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**Marion County Annual Budget
Fiscal Year 2019-2020
Budget Officer's Message**

Mission Statement

*We serve the public to protect, promote, and enhance the quality of life
in Marion County.*

June 3, 2019

Members of the Budget Committee, Board of Commissioners, and citizens of Marion County:

The Fiscal Year 2019-20 Proposed Budget—A Look Back and the Way Forward

The FY 2004-05 Marion County budget was my first as Marion County Chief Administrative Officer and Budget Officer, my 35th public budget and this FY 2019-20 budget will be my last. When I started in 2003, Commissioners were arguing about the size of a General Fund deficit. Was it \$6 million or was it \$2 million? It wasn't either as I found the audited financial report listed a positive \$14 million ending fund balance. In FY 2004-05, Jan Fritz and I began a process to ensure the financial stability of Marion County and to create a philosophy of transparency and prudent financial planning. In that first year and the two succeeding years, we made structural changes in funds; strengthened our financial policies; reduced debt; focused on realigning business practices; and, enhanced many county programs. In order to provide a clearer picture of Marion County's finances, we created a new fund structure that identified the true General Fund and segregated program dollars in a way that allowed clear tracking of program costs.

In 2004, the board authorized the second sale of legislatively authorized pension bonds and \$3 million of county General Fund to finish covering our \$43 million unfunded actuarial liability with PERS. While other counties had PERS rates between 15% and 20% of payroll without debt service, in FY 2007-08 our cost was 12%, including debt service. These bonds created a "side account" with PERS that has kept our PERS costs lower over the years.

As part of our commitment to reduce debt whenever feasible, we paid off a Small Scale Energy Loan of \$718,072 for the Work Release Center (now the Transition Center); paid an Oregon Special Public Works loan of \$338,323 used to improve Cascade Highway at the entrance to the Oregon Garden; refinanced the Courthouse Square Certificates of Participation (COP's); and, used \$1 million in General Fund dollars to pay off the county's share of the PERS liability for the disbanded city/county data center.

The Board adopted a policy to maintain an unrestricted General Fund balance of no less than 8% of budgeted General Fund revenues (changed to 5% in FY 2009 due to the great recession); established annual "budget parameters" to guide departments in preparing their budgets; projected the effect of roll-up costs on future budgets; and ensured that one-time revenues were used for one-time expenditures instead of creating unsustainable programs. The Budget Committee reallocated \$6 million in excess Self-Insurance Fund reserves and used those funds to establish an Internal Service Fund for the central service departments, a new Capital Improvement Fund, a Fleet Management Fund, and a "Rainy Day Fund." To strengthen the county's financial infrastructure, we put in place a new Finance Department and hired a Chief Financial Officer.

In FY 2005-06, Standard and Poors gave Marion County's financial status an "AAA" for the refinancing of the Courthouse Square Certificates of Participation and stated in their evaluation that: "Marion County, Ore., reflects ... continued economic strength centered in agricultural production, solid financial performance, and a manageable debt burden provide credit stability."

In FY 2006-07, the Oregon Garden receivership, the Courthouse fire, a new dog shelter, the new Juvenile Detention facility, a business process analysis, and development of a Marion County strategic plan provided opportunities as well as challenges. It took twelve years, but eventually we would extricate ourselves from the Garden's debt in FY 2018-19. We managed the dislocation of the county Sheriff, Clerk, and Circuit Court staff due to a fire in the Courthouse and we opened the Juvenile Department's Fresh Start Market.

In fiscal years 2006-07 and 2007-08, we sold Tax Revenue Anticipation Notes (TRANS) for the first time since FY 2001-02. We sold \$9 million in TRANS to meet cash flow needs in FY 2007-08. The cost for \$9 million in TRANS was \$373,000 in interest, bond counsel, and legal costs while generating \$400,000 in interest earnings under appropriate arbitrage rules.

In FY 2007-08, we began a multi-year reduction in revenues. It was unknown if Congress would reauthorize the Secure Rural Schools and Community Self-Determination Act (SRS). Marion County had received \$800,000 for distribution to schools, \$2.5 million for county roads, \$1.4 million for the General Fund and approximately \$1.4 million for Title II and III grants annually. Future revenues from the SRS were significantly reduced, but we were prepared for this reduction by using those dollars for one-time expenditures.

With the nation's economic downturn in 2008-2009, Marion County faced difficult financial decisions. At my recommendation, we established a finance and budget task force to thoroughly analyze revenues and expenditures and make recommendations that would structure the General Fund at a sustainable level. Fortunately, the county had been fiscally responsible over the previous four years and we did not face the severe reductions in programs and services faced by other cities and counties.

While developing the FY 2009-10 budget, we were dealing with a significant recession that forced us to make difficult choices affecting our employees. As the State of Oregon's economic forecast outlined in March 2009, ... "the fourth quarter (2008) was brutal to the Oregon economy." The fourth quarter downturn had been swift with the unemployment rate in Oregon moving from 6.5% in August 2008 to 9.0% in December 2008. By March 2009, it reached 12.1% and in Salem it was 11.1% or 6.5% higher than the previous year. The revenues were dropping so quickly, I had to prepare three different budgets before I could recommend a balanced budget to the Budget Committee. We spent that year focused on financial management and improving the efficiency and effectiveness of Marion County government.

We balanced the FY 2010-11 budget predicated on a sustainable approach to maintaining county programs at the FY 2009-10 reduced levels. In July 2010, engineering consultants recommended immediate closure of the transit mall at Courthouse Square. Further analysis on the adjacent office building indicated signs of serious defects making long-term occupation of the building inadvisable. This unfortunate development required the subsequent evacuation of 305 county and transit staff from the building. We had to find other space, move the county's entire computer data center and county

employees, their files and equipment to five different Salem locations in three months. Moving the employees and remediating the building, parking garage, and transit mall took four years and \$35 million. The cost to the county was \$26 million.

With the continuation of the economic downturn, projected revenues for the FY 2011-12 budget were down 3.8% and the proposed budget reduced 26 FTE. We were able to balance the budget with minimal impact to external service delivery. Even so, we had little margin for error.

By our FY 2012-13 budget, health insurance benefits had increased 56% over the previous four years from \$12.7 million to more than \$19 million. Portending the future, PERS costs increased from \$8 million in FY 2006-07 to \$14 million in FY 2012-13. We did not include a COLA or any health care increase for three unions in negotiations at the time. In addition, our management staff, elected officials, and department heads did not have a salary increase for five years. With this budget, we reorganized several programs into a Community Services Department and transferred the Code Enforcement program from Public Works to the Sheriff's Office.

During the great recession from 2008-2013, we reduced 73.23 including 31.50 General Fund positions and 41.73 Other Fund positions. Materials and Services line items were not increased and capital improvement projects were kept to an absolute necessity. In addition, we began the process of combining the three Justice Courts into one.

In FY 2013-14, there were several external developments. The Coordinated Care Organization for Marion and Polk counties was incorporated as a limited liability partnership of several medical providers in the area. On top of the Affordable Care Act, this change had a huge impact on funding and staff increases in the Health Department. Also, the 2012 legislature adopted House Bill 4165 creating community-based coordination of early learning services known as "Early Learning Hubs" and eliminated the state and local Commissions on Children and Families. The bill sunset the local commission on January 1, 2014, and eliminated funds for county commissions June 30, 2013.

The county budget authorized the borrowing of \$15 million to address some of the highest priority capital needs for our aging infrastructure (Health Building-1974, Jail-1989, Work Center-1990). With interest rates at historic lows, we borrowed \$9.95 million of the authorized \$15 million in October 2013. We were able to get a bank qualified and tax exempt loan at an interest rate of 3.12% to fund upgrades of the HVAC systems at the Transition Center and Jail, repair roofs on several of the Jail pods and seal the exterior walls. We also began the architectural planning for improvements to the health building.

After several years of restricted budgets and with an improving economy, our property tax revenues began to rebound in FY 2014-15. Our General Fund resources increased by 5.18% and although it was too early to begin spending the General Fund on new programs or expanding current programs, it was a good time to make strategic investments. After spending five years consolidating county operations, we began a long-term process for renewing our county infrastructure. We moved back into Courthouse Square and began a project to renovate the Health Building on Center Street in Salem. The county was fortunate to be making decisions about where to invest rather than where to cut programs and we budgeted \$1.7 million in COLA's for employees for the first time in several years.

The FY 2015-16 budget continued the renewal of our infrastructure. We began the architectural and engineering work for a new Juvenile Administration Building and courtroom, as well as a new Sheriff's Public Safety Building that would consolidate parole and probation with the Sheriff's central district office. In 2016, we borrowed another \$9.95 million at 1.99% interest for the new infrastructure on the Sheriff's campus that included renovating the Transition Center.

Our economy continued to grow in FY 2016-17. The unemployment rate was the lowest since World War II, construction activities were up, tax collections were higher, lottery revenues were on the increase, and we were seeing much higher asset values. As the economy improved, the county reached an historic high of 1,442.63 full time equivalent employees or an 8.69% growth over four years. Most of the increases in employees were in our largest non-General Fund departments—77.01 in Health, 16.39 in Public Works, and 10.75 in Community Corrections.

We appropriated funds to finish four major capital projects on two campuses with a new capital loan in 2017 of \$5 million at 3.15% interest. These projects included a new Juvenile Courtroom and Administration Building for \$10.1 million and the Sheriff's Public Safety Building for \$11.2 million. The construction of the Sheriff's Office and Juvenile Courtroom were finished in 2018 and the Juvenile Administration Building will be completed in the fall of 2019.

In 2018, we celebrated 175 years of Marion County services. An 1863 document located in county archives showed that the county collected \$11,340.46 in taxes, grocery licenses of \$750, ferry fees of \$167.30, and courthouse rent payments totaling \$125. Expenditures for that year included \$700 for the county judge, \$107.40 for two county commissioners, \$957.97 for the sheriff's services including \$259.82 for boarding prisoners, plus \$438 for the prosecuting attorney, and \$2,286.80 to support paupers. By comparison with 1863, the FY 2018-19 budget totaled \$464 million, with a General Fund of \$104 million. The Sheriff's Office budget was \$89 million and the District Attorney's budget was \$13 million as we continued to prioritize public safety 175 years later.

Marion County has made great progress in the past 15 years in delivering quality services to our residents efficiently and effectively. This budget continues to do so for a sixteenth year (see a sixteen year financial retrospective in Table I). With the leadership of the Board of Commissioners, Marion County is using an enterprise approach to providing exceptional, professional services to our residents. Marion County is known throughout the state for innovative programs and for breaking down governmental silos providing both synergy and efficiency to our service delivery.

The FY 2019-20 Proposed Budget--The Way Forward

Government budgets are affected by many internal and external factors including changes in tax revenues, PERS, health insurance, and the surrounding economy. The county's population has increased to 344,035 (PSU, 2018) and Marion County's unemployment rate was 4.4% in April of 2019. The improved economy and increased population is reflected in the demand for services and a corresponding growth in county revenues and personnel.

The Marion County Fiscal Year 2019-20 Proposed Budget totals **\$455,271,158** with a net decrease of \$8.7 million and a decrease of 9.50 FTE for a total of 1,506.52 FTE. The General Fund resources and requirements decreased by \$1 million for a total of **\$103 million**. All other funds total **\$352,224,614** (see Table II). Property taxes are projected to increase 4.3% over the current year estimate. The General Fund ending fund balance is \$6.53 million and represents 7.2% of the total General Fund

revenues. There is also a General Fund contingency of \$1.5 million which is budgeted for unforeseen costs and a Rainy Day Fund of \$2.3 million for PERS mitigation. The ending fund balance for the total budget is \$58.7 million or 4.7% less than FY 2018-19.

County departments submitted more than 59 decision packages with 37 FTE this year, including the reopening of G-Pod at the jail for over \$1 million. With ever increasing salaries, personnel benefits, particularly in PERS, and department's requests for new programs and staff, we projected the General Fund would not meet the 5% reserves requirement in the county policy. Even with eliminating most decision packages and not opening the G-Pod in the jail, we would have only three years before a projected deficit. The General Fund finances all of our public safety departments—the Sheriff, District Attorney, Juvenile, and Justice Court in addition to other critical functions of property tax assessment, tax collections, treasury, and elections.

To put the problem in perspective, General Fund tax revenues are projected to increase 3.75% a year for the next five years while personnel costs will increase by an estimated 5% a year. Personal Service totals \$56.5 million in FY 2018-19, the current fiscal year, and rises to \$58 million in FY 2019-20. But by FY 2023-24, Personal Services will increase to \$73 million. During that same period, PERS will nearly double from \$8.5 million to \$14.5 million and health insurance will increase from \$8.5 million to \$11.8 million. So, PERS and health care will cost over \$26 million and, by not opening another Pod in the jail, we would save \$8.6 million by FY 2023-24. Without removing those costs, General Fund Personal Services will approach 72% of General Fund resources five years out and we will be forced to reduce staff or find other resources, a very difficult proposition. But, legislative fixes working their way through the 2019 legislative session may smooth out the unfunded PERS liability.

Property Tax Revenue—The property tax revenue for FY 2019-20, as projected by our Assessor, budget staff, and the Council of Economic Advisors is expected to increase by 4.3% over the current year budget estimate. Total tax receipts for FY 2019-20 are budgeted at \$76.1 million. One positive outcome of increased property values is a decrease in property tax compression. The loss due to compression dropped from \$561,122 in FY 2014-15 to \$269,390 in FY 2018-19. But, in FY 2019-20 it has increased to \$296,600. On the other hand, with the increase in property values the county loses more revenue to Urban Renewal Districts. The loss in revenue from these districts in FY 2019-20 is estimated to be more than \$2.3 million.

Administrative Charges—The budget has an increase in the administrative cost allocation for funding central service departments—primarily due to increases in information technology (IT) costs. During the recession and post-recession years, we managed these cost increases and kept them to a minimal level. However, as departments have grown they require more central service support. In addition, we changed the IT assessment methodology to align with the new federal guidelines for allowed costs in the countywide IT network upgrade. This year's increase is 5.1% and over \$550,000 of the increase in the central service fund is for Information Technology.

Debt Service—There is \$7.6 million appropriated in the Debt Service Fund for two Limited Tax Pension Obligations issued by the county in 2002 and 2004 to provide for the county's unfunded actuarial liability with PERS. In addition, the budget contains an appropriation of \$1,543,100 from the General Fund for debt service on the 2005 refunding obligations for the Courthouse Square bonds. Loan payments for capital projects at the Sheriff's Public Safety Campus, Transition Center,

Health and Human Services, Courthouse Square, and Juvenile Department total \$2.3 million for the \$24.9 million in loans taken in 2013, 2016, and 2018. The total debt service budget is \$11.4 million, well below our statutory debt limit of \$844 million.

Other Funds—There are 34 dedicated and other funds. These funds are budgeted separately from the General Fund and cannot be used for general purposes. Some of the largest of these dedicated funds include: a \$73.6 million Health and Human Services Fund; a \$66.9 million Road Fund; a \$41.8 million Self-Insurance Fund; a \$42.2 million Environmental Services Fund; a \$27.7 million Central Services Fund; \$8.0 million in a Facilities Renovations Fund along with \$14.1 million in two capital funds; and a \$16.8 million Community Corrections Fund. State law, and prudent financial planning, requires the establishment of all other funds, which comprise \$352.2 million or 77.4% of the total budget.

County Reserve Policy—This budget exceeds the required General Fund reserves for an ending fund balance of 5% and contingency of 1% of adjusted General Fund resources. The proposed ending fund balance is 7.2% of the total General Fund and the proposed contingency is 1.7%, meeting policy requirements. In addition, we have a Rainy Day fund of \$2.3 million which, by policy, could be used should the ending fund balance fall below 5%. Combined, these reserves total \$10.3 million or 11.4% of adjusted General Fund resources.

Veterans Services—A program for veterans, started in 2018, will receive \$219,770 in pass through lottery dollars from the state for providing services for FY 2019-20 along with \$21,977 in county General Fund. Marion County has contracted with the Community Action Agency to provide the services which now includes a new VSO Office and three veterans service officers.

Compensation Board—The recommendations by the Marion County Compensation Board as presented to the Board of Commissioners on May 16th have been included in the proposed budget for elected officials' salaries. The Compensation Board added a 2.0% COLA to match that given to general service and management employees. During the Budget Committee meeting in April 2019, the committee recommended that all elected officials accrue vacation days and sick leave hours as other employees. State statutes require that only the budget committee can modify elected official's compensation.

Program Highlights

The Board of Commissioners updated short and long-term goals for communications, customer service, economic development, public safety, public health, mental health, government efficiency, transportation infrastructure, waste management, and emergency management. However, it is the employees who are committed to delivering exceptional, professional services to our residents every day. The goals by area and focus are:

Communications—The board is committed to building strong communications with Marion County residents. Over the last year, the county continued to increase our social media presence on Facebook with board sessions streamed on Facebook Live and on YouTube, which has proven popular with the community. The Commissioners held meetings at off site locations including Gates, St. Paul, and East Salem. Also, a meeting will be held at the 2019 County Fair at the Oregon State Fair grounds in July. A monthly column by the chair on emerging topics of interest updates employees and the county continues to provide monthly radio segments, press releases, e-newsletters, and opinion pieces to keep constituents informed.

Customer Service—The Board’s goal for customer service is to foster responsive program delivery and provide quality service to all customers. The Public Works Department is upgrading its ability to provide improved services for customers of the Land Development Engineering and Permits, Building Inspection, and Planning divisions by streamlining and simplifying the six different permits on the Public Works website. The new process will enhance the customer service experience as the department implements an on-line system, reducing the several different permit applications to two. Eventually, Public Works will combine permits into a single application submitted at the permit counter.

Health and Human Services—The Health and Human Services Department is our largest department with a budget of \$74 million and 451 FTE. Last year, the department reorganized and changed its name to better reflect its broad array of services. They are implementing their 2018-2023 strategic plan and in the next two years, the department will be working with the new Coordinated Care Organizations to help integrate behavioral and physical health services beginning in January 2020. The department is continuing its efforts to purchase and implement a new Electronic Health Records system.

Economic Development—The county’s Economic Development program is coordinated through the Community Services Department. County leadership and staff have focused the county’s economic development strategies on rural community development, broadband access, and to address region-wide water and sewer infrastructure needs in the North Santiam River Canyon.

Public Safety— Public Safety is a high priority for Marion County. The Marion County Sheriff’s Office serves more than 100,000 residents in nearly 1,200 square miles with a budget of \$72 million. They strive to keep response times low and service levels high, while adapting to the expectations and needs of our community. Those needs vary greatly within the geography of Marion County.

Although not incorporated cities, the communities of Hayesville and Four Corners have many of the characteristics and defined boundaries that make them similar to cities. To better serve these communities, Marion County added public safety services to the East Salem Service District. A Service District fee will provide an additional 10 patrol deputies allowing for two deputies 24 hours per day, seven days per week within the district. The neighborhoods in the district have a population as large as Keizer and generate a majority of the calls for Marion County Sheriff’s Office services.

Marion County has also been at the forefront in developing evidence-based approaches to keep people with mental health or substance abuse issues from entering the criminal justice system, and continues to be part of the national Data-Driven Justice Initiative.

The new District Attorney Paige Clarkson and her deputy district attorneys prosecute 12,000 cases a year, as well as providing victims’ assistance, and child support enforcement. In the District Attorney’s office, the Medical Examiner has increased staff to 3.5 FTE for responding to the 991 death investigations in 2018.

Waste Management— Marion County manages a nationally recognized integrated system that ensures the safe and sanitary disposal of solid waste. The county prioritizes waste reduction and recycling and recovers energy from the material that remains. We are monitoring proposed

legislation that may affect the Energy-from-Waste facility in Brooks while, at the same time, the county is negotiating a new long-term contract with Covanta.

Transportation and Emergency Management— The Public Works Department has a proposed budget of \$127.26 million and maintains 147 bridges, 1,118 miles of roads, and 28,000 signs. As with last fiscal year, the department has allocated resources to respond quicker and more effectively to problems with gravel road potholes and wash boarding during the summer dry season using soil stabilizers on steeper slopes of 27 gravel road segments in FY 2019-20. The department also plans to complete 52.1 miles of chip sealing with an additional 29.2 miles on the North Fork Road and 7.4 on Gates Hill Road under the Federal Land Access Program (FLAP), 7.6 miles of slurry seals and 26 miles of road resurfacing with three miles of five inch-thick structural overlay on Wintercreek Road. The department has hired a new Emergency Manager and will focus on updating department emergency plans in the coming year.

Decision Packages

County departments submitted 59 Decision Packages requesting 37 FTE costing \$4.8 million. I am recommending the approval of 27 packages and 11 FTE for a total of \$1.7 million of which \$502,527 is from the General Fund saving \$2.2 million with the reductions. Due to our estimate of future resources and our efforts to maintain a structurally balanced budget, I have had to deny several worthy decision packages.

Community Services requested 11 decision packages and 1 FTE for a total of \$256,078 with \$251,778 from the General Fund. I have approved four packages totaling \$103,263 from the General Fund and \$4,300 for Dog Services from Other Funds. I am recommending \$25,000 for Children and Families support, \$60,000 for fairgrounds paving, \$14,818 for Shelter Buddy software licensing, and \$3,445 for administrative costs, all from the General Fund. For the District Attorney's office, I've added \$25,000 for Materials and Services plus \$50,478 for a legal secretary for the Medical Examiner, all from the General Fund.

I approved 8.0 FTE out of 11 requested for Health and Human Services at a cost of \$704,487 in Other Funds. I approved 1.0 FTE for Adult Outpatient Behavioral Health, 1.0 FTE for Child and Youth Behavioral Health and 6.0 FTE for infrastructure and program support. I denied 2.0 FTE for Housing and Homeless Coordination and 1.0 FTE for Emergency Preparedness. The Juvenile Department requested \$292,952 and one FTE. I approved \$9,800 General Fund for a new washer and dryer, but I denied a request for a new Juvenile Culinary Arts Program costing \$257,558. However, in order to improve the quality of food service, we removed the USDA restrictions on the program by giving up USDA program funding. We replaced the funding with a \$67,000 decision package.

The Sheriff's Office requested 11 FTE and \$1,439,690 from the General Fund for opening 32 beds in the jail's G-Pod and property cleanup assistance for Code Enforcement. While I denied that request, I approved \$168,416 for communications and an upgrade to the portable radios in the jail. The Public Works Department requested 5 decision packages for \$190,460 including \$149,804 from the General Fund. I have approved one Other Fund package for a Scale Attendant at Covanta for \$40,656. The Assessor's Office requested two decision Packages with 2.0 FTE for \$141,221 which I have denied.

Information Technology asked for 12 decision packages costing \$693,486 with 4.0 FTE. I have denied four of the packages and approved the remaining eight costing \$350,357 with one FTE. These

decision packages will provide funds for increased annual software and hardware maintenance costs, subscriptions, and replacing end of life computing systems plus newly purchased enterprise software, hardware and subscriptions for \$232,984; Phase 2 of the enterprise network design, including City of Salem fiber leases for \$18,000; system information security awareness and training and a security password manager and reset tool for \$31,680; and IT operations for the Assessor's Assessment and Taxation replacement for \$5,000. I am approving one FTE for a Support Technician for \$62,693.

Business Services asked for nine budget packages and 4.0 FTE for a total of \$426,312 for two new custodians, one grounds keeper, and a human resources specialist. The department is also asking to contract for additional Garten Services Inc. grounds maintenance and a variety of new materials and services items. I have approved a custodial M&S increase of \$5,000, along with a technology subscriptions increase and a facilities maintenance increase totaling \$48,375, but no additional FTE. The Boards Office asked for one FTE, a Media and Communications Specialist for \$125,969 which I have denied. Legal Counsel asked for additional cell phones at \$1,500 and additional legal service for labor relations at \$20,000. I have approved both requests. Finance asked for \$43,000 for additional audit costs and I approved \$14,000.

FY 2019-20 Capital Improvement Projects

The proposed budget includes a Capital Budget that totals \$22 million. This includes a Capital Reserve Fund of \$137,101; a Facility Renovation Fund that includes \$4 million to finish the Juvenile Administration Building, \$618,142 to pave the Jail parking lot, \$590,041 to replace Jail boilers, and \$535,000 to assess the Jail and Detention Center door locks. The Capital Improvement Projects Fund totaling \$14 million includes a number of large and small projects including \$2.6 million for the Electronic Health Records System. Most of the other projects are also in IT: a new Assessment and Taxation system; a new jail management system (RMS-JMS); a rewiring of our data network wiring in each building; and a variety of other projects. The Fleet Management and Roads and Bridges construction programs are not included in the general county capital budget, but are found in the Public Works Department capital outlay budget.

In Closing

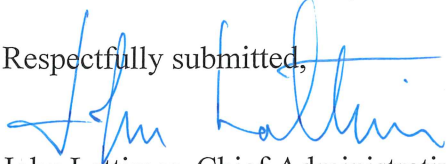
I would like to give special recognition to Jan Fritz who has been by my side for the last 16 years and given me excellent advice and help in putting all of these budgets together. I want to thank budget team members in Finance who include: Jeff White the Chief Financial Officer, Debbie Gregg, the Budget and Grants Manager, Daniel Addato, and Alicia Henry and Cynthia Granatir, Chief Accountant. Special thanks go to Cindy Johnson for her assistance with budgeting and management of the Capital Improvement Projects fund and Hitesh Parekh for his Power Point presentation. Finally, thanks to Rich Minaker who will always be remembered for his assertion in an exasperated tone: "It's only an estimate, for crying out loud."

It's important to remember that any budget is a policy document which establishes the operational plan for delivering programs and services to county residents and one-time investments. With the approval and adoption of the budget, the Budget Committee and Board of Commissioners establish the funding priorities for the upcoming year and strategic direction into the future.

It takes a strong team to put this budget together and I would like to thank the entire budget team, including those in the departments, for their hard work and dedication. As always, I thank the Board

of Commissioners and the citizen members of the Budget Committee for maintaining high standards of fiscal responsibility. We are dedicated to meeting community needs, whether infrastructure, law enforcement, health care, and supporting the community with all our programs. Most importantly, we value stewardship and hard work to make efficient and effective use of valuable public resources. With these final comments, I wish you a fond farewell.

Respectfully submitted,



John Lattimer, Chief Administrative Officer and Budget Officer

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Table I

Annual Budget Message Sixteen Year Highlights:

We budgeted \$303 million for the county functions in FY 2004-05 and \$455 million in FY 2019-20 for an increase of \$150.5 million or 50% over those 16 years. The General fund increased by \$34.9 million from \$68.1 million in FY 2004-05 to \$103 million in FY 2019-20 or 51.3%.

- Personnel Services cost \$85.8 million in FY 2004-05 to \$167.1 million in FY 2019-20 or a 95% increase:
 - 1,232 FTE to 1,507 or a 22.3% increase;
 - Salaries and Wages \$60.8 million to \$102.9 million or a 69.2% increase;
 - PERS \$9.0 million to \$27.5 million or a 206% increase;
 - Health Benefits \$10.2 million to \$26.3 or a 158% increase.
- Materials and Services went from \$100 million to \$100.3 million for a slight increase.
- Capital Outlay went from \$16 million to \$36.3 million or a 127% increase.

We budgeted \$190.6 million for capital outlay during the 16 year period in four areas:

- \$113.8 million recorded in capital funds
 - \$51.9 million - Courthouse and Courthouse Square projects
 - \$20.3 million - Sheriff's Office multiple facilities
 - \$14.8 million - Juvenile Department multiple facilities
 - \$8.7 million - Health and Human Services facilities
 - \$2.5 million - Dog Shelter
 - \$12.1 million - Information Technology (computer hardware and software, software licenses)
 - \$3.5 million - projects not assigned to the location categories above
- \$105.9 million capital expenditures by the Public Works department, primarily in the Public Works Fund and the Environmental Services Fund, with lesser amounts in several smaller funds such as Parks:
 - \$75.1 million construction projects – roads, bridges, traffic signals, other
 - \$30.8 million non-construction – autos, pickups, heavy duty trucks, off-road vehicles, road maintenance vehicles, department equipment, IT items
- \$5.7 million capital expenditures by eight departments out of their operating funds:
 - \$2.2 million Health and Human Services various including IT items
 - \$2.1 million Sheriff's Office various including IT items
 - \$1.0 million Information Technology Dept. including IT items
 - \$0.4 million other departments
- \$1.5 million capital expenditures out of non-operating funds:
 - \$1.5 million Courthouse Square Redevelopment Fund – computer, moving costs, furniture and fixtures and other various costs.

Table II

Resources			
	2018-19* <u>Budget</u>	2019-20 <u>Proposed</u>	<u>% Change</u>
General Fund			
Revenue	\$ 88,984,194	\$ 90,610,551	1.83%
Net Working Capital	15,512,264	12,435,993	-19.83%
Total GF Resources	\$ 104,496,458	\$ 103,046,544	-1.39%
All Funds			
Resources	\$ 327,787,387	\$ 325,861,206	-0.59%
Net Working Capital	136,199,406	129,409,952	-4.98%
Total Funds Resources	\$ 463,986,793	\$ 455,271,158	-1.88%

Requirements			
	2018-19* <u>Budget</u>	2019-20 <u>Proposed</u>	<u>% Change</u>
General Fund			
Requirements	\$ 98,042,823	\$ 95,019,929	-3.08%
Contingency	1,191,046	1,496,087	25.61%
Ending Fund Balance	5,262,589	6,530,528	24.09%
Total GF Requirements	\$ 104,496,458	\$ 103,046,544	-1.39%
All Funds			
Requirements	\$ 372,124,252	\$ 365,119,663	-1.88%
Contingency	22,442,357	20,781,685	-7.40%
Reserve for Future Expenditures	7,783,692	10,645,517	36.77%
Ending Fund Balance	61,636,492	58,724,293	-4.72%
Total Funds Requirements	\$ 463,986,793	\$ 455,271,158	-1.88%

*Includes 2nd supplemental