved budget before it is adopted. Before the beginning of the fiscal year to which the budget relates, the governing body can also make changes to the adopted budget. However, if the governing body wants to make any of the following changes, they must first publish a revised "*Notice of Budget Hearing and Financial Summary*" and hold another public hearing:

- If the governing body increases taxes over the amount approved by the budget committee.
- If the governing body increases estimated expenditures in a fund over the amount approved by the budget committee by more than \$5,000 or 10 percent, whichever is greater.

After the budget hearing, and after considering public testimony, the governing body prepares a resolution or ordinance that formally adopts the budget, makes appropriations and, if property taxes are needed, levies and categorizes each tax. The budget is the basis for making appropriations and certifying the taxes. The resolutions or ordinances adopting the budget and making appropriations must be adopted no later than June 30.

10. **Certify taxes** (ORS 294.458, renumbered from 294.555). The next step in the budget cycle is to certify any property taxes to the county assessor. Taxes must be certified every year, even if the local government operates on a biennial budget.

The documents submitted to the assessor's office by a taxing district subject to Local Budget Law are:

- Two copies of the notice of levy and the categorization certification (Form LB-50, ED-50 or UR-50). This form authorizes the assessor to place the district's taxes on the property tax roll.
- Two copies of the resolution statements that adopt the budget, make appropriations, and impose and categorize taxes; and
- Two copies of any successful tax ballot measures for new taxes being imposed for the first time.

11. **Post-adoption.** After the preceding steps have been completed, changes to the budget are restricted by statute:

- ORS 294.338 authorizes certain appropriations as an exception to the budget process.
- ORS 294.463 governs the transfer of appropriations within a fund or from the general fund to another fund.
- ORS 294.481 provides for the expenditure of funds to repair or replace property that has been damaged or destroyed. It also allows funds to be expended because of a civil disturbance or natural disaster.
- ORS 294.468 authorizes loans from one fund to another.
- ORS 294.471 and 294.473 specifies the conditions under which a local government may adopt a supplemental budget, and explains the process.
- ORS 294.338 provides exceptions to the budget process for certain debt service expenditures.

MARION COUNTY FY 2012-13 BUDGET BUDGET OVERVIEW

Budget Development Participants

Budget Committee

Oregon local budget law requires that the governing body of each local government must establish a Budget Committee. Budget committees are composed of the governing body and an equal number of electors appointed by the governing body. Marion County, with three elected commissioners, appoints three elector members to the Budget Committee. The committee meets publicly to review the budget document as proposed by the budget officer. The committee receives the budget and the budget message and provides an opportunity for public comment on the budget. The committee makes adjustments based on input and then approves the budget.

Qualified voters who have the right to vote for the adoption of any measure may be appointed to the Budget Committee. Citizen members serve staggered terms of up to four years. They may be appointed for multiple terms. The Budget Committee meets in May and early June of each year to consider the upcoming budget, and may meet at other times during the year to be brought up to date on current budget developments.

Budget Development Team

The county used a team approach to developing the fiscal year 2012-13 budget. At each phase of the budget process, team members contributed expertise as required. The Chief Administrative Officer, who also serves as budget officer, the Deputy County Administrative Officer, the Chief Financial Officer, the Senior Budget Analyst, and the Chief Accountant constitute the budget team.

Public Hearings/Public Comment

The public is welcome to attend budget committee meetings and deliberations, and may share comments with the committee at designated public hearings. Members of the public may also discuss budget matters with the Board of Commissioners during regular board sessions throughout the year. For those unable to attend a board session or budget committee meeting, Capital Community Television (CCTV) broadcasts all board and budget committee meetings, and the sessions can be viewed on the Internet.

Marion County Website

To assist all participants in reviewing budget information, the entire adopted budget is available on the county website at www.co.marion.or.us.

MARION COUNTY FY 2012-13 BUDGET
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BUDGET CALENDAR

Budget Calendar for FY 2012-13

FY 2012-13 BUDGET DEVELOPMENT AND BUDGET PRESENTATION SCHEDULE				
2012				
January	9	Mon	All departments begin budget preparation	
January	20	Fri	Central Services departments preliminary budgets due: Board of Commissioners, Finance, Legal Counsel	4:00 PM
January	27	Fri	Central Services departments preliminary budgets due: Business Services & Information Technology	4:00 PM
February	2	Thu	Budget Officer meets with Central Services departments: Board of Commissioners Business Services Finance Legal Counsel Information Technology Post-meeting review of all Central Services	1:30 - 1:45 1:45 - 2:30 2:30 - 2:45 2:45 - 3:00 3:00 - 4:00 4:00 - 5:00
February	3	Fri	Final Central Services discussion and budget decisions	8:30-10:00
February	7	Tue	Central Services departments notified of Budget Officer decisions	4:00 PM
February	10	Fri	Central Services departments revised budgets due	4:00 PM
February	22	Wed	Central Services allocations given to departments	4:00 PM
March	19	Mon	Preliminary Budgets Due From All Departments	12:00 N
April	3	Tue	Budget Officer meets with Department Heads and Elected Officials: Juvenile Law Library OSU Extension Services	3:30-4:15 4:15-4:30 4:30-4:45
April	4	Wed	Budget Officer meets with Department Heads and Elected Officials: Public Works Justice Courts	3:00-4:00 4:00-4:30
April	6	Fri	Budget Officer meets with Department Heads and Elected Officials: Treasurer Assessor/Tax Clerk and Clerk Records District Attorney Sheriff's Office	9:00-9:15 9:15-9:30 9:30-10:00 10:30-11:15 11:15-12:15
April	11	Wed	Budget Officer meets with Department Heads and Elected Officials: Health CIP and All Other Funds	2:30 - 4:30 2:30-3:30 3:30-4:30
April	13	Fri	Budget Officer meets with Department Heads and Elected Officials: Children and Families	9:00 - 11:30 9:00-9:30
April	17	Tue	Departments notified of Budget Officer decisions	4:00 PM
April	30	Mon	Revised Budgets Due From All Departments	4:00 PM
May	4	Fri	Budget validation by GL team	4:00 PM
May	7	Mon	Budget Team - review budgets, request corrections from departments, prepare summary schedules, assemble budget binders	
- May	25	Fri		

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ALL COMMITTEE MEETINGS WILL BE HELD AT THE COMMISSIONERS' BOARD ROOM			
	2012		
May	30	Wed	FY 2012-13 Opening Budget Session - Budget Committee Budget Officer's FY 12-13 Message 9:30-10:30 Budget Structure Overview and Process 10:30-10:45 Compensation Board Report 10:45-11:00 General Government Assessor / Tax 11:00-11:15 County Clerk 11:15-11:30 Treasurer 11:30-11:40 Lunch 11:40-12:30 Public Safety District Attorney 12:30-1:00 Justice Courts 1:00-1:15 Juvenile 1:15-1:45 Sheriff's Office 1:45-2:45
June	5	Tue	Public Comment Period 8:45 AM Health & Community Services Community Services 9:00-9:30 Health 9:30-10:30 Break 10:30-10:45 Central Services Board of Commissioners 10:45-10:50 Business Services 10:50-11:00 Finance 11:00-11:10 Information Technology 11:10-11:25 Legal Counsel / Law Library 11:25-11:30 Lunch 11:30-12:30 Transportation & Natural Resources / Capital Public Works 12:30-1:30 Capital Improvement Projects 1:30-2:00 Non-Departmental / Courthouse Square / Notes Non-Departmental and Other Funds 2:00-2:15 Courthouse Square 2:15-3:00 Break 3:00-3:15 FY 11-12 Budget Note Update 3:15-3:45 Budget Committee Comments 3:45-5:00 Public Comment Period 5:15 PM
June	6	Wed	Budget Recap and Deliberations FY 2012-2013 Proposed Budget Recap 2:30-3:15 Budget Committee Deliberations and Approval 3:15-5:00
June	20	Wed	Board of Commissioners Adopt FY 2012-13 Budget 9:00 AM

MARION COUNTY FY 2012-13 BUDGET BUDGET OVERVIEW

Budget Terminology

Budget Terminology

Budget terminology used in this document may be unfamiliar to those who do not deal with local budgeting on a regular basis. The county budget revolves around sources, which are called resources, and uses, which are called requirements. The reader will have a better understanding of tables, graphs, charts and narratives in this document if key terms are understood.

Sources of funds are collectively entitled “**resources**”. The source of funds most commonly recognized by citizens is **revenue**, such as taxes and charges for services. However, there are other sources of funds available to the county. These include transfers, administrative cost recoveries, financing proceeds, and net working capital. **Transfers** reflect the movement of resources that one fund or department receives from another fund or department for special purposes; goods and services are not provided in return for these transfers. **Administrative cost recoveries** are charges for services one department renders to another department. **Financing proceeds** are derived from the sale of general or special revenue bonds. **Net working capital** is the beginning fund balance, e.g., prior year savings, of a fund.

Collectively all allocations of resources are entitled “**requirements**”. Individually, an **expenditure** is an outlay of cash, such as payment of wages and benefits or purchasing of office supplies. Two other requirements are **transfers out** and **administrative charges**. As stated above, incoming transfers are recorded as resources for the receiving fund or department, whereas outgoing transfers are uses of funds for the paying fund or department’s side. There are other uses of funds which do not actually allow expenditures. One such allocation is to **contingency**. Amounts budgeted for contingency are not available for immediate expenditure. Rather, contingent funds are recognized as being available for unforeseen needs in the budget year, provided the governing body first authorizes the reallocation of budgeted contingency to an expenditure category or categories. Another non-expendable “use” of funds is unappropriated ending fund balance, or as stated in the budget, **ending fund balance**. This is the estimated amount of budgeted year-end resources that are not allocated for any other uses and are not available in the budget year.

Oregon local budget law requires use of specific categories for requirements. These are **personnel services, materials and services, capital outlay, transfers (out), debt service, special payments, general operating contingencies, reserves (in reserve funds only), and unappropriated ending fund balance**.

Marion County classifies **administrative charges** and indirect costs in materials and services budget category for appropriation purposes. Administrative charges in Marion County are internal service charges assessed by central services departments to other departments for central support services rendered. All tables and charts in this book refer only to materials and services, with administrative charges included in these totals.

MARION COUNTY FY 2012-13 BUDGET
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Budget Glossary

COMMONLY USED ACRONYMS

BOC	Board of Commissioners
CDBG	Community Development Block Grant
CIP	Capital Improvement Project
COLA	Cost-of-Living Allowance
COPs	Certificates of Participation
ERP	Enterprise Resource Planning
GFOA	Government Finance Officers Association
FIMS	Financial Information Management System
IT	Information Technology
MCBEE	Marion County Business Enterprise Enhancement
OAR	Oregon Administrative Rules
ORS	Oregon Revised Statutes
PERS	Public Employees Retirement System
UEFB	Unappropriated Ending Fund Balance

ACCRUAL BASIS OF ACCOUNTING

A method of accounting in which revenues are recorded when earned and expenses are recorded when the obligations are incurred, as opposed to when cash is received or spent.

ADJUSTED GENERAL FUND RESOURCES

For Marion County, this term refers to the net calculation of **Estimated General Fund Resources** less adjustments for (a) certain one-time resources or transfers that are not related to the ongoing operations of the County, and (b) **Net Working Capital**. This net amount is then used in the calculation of budgeted amounts for General Fund **Contingency** and **Unappropriated Ending Fund Balance** and the Rainy Day Fund **Unappropriated Reserve**.

ADMINISTRATIVE CHARGES

Expenditures incurred by County **departments** in return for general government services such as accounting, purchasing and personnel. Administrative charges are determined in accordance with the County's cost allocation plan.

ADMINISTRATIVE COST RECOVERIES

Amounts recovered by **central services departments** in return for general government services provided to County **departments**.

ADOPTED BUDGET

The annual **budget** authorized by a resolution of the Board of Commissioners before the beginning of each **fiscal year**.

MARION COUNTY FY 2012-13 BUDGET BUDGET OVERVIEW

APPROPRIATION

Authorization granted by the Board of Commissioners to make **expenditures** and incur obligations for specific purposes. Appropriations are limited to a single **fiscal year**.

APPROVED BUDGET

The annual **budget** agreed upon by the **Budget Committee** and recommended for adoption to the Board of Commissioners. Under **Local Budget Law**, the Board of Commissioners has authority to modify the approved budget prior to adoption.

ASSESSED VALUE

The value set by the County Assessor on real estate and certain personal property as a basis for a property **tax levy**.

BASE BUDGET

The **budget** used in the ongoing operation of a **program** at a current service level.

BEGINNING FUND BALANCE

A fund accounting term used to describe financial resources that are available in the current **fiscal year** because they were not expended in the previous **fiscal year**.

BUD SYSTEM

An in-house computer program used by the County to develop the annual **budget**.

BUDGET

A comprehensive annual financial plan that includes an estimate of **expenditures** for a given purpose and the proposed means of financing the estimated **expenditures**.

BUDGET CALENDAR

A schedule of dates outlined by the County for the preparation and adoption of the annual **budget**.

BUDGET CATEGORY

The functional level of **expenditure** detail at which the **budget** is appropriated and for which the County is held accountable. The County uses the following budget categories:

Personal Services – Includes salaries and wages, overtime, part-time pay and fringe benefits.

Materials and Services – Includes **contracted services**, consumable materials, supplies, operating costs and other services. This category also includes **administrative charges**.

Capital Outlay – **Expenditures** for the acquisition of **fixed assets**.

Debt Service – Payment of principal and interest on borrowed funds.

Special Payments – Includes **expenditures** not readily classified in one of the other budget categories.

MARION COUNTY FY 2012-13 BUDGET BUDGET OVERVIEW

Interfund Transfers – Amounts moved from one **fund** to finance activities in another **fund**.

Contingency – An appropriated amount reserved to fulfill unanticipated demands and expenses. The Board of Commissioners must first authorize the reallocation of contingency to an expenditure category before the expenditure may be incurred.

BUDGET COMMITTEE

A committee comprised of the Board of Commissioners and an equal number of citizens appointed from the County that reviews and approves the annual **budget** prior to adoption by the Board of Commissioners.

BUDGET MESSAGE

A document prepared and presented by the **Budget Officer** that explains the County's annual **budget** and financial priorities.

BUDGET OFFICER

A person appointed by the Board of Commissioners to assemble **budget** information and oversee preparation of the proposed **budget**. The Chief Administrative Officer generally serves as the Budget Officer.

CAPITAL IMPROVEMENT PROGRAM

The County's long-term plan for providing the **fixed assets** needed for service delivery, including public facilities and infrastructure.

CAPITAL IMPROVEMENT PROJECT (CIP)

A project proposed by a County **department** to acquire or construct **fixed assets**.

CENTRAL SERVICES DEPARTMENTS

County **departments** that provide general government services such as accounting, purchasing and personnel.

CONTRACTED SERVICES

Services provided under contract by businesses or by individuals who are not County employees.

DEBT SERVICE

The payments required for interest on, and repayment of, principal amount of debt.

DECISION PACKAGE

A **budget** request for items not included in a **department's base budget**.

MARION COUNTY FY 2012-13 BUDGET
BUDGET OVERVIEW

DEDICATED FUNDS

County resources subject to restrictions imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

DEPARTMENT

The basic organizational unit of the County.

DISCRETIONARY RESOURCES

County resources not subject to outside restrictions.

EMPLOYEE BENEFITS

Amounts paid on behalf of employees, which are not included in gross salary, but are considered a part of the cost of salaries and benefits. Examples include group health premiums, contributions to PERS, Social Security taxes, and group life insurance premiums.

ENCUMBRANCE

The commitment of appropriated funds to purchase an item or service in the form of a purchase order, contract or other obligation.

ENTERPRISE RESOURCE PLANNING (ERP) SYSTEM

An integrated set of business processes and associated software modules.

ESTIMATED GENERAL FUND RESOURCES

Estimates prepared during the budget process for all resources attributable to the **General Fund**, including **Net Working Capital**, Revenues and Transfers.

EXPENDITURE

The liability incurred by the County for goods or services received.

FISCAL YEAR

The twelve-month accounting period beginning on July 1 and ending on June 30.

FIXED ASSET

A tangible item with a value of \$5,000 or more and a useful economic lifetime of two years or more, such as land, buildings, machinery, furniture and equipment.

FULL-TIME EQUIVALENT (FTE)

A part-time position converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, a part-time employee working 10 hours per week would be equivalent to .25 FTE (10 x

MARION COUNTY FY 2012-13 BUDGET BUDGET OVERVIEW

52 / 2,080). Temporary positions are not included in FTE counts. The following processes relate to changes in FTE's:

Add – A new position approved by the **Budget Committee** or the Position Review Committee.

Delete – Elimination of an existing position.

Add/Delete – Simultaneous deletion of an existing vacant position and addition of a new position.

Reclassification – Review and adjustment of an existing position based on analysis by Human Resources and approval by the Personnel Officer.

FUND

A fiscal and accounting entity with a self-balancing set of accounts that record cash and other financial resources, related liabilities, balances and changes, which are segregated for a specific activity or objective. The County uses the following types of funds:

General Fund – Accounts for all County activities that are not required to be accounted for in another fund. The General Fund is the main operating fund of the County.

Special Revenue Fund – Accounts for the proceeds of revenue sources that are legally required to be expended for specific purposes.

Debt Service Fund – Accounts for the payment of general long-term debt principal and interest.

Capital Projects Fund – Accounts for resources to be used for the purchase or construction of major capital items.

Enterprise Fund – Accounts for activities that are financed and operated in a manner similar to private business enterprises.

Internal Service Fund – Accounts for certain activities of a County **department** in which goods and services are provided to other **departments** on a cost reimbursement basis.

Agency Fund – Accounts for assets received by the County on behalf of other governments or organizations.

FUND BALANCE

The excess of **fund** assets over liabilities. Accumulated balances are the result of an excess of revenues over **expenditures** during some period. A negative fund balance is a deficit balance.

GENERAL RESERVES

For Marion County, general reserves include the **General Fund Contingency** and **Unappropriated Ending Fund Balance** and the Rainy Day Fund **Unappropriated Reserve**. These are the resources maintained by the County to ensure the future financial stability of the County.

LOCAL BUDGET LAW

The set of state statutes that local governments in Oregon are required to follow in the budgeting and **expenditure** of public funds.

MARION COUNTY FY 2012-13 BUDGET BUDGET OVERVIEW

MARION COUNTY BUSINESS ENTERPRISE ENHANCEMENT (MCBEE)

Marion County has assessed its **Enterprise Resource Planning (ERP)** system and has recognized the need to enhance its business processes in order to fully leverage its infrastructure investment. This term is used to reference the project associated with creating business systems within Marion County that are integrated enterprise-wide systems.

MODIFIED ACCRUAL BASIS OF ACCOUNTING

A method of accounting in which revenues are recorded when measurable and available and expenditures are recorded when the obligations are incurred, as opposed to when cash is received or spent.

NET ASSETS

The difference between a government's assets and its liabilities. This term is a financial (non-budgetary) term used primarily in government-wide financial reporting and proprietary fund financial reporting.

NET WORKING CAPITAL

A term used in the **budget** to define the amount of net resources computed at the end of the **fiscal year** that is available as a resource in the ensuing **fiscal year**.

PERMANENT RATE LIMIT

The maximum rate of ad valorem property taxes that a local government may impose. There is no action that can increase the permanent rate. For Marion County, the permanent rate limit is \$3.0252 per \$1,000 of assessed property value.

PROGRAM UNIT

A group of related activities aimed at accomplishing a major service or function for which the County is responsible.

PROPOSED BUDGET

The annual **budget** recommended for approval to the **Budget Committee** by the Budget Officer. Under **Local Budget Law**, the Budget Committee has authority to modify the proposed budget prior to approval.

RESERVE

An account used either to set aside budgeted revenues that are not required for **expenditure** in the current budget year or to earmark revenues for a specific future purpose.

STRATEGIC PLAN

A policy document developed by the Board of Commissioners in April 2006. This document established, in written form, the County's Mission, Vision, Strategic Issues and Goals based on a set of defined Values.

SUPPLEMENTAL BUDGET

A **budget** prepared to meet needs or spend resources that were not anticipated when the regular **budget** was adopted. In general, a supplemental budget must be published, discussed in a public hearing and adopted by the Board of Commissioners.

MARION COUNTY FY 2012-13 BUDGET
BUDGET OVERVIEW

TAX ANTICIPATION NOTES (TANS)

Short-term notes issued by the County in anticipation of the collection of taxes. Typically, the County issues TANS to smooth out fluctuations in cash flow related to property tax collections.

TAX LEVY

The total amount of property taxes imposed by the County for the **fiscal year**.

UNAPPROPRIATED ENDING FUND BALANCE

The amount set aside in the **budget** to be used as a resource in the next year's **budget**. This amount cannot be transferred by resolution or used through a **supplemental budget**, unless necessitated by a qualifying emergency.

UNAPPROPRIATED RESERVE

For Marion County, unappropriated **reserve** is used to reflect the balance in the Rainy Day Fund that has not received **appropriation** authority for **expenditure** in the current year.