# Budget Manager’s Message

# Reader's Guide

The Adopted Budget document for Multnomah County consists of two (2) separate volumes structured as summarized below.

## Volume 1 – Policy Document/ Legal Detail

**Chair's Budget Message** – This section presents Chair Diane Linn's Budget Message to citizens.

**Summaries** – This section includes the Budget Manager's Message, which provides an introduction to the budget, explains the major issues affecting budget decisions, and offers a summary of resources and requirements.

**Priority-Based Budgeting** – Facing its fifth difficult year in a row as well as the possible repeal of the ITAX, the County decided in August of 2004 to utilize a new budget process. In this section you'll find an introduction to this new method, as well as reports produced by the six "Outcome Teams" established to guide the County in its budget decisions.

**Detail –** Financial summaries, as well as detail by department by fund.

**Financial Policies –** An explanation of Multnomah County's financial procedures.

**Appendix –** Demographic information for the region.

## Volume 2 – Program Information

The FY 2006 budget is structured around the County's six priorities, as described in Volume 1. Operations of the County, however, are structured by department. This volume contains the program offers that were funded in each of the County's nine departments. These sections will include an introduction, budget trends, and the individual program offers in the Adopted Budget.

## Where to Find Other Financial Information

**Comprehensive Annual Financial Report (CAFR)** – this reports actual revenues and expenditures for the last completed fiscal year, discusses financial policies, and provides demographic and economic information about the region. The CAFR, required by state statute, is prepared in accordance with GAAP (Generally Accepted Accounting Principles). It reconciles differences between the budgetary basis – as presented in the annual Adopted Budget – and the modified accrual method used for the CAFR.

**Tax Supervising and Conservation Commission Annual Report –** this discusses the property tax system and taxing levels for all governments in Multnomah County; as well as summarizing budgets and actual revenues and expenditures for all governments in Multnomah County.

**County Auditor's Financial Trends Report –** this discusses the performance of the County and the region according to guidelines recommended by the International City Managers' Association.

**The Progress Board Benchmarks Web Site –** this contains data and graphic information about benchmarks obtained through surveys and other analysis: http://www.portlandonline.com/auditor/benchmarks.

# Budget Manager's Message

## Introduction

The FY 2006 Adopted budget represents the fifth economically difficult year in a row for Multnomah County. The County must manage a number of challenges to meet its obligations to the residents of Multnomah County. Despite signs of economic improvement, local and state governments across the nation continue to experience deficits, and communities face major service reductions. Oregon is no exception, and it is currently struggling with both the short-term cyclical and long-term structural problems inherent in its system of taxation. The State's reliance on income tax as the primary source of General Fund revenue will continue to be an issue given the cyclical nature of the Oregon economy.

The Budget Office has identified a structural deficit in the County General Fund. This structural deficit was revealed by the recent recession, during which the County experienced an absolute decline in revenues. It results from a number of factors that have converged to create a "perfect storm" for public finances in Oregon. This structural deficit will require the County to *trim one to two percent annually* from General Fund expenditures for the immediate and foreseeable future. Among the factors that lead to this conclusion are changes in the prioritization of federal and state spending, an obsolete state tax structure (with permanent limits imposed on property tax growth), significant increases in the cost of health care, rising costs for core business activities, and resistance to tax increases on the part of the electorate.

This year the County was also faced with the potential repeal of the Temporary Income Tax. In May 2003, voters approved a 1.25% income tax, expected to raise between $128 and $132 million annually for three years. In July 2004, supporters of an effort to repeal Multnomah County's Temporary Personal Income Tax turned in enough signatures to place it on the November 2, 2004 ballot. Polling indicated that the measure had a credible chance of passing. If it had passed, it would have been retroactive back to January 1, 2004. Due to the potential size of the impact ($40 million) the Board of County Commissioners embarked on a mid-year reduction process to plan for the possible repeal. The Board considered three budgetary options:

1. Across-the-board cuts or constraint budgets,
2. Cut programs that were funded with ITAX revenues, or
3. A new priority-based budgeting process.

The Budget Office was directed to move forward with a priority-based budgeting process. The Board acknowledged that changing the budget process would require a significant investment of staff time and resources, and indicated its commitment to future use of this process.

## What is Priority Based Budgeting?

Priority-Based Budgeting is a concept developed by Peter Hutchinson and David Osborne from the Public Strategies Group (PSG). It provides a proven and innovative approach for agencies to identify funding priorities that show quantifiable results that support the agency's overall goals, and that are most highly valued by the community served. This approach helped the Budget Office shift its focus from line-item budgeting and across-the-board cuts that weaken infrastructure, to a funding methodology that considers measurable outcomes that best support the County's strategic objectives. The work performed in each step is brought to the Board for its approval and for any necessary course correction. It is a highly transparent process—to the Board, other elected officials, department heads, county employees, and citizens.

The Priority-Based Budgeting Process was implemented to answer the following questions:

1. *How much money do we want to spend?* The formulation of the budget must be based on the premise that the County cannot spend more than it receives in revenue.

2. *What do we want to accomplish?* The budget must prioritize the services that most efficiently achieve the desired results.

3. *What is the most effective way to accomplish our priorities with available funds?* As part of the Priority-Based Budgeting Process, every department is asked to find ways to work more efficiently and to leverage scarce resources. Priority-Based Budgeting improves the budget by:

- Focusing limited resources on providing quality services to residents.
- Delivering government services more efficiently and effectively.
- Creating a budget that reflects County priorities.

The budgeting now begins with each department creating and describing its own programs and reviewing the costs of its services. Departments will no longer concentrate on how agencies are organized and how much money will be needed to maintain the status quo.

Each department answered five basic questions for each program:

1. Does it help meet County objectives?
2. Why is the County providing this service?
3. What exactly is being purchased?
4. Who are its clients?
5. How much does it cost?

Multnomah County's priority-based budgeting process was designed to help manage three challenges:

1. The potential repeal of the ITAX
2. The sunset of the ITAX
3. The County's ongoing structural deficit

### The Design Team

Typically, designing and implementing a new process such as this requires twelve to sixteen months. Multnomah County had twelve weeks. To facilitate communication and consensus, a Design Team was established by resolution; it was Co-Chaired by Chair Diane Linn and Commissioner Serena Cruz. The Design Team had representatives from all of the elected official's offices, a representative from the Executive Team and several key managers. This Team was staffed by the Chief Financial Officer and the Budget Director.

### FY 2005 Midyear Process

The Design Team was directed to develop a budgetary process to facilitate the decision making process for the Board about the repeal or sunset of the ITAX. The Team provided valuable feedback and direction that sped the design and implementation of the new process.

The Board of County Commissioners had to be prepared to adopt approximately $40 million in cut packages by November 2004 in the event the ITAX was repealed. The County utilized a compressed priority-based budgeting process, and was prepared to implement the reductions if voters approved the repeal. The ITAX was not repealed and the County moved forward with the design of the FY 2006 budget process.

## 7 Steps to a Better Budget Process

For FY 2006, the Budget Office built on the work completed in the midyear process and undertook a partial implementation of the priority-based budgeting process for FY 2006, targeting FY 2007 for full implementation. The process can be broken down into seven discrete steps as follows:

### Step 1 – Establish Fiscal Parameters

**Step 1: Affirm priorities and indicators for Multnomah County and establish the fiscal parameters for FY 2006 & FY 2007 budgets. Establish a Guidance Team (completed December 16, 2004).**

During the months of July and August, 2004, the County held 4 focus groups to ask citizens what they expected from their government. The County considered results from those focus groups, a web survey, Portland Progress Board information, and previous Board visioning efforts in order to develop six priorities. The priorities are written in citizen language. Those priorities are:

## Six Priorities Expressed in Citizen Language

- I want all Multnomah County residents and their families to have their basic living needs met. (Basic Living Needs)
- I want to feel safe at home, work, school, and play. (Safety)
- I want my government to be accountable at every level.(Accountability)
- I want Multnomah County to have a thriving economy. (Thriving Economy)
- I want all children in Multnomah County to succeed in school. (School Success)
- I want to have clean, healthy neighborhoods with a vibrant sense of community. (Vibrant Communities)

## Marquee Indicators for Measuring Progress

Three to four marquee indicators were established for each priority area to help the County monitor progress towards achieving the outcomes. Those indicators are as follows.

**Basic Needs**

- Percentage of people with incomes at or above 185% of the federal poverty level.
- Percent of renting households paying less than 30% of their income for housing.
- Percentage of residents perceiving their own health as good, very good, or excellent.

**Safety**

- Reported crime rate per 1,000 residents (Portland and Gresham only); offenses include murder, assault, rape, robbery, larceny, motor vehicle theft, burglary, and arson. Future data will include DUII and drug offenses.
- Citizen perception of safety (county-wide).
- Percentage of adults and juveniles convicted of a crime who commit additional crimes (i.e. recidivism rates).

**Accountability**

- Perception of trust and confidence in government (citizen and internal survey).
- Satisfaction with services (citizen and internal survey).
- Price of government (percent of personal income spent to support county government).

**Thriving economy**

- Percentage of working age Multnomah County residents who are employed.
- Average annual wages paid by Multnomah County employers.
- Number of jobs provided by Multnomah County employers (annual net job growth).

**School Success**

- Percentage of entering kindergarten students who meet specific development standards for their age.
- Percent of students at 3rd, 5th, 8th, and 10th grade that meet or exceed standards on state assessments.
- Percentage of cohort of 9th grade students who complete high school (based on synthetic drop-out rate).

**Vibrant Communities**

- Environmental and health index (available 2005).
- Citizen perception of personal involvement in neighborhoods.
- Citizen perception of adequacy of cultural, recreational, and lifelong learning opportunities (available 2005).

## Fiscal Parameters

In December 2004, the Board established $301 million as the general fund fiscal parameter—or its capacity to purchase programs for FY 2006. This represents a $15 million, or 6%, reduction from current service levels. The Board opted to spend less in FY 2006 to in order to prepare for the sunset of the ITAX in FY 2007.

For FY 2006, approximately $9 million of the $15 million reduction addresses the County's ongoing structural deficit. The remaining $6 million was to be targeted for one-time-only investments that will provide efficiencies to help reduce the projected FY 2007 deficit.

The Adopted Budget met the $301 million general fund target, eliminated the structural deficit for FY 2006 and FY 2007, and set aside $10 million to cushion the effects of the ITAX sunset. This "sunset reserve" was funded with one-time-only revenue that became available following a quarterly review of FY 2005 expenditures and revenues.

It should be noted that the fiscal parameters for FY 2006 and FY 2007 do not account for any potential state reductions. Departments were directed to budget current services levels for state-funded programs as the County will likely not know the final outcome of the state reductions until after the budget is adopted. The County will likely need to perform a brief midyear budget process to address any changes in State funding levels.

Resources available for FY 2007 were identified at $280 million, which represents an approximate $32 million general fund reduction in current service level. This "fiscal cliff" is primarily a result of the sunset of the ITAX.

## Guidance Team

A Guidance Team was established to assure the integrity and credibility of the Budget Priority Setting process; to provide feedback to the Outcome Teams, Design Team, and Board at key stages; and to give feedback about the overall process. The Guidance Team is comprised of eleven highly respected members of the community.

## Step 2 – Results Maps, Indicators, and Selection Strategies

**Step 2: Outcome Teams refine results maps and marquee indicators, and develop selection strategies for using County resources (completed January 18, 2005)**

Six Outcome Teams, one for each priority, were assembled from County staff and labor representatives. The purpose of each Outcome Team was to refine the work completed by the mid-year teams. Outcome Teams refined the results maps; clarified indicators of success for each priority; enhanced and improved cause-effect factors for each result map; and outlined for the Board those strategies that the County should pursue in order to produce the desired outcomes. The Outcome Teams also presented their work to the Design Team and the Guidance Team for their feedback. As a result of that feedback, several of the maps underwent significant changes prior to being offered to the Board.

## Step 3 – Department Program Offers

**Step 3: Departments developed and submitted program offers (Completed February 1, 2005)**

Each County Department submitted "program offers" to the Outcome Teams. Program offers represent services that each department proposes to deliver in order to achieve the County priorities. Program offers respond to each Outcome Teams' selection strategies, and departments may offer their services to one or more priority areas. An offer specifies the results to be delivered, the price, the performance measures, and the time frame. This information was posted first to the County's intranet site and then, when finalized, to the County's internet site.

Step 4 – Outcome Teams Rankings

**Step 4: Offers were ranked by Outcome Teams based on their contribution to the priority (Completed February 28, 2005)**

Outcome Teams reviewed the program offers and met with department heads and key staff. The Outcome Teams made suggestions to the departments to improve and strengthen their program offers. The Outcome Teams then ranked all programs offered by Departments within their priority area. Ranking was based on the Outcome Team’s assessment of the program’s “fit” with the selection strategies for that priority. Outcome Teams were asked to divide the programs in their priority area into three equal categories: those that contributed most to the priority were ranked high, the next third ranked medium, and the last third ranked low due to a perception that they contributed least to the priority. Most teams did several rounds of ranking.

Step 5 – Board of Commissioners Ranking

**Step 5: The Board of County Commissioners ranked offers based on their contribution to the priority (Completed March 18, 2005)**

Several work sessions were held to help inform the Board about the program offers by priority area. This was a significant shift from prior years, when work sessions were department-centric. The Board was able to see a total contribution by priority area, gaps, overlaps, and potential opportunities for changing the way the County does business.

The Board ranked the programs offered by departments using results maps, indicators, and Outcome Team selection strategies as their guide. The Board discussed its initial rankings for clarification and was then provided the Outcome Teams rankings. They then had an opportunity to discuss the divergent rankings with the Outcome Teams. The Board then completed a second round of ranking . The results of their second round of rankings were published on the internet and were used by the Chair to help guide her in developing the Executive Budget.

Step 6 – Executive Budget Proposed

**Step 6: The Chair of the Board developed the Executive Budget proposal (Released May 5, 2005)**

Chair of the Board developed and proposed to the County Commissioners the Executive Budget for FY 2006 after considering the rankings from the Board of County Commissioners and the six Outcome Teams, as well as mandates, fund limitations and service-level requirements. The Board approved the Executive Budget on May 5. The Approved Budget becomes the legal document from which the Board will deliberate. A number of budget work sessions and evening hearings were held.

## Step 7 – Budget is Adopted

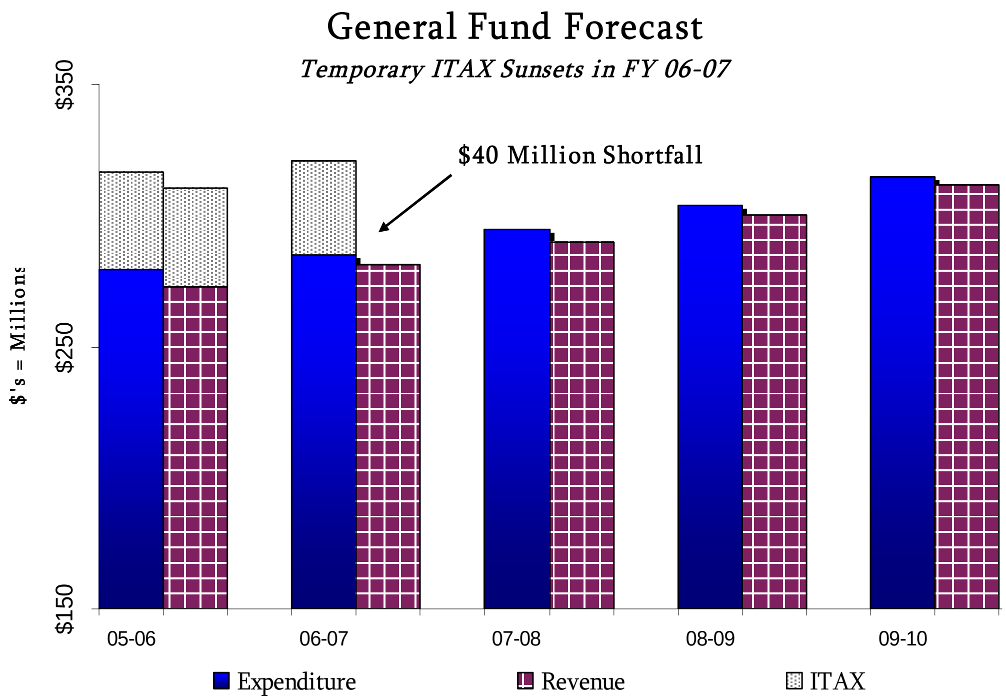
**Step 7: Board reviews, modifies, & adopts Multnomah County Budget. (Completed June 2, 2005)**

The Board of County Commissioners reviewed, modified, and adopted the FY 2006 Budget on June 2, 2005. The Commissioners participated in several rounds of a purchasing exercise in order to develop consensus, to provide clarify and focus on any outstanding policy issues and to assist with budget closure.

# Focus on FY 2007

The FY 2006 Adopted budget takes into consideration both the difficult choices that must be made now, and the potentially devastating choices that may need to be made next year. The program offers have been prepared with the best available information, but adjustments will be inevitable as the details of the State budget reductions are revealed.

Although the County has had five challenging years in a row, the Budget Office expects that FY 2007 will be the most difficult year ahead in light of the upcoming sunset of the ITAX. With the focus provided by the priority-based budgeting process, a strong fiscal discipline demonstrated by the Board, and a planned ramp-down of programs scheduled to sunset in FY 2007, the County will ameliorate the negative impacts as much as possible. However, none of this will be easy. Services will be reduced or eliminated over the next two years, and the County will have to shrink the size of its workforce.



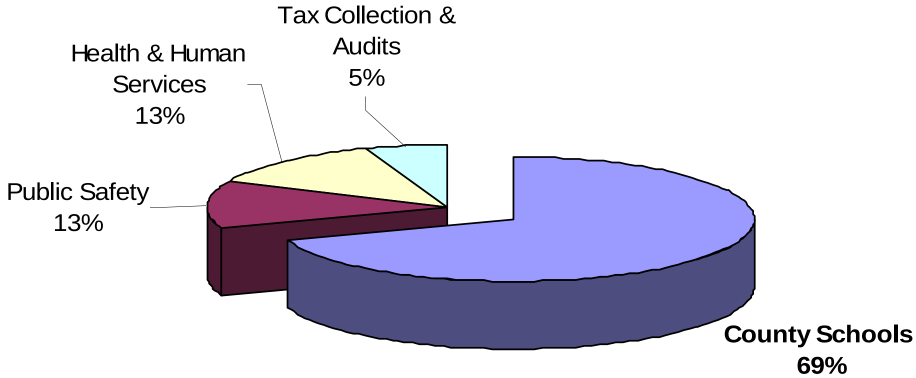

# Risks & Oppor-tunities

The FY 2006 Adopted budget is based on the best professional advice and information available at the time of development. Future decisions regarding new jail operations, bridges, and State funding add some uncertainty to the County's financial future and need to be noted.

## Multnomah County Temporary Personal Income Tax

In March 2003, the County adopted a resolution to submit to the voters an ordinance to levy a temporary Personal Income Tax to benefit Public Schools, Public Safety, and Human Services. Measure 26-48 was approved by the voters on May 20, 2003. It enacted a 1.25% income tax, expected to raise between $128 and $132 million annually for three years. For additional information regarding the temporary Personal Income Tax please see the Appendix. The following graph illustrates how temporary Personal Income Tax funding is allocated in the budget.

**Temporary Personal Income Tax Distribution**
**($128 Million)**




## Services Restored by the Personal Income Tax

The County is entering the third year of the three-year temporary income tax, which has helped public schools close their funding gaps and restored some basic services in public safety, health, mental health, and services to seniors and the disabled. Nearly 70% of the revenue provides funds for the eight County school districts, while about 26% provides funds for senior services, the mentally ill, low-income health care, and public safety. The Board identified the following services as those to be supported by the measure:

- Housing and living assistance to seniors and the disabled;
- Prescription drug assistance for low-income seniors;
- Emergency mental health services;
- Health, mental health, and addiction treatment for offenders (to help reduce recidivism);
- Restoration of jail beds;
- Juvenile justice and gang services;
- Sheriff's deputies; and
- Alcohol and drug treatment for repeat offenders.

**ITAX Comparison FY 2005 to FY 2006**

| Department | FY 2005 Adopted ITAX | FY 2006 Adopted ITAX | Difference |
|---|---|---|---|
| DA | 2,112,000 | 2,112,000 | 0 |
| MCSO | 6,249,000 | 6,249,000 | 0 |
| DCJ | 5,905,000 | 5,905,000 | 0 |
| DSCP | 200,000 | 200,000 | 0 |
| DCHS | 14,410,000 | 14,410,000 | 0 |
| Health | 3,092,000 | 3,092,000 | 0 |
| BCS | 5,318,000 | 4,000,000 | (1,318,000) |
| **Total** | **37,286,000** | **35,968,000** | **(1,318,000)** |

The $1.3 million difference is a result of the County's ability to lower the administrative costs for collecting the ITAX.

## ITAX Revenue Collection

The County now has a fairly accurate picture of the status of ITAX revenue collections. Original revenue estimates were made in an environment of uncertainty, due to a lack of historical experience. The County ultimately expects to collect anywhere from $115 - $118 million per year.

There are two reasons why collections are expected to fall short of original estimates. One is the decision to exempt state and federal retirees from paying the tax; this represents approximately $5 million assumed in the original forecast. Another is that the data used to develop estimates of tax revenue in Multnomah County included taxpayers who filed from a Portland address but actually reside in other counties. Because many of these taxpayers live in high income areas of Portland, they account for another $5 million in "lost" revenue. As the ITAX sunsets in December, 2005, FY 2006 is the last fiscal year that programs will be supported by it.

For tax year 2003, $107.5 million has been collected to date. These collections represent a 91% compliance rate. Using Oregon Department of Revenue (DOR) 2003 income tax data, the County has mailed ITAX bills to taxpayers which are expected to add another $8.5 million to the 2003 totals. To collect this revenue, the County Tax Administration and City Bureau of License have implemented a more aggressive collection process. The County Attorney's Office will also send "Final Demand" letters, followed by court filings, on delinquent tax amounts in excess of $250.

Collection operations for tax year 2004 appear much smoother as taxpayers understand the tax better than in its first year. More than $60 million has been collected to date, and the expectation is that another $22 - $25 million will be collected by mid-April. The balance of the ITAX revenue will be received from taxpayers who file for extensions and payment plans. Many employers continue to withhold ITAX from employee wages and this accounts for $12 - $14 million of total collections.

The 2004-2005 school year was fully funded at $66.9 million based on 2004 ADMw (average daily membership / weighted) of $618 per student. The balance of the 2003 money collected is being carried over to 2005/2006 to meet an ADMw of $863.26 per student. Given the revised ITAX revenue estimate of $116 - $118 million the County will be able to meet its full obligation to fund schools at stated ADMw levels.

## Tax Supervising & Conservation Commission (TSCC)

A bill (SB 899) currently being discussed in the Oregon legislature would exempt counties from establishing a Tax Supervising and Conservation Commission (TSCC). The TSCC is an independent, impartial panel of citizen volunteers who monitor the financial affairs of local governments. Oregon Revised Statute 294.610 created the Commission in 1919 (prior to that time, the Oregon Legislature controlled local government budgets). The Multnomah County TSCC has jurisdiction over all local governments that are required to follow local budget law and which have more than half of their real market value within Multnomah County.

Currently Multnomah County is the only county in the State of Oregon required to have a TSCC. Commissions are required only in counties with over 500,000 residents. The County is solely responsible to fund this body per ORS at $280,000 per year. Additionally, the County absorbs facilities costs for the Commission that amount to approximately $60,000 per year.

During the legislative session, the Senate Revenue Committee Chair directed committee staff to draft an amendment to abolish the existence of the TSCC and indicated that another public hearing would be held. The Committee specifically requested that Multnomah County weigh in on this amendment. Multnomah County supported the ability of counties to choose freely whether or not to establish a TSCC.

The Adopted Budget includes $187,000 of funding in the event TSCC is abolished effective February 1, 2006. In the event the legislature does not abolish TSCC, the Budget Office will bring forward a budget modification to restore TSCC to its full funding.

## Potential State Reductions

Multnomah County's budget is inextricably linked with the State's, and any shortfalls at the State level have a direct negative impact on services delivered by the County. For planning purposes, the Budget Office directed departments to assume state-funded programs will continue at current service levels**.** There are several reasons for proceeding under this optimistic assumption. First, from the technical perspective of Oregon Budget Law requirements, it is easier to reduce the budget than to add to the budget, especially after it has been approved. Second, it is unlikely the County will know the final outcome of the State budget before adoption of its own budget. Any assumptions regarding potential reductions would likely be no better than mere guesses. At the time the budget was adopted, the legislative session had not concluded.

## Wapato Jail Operations

Construction has been completed on the new 525-bed Wapato Jail. There is currently insufficient funding to operate this facility. The Chair and the Sheriff are in discussions with State corrections officials about leasing the facility or renting beds to the state. Discussions are in the early stages, and the outcome of those negotiations has not been completed. The Adopted Budget includes resources to cover the minimum maintenance expenses at the facility.

## PERS

On March 8, 2005 the Oregon Supreme Court decision affirmed that the Legislature can make changes to PERS. The Oregon Supreme Court upheld most of the 2003 legislative reforms to PERS, including:

- The provision directing the 6% employee contribution into the Individual Account Program (IAP), rather than into a regular Tier One or Tier Two account or a variable account;
- Use of updated actuarial equivalency factors.

The court voided two provisions:

- Crediting the assumed interest rate to member accounts over the tenure of the employee's career rather than annually;
- Temporary suspension of the COLA.

Multnomah County's FY 2006 budget includes a rate increase of about 4% of payroll and it is estimated that another 4% rate increase will be needed beginning in FY 2008. These increases are a result of the two provisions voided by the Court and may be offset if the stock market resumes its rally.

Other pending court cases could impact the March decision (such as the Eugene/Lipscomb and federal cases). The impacts of these cases are still unknown.

# Budget Manager's Message

## Bond Rating & Reserves

The FY 2006 Adopted Budget fully funds reserves. One of the major reasons the County has been able to maintain its high general obligation bond rating of Aa1 is because of Board adherence to established fiscal policies. Moody's monitors how the County manages its finances during both strong and challenging economies and has based its rating on how the County has managed budget issues over the last several years. Moody's also looks very favorably on the maintenance of reserves at adequate levels.

The County maintains two separate reserves as outlined in the Financial & Budget Policies. Each reserve has a target equal to 5% of General Fund ongoing revenues. Based on FY 2006 budgeted revenues that target amounts to roughly $13 million. This budget fully funds the two reserves – one is in the General Fund, the other is in a separate, General Reserve Fund **–** at **<u>$26 million</u>**. The General Fund forecast assumed full funding of the reserves would require a $1.5 million annual commitment over the next three years. Because the reserves are fully funded those funds are available for other uses.

## Use of One-Time Only Funds – "Sunsetting" Money

The FY 2006 Adopted budget has approximately $15 million of one-time-only, or "sunsetting," funds, not including the $32 million of ITAX included in the bottom line. Financial policies state that, "*it is the policy of the Board that the County will fund ongoing programs with ongoing revenues.*" Use of one-time-only funds for ongoing programs results in operational levels (and public expectations) beyond the capacity of the organization to maintain.

The Board maintained strong fiscal discipline with regard to the use of one-time-only money. The FY 2006 budget used $4.8 million to buy down and retire debt, which freed up approximately $3 million of on-going general fund resources. In addition, the Board set aside $10 million in an ITAX Sunset Reserve to manage the reductions forecast to occur in FY 2007. The Board had indicated their willingness to review proposed programs or projects to invest in FY 2006 that will reduce the cost of future County operations significantly greater than these original investments.

The following programs are funded with the excess General Fund ending balance. They are targeted to sunset in FY 2007.

| Name | Dept. | General Fund | Other Funds | Total Cost |
|---|---|---|---|---|
| **Debt Retirement** | | | | |
| Pay Off SAP COP | CBS | 3,000,000 | | 3,000,000 |
| Oregon Food Bank Debt Service Payment | NonD | 450,000 | | 450,000 |
| Retire IBM Mainframe Migration Loan (SAP Upgrade) | NonD | 1,350,000 | | 1,350,000 |
| ***Subtotal Debt Retirement*** | | ***$ 4,800,000*** | | ***$ 4,800,000*** |
| **Set Aside** | | | | |
| ITAX Sunset Reserves | Countywide | 10,000,000 | | 10,000,000 |
| ***Subtotal Set Aside*** | | ***$ 10,000,000*** | | ***$ 10,000,000*** |
| **Total Use of OTO dollars** | | **$ 14,800,000** | | **$ 14,800,000** |

## Creation of New Departments

After two years in development, the Business Services Division of the Department of Business and Community Services was formally recognized as a division in the FY 2005 budget.  It was designed on a Shared Services model. The FY 2006 Adopted budget continues the evolution of the division, eliminating its Director's Office and transferring those responsibilities to the Chief Financial Officer.

Effective July 1, 2005 the Board of County Commissioners took action to create two departments from the department of Business and Community Service. Business Services and Finance, Budget, Assessment and Taxation were merged into one department. This consolidation will save the County nearly $800,000 that can be used to maintain direct frontline services.

Community Services also became a stand alone department.  Services provided by this department include Animal Control, Elections, Emergency Management, Land Use Planning, and Transportation.

## Housing for Homeless Families Matching Money

Bridges to Housing is a regional effort to serve high-need homeless families throughout the four county Portland-Vancouver, WA metropolitan area.  "Bridges to Housing" leverages new resources to fund community-based housing providers and service agencies.  Families in the program are placed immediately into permanent housing, and all family members receive individualized services. By providing families with housing stability and an opportunity to address a variety of issues and build self-sufficiency, Bridges can prevent recurring episodes of homelessness.  The project aligns with the City-County "Ten Year Plan to End Homelessness"

The Bill and Melinda Gates Foundation invested $40 million in the Puget Sound region for a similar effort to coordinate housing and services for homeless families. Bridges to Housing is working in partnership with the Gates Foundation, as well as with regional housing authorities, private funders, and city, county, and state governments. The Adopted budget allocates $1 million in the General Fund contingency to demonstrate a commitment to this project and to leverage funding from private and public partners.

### Failure to Appear

Failure to appear in court is a substantial problem for the criminal justice system; low-level offenders who do not appear at court hearings increase the likelihood that they will spend time in jail. A working group of the Local Public Safety Coordinating Council developed a pilot Court Appearance Notification program modeled on the successful King County, Washington program. Beginning in spring 2005, the program provides automated telephone reminder calls to defendants before their court hearings. This is expected to significantly decrease failures to appear, subsequent warrants for arrest, and the number of jail beds used for low-level offenders. The current budget includes $40,000 to continue the pilot program through FY 2006.

### Increasing Pre-Trial Release Efficiencies

The new Pretrial Release Program (PRP) eliminates the redundancy of having two County programs that provide supervision to adult defendants released from jail while awaiting trial. By expanding the Department of Community Justice's (DCJ) Pretrial Release Services model and retiring the older Close Street Supervision program, the new DCJ program substantially increases efficiency and system capacity, while continuing to use research-based practices to manage and reduce risk in the community (Andrews, 1994).

The creation of PRP will substantially increase the availability of jail beds and significantly reduce matrix releases. This occurs by processing more defendants more quickly, eliminating costly delays and redundant administrative processes.

In addition, PRP reduces confusion in the justice system, eliminates redundant interviewing, standardizes release mechanisms to reduce bias and potential inequities, and frees up jail beds for more serious offenders as documented in an independent report (Bennett, 2001). PRP will save approximately $234,000 annually by reducing duplication in administrative and support overhead

### River Rock Alcohol & Drug Treatment Program

River Rock (RR) is a secure 60-bed residential Alcohol/Drug treatment program annually serving 120-180 "high-risk to re-offend" adult males who have failed other community treatment. These offenders' felony convictions may prohibit them from participating in community non-profit treatment. The program involves six months of intensive treatment addressing a number of issues including alcohol and drug abuse and criminal behavior.

The Adopted Budget provides funding for six months of operational costs for River

Rock. The County will contract for approximately 14 beds in the community, and continue for a full year of residential and aftercare treatment. These beds will be added to the 140 already contracted; there is still a net loss of 46 beds. Approximately $1.8 million of River Rock is funded with ITAX revenue.

## Electronic Monitoring

Electronic Monitoring programs (EM) use electronic ankle bracelets and global positioning satellite technology to incarcerate offenders in their own homes. EM is a reliable and cost-effective way to sanction offenders, enhance community safety, reduce matrix releases, and preserve expensive jail beds for dangerous offenders. It works in conjunction with community supervision practices to detain sentenced offenders and Pretrial Release Program defendants without resorting to jail; it expands sentencing options for judges and prosecution; and it allows closer monitoring of offenders in the community. The Department of Community Justice's Adult Electronic Monitoring program will work with the Judges, the Board of Parole, and the District Attorney to enhance the success of offenders placed on EM. A portion of its costs are paid by the offender.

This technology could result in a first year jail bed avoidance savings of $1,313,000, and up to $1,806,000 per year annualized. Both the Sheriff's Office and the Department of Community Justice submitted program offers for an electronic monitoring program. This new program is included in the Department of Community Justice budget.

## City's Proposed One-Time-Only Funding for Jails

The City of Portland has proposed to "purchase" 57 jail beds at a cost of $1.3 million from the County. In addition to a dorm at Inverness Jail, the City also contributed $500,000 which will be used to match the $2 million contribution by the County to maintain a total of 68 alcohol and drug treatment beds that would have closed due to State budget cuts.

This package was included on a list of items proposed for one-time-only funding by the City with very strong support from the City Council.

## Property Disposition

In FY 2006, Facilities will be putting the finishing touches on the first wave of disposition projects. One of these projects involves moving staff out of the Commonwealth Building and into the Lincoln Building in downtown Portland. This move involves a 100,000 square foot lease/hold, will relocate over 500 County employees and will reduce operating expenses in the Facilities budget by roughly $3.5 million over the lease term. In addition, Facilities will be completing a half dozen other disposition projects as part of this plan. These changes will represent an approximate annual savings of $1.7 million. They will also eliminate the need for $5.8 million of deferred maintenance and will provide the majority of the funding required for the East County Justice Center project.

Utilizing information from the Chair's budget, Facilities will be working with the departments beginning in May, 2005, to identify the next set of targets for dispositions and consolidations. The resulting dispositions will be programmed for implementation for the FY 2006 and FY 2007 budget years.

The Capital budget for FY 2006 and plan for FY 2007-10 has been developed to concentrate spending on facilities the County expects to keep, and to avoid spending on facilities it may be eliminating.

A Facilities Master Plan will be presented to the Board in July. This will be an overarching vision of the facilities inventory, intended to manage the transitions, strategy, and maintenance necessary to safeguard the County's facilities over the long term.

## Compensation Plans

All County labor contracts are open for wage adjustments in FY 2006. Assuming that cost of living adjustments will follow the change in inflation, the Budget Office directed departments to budget a *2.4% increase in wages* for the development of program offers.

In addition to the COLA and steps increases, certain contractual costs have increased (employee medical insurance premiums, PERS contributions, etc.). Since personnel costs comprise the majority of local government expenses, even small percentage increases have a significant impact on the bottom line. PERS costs, for example, are estimated to increase by 4% of payroll in FY 2006. That translates to additional payroll costs of *more than $9 million* based on the number of currently funded positions.

Like most employers, Multnomah County faces rising healthcare costs. Annual increases (e.g., for treatment, hospitalization, and prescriptions) continue to rise at roughly double the rate of core inflation. Changes to benefit plans are governed by an Employee Benefits Board (EBB). The EBB is comprised of representatives from all labor unions and changes to benefit plans need to be ratified by 80% of the voting members before they can take effect.

The cost of medical and dental insurance was forecast to increase by 15% - 20% in the coming year. For FY 2006 the County assumed that the EBB would take positive action to mitigate the forecast cost increases. The EBB operates under a cost sharing arrangement where increases in premium costs are split evenly between employees and the County. Under terms of the governance agreement employee costs can total no more than 10% of any benefit plan. But, in order for employees to experience "savings" in their out of pocket expenses the EBB needs to subsidize the annual rate increases.

That subsidy is estimated to be about $5 million in FY 2006. The subsidy is funded with reserves that have accumulated in the Risk Management Fund. The EBB manages those funds and they cannot be used for any other purpose during the life of the governance agreement. Even with the level of subsidy approved by the EBB the County's costs for employee healthcare will grow by 10% over the previous year. The additional cost to the County is forecast to be more than $3.6 million in FY 2006. In total, then, the County will experience an $8.7 million increase in costs associated with employee benefit plans (accounting for the EBB subsidy.)

## Homeland Security

The nationwide emphasis on homeland security has a local impact as well. Since the spring of 2003, over $20 million has come into the County and its municipalities from the federal government. In addition, the Urban Area Working Group – Multnomah County is one of 6 steering committee members – has organized the five-county bi-state region into a number of working groups in order to plan and to train and equip responders. While the funding is geared toward preventing terrorism and mitigating the impacts of a terrorist attack, much of the new equipment – and certainly the new levels of cooperation – will aid those who respond to other incidents as well; there is now closer cooperation, updated equipment, and a common approach to training amongst the governments in the Portland metropolitan area. In addition, Multnomah County Emergency Management is working to modernize the way that preparedness occurs. By using a predictive model of planning and response, MCEM is better preparing County organizations and their partners to quickly react to disasters and emergencies.

## Library Levy Compression

The Library's local option levy—entering its third year—is generating less revenue than initially forecast. This is due, primarily, to two factors. First, initial estimates of property value growth were made immediately prior to the time that the local economy went into recession. And, the local option levy is "compressed" as a result of competition with tax levies in neighboring jurisdictions

Revised revenue estimates for FY 2006 highlight an increase of $1.2 million in tax revenue over the most recent forecast. This has been seen as a signal that economic conditions in the region are improving. Assessed value growth drives the revenue estimates and that is limited to a large extent by amendments to the Oregon constitution which have been in place since 1990.

Assessed values grew overall by 3.5% from FY 2004 to FY 2005, the first time in four years that value growth exceeded the 3% limitation on most properties that was imposed by Measure 47. The forecast for the remainder of the life of the levy calls for moderate growth in assessed values and it also assumes that revenues will not be compressed any more than they currently are.
Local option levies lose approximately one-third of their potential yield within the City of Portland due to compression brought about because the combination of tax levies exceeds the Measure 5 cap. . Compression, and it's relationship to Property Tax revenue, is discussed in greater detail in the Appendix section of this document.

### Bridges

Current funding is inadequate to address bridge rehabilitation and replacement. The County has been successful in securing Federal and State funds for bridge capital projects, but despite these funds, a $215 million shortfall exists between identified needs and identified funds over the next 20 years.

Federally funded projects require a local match, placing additional pressures on the County's transportation budget. The County now has funding in place for replacement of the Sauvie Island Bridge. The next priority on the horizon is replacement of the Sellwood Bridge, estimated at $90 million.

### Mainframe Migration – ESWIS

In 1998, the County developed a plan to migrate all systems off the IBM mainframe. These systems included accounting, payroll, facilities management, fixed assets, health practice management, assessment and taxation, the regional justice data warehouse, the District Attorney's case tracking system, and the Sheriff's warrants and inmate system. Through FY 2004 approximately $12.6 million was expended in this effort.

The IBM mainframe migration project teams have completed work on all but the public safety systems.  The FY 2005 budget included an internal loan from the Risk Management Fund to the Public Safety Bond Fund in the amount of $6,585,000 to fund the remaining mainframe projects.  It is estimated that the migration will be complete by the end of FY 2006, and once the loan is repaid, the County will save over $1.2 million per year in license fees that will no longer be needed.

### Asset Preservation and the Capital Budget

Beginning in FY 1999, an Asset Preservation (AP) Fee was assessed to all County tenants based on space occupied.  The fee is intended to pay for the replacement of major building systems as they reach the end of their useful life; this is the major ongoing source of revenue for the capital program.

In FY 2003, this fee was dedicated to be collected from and to support Tier I buildings (buildings in substantial compliance with all applicable building codes and which have no required capital work that cannot be funded through AP fees). For FY 2006 this fee will be $1.95 per sq. ft. and is budgeted to collect approximately $1. 6 million from tenants of Tier I County buildings.

Also in FY 2003, a Capital Improvement Project (CIP) fee was established and collected to support Tier II and Tier III buildings.

Tier II buildings are not up to current building standards and may require substantial capital work but are deemed appropriate for continued investment and long-term retention in the County facilities inventory.  Tier III buildings are uneconomical or impractical for long-term retention, and will be analyzed to determine if they should be declared surplus and offered for disposition.  For FY

2006 this fee will be $1.65 per sq. ft. and is budgeted to collect approximately $2.3 million from tenants of Tier II and Tier III County buildings. This fee has not been increased since FY 2003 (as was the AP Fee); it may be reassessed as part of the upcoming Facilities Master Plan.

Facilities and Property Management has identified a deferred maintenance and seismic liability of approximately $120 million (expected to grow to an estimated $220 million over the next 15 years) for County buildings now in operation. In addition, new sources of revenue will be needed to replace or repair important County buildings, such as the County Courthouse. Aggressively managing County building vacancies and the timely disposition or redevelopment of surplus properties will only marginally contribute to lowering this long term liability. Facilities and Property Management is continuing development of alternatives which will address departmental concerns and long- term funding issues.

## Long-Range Considerations

Future considerations and long-range goals include:

- Maintaining sound fiscal policies for debt management and maintenance of fund balance.
- Maintaining a fair and competitive employee compensation package.
- Staying alert for opportunities to reduce costs through innovation, use of technology, and alternative ways of delivering services – without loss of quality or attention to County residents.
- Seeking legislative relief for necessary statutory changes.

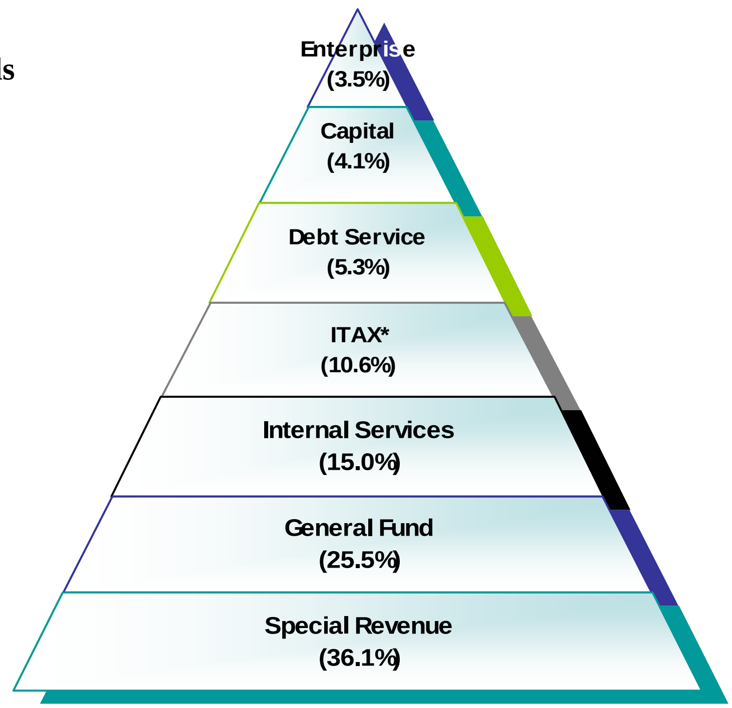
# FY 2006 Budget Overview

Local Budget law (ORS 294) requires a reporting of the total budget. The FY 2006 total Adopted Budget is $1,182,312,909. The total budget is the legal appropriation finally adopted by the Board of County Commissioners.

The total budget reflects the actual resources needed by the County, plus internal charges, transfers, loans, and accounting entities. The total budget figure overstates actual program expenditures because internal transactions are counted twice. Internal transactions between funds are typically the result of one department providing a service to another, such as information technology or facilities services. Because this overstates what is actually spent, the County often refers to the net budget.

The following graphs illustrate the County's *total budget* for all funds.

**FY 2006**
**All Funds**
**$1,182.3**

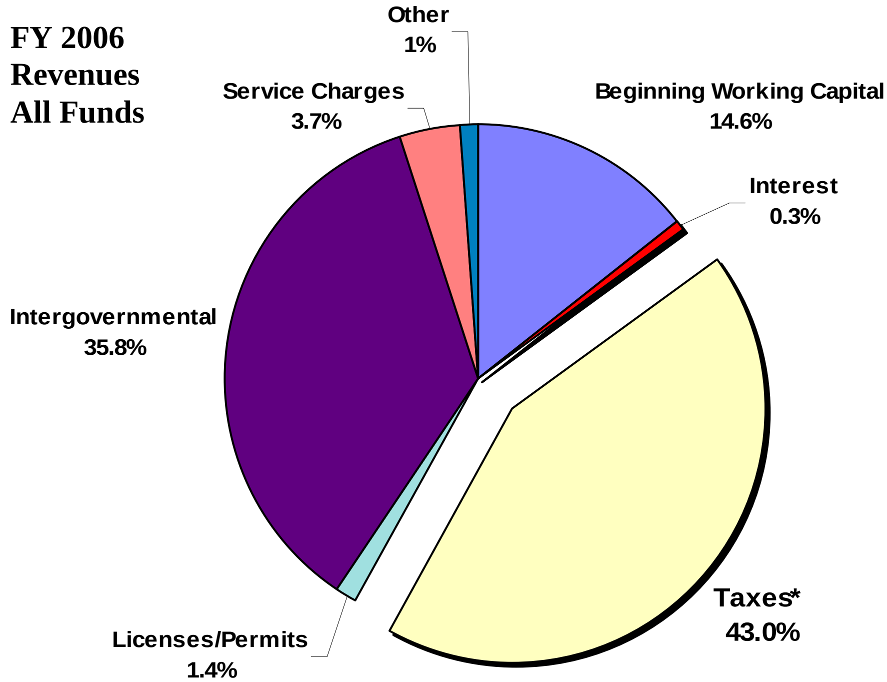



**ITAX includes the $89 million payment for County Schools.*

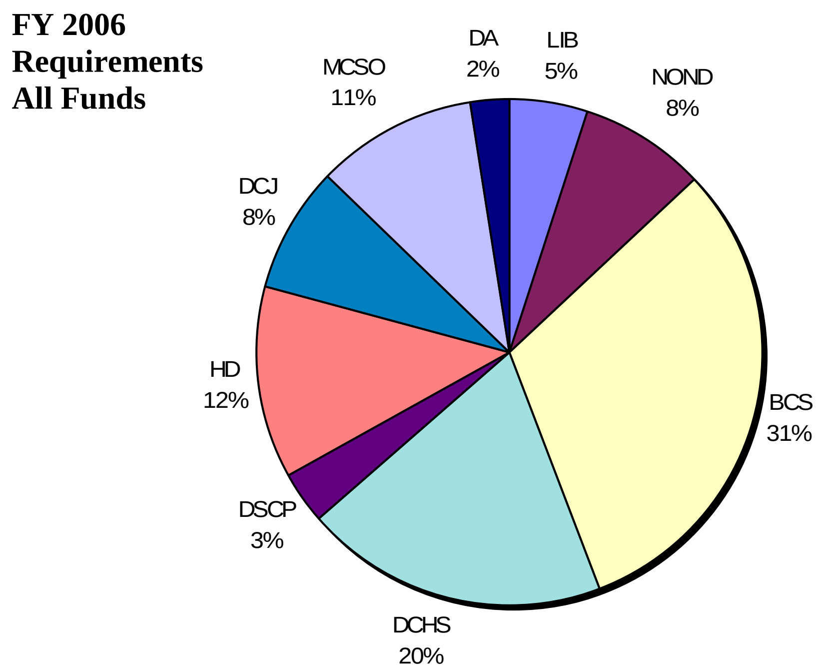
The net budget is a more accurate statement of the money the County actually plans to spend during the year. The net budget subtracts all internal charges, transfers, and loans from one fund to another. It also removes all reserves for future years to more accurately reflect the ongoing operational budget.

The following provides a brief overview of the County's net budget:

- Total departmental expenditures (including payments from one fund to another and therefore double-counted), $1,045,662,362.
- Eliminating the double count from internal transfers, contingency and reserves the Total County Net Budget is $877,313,528.
- Total Contingency accounts and Reserves, $106,531,807.




The Adopted Budget represents a slight reduction in services. All departments except Department of School & Community Partnerships have modest increases over the FY 2005 Adopted Budget. These numbers although generally higher are slightly misleading. They do not take into account any cuts in state funded programs that may occur or the impact of inflation on the cost of providing County services.



## Economic Conditions and Outlook

The Oregon economy grew more slowly than the U.S. economy from 1998 through 2003. Last year, however, the state began to show signs of emerging from its doldrums. Job growth was positive in all four quarters of 2004, for the first time in the past five years. The most recent *Oregon Economic and Revenue Forecast*, prepared by the Office of Economic Analysis, describes the outlook for 2005 and 2006 as "good, but not great."

The signs of improvement have become more prevalent in recent months. In 2004, Oregon made a strong push for recovery; in some ways, the state economy outpaced the nations. In November 2004, Oregon non-farm employment posted a year-over-year gain of 2.2 percent, compared to 1.6 percent nationally. This growth will be reflected in state and local revenue streams. For example, personal income taxes, the single largest source of revenue in the state General Fund, are forecast to increase by about 13% in the upcoming biennium.

Recently, job growth has been particularly strong in manufacturing and construction—two sectors of the economy that were hit hard by the recession. The state economist anticipates total non-farm employment to grow by 2 percent in 2005 and 2006. However, he has warned that Oregon is playing catch-up with the national economy and that it will be awhile before the unemployment rate drops significantly.

There are several factors that may speed or slow the current recovery. A few obvious variables are the situation in the Middle East, the weak dollar, and rising energy and commodity costs. Additionally, much of Oregon's late 1990's economic success depended on high-tech and specialty manufacturing sectors—and much of its recovery, too, may rely on these volatile industries.

### Multnomah County Outlook

The local economy has recovered more slowly than the state as a whole, but the good news is that the Portland region has reversed the trend of job losses, and is now experiencing job gains. This is evident in the Portland Metropolitan Statistical Area (MSA) where, as of November, nearly 15,000 jobs were added on a year-over-year basis. In the FY 2005 budget, the County forecast called for a slow and inconsistent recovery with periodic setbacks. In spite of recent gains, this assessment should prove accurate.

Businesses are generally reporting modest gains in sales activity and/or production backlogs, which should ultimately spur further hiring. High technology and some of the professional service sectors remain relatively weak, though there are signs of job growth in the high-tech sector. Silitronic Corporation has announced its plans to hire more workers in 2004; it is also considering the City of Portland for a new facility. According to the Portland Development Commission, this may result in 2,000 additional jobs.

A pattern of strong performance in traditional sectors and weak performance in high tech is not unique to this region. Globally, skilled workers and investors largely ignored slower growth industries like steel, transportation equipment, foundries, machinery, and agriculture during the economic boom of the late 1990's. Now that these industries are enjoying higher demand, many have little productive capacity given the former lack of investment. As a result, prices are higher for a wide range of products including steel, copper, petroleum, and refined products

Locally, traditional industries and companies, like Schnitzer Steel Industries, have enjoyed several strong quarters. In contrast, industries that attracted excess investment spending during the boom period are facing a slower recovery. These firms will benefit to some extent from the weakening dollar, but improved exchange rates may not sufficiently offset excess global capacity and intense competition from emerging markets.

The consensus among economic forecasters is that the regional economy is approaching a period of sustainable employment growth. Given the depth of its recession, it will take longer for the Portland MSA to see sizable employment and revenue growth. On the other hand, international and domestic tourism resulting from the weak dollar may provide a significant boost in the coming two years. Also, Portland has stronger ties to non-consumer goods manufacturing than does the US economy as a whole. Local employment, therefore, tends to grow stronger later in the business cycle.

Portland and Multnomah County offer many advantages that form a strong foundation for future growth. Oregon's close proximity to Asian trading partners benefits local firms. Northwest Airline's decision to offer nonstop service between Portland and Tokyo will further strengthen Portland's tie to Japan. The region's concentration of sportswear talent, location on the I-5 corridor, appeal as a tourism destination, and comparatively strong metals manufacturing provide additional strengths. As long as these advantages can be exploited effectively the regional economy should enjoy a period of recovery that will accelerate into the following year.

State and local governments are still recovering from revenue shortfalls brought about by the recession. One of the risks identified in the *Oregon Economic and Revenue Forecast* is the impact that budget shortfalls and service reductions could have on the state's economy. Furthermore, ballot initiatives such as Measure 37 may result in increased costs at a time when revenues are just starting to return to pre-recession levels.

The Budget Office has identified a "structural deficit" resulting from an imbalance between ongoing revenues and expenditures. That deficit was forecast in December to range between one and two percent annually for the foreseeable future. The recent signs of economic recovery offer reason to be cautiously optimistic that the

County can make headway toward eliminating the structural deficit.

The impending sunset of the temporary local income tax (ITAX) presents a very large challenge for the County. In FY 2007, County programs funded by the ITAX are forecast to cost between $35 and $36 million. Economic growth may trim the structural deficit. It must be stated, though, that even if the regional economy were to return to the "white hot" growth rates experienced in the 1990's the County would not be able to close the gap left by sunset of the ITAX.

A complete discussion of the current economic outlook, developed by ECONorthwest, can be found at:

http://www.co.multnomah.or.us/dbcs/budget/mc_econ_fore_final.pdf

This report provides detailed revenue estimates for the Business Income Tax (BIT), Motor Vehicle Rental Tax, and Transient Lodging Tax. It also offers forecasts for a few select local and national economic indicators.

## FY 2006 Overview

County services and facilities are financed by a variety of taxes, fees, reimbursements and intergovernmental assistance. Each year resources are evaluated, analyzed, and projected, so that the County may plan to spend only that which it receives. The County is prohibited by law from incurring a deficit.

The FY 2006 Adopted Budget, including the $130.8 million of Temporary Personal Income Tax (ITAX) funding, totals $1,045,662,362, an ***increase of $48,672,616 million from the FY 2005 Adopted Budget***. The increase is mainly attributable to an increase in beginning working capital in the General Fund and the Willamette River Bridge Fund.

The General Fund Beginning Working Capital (BWC) is $10.5 million higher than the FY 2005 Adopted Budget. We believe this is mainly a result of reduced departmental spending due to the threat of the repeal of the ITAX for the first half of the year, and the projected sunset of the ITAX for the second half of the year. The Willamette River Bridge Beginning Working Capital (BWC) is **$30,763,123,** primarily due to the receipt of federal funding for replacement of the Sauvie Island bridge.

| | | FY 2006 | | | | |
|---|---|---|---|---|---|---|
| Department | FY 2005 Adopted | General Fund | ITAX | All Other Funds | Total | Total Difference |
| NonD | $ 163,879,561 | $ 15,559,188 | $ 89,313,762 | $ 61,110,596 | $ 165,983,546 | $ 2,103,985 |
| DA | 21,779,065 | 15,826,660 | 2,112,075 | 5,038,938 | 22,977,673 | 1,198,608 |
| DSCP | 31,999,116 | 15,484,133 | 200,000 | 15,976,575 | 31,660,708 | (338,408) |
| DCHS | 172,555,526 | 15,526,397 | 14,392,382 | 155,816,702 | 185,735,481 | 13,179,955 |
| Health | 109,512,475 | 41,857,947 | 3,092,553 | 70,720,665 | 115,671,165 | 6,158,690 |
| DCJ | 74,772,924 | 45,184,356 | 5,905,329 | 26,407,676 | 77,497,361 | 2,724,437 |
| Sheriff | 97,713,596 | 78,390,243 | 6,249,069 | 14,576,810 | 99,216,122 | 1,502,526 |
| DBCS | 277,108,597 | 28,850,828 | 4,000,000 | 265,994,980 | 298,845,808 | 21,737,211 |
| Library | 47,668,886 | | | 48,074,498 | 48,074,498 | 405,612 |
| Totals | $ 996,989,746 | $ 256,679,752 | $ 125,265,170 | $ 663,717,440 | $ 1,045,662,362 | $ 48,672,616 |

# General Fund Overview

The General Fund comprises about a third of the County's budget and represents the largest pool of discretionary funds. The General Fund has both discretionary and non-discretionary resources. Discretionary resources are those that the Chair and Board of County Commissioners can allocate to support any department; there are few restrictions on how these resources can be allocated.

Discretionary resources include property taxes, business income taxes, motor vehicle rental taxes, interest earnings, and state shared revenues (i.e., Video Lottery, Cigarette Tax.). The General Fund also includes a number of resources—including grants, contract revenues, service reimbursements, and inter-governmental revenues—that are dedicated to specific purposes.

General Fund resources are categorized as ongoing or sunsetting (one-time-only). An example of a sunsetting resource is a major donation or payment from the settlement of a lawsuit or the Multnomah County Temporary Income Tax. An example of an ongoing resource is an increase in property tax revenues which can be expected to be sustained over time

The County takes a conservative approach to forecasting General Fund revenues. Overall revenue growth is forecast to range from 2.5% to 3.5% during the current five year forecast period.  Property Tax is the single largest source of revenue in the General Fund and it accounts for more than 65% of total revenues. General Fund revenue growth, therefore, is particularly sensitive to changes in property valuation.

Expenditures are forecast to grow between 4.5% and 6% annually – a rate of growth that takes inflation, employee benefits, and long term fixed costs into account. For FY 2006 we projected a current service level shortfall of roughly $8.5 million, or about 3% of ongoing General Fund program costs. This shortfall did not take into account any operating costs associated with the Wapato facility. As noted earlier, the General Fund has a structural deficit that will require us to identify approximately 2% in ongoing reductions on average each year over the forecast period.

In FY 2006 the General Fund includes $125.7 million in revenue from the Temporary Personal Income Tax approved by the voters in May, 2003. The ITAX will raise $89.2 million to support of County school districts, and funding for County programs in the areas of Public Safety and Health and Human Services that would otherwise have been eliminated from the budget.

The ITAX is set at a rate equal to 1.25% of Oregon taxable income for a period of three years. The tax provides a $2,500 exemption for single taxpayers and a $5,000 exemption for joint filers. It also has a "severability clause" in the event that the legislature provides funding to restore the services and programs supported by the tax. The Department of Revenue (DOR) has estimated the ITAX will generate between $128 million and $135 million annually for the years the tax is imposed.

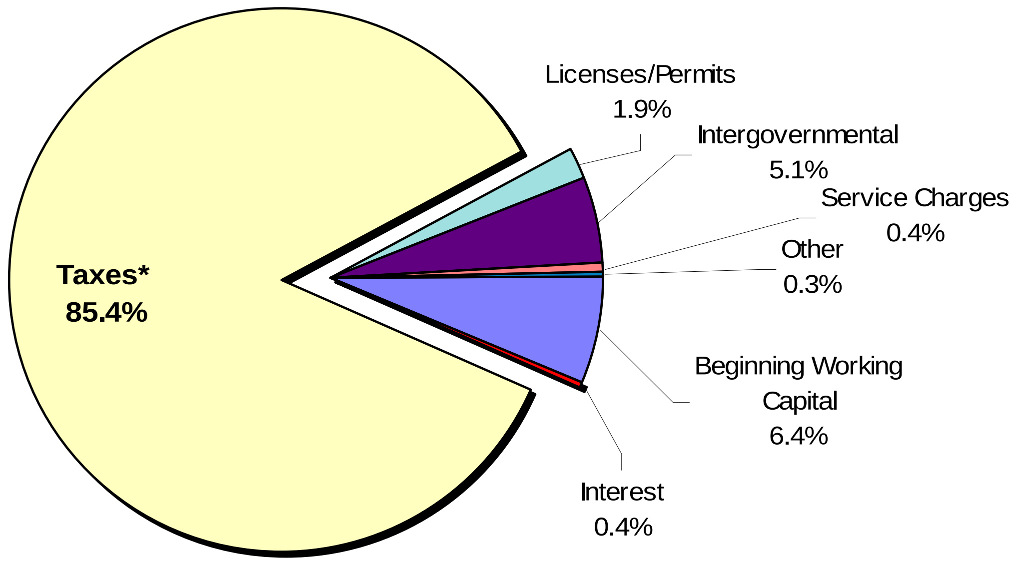
## General Fund Spending and Revenues

The following is an overview of the FY 2006 General Fund:

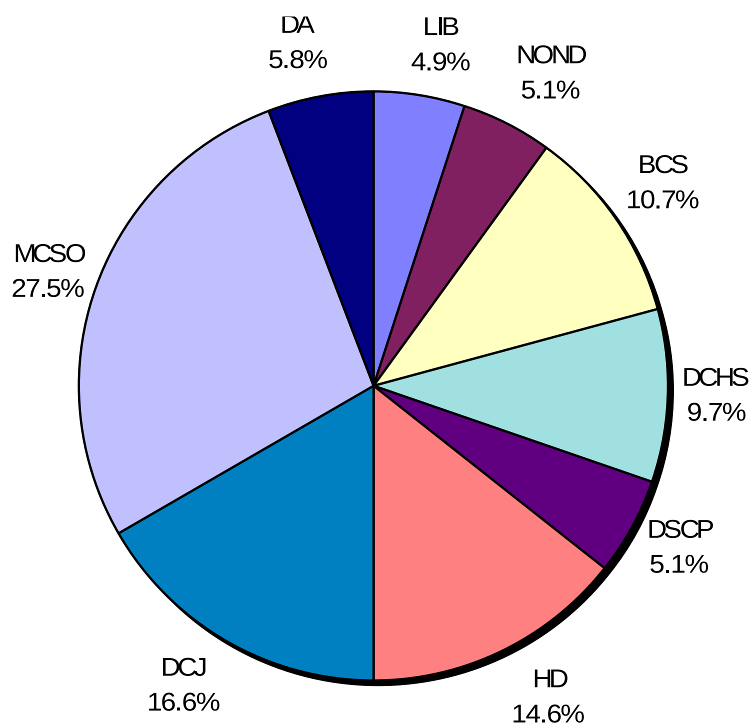
- Total current General Fund revenues, $426,640,736.
- Total departmental expenditures (including cash transfers to other funds), $381,944,922.
- Total Contingency accounts and Reserves, $26,649,243.
- Temporary Income Tax Revenues, $125,265,170.

The following pie charts show major revenue sources and the distribution of expenditures among departments.

**FY 2006**
**General Fund Revenues**




**FY 2006**
**General Fund Spending by Department**



## General Fund Revenues

Overall, General Fund resources have essentially stayed flat. Adjusting for changes in accounting practices, General Fund resources are approximately 4% higher than FY 2005. The following description highlights the changes within the major resource categories.

### Fund Balance

The ending balance in the General Fund has steadily declined, mainly as a result of the economic downturn, over the past several years. However, the FY 2006 Adopted Budget reverses that trend and assumes Beginning Working Capital (BWC) of $26.7 million, an increase of $10.5 million from the previous year. This increase is due to a couple of factors discussed previously and it is an encouraging sign that the regional economy has begun to rebound. The increase in General Fund BWC accounts for the bulk of the growth in total revenues (about 2.5% of the 4% increase.).

### Multnomah County Temporary Personal Income Tax

Multnomah County voters have passed a 3-year Temporary Personal Income Tax. In FY 2006, this tax is anticipated to raise:

- $89.2 million for County Schools;
- $16 million for Public Safety;
- $16 million for Health and Human Services; and
- $ 4.0 million for tax administration, collection and audits.

The goal behind this measure is to provide a bridge to better economic times. The County developed and implemented a priority based budgeting process to begin addressing the sunset of the ITAX. In the summer of 2005, the Executive Committee will be asked begin developing systems and programmatic strategies in response to the ITAX sunset in 2006. For FY 2006, departments were asked to budget the same amount and the same programs as in FY 2005.

There was one exception to the direction that was provided to departments. The Adopted Budget reduces the amount necessary for ITAX administration and collections. These expenditures declined by roughly $930,000 from FY 2005. They had, in fact, been scheduled to decline as a result of some one-time start up costs associated with the contract the County entered into with the City of Portland.

### Property Taxes

Property taxes are Multnomah County's largest single source of revenue. Revenue from this source constitutes roughly two-thirds of the total General Fund.

In 1998, Measure 50 established a permanent property tax rate for each local government. Multnomah County's permanent tax rate is $4.3434 per $1,000 of assessed value. As assessed value grows, the taxes collected by Multnomah County also grow. Assessed value grows in two ways:

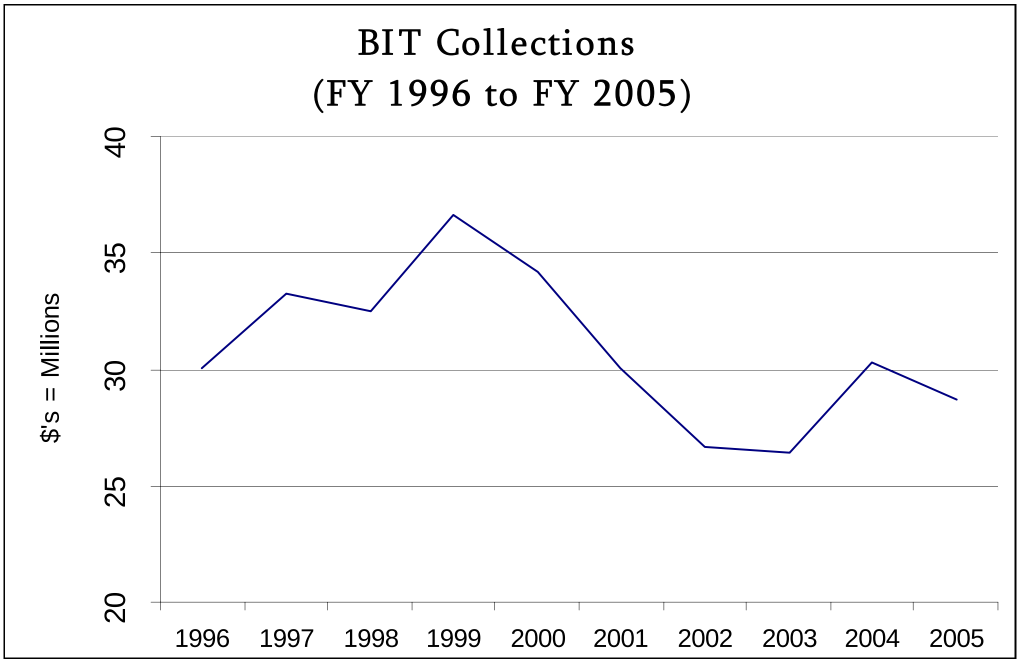
- For most properties, it can grow no more than 3% annually;
- The value of new construction is added above the 3% maximum growth.

FY 2006 property tax estimates were based on the assumption that value growth would average about 3.2% throughout the County, reflecting an increase in "exception" value associated with new construction.

## Business Income Tax

The Business Income Tax (BIT), established in 1976, is the second largest source of revenue in the General Fund. Since 1993, it has been set at a rate of 1.45% of net income. In March 1998, voters in Multnomah County passed a temporary .50% BIT surcharge. Proceeds from this surcharge were dedicated to school districts within the county.

In FY 1998, the BIT generated approximately 15% of total General Fund revenue. A number of factors, primarily related to the condition of the regional economy, contributed to an absolute decline in BIT revenue from FY 2000 through FY 2003. The following chart highlights the volatility of this revenue source over time.




It is probably not surprising that BIT collections parallel the business cycle. In addressing the BIT forecast, ECONorthwest found a high degree of correlation between the County BIT and the state Corporate Income Tax.

The BIT forecast for FY 2006 was developed with the assumption that the current tax structure would be amended to provide for an increase the owners compensation allowance. This allowance is currently set at about $55,000 and is indexed for inflation. Proposals were introduced over the past year and a half that would have the impact of increasing that allowance up to $125,000 over time. An increase of that magnitude would have the effect of reducing estimated revenues by approximately $1.5 million per year.

In addition, the FY 2006 forecast makes provision for a large volume of credit carry forwards that will likely be exhausted during the 2005 tax year. The City of Portland implemented a policy last year to eliminate the use of credits as a form of tax payment. From now on, all tax accounts will be treated as "current". Those taxpayers who overestimate their tax liability will receive refunds rather than be allowed to carry the refund as a credit against future tax payments. The total impact of this policy change is not known at this time. The amount of BIT budgeted in FY 2006, therefore, represents a fairly conservative estimate based on the factors outlined here.

### Transient Lodging Tax and Motor Vehicle Rental Tax

The County imposes a Transient Lodging Tax (a tax on hotel and motel occupancy) and a Motor Vehicle Rental Tax. The Transient Lodging Tax is collected and transferred to Metro for the operating costs of the Convention Center. A portion of the Motor Vehicle Rental Tax is a General Fund resource, with the balance used to support the Convention Center.

The Motor Vehicle Rental Tax is expected to rebound slowly as travel and tourism have yet to return to pre-9/11/2001 levels. Air passenger traffic through the Port of Portland, as measured in number of emplanements, has recently shown signs of a recovery for the local tourism industry. The summer travel season will soon be upon us and it is possible that FY 2006 will be the year we see improvement in Motor Vehicle Rental Tax revenues.

In 1998, Metro proposed to the voters a regional general obligation bond to expand the Convention Center. The proposal was defeated. In 1999, in collaboration with the City of Portland and Metro, the County increased the rates of both the Transient Lodging Tax and the Motor Vehicle Rental Tax, dedicating the proceeds to the expansion of the Convention Center. The proceeds are now used to retire debt issued by the City of Portland and to provide additional operating support to the expanded Convention Center.

## Balancing the General Fund: *The Shortfall*

In November 2004, the first quarter General Fund forecast update identified a gap of approximately $6 - $7 million between expenditures and revenues estimated for FY 2006. In March, 2005 the forecast was again updated and the gap grew to roughly $8.5 million. That shortfall represents the "structural deficit" described elsewhere. It will be necessary to take corrective action to bring expenditures into alignment with ongoing revenues. The five-year General Fund forecast identifies a gap of <u>up to 2.5% per year</u> between revenue and expenditures. And, this shortfall gets even more daunting in the face of the upcoming ITAX sunset.

Forecasts offer a picture of the future based on a snapshot in time. Since the current forecast was developed it has become clear that economic conditions in Oregon, and the Northwest in general, have begun to improve. It cannot be emphasized enough, though, that the County cannot count on economic growth alone to manage the shortfalls ahead. If that assessment seems bleak consider that there are any number of risks to the current forecast that cannot be quantified at this time. They include:

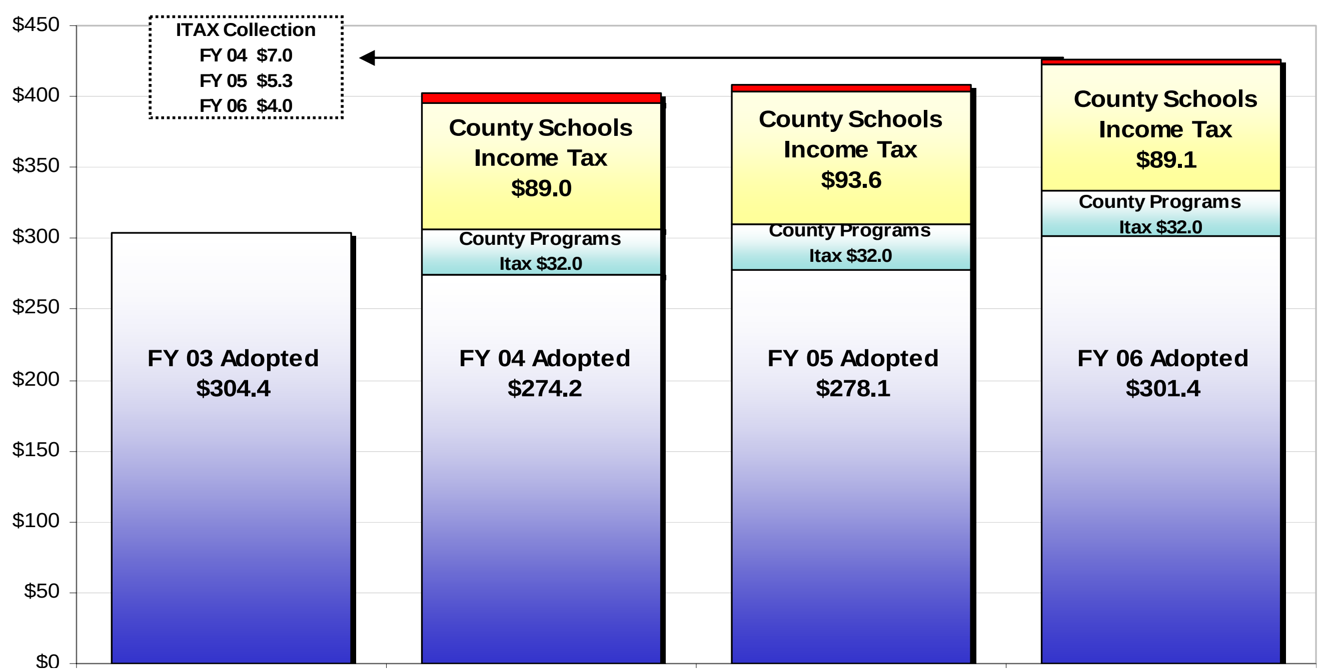
- Impact of state and federal budget deficits,
- Spiraling cost of healthcare
- Citizen initiatives (i.e.; Measure 37)
- Return of high inflation and its impact on County service delivery

Any one of these risk factors could be detrimental to the County's financial position. Collectively, they could present a very stern challenge as the County attempts to retrench following the sunset of the ITAX.

## General Fund Expenditure Summary

The following graph shows the General Fund appropriation from FY 2003 Adopted through FY 2006 Adopted with and without the Temporary Personal Income Tax.

**County General Fund Comparison**
**FY 2003-2006 Adopted**



## General Fund Reserve Status

The level of General Fund reserves is considered a fundamental measure of financial health and is closely monitored by credit rating agencies. The status of the General Fund's reserve account became critical at the end of FY 2001 when it was clear that revenues had fallen substantially below projections.

In October 2001, the Board of County Commissioners adopted a policy setting a targeted reserve level equal to 10% of General Fund current revenue. The first 5% is maintained as an unappropriated balance in the General Fund, while the second 5% is held in a separate General Reserve Fund.

The estimated FY 2006 General Fund Reserves balance will total $26 million, the equivalent of a fully funded reserve. Shortly after the budget was adopted, Moody's lifted the County's negative outlook on our Aa1 rating. This was mainly a result of our reserves being fully funded and the Board setting aside an additional $10 million in preparation for the sunset of the ITAX.

## Changes to Departments

The following is a brief summary of changes to department. For more detail consult the department sections in Volume Two. It is important to note that the ITAX is technically part of the General Fund. For budgetary purposes, departments were instructed to budget the same amount of ITAX revenue and expenditures for the same programs that were included in the FY 2004 and FY 2005 Adopted budgets.

### District Attorney

| District Attorney | 2005 Adopted | 2006 Adopted | Difference |
|---|---|---|---|
| Staffing FTE | 216.05 | 218.30 | 2.25 |
| Personal Services | 17,184,366 | 18,698,151 | 1,513,785 |
| Contractual Services | 2,205,699 | 1,154,475 | (1,051,224) |
| Materials & Supplies | 2,350,000 | 3,027,047 | 677,047 |
| Capital Outlay | 39,000 | 98,000 | 59,000 |
| **Total** | **21,779,065** | **22,977,673** | **1,198,608** |
| *General Fund* | *16,230,532* | *17,938,735* | *1,708,203* |

The District Attorney is responsible for prosecuting crimes that occur in Multnomah County, representing the State in dependency and delinquency cases, and enforcing child support. The core services of the prosecutor's office reflect these statutory obligations and include prosecution of criminal cases, protection of children and enforcement of child support, victims' assistance services, and attention to crime reduction strategies.

The Adopted budget for the District Attorney represents the services the department provided in FY 2005. The 2.25 FTE are Deputy District Attorney's and were added to in lieu of temporary staff.

## Sheriff’s Office

| Sheriff's Office | 2005 Adopted | 2006 Adopted | Difference |
|---|---|---|---|
| Staffing FTE | 833.53 | 832.11 | (1.42) |
| | | | |
| Personal Services | 74,177,951 | 77,830,685 | 3,652,734 |
| Contractual Services | 1,957,068 | 1,423,407 | (533,661) |
| Materials & Supplies | 17,604,426 | 19,767,964 | 2,163,538 |
| Capital Outlay | 3,974,151 | 194,066 | (3,780,085) |
| **Total** | **97,713,596** | **99,216,122** | **1,502,526** |
| | | | |
| *General Fund* | *80,992,768* | *84,639,312* | *3,646,544* |

The Sheriff’s Office performs law enforcement and corrections functions. The Adopted budget added 57 jail beds or 1 dorm at Inverness Jail, bought back 22 beds from the US Marshal for local capacity, and freed up a minimum of 30 beds due to an Electronic Monitoring project run by Department of Community Justice.

The Board has proposed to fund an additional two dorms at Inverness Jail, pending the successful results of a Task Force formed to review internal services provided by the County and the Sheriff’s Office with the goal of creating savings by eliminating duplication and inefficiencies. MCWRC is fully funded, MCCF is funded at current service level, and MCDC is fully funded with the exception of 1 floor that the Sheriff has been remodeling since 2001. Close Street Supervision was eliminated and the Board reduced the Sheriff’s requested overtime budget by $1 million. A number of budget notes affect this agency and can be found at the end of the Budget Manager’s Message.

The Sheriff’s Office faces potentially significant reductions in the Department of Corrections revenue. It is likely that we won’t know the final outcome of the State’s budget until after the adoption of our own budget.

## Department of Community Justice

| Community Justice | 2005 Adopted | 2006 Adopted | Difference |
|---|---|---|---|
| Staffing FTE | 546.04 | 553.73 | 7.69 |
| | | | |
| Personal Services | 40,106,472 | 44,701,201 | 4,594,729 |
| Contractual Services | 17,316,960 | 15,723,977 | (1,592,983) |
| Materials & Supplies | 17,349,492 | 17,072,183 | (277,309) |
| Capital Outlay | - | - | - |
| **Total** | **74,772,924** | **77,497,361** | **2,724,437** |
| | | | |
| *General Fund* | *43,452,904* | *51,089,685* | *7,636,781* |

The Department of Community Justice is responsible for the supervision of adults and juveniles involved in the criminal justice system as well as the detention of youth. DCJ has focused on core services, and prioritized high-risk offenders. It has also worked to diversify revenue sources. The Adopted budget backfills some lost revenues including the loss of Medicaid funding for alcohol and drug treatment, and provides funding for several new and innovative programs including the Pretrial Release Program and Electronic Monitoring.

River Rock will begin ramping down operations with closure slated for January 2006.

Like the Sheriff's Office, DCJ also faces potentially significant reductions in the Department of Corrections revenue of which the outcome may not be known until after the adoption of our own budget.

## Health Department

| Health | 2005 Adopted | 2006 Adopted | Difference |
|---|---|---|---|
| Staffing FTE | 812.54 | 850.38 | 37.84 |
| | | | |
| Personal Services | 65,516,902 | 72,374,195 | 6,857,293 |
| Contractual Services | 13,437,575 | 13,646,232 | 208,657 |
| Materials & Supplies | 30,494,368 | 29,581,238 | (913,130) |
| Capital Outlay | 63,630 | 69,500 | 5,870 |
| **Total** | **109,512,475** | **115,671,165** | **6,158,690** |
| | | | |
| *General Fund* | *45,878,496* | *44,950,508* | *(927,988)* |

The Health Department seeks to ensure access to healthcare for Multnomah County residents, protects against the threats to health, and promotes health. The FY 2006 program offers include costs to maintain all general fund supported Health Department programs at current service levels. Grant funded programs were asked to submit expenditure budgets that did not exceed their grant revenue. The Department also had several grants expiring in FY 2006. The Adopted budget reduces funding for primary care by $400,000; reduces General Fund resources for Corrections Health by $1,067,000; and funds all other programs at current service levels.

## County Human Services

| County Human Services | 2005 Adopted | 2006 Adopted | Difference |
|---|---|---|---|
| Staffing FTE | 558.21 | 567.26 | 9.05 |
| | | | |
| Personal Services | 40,425,815 | 42,756,914 | 2,331,099 |
| Contractual Services | 120,671,572 | 130,736,971 | 10,065,399 |
| Materials & Supplies | 11,458,139 | 12,071,621 | 613,482 |
| Capital Outlay | - | 169,975 | 169,975 |
| **Total** | **172,555,526** | **185,735,481** | **13,179,955** |
| | | | |
| *General Fund* | *30,516,787* | *29,918,779* | *(598,008)* |

DCHS provides a range of care and support to the elderly and to people with serious physical, emotional or developmental disabilities. Services are delivered through direct case management, contracts with community-based organizations, and linkage to external resources, such as food stamps and Medicaid. The Adopted budget continues to fund most existing programs offers.

## School and Community Partnerships

| School & Community Partnerships | 2005 Adopted | 2006 Adopted | Difference |
|---|---|---|---|
| Staffing FTE | 71.71 | 63.90 | (7.81) |
| | | | |
| Personal Services | 5,340,239 | 5,282,098 | (58,141) |
| Contractual Services | 24,015,076 | 23,774,044 | (241,032) |
| Materials & Supplies | 2,643,801 | 2,604,566 | (39,235) |
| Capital Outlay | - | - | - |
| **Total** | **31,999,116** | **31,660,708** | **(338,408)** |
| | | | |
| *General Fund* | *15,342,422* | *15,684,133* | *341,711* |

The Office of School and Community Partnerships' primary focus is childhood poverty as it pertains to education. It works to align services to children and families in order to improve outcomes, and develops, promotes, and implements best practices into its partnerships. The Adopted budget does not fund School Attendance Initiative (SAI) program. Several program offers were adjusted to account for the closure of two Portland Public Schools and the elimination of 3.0 community conveners.

## Library

| Library | 2005 Adopted | 2006 Adopted | Difference |
|---|---|---|---|
| Staffing FTE | 449.75 | 446.75 | (3.00) |
| | | | |
| Personal Services | 28,200,205 | 28,858,613 | 658,408 |
| Contractual Services | 1,294,540 | 811,761 | (482,779) |
| Materials & Supplies | 16,494,370 | 17,469,124 | 974,754 |
| Capital Outlay | 1,679,771 | 935,000 | (744,771) |
| **Total** | **47,668,886** | **48,074,498** | **405,612** |
| | | | |
| *General Fund* | *17,390,189* | *15,184,319* | *(2,205,870)* |

The Library's 05-06 operating budget is $47.1 million, an increase of 2.6% from the 04-05 budget. For Central Library, the 16 neighborhood libraries and youth and adult outreach, this represents current service levels; however, it is still a reduction from what was originally proposed in the levy plan (which projected a $54.5 million budget in 05-06), and it reflects an ongoing reduction in open hours from the 03-04 budget.

## Business & Community Services

| Business & Community Services | 2005 Adopted | 2006 Adopted | Difference |
|---|---|---|---|
| Staffing FTE | 874.13 | 858.26 | (15.87) |
| Personal Services | 70,553,213 | 72,768,345 | 2,215,132 |
| Contractual Services | 43,944,808 | 41,652,474 | (2,292,334) |
| Materials & Supplies | 121,937,901 | 135,877,468 | 13,939,567 |
| Capital Outlay | 40,672,675 | 47,048,075 | 6,375,400 |
| **Total** | **277,108,597** | **297,346,362** | **20,237,765** |
| *General Fund* | *32,367,159* | *32,850,828* | *483,669* |

Business and Community Services (BCS) had three major divisions that function as small departments: Finance, Budget, and Taxation (FBAT); Community Services (CS); and Business Services (BS). FBAT and BS will merge to form the Department of County Management. CS will stand alone as its own department. Due to the timing of the new department formation the Budget document will reflect the old accounting structure of BCS.

This department is complex due to the number of unrelated services it provides and the fact that it involves more than twenty-one funds. Overall internal services charges other than employee insurance related costs increased less that 1%. A majority of the increase can be attributed to rising health costs in the materials and supplies budget in the risk fund.

## Nondepartmental

| Non-Departmental | 2005 Adopted | 2006 Adopted | Difference |
|---|---|---|---|
| Staffing FTE | 75.52 | 71.82 | (3.70) |
| Personal Services | 6,791,219 | 6,846,096 | 54,877 |
| Contractual Services | 114,762,810 | 112,571,964 | (2,190,846) |
| Materials & Supplies | 41,664,243 | 45,752,734 | 4,088,491 |
| Capital Outlay | 661,289 | 812,752 | 151,463 |
| **Total** | **163,879,561** | **165,983,546** | **2,103,985** |
| *General Fund* | *106,984,113* | *105,322,950* | *(1,661,163)* |

The Nondepartmental section of the budget includes support for the Chair's Office, the Commissioners' offices, the County Auditor, the County Attorney Office. All of these programs were funded at current service levels. Also in this budget are contracts with community organizations, and a number of debt service payments. Funding was eliminated for the Portland Business Alliance and the West Multnomah Soil & Water Conservation District. Approximately $510,000 of the SIP program community service fee was allocated to general fund programs to balance the budget.

# The Budget Process

## Local Budget Law

Budgeting in Oregon is governed by Local Budget Law, Chapter 294 of the Oregon Revised Statutes. The law has four major objectives:

- To provide standard procedures for preparing, presenting, and administering local budgets;
- To ensure citizen involvement in the preparation of the budget;
- To provide for a method of estimating revenues, expenditures, and proposed taxes; and
- To offer a way of outlining the programs and services provided by local governments and the fiscal policy used to carry them out.

Budgeting in Oregon is a collaboration between the citizens who receive the services funded by the budget and the elected or appointed officials who are responsible for the provision of those services. Citizens involved in the budget process work to ensure that the services they need and want are adequately funded. County officials are responsible for ensuring that the annual budget reflects the public interest, balances competing needs and interests, is sustainable over the long term, and meets the technical requirements of the law. To plan for the effective delivery of services and to manage efficiently the revenue that supports these services, the Board of County Commissioners adopts an annual budget. Although this budget document may appear complicated, its purpose is quite simple: to plan, manage, and control revenues and expenditures. Additionally, the budget intends to relate fiscal and operational policies, priorities and goals.

At an advertised public meeting, the budget prepared by the Chair of the Board is approved by the Board of County Commissioners by appropriation categories—i.e., personal services, materials and services, and capital outlay—and by department for each fund. The Budget is then sent on to the Tax Supervising and Conservation Commission (TSCC).

The TSCC, a five-member citizen board appointed by the Governor, reviews the budgets of all governmental jurisdictions in Multnomah County. The Commission, together with the State Department of Revenue, is responsible for ensuring that budgets comply with local budget law.

The budget must be approved by the Board no later than May 15, when it is submitted to the TSCC. TSCC holds a public hearing and then returns the budget to the County no later than June 24. Accompanying the budget is a letter of certification with instructions for corrections, recommendations, and objections. The Board is required to respond to these recommendations and objections. Another public meeting is held at which the Board adopts the final budget, makes appropriations, and declares tax levies.

# Budget Manager's Message

## Basis of Budgeting

The County budget is prepared in a manner consistent with its financial structure and as required by Oregon Revised Statutes. All funds are included in the budget with the organizations and programs that they support. The budget is prepared on a modified accrual basis; this means that the budget anticipates revenues based on when they will actually be received and upon expenditures when they will likely occur.

One exception to this rule is the acknowledgement of revenues. Property tax and BIT revenues are acknowledged in the budget for 60 days after the close of the fiscal year. Items which are not fully expended at year-end must be re-budgeted in the following fiscal year.

## Modifying the Budget During the Fiscal Year

The Adopted Budget is the County's financial and operational plan for the fiscal year. However, during the year, events occur which require the plan to be modified. State law gives the Board of County Commissioners wide latitude to change the budget during the year. County departments request changes, and the Board reviews them and then passes a resolution signifying their approval. During the year, the Board has the authority to:

- Alter appropriations to reflect changed priorities during the year;
- Incorporate new grant revenue into the expenditure plan;
- Change approved staffing levels; and
- Transfer appropriations from contingency accounts.

## Supplemental Budgets

The appropriation of new, unanticipated revenue requires that the Board adopt a supplemental budget through a resolution. If the adjustment is greater than 10% of the affected fund, the supplemental budget process must include a review by TSCC prior to adoption.

## Basis of Accounting

Governmental accounting, governed by State statute and Generally Accepted Accounting Principles (GAAP), differs substantially from private sector accounting. Private sector financial reports measure economic profits, whereas governmental accounting focuses on disclosing how public money is spent.

# Citizen Involvement Process

## Citizen Budget Advisory Committees

The Citizen Budget Advisory Committees are made up of citizens appointed by the Citizen Involvement Commission. The committees monitor department budgets and operations and identify issues for the Commissioners' consideration. All County departments and now priority areas have a CBAC. Each Committee is provided with time during the Budget worksessions to present its reports. The CBACs are partners with the Commissioners, departments, and the public during the budget cycle.

During the budget development process, citizens and employees are encouraged to enter their questions, thoughts, or suggestions about the budget. This input is compiled and communicated to the elected officials. The input is also reviewed by the Budget Office with feedback to participants provided as appropriate.

## Public Testimony

In addition to participating in the budget advisory committees and other forums described above, citizens have several opportunities to personally testify on the budget. Or written material can be hand delivered, mailed, faxed or submitted via email.

## Public Hearings

Specifically, citizens had the opportunity to testify at:

The Tax Supervising and Conservation Commission Hearing – TSCC holds a public hearing on the Adopted Budget, and public testimony is taken.

Annual Budget Hearings— for FY 2006, the Board, sitting as the Budget Committee, will hold several public hearings after the approval, but before the adoption, of the budget. The public may testify on any topic.

The Adopted Budget Hearing—testimony is taken at the Board session for final adoption of the budget. This is scheduled to occur on June 2, 2005.

Annual Budget Hearings – The County held 3 evening sessions from 6:00 to 8:00 pm at the following dates and locations:

| | |
|---|---|
| May 10, 2005 | Public Budget Hearing – North Portland Library Conference Room, 512 North Killingsworth, Portland |
| May 17, 2005 | Public Budget Hearing – Multnomah County East Building, Sharron Kelley Conference Room, 600, NE 8th, Gresham |
| May 31, 2005 | Public Budget Hearing – Multnomah Building, Commissioners Boardroom 100, 501 SE Hawthorne Boulevard, Portland |

Citizens may also contact the Chair's or Commissioner's offices directly to provide input to the budget work-sessions.

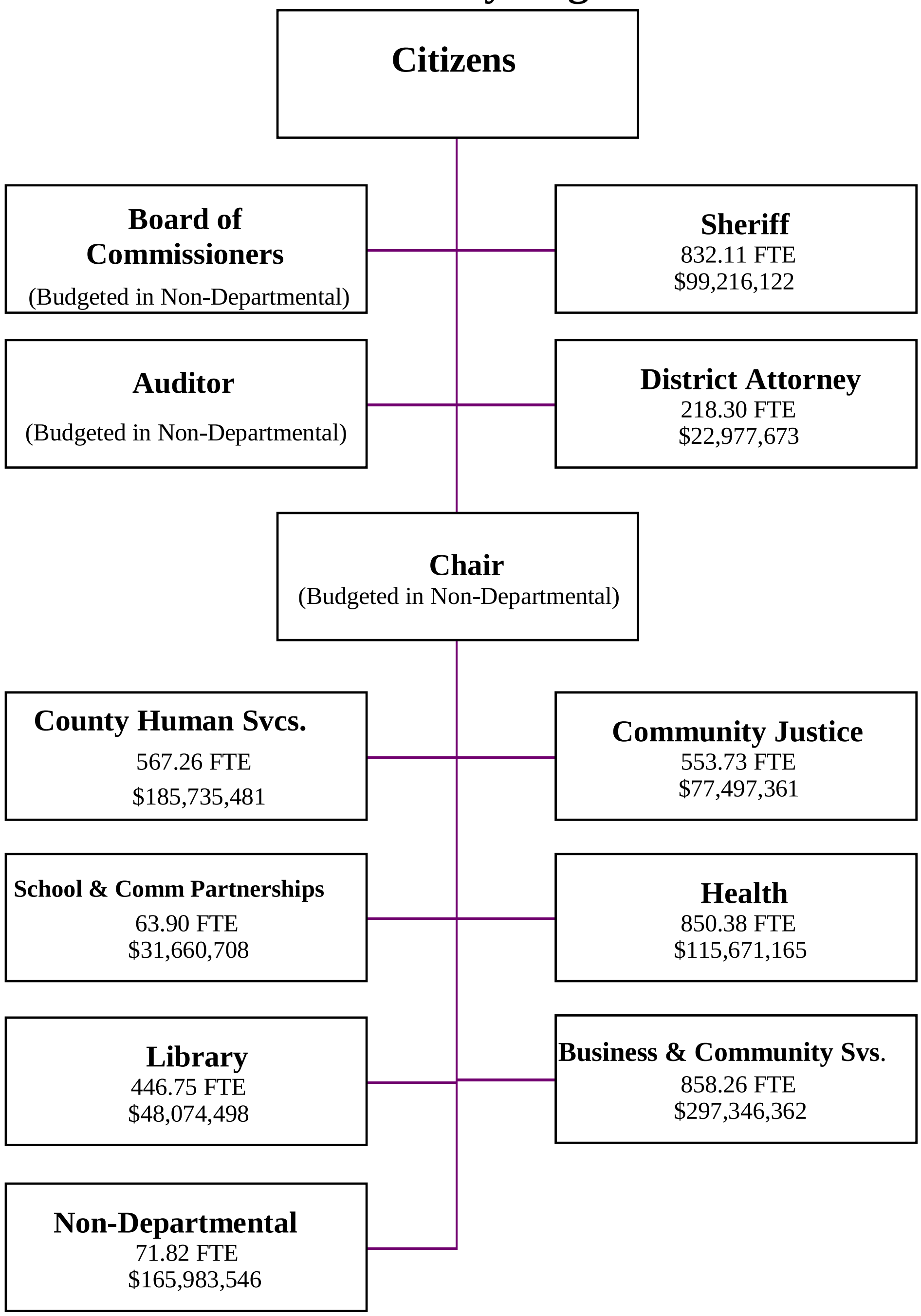
## Budget Website

Multnomah County offers its citizens and employees the opportunity to participate in the budget process through the County's internet site. From the County's home page, **http://www.co.multnomah.or.us/,** citizens and employees may access a budget site that contains a summary of the FY 2006 Adopted Budget and links to frequently asked questions (FAQs); budget summaries; a timeline of events; live and archived video streaming of budget work sessions; and other information, input opportunities and employee resources.

## County Org. Chart

Multnomah County delivers its services through nine departments including the following elected officials: Bernie Giusto, Sheriff; Michael Schrunk, District Attorney; and Suzanne Flynn, County Auditor. The total number of adopted full time equivalent (FTE) positions is 4,462.51. Below is an organization chart for the County:

### Multnomah County Organization



# Budget Manager's Message

## FY 2006 Budget Notes

During the development of the FY 2006 Adopted Budget, the Board of County Commissioners deliberated on certain policies. The Budget Notes document the policy directions and action for departments to pursuer during the upcoming fiscal year.

### Joint Budgeting with Other Local Jurisdictions

Safety is a top priority to citizens throughout the county. Currently Multnomah County, the City of Portland and other jurisdictions within the county commit substantial portions of their budgets to safety – and none has enough to do all that it wants.

Given the complementary nature of the safety activities in these jurisdictions, they could deliver even more results for the money available if they worked together and used their combined resources to buy safety results. Doing so would mean:

- Agreeing on the results, indicators of success, and the factors that contribute most to delivering safety to citizens. (Multnomah has a first draft of this work complete as a result of its 2006 budget process.)
- Agreeing on the strategies (i.e. frameworks or overall approaches, not programs) they would together choose that would most effectively deliver safety.
- Obtaining program offers from both city and county departments to deliver a specific result at a specific price within a specific time.
- Ranking those program offers based on their relative effectiveness per dollar in achieving safety.
- Developing new or revised programs even more effective at achieving safety.
- Choosing an order for funding to guide final budget decisions.

The goal of this process will be to successfully deliver safety results to citizens throughout the county with the reduced resources expected to be available in FY 2007 and beyond. The Board directs that $50,000 be earmarked in Contingency to help support this process.

### Use of ITAX Sunset Reserves

The Board has set aside in contingency approximately $10 million of one-time-only funds to manage the reductions that will result from the sunset of the ITAX. The Board had indicated its willingness to review proposed programs or projects in FY 2006 that will reduce the cost of future County operations. Such projects must return a significant "return on investment" both in FY 2007 and thereafter. In addition to FY 2007 savings, projects selected must also maintain or improve service to County customers or end users served.

## Cultural Competency

Multnomah County currently allocates $1 million to provide Mental Health services to specific ethnic, cultural, and underrepresented communities. For FY 2006, the County will issue an Request for Proposals (RFP) to distribute these resources. The Board of County Commissioners seeks to strengthen the County's commitment to culturally competent service delivery. Culturally competent services should be integral elements in the framework of service delivery to ethnic, cultural and underrepresented communities countywide by contractors and employees alike. The Board seeks to ensure performance based contracting processes and procedures regarding those resources and services.

Staff shall review how the resources are being directed in terms of the clientele we are to serve and how those services might best be delivered: directly by the County; by community based providers; by a larger not-for-profit organization; or by a combination of all three. The Board is concerned with the County's changing demographics and wants to ensure that all people are equally served by available County services.

With regard to mental health contracts, staff shall review the level of funding and services reaching the communities that the Board has determined are under-served in the mental health system. Where services are found to be deficient, funds will be reallocated on an ongoing basis.

The Department of County Management shall report back to the Board about current status and proposed policy direction for planned improvements no later than January 31, 2006.

## Reporting on Internal Services, Central Procurement & Contracting, and Countywide Administration

In light of the departmental restructuring and reductions the County faces in FY 2007, The Board directs the Chief Financial Officer (CFO) by September 30, 2005 to:

- Report to the Board on the status of Central Procurement and Contracting Administration (CPCA) as it relates to the morale of CPCA staff, knowledge and skill level of staff, status of unexecuted contracts and other issues that may come up.
- Report to the Board on Internal Services as it relates to service level agreements with departments, cost saving plans/recommendations for information technology, facilities, FREDS and Risk Management. In addition, a report will be made on the revised service and delivery methods for human resources and financial operations.
- Provide a detailed schedule and analysis of administrative costs within the departmental budgets. The analysis will compare each department and will include: the Directors, Deputy Director, finance, business and budget staff, human resources staff, evaluation staff and other administrative positions as deemed appropriate. The CFO is to work with the departments to ensure that all staff are included.

## Performance Contracting

The County wants to be able to evaluate the effectiveness of programs and contractors. To accomplish this task the Board is asking the Department of County Management to lead the effort to ensure that performance outcomes and measures are included in County contracts. These measures will indicate the progress being made on the marquee indicators in each of the six priority areas, and will be used in evaluating programs and contractors. The process will begin with a review of mental health contracts, paying specific attention to a contractor's performance in adequately serving all demographic groups.

## Flash Money

The County understands that on occasion the use of large sums of money known as "flash money" is a necessary element to the successful investigation of drug, property, and other types of crimes by the Sheriff's Office. In order to further an investigation, the use of flash money is an important tool for infiltrating criminal enterprises and in gaining the acceptance and confidence of alleged criminals. The County also understands that there is a risk of loss when flash money is used during these types of investigations. The County acknowledges the sum of $100,000 as an acceptable risk when using flash money in a criminal investigation.

## Alignment of Gang Programs

The Board directs staff from the departments of Community Justice (DCJ), School and Community Partnerships (DSCP) and County Human Services (DCHS) to work together to improve and coordinate the County's gang intervention and prevention programs. The interdepartmental group will align gang services, coordinate target populations and define what results are expected from the programs. The group will provide a report to the Board by October, 2005.

## Synthetic Opiate Program Sunset

The Board directs the departments of County Human Services (DCHS) & Community Justice (DCJ) to provide the Board with a plan to reduce the number of clients receiving methadone and direct the remaining resource for methadone from for-profit agencies to not-for-profit agencies. Of the $400,000 budgeted for this program, the Board directs that $150,000 be placed in contingency until the Board has an opportunity to review the plan proposed by the departments. It is the Board's intent that this program be phased out over the course of FY 2006.

## Funding Flexibility for Medium & High Risk Offenders

Anticipated reductions to the county's percentage of State Department of Corrections (DOC) funding would eliminate services for high risk offenders. DCJ's program offers for medium risk offenders could fund those services and supervision to ensure that public safety is continued for the most dangerous offenders. In the event the State cuts come to pass, DCJ is directed to provide a revised plan for this program, for review and approval by the Board.

**Prioritizing use of Resources for Senior Services**

The State budget has eliminated a portion of the funding for Mental Health Older & Disabled Services. It is unclear whether or not this State cut will be restored by the end of the legislative session. The Board requests that County Aging & Disabilities Services staff develop a proposal for the Board’s consideration for prioritizing resources for senior services (such as long term care and mental health multidisciplinary team) and for the best use of those resources.

**Children’s Mental Health HeadStart**

The Board requests clarification on the general fund and state funding sources for the Children’s Mental Health and Headstart program. The $200,000 proposed reduction to this program is merely a placeholder until the County Human Services Department (DCHS) can provide clarification on methods of maximizing State Medicaid reimbursement dollars. It is the intent of the Board to fully fund the program offer up to $900,000 or an equivalent service level. $200,000 will be earmarked in contingency pending the results of DCHS analysis, report, recommendation, and ultimate Board action.

**Domestic Violence**

Domestic Violence (DV) services are vitally important to the welfare of our community. To this end, the Board will purchase 3 program offers related to domestic violence services. These are:

- Program Offer #25082A—General DV Services
- Program Offer #25082B—Centralized DV Access Line
- Program Offer #25083B—HUD DV Housing

It is the Board’s intent that the Department of County Human Services (DCHS) will provide domestic violence services at current service levels and serve culturally specific populations. To that end, the Board adopted an amendment to provide $100,000 of funding for Program Offer #25083A—Culturally Specific DV. This amount will increase the total funding for domestic violence services over the total FY 2005 amount, and will enable the department to maintain its current level of effort in this critical service area. DCHS will report back on the performance measures and results for these four program offers regularly throughout FY 2006.

**City of Portland Jail Beds – A&D Treatment Support**

The City of Portland has provided a one-time allocation of $1.8 million to increase jail capacity for local offenders. Within legal constraints, the City has the right to determine how that capacity will best fit the City’s needs and objectives. The allocation will increase local capacity in the jail system by 57 beds. The Sheriff’s Office shall track and report the utilization rate and profile the offenders who will be using these jail beds. The City Council, the Local Public Safety Coordinating Council, and the Board of County Commissioners—through regular Board meetings— will receive regular quarterly reports of the utilization of this resource.

Of the City's $1.8 million public safety contribution, $1.3 million will be allocated to open a dorm at Inverness Jail (57 beds), and $500,000 will be used to match the $2 million contribution by the County to maintain a total of 68 alcohol and drug treatment beds that otherwise would have closed due to State budget cuts.

## County Management & Sheriff's Office Internal Service Taskforce

The Department of County Management, the Sheriff's Office, staff from the Board of County Commissioners, and mutually agreed-upon citizen representatives will form a task force to review internal service costs in the Sheriff's Office. This proposal is in addition to the reviews outlined in the budget note entitled, "Reporting on Internal Services, Central Procurement & Contracting, Countywide Administration," that will be looking at these issues across the County.

The goal of the County-Sheriff's Office Internal Service Task Force will be to find $6 million of general fund savings through eliminating duplication and inefficiencies in internal services. The Task Force will maximize value for County taxpayers by seeking the best solutions countywide. The Task Force may find efficiencies in County provision of internal services, Sheriff's Office provision of internal services, or in some combination of the two.

If at least $2.6 million of general fund savings is identified by Dec. 31st, 2005, $600,000 of that amount will be appropriated to open two dorms at Inverness Jail for three months (April – June 2006). Remaining savings may be used to offset public safety cuts for FY 2007. This entire proposal is contingent on the closure of Close Street Supervision for FY 2006. It is the intent of the Board to provide Close Street transition funding to the Sheriff's Office for a period of no more than two months to ramp down the program. The Budget Office will bring a budget modification to the Board to implement this action.

## Project Respond

The Board values the work of Project Respond, a mental health outreach program operated by Cascadia Behavioral Healthcare. Project Respond's community outreach teams maintain an important link between our community's public safety and mental health service systems, responding to more than 2,200 crisis calls annually in downtown Portland and the surrounding areas. In years past, the County has provided some funding to Project Respond through the Portland Business Alliance. For FY 2006, the County will seek to provide its funding for this service directly to Cascadia Behavioral Healthcare. The Budget Office is directed to work with the County Attorney to determine the feasibility of this alternative, and to report back to the Board no later than August 31, 2005.

# SUMMARY OF RESOURCES 2005-06

| Fund | | Beginning Working Capital | Taxes | Intergovern-mental | Licenses & Permits | Service Charges | Interest | Other Sources | Direct Resources | Service Reimburse-ment | Cash Transfers | Total Resources |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| General Fund | 1000 | 26,786,566 | 355,247,372 | 21,304,497 | 8,101,593 | 1,816,823 | 1,469,500 | 1,181,856 | 415,908,207 | 9,059,975 | 1,672,554 | 426,640,736 |
| Strategic Investment Program Fund | 1500 | 1,093,819 | 1,461,714 | | | | | | 2,555,533 | | | 2,555,533 |
| Road Fund | 1501 | 2,263,713 | 8,030,828 | 36,326,735 | 65,000 | 1,554,500 | 162,000 | | 48,402,776 | 185,749 | | 48,588,525 |
| Emergency Communications Fund | 1502 | 58,340 | | 200,000 | | | | | 258,340 | | | 258,340 |
| Bicycle Path Construction Fund | 1503 | 290,000 | | | | | 4,000 | | 294,000 | | 64,000 | 358,000 |
| Recreation Fund | 1504 | | 116,000 | | | | | | 116,000 | | | 116,000 |
| Federal/State Program Fund | 1505 | 600,000 | | 241,530,246 | 1,935,453 | 2,435,201 | 3,500 | 1,825,836 | 248,330,236 | 63,300 | | 248,393,536 |
| County School Fund | 1506 | | 225,000 | | | | 1,000 | | 226,000 | | | 226,000 |
| Tax Title Land Sales Fund | 1507 | 300,000 | 42,010 | | 1,000 | 314,546 | 38,781 | | 696,337 | | | 696,337 |
| Animal Control Fund | 1508 | | | 100,000 | 856,200 | 117,000 | | 20,000 | 1,093,200 | | | 1,093,200 |
| Willamette River Bridge Fund | 1509 | 30,763,123 | | 1,400,000 | | 10,000 | | | 32,173,123 | | 5,325,214 | 37,498,337 |
| Library Serial Levy Fund | 1510 | 3,000,000 | 25,833,776 | 510,000 | 85,000 | 337,000 | 70,000 | 1,830,500 | 31,666,276 | 63,000 | 15,460,222 | 47,189,498 |
| Special Excise Taxes Fund | 1511 | 325,000 | 16,125,000 | | | | 13,000 | | 16,463,000 | | | 16,463,000 |
| Pub Land Corner Preservation Fund | 1512 | 880,315 | | | | 1,100,000 | | | 1,980,315 | | | 1,980,315 |
| Inmate Welfare Fund | 1513 | 1,455,952 | | | | 1,489,302 | 400 | | 2,945,654 | | | 2,945,654 |
| Justice Services Special Ops Fund | 1516 | 387,814 | | 1,155,135 | 2,548,676 | 474,000 | 1,000 | 80,372 | 4,646,997 | 225,800 | | 4,872,797 |
| General Reserve Fund | 1517 | 11,708,000 | | | | 1,150,000 | 150,000 | | 13,008,000 | | | 13,008,000 |
| Revenue Bond Sinking Fund | 2001 | 2,300,700 | | | | 513,360 | 44,000 | | 2,858,060 | | 450,000 | 3,308,060 |
| Capital Lease Retirement Fund | 2002 | 300,000 | | | | | | | 300,000 | 14,602,895 | 1,494,000 | 16,396,895 |
| General Obligation Bond Sinking Fund | 2003 | 7,559,245 | 9,227,546 | | | | 80,000 | | 16,866,791 | | | 16,866,791 |
| PERS Bond Sinking Fund | 2004 | 13,000,000 | | | | | 200,000 | | 13,200,000 | 13,000,000 | | 26,200,000 |
| Justice Bond Project Fund | 2500 | 6,340,000 | | | | | | | 6,340,000 | | | 6,340,000 |
| Building Projects Fund | 2504 | 451,500 | | | | | | | 451,500 | | | 451,500 |
| Library Construction Fund (1996) | 2506 | 885,000 | | | | | | | 885,000 | | | 885,000 |
| Capital Improvement Fund | 2507 | 3,262,400 | | 1,801,016 | | 18,300,000 | 100,000 | 134,000 | 23,597,416 | | 3,044,177 | 26,641,593 |
| Capital Acquisition Fund | 2508 | 3,623,850 | | | | 14,400 | 25,000 | | 3,663,250 | 2,360,558 | | 6,023,808 |
| Asset Preservation Fund | 2509 | 3,709,000 | | 2,000,000 | | | 75,000 | | 5,784,000 | | 1,966,224 | 7,750,224 |
| Behavioral Health Managed Care Fund | 3002 | 1,558,881 | | 39,270,373 | | | 94,988 | | 40,924,242 | | | 40,924,242 |
| Risk Management Fund | 3500 | 13,838,180 | | | 15,000 | | 400,000 | 5,101,500 | 19,354,680 | 55,530,034 | | 74,884,714 |
| Fleet Management Fund | 3501 | 4,025,876 | | 838,551 | | 104,265 | 60,000 | 55,500 | 5,084,192 | 5,109,652 | | 10,193,844 |
| Data Processing Fund | 3503 | 3,633,326 | | | | 1,491,197 | 100,000 | | 5,224,523 | 25,932,385 | | 31,156,908 |
| Mail Distribution Fund | 3504 | 309,827 | | 236,399 | | 3,300 | 1,500 | 674,349 | 1,225,375 | 3,306,928 | | 4,532,303 |
| Facilities Management Fund | 3505 | | | 878,000 | | 4,725,297 | | | 5,603,297 | 35,295,854 | | 40,899,151 |
| Business Services Fund | 3506 | | | | | | | | 0 | 15,974,068 | | 15,974,068 |
| Total All Funds | | 144,710,427 | 416,309,246 | 347,550,952 | 13,607,922 | 35,950,191 | 3,093,669 | 10,903,913 | 972,126,320 | 180,710,198 | 29,476,391 | 1,182,312,909 |

# SUMMARY OF DEPARTMENTAL EXPENDITURES 2005-06

| Fund | | County Human Services | Schools & Community Partnerships | Health | District Attorney | Community Justice | Sheriff | Library | NonD | Business & Community Services | Total Department Expenditure |
|---|---|---|---|---|---|---|---|---|---|---|---|
| General Fund | 1000 | 29,918,779 | 15,684,133 | 44,950,500 | 17,938,735 | 51,089,685 | 84,639,312 | | 104,872,950 | 32,850,828 | 381,944,922 |
| Strategic Investment Program Fund | 1500 | | 301,341 | | | | | | 1,674,838 | | 1,976,179 |
| Road Fund | 1501 | | | | | | | | | 43,199,311 | 43,199,311 |
| Emergency Communications Fund | 1502 | | | | | | 258,340 | | | | 258,340 |
| Bicycle Path Construction Fund | 1503 | | | | | | | | | 358,000 | 358,000 |
| Recreation Fund | 1504 | | | | | | | | | 116,000 | 116,000 |
| Federal/State Program Fund | 1505 | 116,546,329 | 15,675,234 | 69,455,380 | 4,953,752 | 25,528,317 | 8,729,849 | | 2,938,892 | 4,565,783 | 248,393,536 |
| County School Fund | 1506 | | | | | | | | 226,000 | | 226,000 |
| Tax Title Land Sales Fund | 1507 | | | | | | | | | 696,337 | 696,337 |
| Willamette River Bridge Fund | 1509 | | | | | | | | | 14,125,012 | 14,125,012 |
| Library Serial Levy Fund | 1510 | | | | | | | 47,189,498 | | | 47,189,498 |
| Special Excise Taxes Fund | 1511 | | | | | | | | 16,463,000 | | 16,463,000 |
| Pub Land Corner Preservation Fund | 1512 | | | | | | | | | 1,156,189 | 1,156,189 |
| Inmate Welfare Fund | 1513 | | | | | 19,400 | 2,926,254 | | | | 2,945,654 |
| Justice Services Special Ops Fund | 1516 | | | 1,265,285 | 85,186 | 859,959 | 2,662,367 | | | | 4,872,797 |
| Revenue Bond Sinking Fund | 2001 | | | | | | | | 844,637 | | 844,637 |
| Capital Lease Retirement Fund | 2002 | | | | | | | | 15,449,601 | | 15,449,601 |
| General Obligation Bond Sinking Fund | 2003 | | | | | | | | 9,210,511 | | 9,210,511 |
| PERS Bond Sinking Fund | 2004 | | | | | | | | 11,478,113 | | 11,478,113 |
| Justice Bond Project Fund | 2500 | | | | | | | | | 6,340,000 | 6,340,000 |
| Building Projects Fund | 2504 | | | | | | | | | 451,500 | 451,500 |
| Library Construction Fund (1996) | 2506 | | | | | | | 885,000 | | | 885,000 |
| Capital Improvement Fund | 2507 | | | | | | | | | 17,141,593 | 17,141,593 |
| Capital Acquisition Fund | 2508 | | | | | | | | 221,200 | 5,802,608 | 6,023,808 |
| Asset Preservation Fund | 2509 | | | | | | | | | 5,625,224 | 5,625,224 |
| Behavioral Health Managed Care Fund | 3002 | 39,270,373 | | | | | | | | | 39,270,373 |
| Risk Management Fund | 3500 | | | | | | | | 2,603,804 | 72,280,910 | 74,884,714 |
| Fleet Management Fund | 3501 | | | | | | | | | 7,475,917 | 7,475,917 |
| Data Processing Fund | 3503 | | | | | | | | | 31,156,908 | 31,156,908 |
| Mail Distribution Fund | 3504 | | | | | | | | | 3,640,870 | 3,640,870 |
| Facilities Management Fund | 3505 | | | | | | | | | 35,888,750 | 35,888,750 |
| Business Services Fund | 3506 | | | | | | | | | 15,974,068 | 15,974,068 |
| Total All Funds | | 185,735,481 | 31,660,708 | 115,671,165 | 22,977,673 | 77,497,361 | 99,216,122 | 48,074,498 | 165,983,546 | 298,845,808 | 1,045,662,362 |

# FUND LEVEL TRANSACTIONS 2005-06

| Fund | | Total Department Expenditure | Cash Transfers | Contingency | Unappropriated Balance | Total Requirements |
|---|---|---|---|---|---|---|
| General Fund | 1000 | 381,944,922 | 18,046,571 | 13,649,243 | 13,000,000 | 426,640,736 |
| Strategic Investment Program Fund | 1500 | 1,976,179 | 579,354 | | | 2,555,533 |
| Road Fund | 1501 | 43,199,311 | 5,389,214 | | | 48,588,525 |
| Emergency Communications Fund | 1502 | 258,340 | | | | 258,340 |
| Bicycle Path Construction Fund | 1503 | 358,000 | | | | 358,000 |
| Recreation Fund | 1504 | 116,000 | | | | 116,000 |
| Federal/State Program Fund | 1505 | 248,393,536 | | | | 248,393,536 |
| County School Fund | 1506 | 226,000 | | | | 226,000 |
| Tax Title Land Sales Fund | 1507 | 696,337 | | | | 696,337 |
| Animal Control Fund | 1508 | | 1,093,200 | | | 1,093,200 |
| Willamette River Bridge Fund | 1509 | 14,125,012 | | | 23,373,325 | 37,498,337 |
| Library Serial Levy Fund | 1510 | 47,189,498 | | | | 47,189,498 |
| Special Excise Taxes Fund | 1511 | 16,463,000 | | | | 16,463,000 |
| Pub Land Corner Preservation Fund | 1512 | 1,156,189 | | 824,126 | | 1,980,315 |
| Inmate Welfare Fund | 1513 | 2,945,654 | | | | 2,945,654 |
| Justice Services Special Ops Fund | 1516 | 4,872,797 | | | | 4,872,797 |
| General Reserve Fund | 1517 | | | | 13,008,000 | 13,008,000 |
| Revenue Bond Sinking Fund | 2001 | 844,637 | | 2,463,423 | | 3,308,060 |
| Capital Debt Retirement Fund | 2002 | 15,449,601 | | 947,294 | | 16,396,895 |
| General Obligation Bond Sinking Fund | 2003 | 9,210,511 | | | 7,656,280 | 16,866,791 |
| PERS Bond Sinking Fund | 2004 | 11,478,113 | | | 14,721,887 | 26,200,000 |
| Justice Bond Project Fund | 2500 | 6,340,000 | | | | 6,340,000 |
| Building Projects Fund | 2504 | 451,500 | | | | 451,500 |
| Library Construction Fund | 2506 | 885,000 | | | | 885,000 |
| Capital Improvement Fund | 2507 | 17,141,593 | | | 9,500,000 | 26,641,593 |
| Capital Acquisition Fund | 2508 | 6,023,808 | | | | 6,023,808 |
| Asset Preservation Fund | 2509 | 5,625,224 | | | 2,125,000 | 7,750,224 |
| Behavioral Health Managed Care Fund | 3002 | 39,270,373 | | 1,653,869 | | 40,924,242 |
| Risk Management Fund | 3500 | 74,884,714 | | | | 74,884,714 |
| Fleet Management Fund | 3501 | 7,475,917 | | 2,717,927 | | 10,193,844 |
| Data Processing Fund | 3503 | 31,156,908 | | | | 31,156,908 |
| Mail Distribution Fund | 3504 | 3,640,870 | | 249,084 | 642,349 | 4,532,303 |
| Facilities Management Fund | 3505 | 35,888,750 | 5,010,401 | | | 40,899,151 |
| Business Services Fund | 3506 | 15,974,068 | | | | 15,974,068 |
| Total All Funds | | 1,045,662,362 | 30,118,740 | 22,504,966 | 84,026,841 | 1,182,312,909 |

# SUMMARY OF DEPARTMENTAL REQUIREMENTS 2005-06

| Department | Personal Services | Contractual Services | Materials & Services | Principal & Interest | Capital Outlay | Total Direct Expenditure | Service Reimbursements | Total Spending | FTE |
|---|---|---|---|---|---|---|---|---|---|
| Nondepartmental | 5,921,708 | 112,571,964 | 522,624 | 39,790,231 | 812,752 | 159,619,279 | 6,364,267 | 165,983,546 | 71.82 |
| District Attorney | 16,069,741 | 1,154,475 | 482,234 | | 98,000 | 17,804,450 | 5,173,223 | 22,977,673 | 218.30 |
| School & Community Partnerships | 4,452,049 | 23,774,044 | 312,858 | | | 28,538,951 | 3,121,757 | 31,660,708 | 63.90 |
| County Human Services | 36,081,220 | 130,736,971 | 1,105,689 | | 169,975 | 168,093,855 | 17,641,626 | 185,735,481 | 567.26 |
| Health | 61,666,679 | 13,646,232 | 10,374,636 | | 69,500 | 85,757,047 | 29,914,118 | 115,671,165 | 849.88 |
| Community Justice | 38,100,618 | 15,723,977 | 2,621,614 | | | 56,446,209 | 21,051,152 | 77,497,361 | 553.73 |
| Sheriff | 66,221,129 | 1,423,407 | 6,484,523 | | 194,066 | 74,323,125 | 24,892,997 | 99,216,122 | 832.11 |
| Business & Community Services | 61,896,866 | 41,652,474 | 100,657,519 | | 48,547,521 | 252,754,380 | 46,091,428 | 298,845,808 | 858.26 |
| Library | 24,176,254 | 811,761 | 8,053,217 | | 935,000 | 33,976,232 | 14,098,266 | 48,074,498 | 446.75 |
| ***TOTAL*** | *314,586,264* | *341,495,305* | *130,614,914* | *39,790,231* | *50,826,814* | *877,313,528* | *168,348,834* | *1,045,662,362* | *4,462.01* |