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BUDGET OFFICER'S MESSAGE
FISCAL YEAR July 1, 1985 - June 30, 1986

The Budget Officer's message is a technical supplement to the County Executive's Budget Message. Oregon Budget law requires that a budget message be prepared and delivered at the meeting of the budget committee at the time the budget document is delivered. The message needs to:

- o explain the document
- o outline proposed financial policies
- o describe the important features of the document
- o set forth the reason for salient changes in appropriations and revenue items, and
- o explain changes in financial policy

In addition, the Tax Supervising and Conservation Commission, in their letter certifying the 1981-82 budget, recommended inclusion of a schedule explaining allowances for fringe benefit costs in the budget.

The budget document is assembled into five major sections that reflect the County's Organization.

- o Human Services
- o Justice Services
- o Environmental Services
- o General Services
- o Nondepartmental Organizations

The document is preceded by a "Financial Summary" that recaps resources and requirements by fund. In addition to the 1985-86 budget data, two years of actual history are displayed, along with the current year adopted budget. Revenues are displayed in detail while expenses, detailed in other sections, are presented here in summary form. A detailed discussion of revenue sources begins on Page B-1.

In the process of approving the budget, the Board of Commissioners (sitting as the Budget Committee) directed that the document include the following note:

It is the intention of the Board of County Commissioners to have in place before the beginning of fiscal year 1985-86 an ordinance establishing percentages of General Fund appropriations to remain unspent for each

County organization (ranging from 1% to 4%) making allowances for organizations with small budgets or fixed budgets and for those with requirements to staff fixed posts. These savings will be returned to General Fund contingency by budget modifications quarterly and one-third of the savings may be available for internal reallocation.

One of the largest changes in this year's budget is that there are significant reductions in the Sheriff's Office staffing. These reductions are, in the main, the annualized effect of completing personnel transfers to the City of Portland that resulted from decisions made in the 1984-85 budget. As of January 1985, 67 Deputies, Sergeants, Scientific Investigators and Public Safety Managers left the Sheriff's Office along with the corresponding responsibility to patrol areas west of 122nd Avenue. They were budgeted in 1984-85 as 49 half year positions and 18 one-month positions or 26 FTEs.

This year's budget contains significant additions to programs in the Department of Human Services. Approximately \$1.25 million in programs have been added to previous year's level of operations. These programs are outlined in the departmental narrative descriptions beginning on page C-1.

Multnomah County, under the provisions of ORS 410 has elected to become a "Type B Transfer" agency for the purpose of handling Federal and State funded programs for the elderly. The Adopted Budget reflects this choice by accepting 91 former State of Oregon employees and the responsibility for organizing and running \$2.1 million of programs formerly handled by the State (which is the basic meaning of "Type B" status). These changes show up in the new Aging Services Division budget in the Department of Human Services. The Division (formerly part of the Social and Aging Services Division) has increased from 18.71 positions to 109.7 positions and from a funding level of \$3,393,442 to \$6,397,452 largely as a result of this decision.

Because the State of Oregon has chosen to alter its method of transferring Title XIX - Aid to Families with Dependent Children (AFDC) money to local health care providers, in 1985-86 the Health Services Division in the Federal-State Fund includes revenues based on "capitation payments" from the state. Under this system, the State Adult and Family Services Division (AFSD) will enroll clients eligible for Title XIX support in a pre-paid medical care program and the State will then provide the County with a monthly payment, somewhat analogous to an insurance premium, for each enrollee. The estimated revenues from this source total \$751,608. This estimate assumes an average enrollment in the county plan throughout the year of 2,600 clients out of a pool of an estimated 6,000 potential clients who have this program as a health care option. This estimate is based on a monthly reimbursement of \$24.09 per client, and is quite sensitive to changes in client volume. For each 500 clients above or below the projected volume, revenues will be impacted by \$12,045 per month or \$144,540 per year. Consequently, this revenue will require continuous monitoring to ensure balanced program operating levels.

In the Department of Environmental Services, two items are worth noting. One item is the transfer of the fleet maintenance function from the Road Fund to the Fleet Management Fund. This action changes the Fleet Management Fund staffing from a total of 3 positions to 27 positions. It also adds \$1,331,425 to the Fleet Management Fund. All the costs of providing County organizations with vehicles are now displayed in one budget. Service reimbursements (in line item 960-Motor Pool) indicate each organization's use of this service. In prior years, these service reimbursements were not charged to Road Fund agencies.

The General Fund support of Animal Control increases significantly in the 1985-86 budget from the 1984-85 budgeted level of \$405,587 to \$951,321. The City of Portland transferred \$300,000 to the County in 1984-85 as a one year subsidy of this program. The General Fund will replace this revenue reduction. The General Fund transfer to the Animal Control Fund also increases to offset a reduction in estimated operational receipts. The 1984-85 operational revenues were overestimated by approximately \$300,000. In addition, the animal shelter is budgeted to be open six days per week in 1985-86, an enhancement in operations from the 1984-85 schedule of thirteen and half hours of emergency field services per day. A four month door-to-door pet licensing project and emergency assistance to police 24 hours a day are also budgeted.

In response to Internal Audit Report #4-84, prepared by the County Auditor in December 1984, the 1985-86 Budget transfers a number of organizations out of the Federal/State Program Fund. The audit report recommends that the Federal/State Program Fund be restricted to accounting for revenues received from the Federal or State governments. As far as possible, the Fund will be used to account only for grants in the future, that is, for expenditures made by the County specifically on behalf of the Federal or State governments, in a manner and upon objects of expenditure prescribed by the grantor, and for which the County receives revenue dedicated to those expenditure items. The largest single change resulting from this policy is the creation of the Cable Television Fund which will account for \$727,439 of franchise fees dedicated to cable company regulation and to providing community service programming and citizen access to the cable television network. In addition, Family Services Division, Department of Justice Services, (operating with \$344,262 of dedicated revenue sources that are not grants) will be transferred to the General Fund for the next fiscal year. Also transferred are the Sheriff's Commissary account (\$150,000), and the Alarm Control (\$136,000) and Special Enforcement (\$100,000) programs.

The expenses and revenues associated with the County Fair are displayed in a separate Fair Fund beginning July 1985. The Fair was previously treated as a General Fund operating division.

Another change in the format of the 1985-86 document is an effort to show actual 1983-84 expenditures for each job class on the Personnel Detail pages of the budget. This requirement has been previously noted by the Tax

Supervising Conservation Commission. The payroll information required to develop actual charges for 1982-83 and 1983-84 is not available, however, in future years the required data will be obtainable.

A principle the 1985-86 Budget attempts to implement is that organizational budgets should contain appropriations only for items over which the organizations' managers can exercise control. To this end, "service reimbursements" for data processing charges are not included in the 1985-86 appropriations of General Fund organizations. Internal charges for services provided by the Information Services Division cover such a sizable fixed cost component that the quantity and kinds of uses by individual organizations are not accurately reflected by the billing mechanism. Service reimbursements from the General Fund to the Data Processing Fund are now shown in Nondepartmental, Special Appropriations.

There are a number of other types of service reimbursements in the 1985-86 document, which reflect allocations of various "overhead" costs to operations. Besides those already noted above (960 - Motor Pool and 950 - Data Processing), separate line items are shown for the following service reimbursements:

- o 940 Indirect Costs - reimbursements to the General Fund for general overhead including but not limited to accounting, purchasing, budgeting, and legal support.
- o 970 Building Management - reimbursement to the General Fund for providing space, maintenance, and utilities to non-General Fund organizations.
- o 990 Other Internal - specific reimbursements from organizations in one fund to pay for identifiable services provided by organizations in another, e.g., reimbursements to the Road Fund for signs in offices, payments to Corrections Health for nursing services to Federal prisoners housed in the Multnomah County Detention Center.

There are two major classes of service reimbursement not segregated into line items: Blue Cross health and dental insurance, and telephone lease/purchases. The County is self-insured for Blue Cross health and dental benefits. Organizations with employees who choose Blue Cross coverage are billed for the equivalent of a Blue Cross premium which is then accumulated in the Insurance Fund. This charge is a service reimbursement to the Insurance Fund but is displayed in the budget as part of the fringe benefit cost for employees (see below).

The County is in the process of lease/purchasing a telephone system. Organizations are billed for their share of this lease/purchase as part of line item 614 - Communications and the proceeds are accumulated in the Capital Reserve Fund as service reimbursements. Also charged against this line item are the costs of long-distance calls, trunk lines, and other telephone costs.

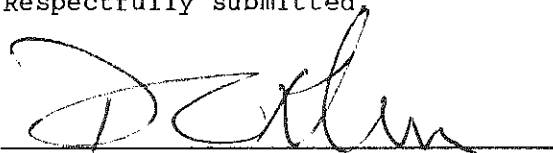
In 1985-86, line item 570, Fringe Benefits, includes the following insurance and other fringe benefits costs for employees.

FRINGE BENEFITS ESTIMATES PER EMPLOYEE

	<u>Sworn Law Officers and Corrections Officers</u>	<u>All Other Employees</u>
<u>Percentage of Payroll</u>		
F.I.C.A. (Social Security)	7.05% up to \$40,000	7.05% up to \$40,000
Workers Compensation	2.00%	2.00%
Retirement (P.E.R.S.)	23.68%	16.74%
Unemployment	1.00%	1.00%
Long Term Disability (employees exempt from collective bargaining)	0.70%	0.70%
<u>Insurance Costs</u>		
Life Insurance	\$70 Sworn 42 Corrections	\$35 regular 49 exempt
Dental Insurance	\$472	\$472
Health Insurance		
Blue Cross single	\$ 890	\$ 890
double	2,037	2,037
multiple	2,348	2,348
Kaiser single	\$ 849	\$ 849
double	1,622	1,622
multiple	2,396	2,396

President Reagan has submitted his 1986 budget to Congress with no provision for continuing funding of the Federal Revenue Sharing (FRS) program. Multnomah County receives \$6.0 million in FRS which support general fund programs. The revenue projections for FY 85-86 have not reflected this potential revenue loss. Congress has been unclear about the level of FRS funding that will be adopted and it is uncertain what Congress would need to do in order to end Revenue Sharing one year early, although it appears likely some action would be required to repeal the entitlement rather than simply not funding (or even reducing) the program. In the event that this funding is actually decreased in the federal budget, it will be necessary for the County to reexamine its budget in order to deal with this revenue loss.

Respectfully submitted,



Duane G. Kline
Budget Officer

0342B/3-6

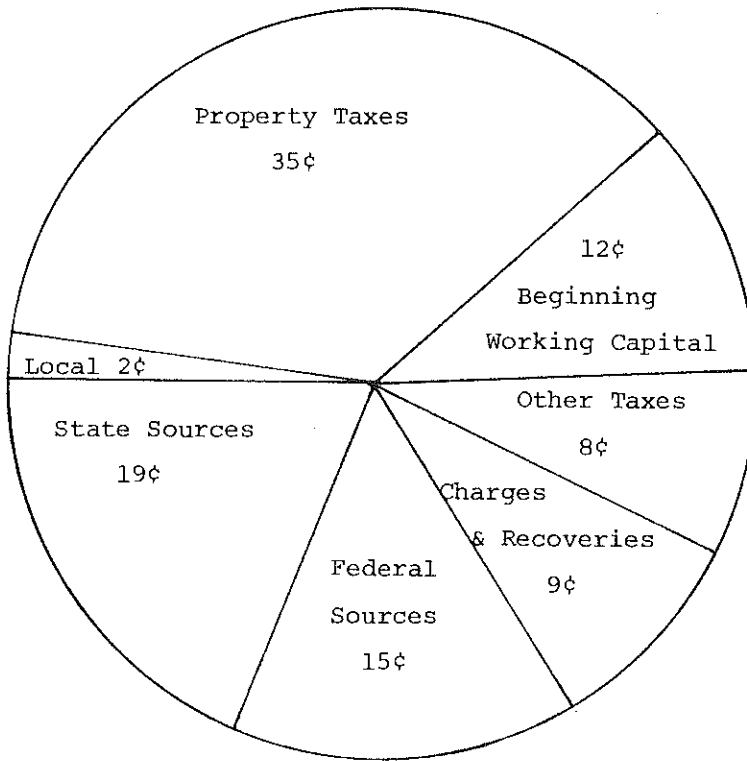
SUMMARY OF RESOURCES

	Beginning Working Capital	Property Taxes	Other Taxes	Charges and Recoveries	Federal Sources	State Sources	Local Sources	Cash Budget Subtotal	Service Reim- bursement	Cash Transfers	Sale of Tax Antic. Notes	Total Resources
General Fund	7,495,581	55,403,684	6,105,400	9,450,158	599,500	3,088,262	0	82,142,585	2,593,024	9,548,223	25,000,000	119,283,832
Road Fund	5,711,275	400,000	6,750,000	828,140	1,500	8,457,000	0	22,147,915	475,965	682,791	0	23,306,671
Federal/State Program Fund	0	0	0	0	18,623,081	18,934,890	2,149,892	39,707,863	9,595	11,688,408	0	51,405,866
Animal Control Fund	10,000	0	0	560,000	0	0	0	570,000	0	951,321	0	1,521,321
Assessment Dist Bond Sinking Fund	900,000	0	0	672,500	0	0	0	1,572,500	0	0	0	1,572,500
Assessment Dist Improvement Fund	0	0	0	0	0	0	0	0	0	0	0	0
Assessment Dist Operating Fund	(145,710)	0	0	422,500	0	0	0	276,790	0	360,000	0	636,790
Bicycle Paths Construction Fund	283,950	0	0	20,000	0	9,040	0	312,990	0	82,000	0	394,990
Cable Television Fund	0	0	0	652,767	0	0	0	652,767	24,768	122,923	0	800,458
Capital Reserve Fund	338,000	0	0	162,000	0	0	0	500,000	674,200	541,000	0	1,715,200
County Fair Fund	0	0	0	423,485	0	52,000	0	475,485	0	0	0	475,485
County School Fund	45,000	133,333	0	14,000	0	0	0	192,333	0	1,099,550	0	1,291,883
Data Processing Fund	701,000	0	0	97,179	0	581,651	321,746	1,701,576	3,402,813	0	0	5,104,389
Emergency Commu- nications Fund	0	0	0	0	0	418,000	0	418,000	0	0	0	418,000
Fleet Management Fund	663,000	0	0	45,000	0	0	0	708,000	2,508,053	320,000	0	3,536,053
General Operating Serial Levy 84-86	0	0	0	0	0	0	0	0	0	0	0	0
Insurance Fund	3,815,000	0	0	490,000	0	0	0	4,305,000	4,642,500	746,000	0	9,693,500
Inverness Fund	0	0	0	208,492	0	0	0	208,492	0	0	0	208,492
Library Serial Levy Fund	0	2,831,750	0	0	0	0	0	2,831,750	0	0	0	2,831,750
Recreational Facilities Fund	22,000	0	0	300,000	0	0	0	322,000	0	0	0	322,000
Revenue Sharing Fund	290,000	0	0	105,000	6,000,000	0	0	6,395,000	0	0	0	6,395,000
Sewage Facilities Fund	0	0	0	165,150	0	0	0	165,150	0	0	0	165,150
Short-Term Retirement Fund	0	0	0	1,405,000	0	0	0	1,405,000	0	25,470,000	0	26,875,000
Tax Title Land Sales Fund	0	0	0	237,200	0	0	2,000	239,200	0	0	0	239,200
Willamette Bridge Construction Fund	553,797	0	0	0	0	0	0	553,797	0	1,078,582	0	1,632,379
TOTAL	20,682,893	58,768,767	12,855,400	16,258,571	25,224,081	31,540,843	2,473,638	167,804,193	14,330,918	52,690,798	25,000,000	259,825,909

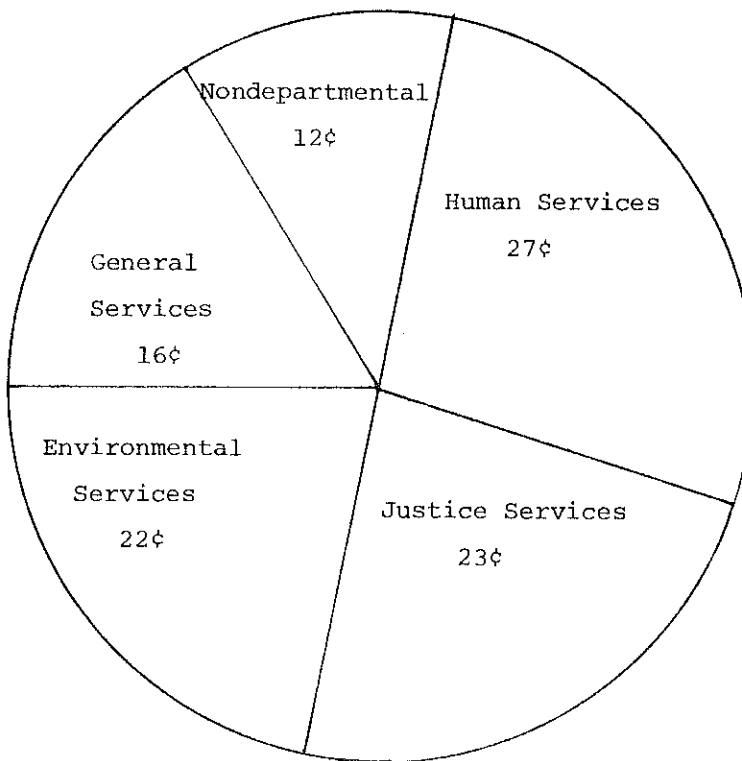
SUMMARY OF REQUIREMENTS

	Human Services	Justice Services	Environmental Services	General Services	Non- Departmental	Total Expenditures	Cash Transfers	Contingency	Balance	Total Requirements
General Fund	4,165,347	32,668,417	3,592,258	15,620,953	17,713,009	73,759,984	40,416,279	4,532,569	575,000	119,283,832
Road Fund	0	0	21,000,531	0	0	21,000,531	1,976,717	329,423	0	23,306,671
Federal/State Program Fund	40,582,691	5,864,181	4,638,571	87,500	0	51,172,943	232,923	0	0	51,405,866
Animal Control Fund	0	0	1,521,321	0	0	1,521,321	0	0	0	1,521,321
Assessment District Bond Sinking Fund	0	0	581,059	0	0	581,059	0	0	991,441	1,572,500
Assessment District Improvement Fund	0	0	0	0	0	0	0	0	0	0
Assessment District Operating Fund	0	0	271,190	0	0	271,190	360,000	5,600	0	636,790
Bicycle Paths Construction Fund	0	0	353,698	0	0	353,698	21,291	20,001	0	394,990
Cable Television Fund	0	0	0	727,439	0	727,439	49,688	23,331	0	800,458
Capital Reserve Fund	0	0	0	0	1,598,892	1,598,892	0	20,000	96,308	1,715,200
County Fair Fund	0	0	391,029	0	0	391,029	0	84,456	0	475,485
County School Fund	0	0	0	0	1,291,883	1,291,883	0	0	0	1,291,883
Data Processing Fund	0	0	0	4,395,848	0	4,395,848	0	708,541	0	5,104,389
Emergency Communica- tions Fund	418,000	0	0	0	0	418,000	0	0	0	418,000
Fleet Management Fund	0	0	2,134,381	0	0	2,134,381	0	1,081,672	320,000	3,536,053
General Operating Serial Levy 84-85	0	0	0	0	0	0	0	0	0	0
Insurance Fund	0	0	0	5,554,954	0	5,554,954	0	4,138,546	0	9,693,500
Inverness Fund	0	0	208,492	0	0	208,492	0	0	0	208,492
Library Serial Levy Fund	0	0	0	0	0	0	2,831,750	0	0	2,831,750
Recreational Facilities Fund	0	0	5,000	0	0	5,000	317,000	0	0	322,000
Revenue Sharing Fund	0	0	0	0	0	0	6,000,000	395,000	0	6,395,000
Sewage Facilities Fund	0	0	0	0	0	0	165,150	0	0	165,150
Short-Term Debt Retirement Fund	0	0	0	0	26,875,000	26,875,000	0	0	0	26,875,000
Tax Title Land Sales Fund	0	239,200	0	0	0	239,200	0	0	0	239,200
Willamette Bridge Construction Fund	0	0	1,632,379	0	0	1,632,379	0	0	0	1,632,379
TOTAL	45,166,038	38,771,798	36,329,909	26,386,694	47,478,784	194,133,223	52,370,798	11,339,139	1,982,749	259,825,909

YOUR COUNTY DOLLAR



Where it comes from



Where it goes

SUMMARY OF DEPARTMENTAL REQUIREMENTS

ORGANIZATION	POSITIONS	PERSONAL SERVICES	MATERIALS AND SERVICES	CAPITAL OUTLAY	TOTAL REQUIREMENTS	LESS SERVICE	DIRECT REQUIREMENT
HUMAN SERVICES	573.63	\$ 18,403,497	\$ 26,612,253	\$ 150,288	\$ 45,166,038	\$ 925,625	\$ 44,240,413
JUSTICE SERVICES	759.55	27,697,227	10,851,898	222,673	38,771,798	1,206,415	37,565,383
ENVIRONMENTAL SERVICES	317.25	11,471,536	16,399,420	8,458,953	36,329,909	3,029,891	33,300,018
GENERAL SERVICES	346.84	11,524,866	14,723,568	138,260	26,386,694	865,429	25,521,265
NONDEPARTMENTAL	46.90	1,777,691	44,216,810	1,484,283	47,478,784	2,986,858	44,491,926
TOTAL	2,044.17	\$ 70,874,817	\$112,803,949	\$10,454,457	\$194,133,223	\$ 9,014,218	\$185,119,005