

## MARION COUNTY FY2008-09 BUDGET BUDGET OFFICER'S BUDGET MESSAGE

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The following pages are the Budget Officer's FY08-09 budget message to the public and the Marion County Budget Committee presented on May 13, 2008. The budget message is an explanation of the budget and Marion County's financial priorities. The Board of Commissioners has appointed the chief administrative officer as the budget officer for the county.

While the Budget Officer's message is printed in its entirety, some changes to the format of the original letter have been made in order to match margins and fonts used throughout this book. In addition, the page numbers of the original document have been excluded from the reprint.

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**Marion County Annual Budget  
Fiscal Year 2008-2009  
Budget Officer's Message**

**Mission Statement**

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

May 13, 2007

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

With the nation's economy in a downturn, Marion County faces difficult financial issues in the future. Our Council of Economic Advisors has projected a reduction in revenues for at least the next two years and they suggest that the current economic downturn, while shallow, may last longer than those in the recent past. Fortunately, the Budget Committee and Board of Commissioners have been fiscally responsible over the past four years and we will not face the severe reductions in programs and services being faced in other jurisdictions this coming budget year. The Budget Committee must make prudent budget and financial decisions so that Marion County will be able to minimize the effects of the current downturn. We are proposing a balanced budget of \$331,223,250 that meets the ending fund balance, contingency and rainy day fund requirements of our financial policies in FY 2008-09. However, without changing resources or spending we will have a substantial deficit by FY 209-10. Our budget team projection for the future, once again raises serious concerns regarding the viability of the General Fund in the long term.

With that in mind, we are recommending the establishment of a special Marion County Finance & Budget Task Force. The purpose of the task force would be to thoroughly analyze revenues and expenditures and make recommendations that structure the General Fund at a sustainable level. The committee would meet several times in the next few months and make recommendations for action to the Budget Committee no later than October 31, 2008. Except for those positions authorized in this budget, we are also recommending a hiring freeze for general fund positions beginning July 1, 2008. Criteria and a review process will be established to review all vacant positions. The task force will evaluate the effectiveness of the hiring freeze and a subsequent recommendation will be included in the final report to the Budget Committee in the fall.

As the significant decreases in revenue outlined below indicate, our overriding need remains to find a course that takes us to a financially manageable service level for the long-term.

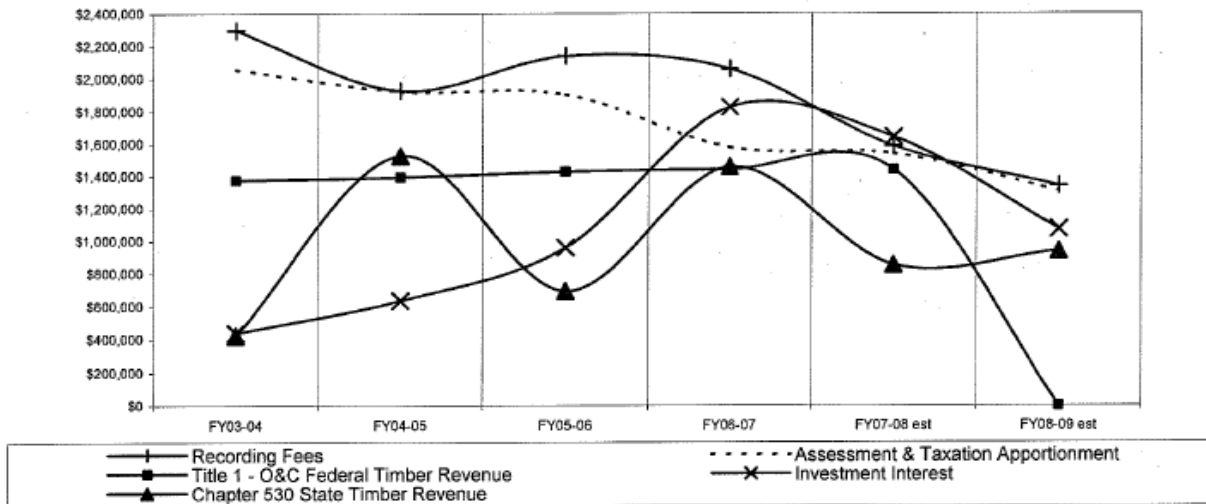
**Major Changes in Revenues**

Marion County has little control over many of its revenue sources. The following reductions are the result of outside funding decisions or market conditions. Many of the

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Property Tax Revenue Increases			
FY2005-06	FY2006-07	FY2007-08	FY2008-09
6.68%	5.23%	4.47%	4.75%

**GENERAL FUND**  
**Major Revenues FY 03/04- 08/09**



**Major Changes in Expenses**

Expenditures are the items that Marion County can most influence through policy and appropriation decisions.

**Personnel expenditures** are the most significant cost of the General Fund and most other operating funds. They are also the most difficult to project. Regular savings in the personnel services category result from vacant positions during the year, turnover of employees to lower steps on the salary scale and compensation credits taken as time off instead of salary. With tighter budgeting controls put in place over the last several years, the actual annual savings in the personnel budget for the general fund has been reduced from 5.5% in FY 2001-02 to 2.7% in FY 2006-07. There will probably continue to be natural savings in personnel costs, but the expectation is that those savings contribute less each year to the net working capital that the county has been able to rely on in the General Fund.

Personnel costs are budgeted to increase 6.9% in FY 2008-09 or \$7.5 million in total funds and 5.3% or \$2.2 million in the General Fund. This is the net effect of: increases in salaries due to COLA and merit pay, increases in FTE, increases in health and dental premiums, related taxes and other benefit increases.

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reporting, is now requiring expensive actuarial studies of our "Other Post Employment Benefits" (OPEB). These liabilities will then be reported on our financial statements. Also, in order to meet new accounting and auditing standards we will have to set up additional controls in each of our departments or we will risk audit exceptions in the annual audit beginning with FY 2008-09.

### **Strategic Directions**

Working with department heads, the Board of Commissioners has established a strategic plan with seven goals. The strategic plan provides direction that addresses the challenges and opportunities that come with the continual growth and diversity of Marion County's population. The goals strive to:

- Ensure an efficient, effective and responsive county government.
- Sustain an organization that focuses resources on smart and healthy growth.
- Protect the people, property and economy of Marion County.
- Promote economic and workforce development opportunities for Marion County residents, businesses and local communities.
- Provide a safe, efficient and reliable transportation system.
- Improve the delivery of quality and cost-efficient health and community services.
- Plan for a comprehensive emergency management program for all types of natural and man-made disasters.

The focus next year is to provide quality services to our customers and to improve operational efficiencies.

**Customer Service** – The Board of Commissioners adopted the Customer Service policy in January 2007. To assure success of the program, training is an integral part for all employees and will provide a structure and foundation for making customer service a high priority and ensure consistency in service delivery across all county departments. The budget sets aside \$100,000 for the Customer Service Initiative.

**Operational Efficiencies** – Better financial information at the county level helps management make and implement informed decisions regarding the "business" of the county as a whole. The Marion County Business Enterprise Enhancement (MCBEE) project was established to fully leverage its Oracle Enterprise Resource Planning (ERP) System for standardizing business processes across the county. MCBEE will directly align the county's ERP technology with the organization's vision and business strategies. The budget sets aside \$520,000 for MCBEE. The project will:

- Improve operational efficiencies;
- Enhance both financial analysis and effective decision-making;
- Increase employees' knowledge and skills;
- Improve stewardship of county's assets; and
- Provide better service to the customer.

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identification of cost effective projects, design, construction and management. The project is to replace roofs, mechanical systems, windows and lighting fixtures at the Courthouse and the Work Release Center to achieve energy efficiencies. Cost savings are anticipated through the use of energy credits and incentives and by obtaining low interest financing through the Oregon Department of Energy.

The Facility Renovation Fund total FY08-09 requested budget is \$7,525,258, which includes funds carried forward from last year's budget and up to \$6.4 million in loan proceeds from the Oregon Department of Energy.

The **Health Building Reserve Fund** is established with a \$1 million "transfer in" from the Health Department to be used for planning and construction of a new Health Department facility. The fund is restricted for the facility or Health Department services.

The **Health Integrated Delivery System Reserve Fund** is created using \$4 million in prior years Oregon Health Plan/Mid-Valley Behavioral Care Network "capitated" revenues. The fund is restricted to pay for outpatient mental health services to eligible clients. The fund will be used to cover future shortfalls in revenues for managed care OHP/Medicaid outpatient mental health services, infrastructure and the oversight necessary for delivery of these services.

**Budget Issues and Decisions – 2008-09**

The proposed budget for FY 2008-09 maintains most services (except in the Road Fund, Building Inspection and Planning). The fiscal year 2008-2009 proposed budget totals \$331,223,250. This is a \$22,821,831 increase over the current year budget due mainly to inter-fund transfers and the establishment of three new funds. The budget includes a General Fund of \$77,472,816 and a total of \$253,750,434 for all other funds.

**Budget Officer  
2008-09 Proposed Budget**

	2007-08*	2008-09	%
	Budget	Proposed	Change
<b>General Fund</b>			
One-time Transfers		504,000	
Revenues	\$66,186,099	\$65,757,270	- .65%
Net Working Capital	10,577,240	11,211,546	5.99%
<b>Total GF Resources</b>	<b>\$76,763,339</b>	<b>\$77,472,816</b>	<b>.92%</b>
<b>All Funds</b>			
Revenues	\$233,411,202	\$247,717,182	6.13%
Net Working Capital	74,990,217	83,506,068	11.36%
<b>Total Funds Resources</b>	<b>\$308,401,419</b>	<b>\$331,223,250</b>	<b>7.40%</b>

\*Includes 2<sup>nd</sup> supplemental

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made up of Dog Control, \$1.3 million; \$3 million for the Surveyor; \$1.5 million for Land Use Planning; and \$3.3 for Building Inspection. In addition, the appropriation for Parks is \$386,512 and the appropriation for the Marion County Fair is \$342,916.

Public Works has been hit the hardest with reduced revenues. With a loss of \$2.5 million from timber receipts to fund road operations, road repair will be slowly reduced over the next five years and the department will have to reduce the number of employees by 30.

The Dog Shelter is the only General Fund program where I recommend adding new positions. Existing staff resources are just not enough to cover the daily workload and care for the animals seven days a week. Included in the request are 1.0 FTE for managing the office and 1.0 FTE for a shelter technician. The budget officer approved general fund decision package totals \$101,714.

The solid waste function in Public Works continues to grow and this budget adds 2.0 FTE—a waste reduction coordinator and a solid waste crew leader.

Parks will receive \$10,000 in Lottery Funds to dig a fresh water well at Spongs Landing Park for park visitors.

This budget continues the implementation of county fleet consolidation in Public Works. The fleet management program will receive \$1 million from the General Fund to help defray startup costs by paying 90% of the lease assessment on General Fund departments. All departments are participating in the program by leasing the vehicles assigned to the specific department. The two main goals for next year are to: 1) determine the appropriate size of the fleet; and 2) replace as many old, difficult to maintain vehicles as possible. We have already eliminated 30 vehicles from the fleet and plan to replace as many as 25 in FY 2008-09. With the vehicle lease program, county departments now will be paying for the total cost of ownership of their fleet over time.

### **Health and Human Services**

The **Health Department** budget comprises 17% of the total county budget and totals \$56,461,960, including a \$3.8 million transfer from General Fund. Primarily funded through state and federal funds, the Health Department budget continues current services to the mentally ill, developmentally disabled and drug addicted adults and children, services to treat communicable diseases and other public health programs.

The **Department of Children and Families'** budget is \$3,131,980 and includes a General Fund transfer of \$206,203.

**OSU Extension** maintains its existing funding level of \$367,187 to support extension programs and services.

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Since FY 2004-05, our budgets have contained several recurring themes: transparency, sustainability, reduction of liabilities and debt, use of one-time money for one-time expenditures, and the maintenance of adequate reserves. Our proposed budget continues those themes.

**In Closing**

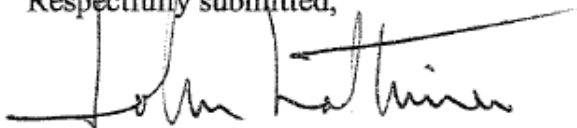
I would like to reiterate my recommendation that we establish a special Marion County Finance and Budget Task Force. The task force would be composed of experts from our Council of Economic Advisors, the Budget Committee, the community, and representatives of county departments. Once again, their task would be to thoroughly analyze revenues and expenditures and make recommendations that structure the General Fund at a sustainable level.

Our employees are the most direct link with citizens and the community at large and have a stake in our financial future. They are both the means of service delivery and the source of many service improvements and innovations. I would like to specifically thank those Marion County employees who assisted the communities of Detroit and Idanha during the record snowfall this past winter. Those employees proved that "customer service" is not an empty phrase.

While budget proposals are the responsibility of the budget officer, it would not have been possible without the able assistance of our Budget Team — Jan Fritz, Jeff White, Rich Minaker, and Jerry Woelke. I would also like to thank other members of the Finance Department staff for supporting the budget preparation. In addition, the budget staff in each department provided many hours of assistance in putting this budget together. Thanks to Hitesh Parekh and other members of the Board staff.

Finally, I would like to thank the Board of Commissioners and the Budget Committee for maintaining high standards of fiscal responsibility and a commitment to serve the citizens of Marion County in a fiscally prudent manner that protects, promotes and enhances a positive quality of life.

Respectfully submitted,



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**SUMMARY OF BUDGET COMMITTEE FY2008-09 BUDGET CHANGES**

Department	Description	Fund	Account	RESOURCES		REQUIREMENTS	
				Increase	Decrease	Increase	Decrease
Assessor	eliminate 1 position * * property appraiser 2	General	various personal services leave payoff ** General Fund support		65,981	5,943	71,924
** When the position was eliminated and the personnel worksheet data was transferred to General Ledger View, personnel decreased by \$5,943 more than the value of the eliminated position. This may have been due to other adjustments that were not previously							
Public Works	shift funding source	County Fair	From Lottery Distrib Fund From Other Funds *	80,000	80,000		
* \$30,000 allocated to County Fair administration, \$50,000 to County Fair operations.							
Public Works	shift funding source	Parks	From Lottery Distrib Fund From Other Funds	10,000	10,000		
Public Works	eliminate 3 positions * * plans examiner 1; permit specialist; plumbing inspector	Building Inspection	various personal services Undesignated Ending Fund Balance (Unappropriated EFB)			219,278	219,278
Finance	allocate funding to transfers to other funds	Rainy Day	Undesignated Reserves (UEFB) Transfer to General Fund Transfer to County Fair Transfer to Parks			104,000 80,000 10,000	194,000
Health	reallocate funds to bldg construction preliminary planning and design	Health	Misc. Contractual Services Contingency			350,000	350,000
Juvenile	add one position * * assistant juvenile supervisor detention	General	various personal services straight pay * GF support Temp Wages various fringe benefits Training GF support	56,103     20,000		59,429  8,793 1,207 10,000	2,326
* There was only \$56,103 available for the Juvenile position which cost \$59,429. Therefore, a negative adjustment of \$2,326 was entered in the straight pay account in order to balance to the budget committee approved amount							
Sheriff	remove North Marion SRO contract	Sheriff Grants	various personal services various M&S Intergov'tl - From Cities Community Corrections "1145" Revenue	5,592	91,710		65,515 20,603
	remove North Marion SRO contract	Community Corrections	various personal services Contingency Community Corrections "1145" Revenue		5,592	15,432	21,024
BOC	shift funding source	GF Non-Department	From Lottery Distrib Fund From Other Funds (Rainy Day Fund) Unappropriated Ending Fund Balance General Fund Support	104,000	104,000		10,122
BOC	shift between categories	Lottery Distribution	Transfer To General Fund Transfer To County Fair Transfer To Parks Misc. Contractual Services				104,000 80,000 10,000 194,000