

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. 99-184

Accepting the 1999-00 Supplemental Budget and preparing the Approved Supplemental Budget for submittal to the Tax Supervising and Conservation Commission, Portland, Oregon

The Multnomah Board of County Commissioners Finds:

1. The above-entitled matter is before the Board of County Commissioners under ORS 294 to consider approval of the Multnomah County Supplemental Budget for the fiscal year July 1, 1999, to June 30, 2000.
2. On September 16, 1999, the Board of County Commissioners received the proposed supplemental budget document in compliance with ORS 294.480.
3. This supplemental budget is required to create the PERS Pension Bond Fund receive the proceeds from revenue bonds accounted for in this fund, authorize payment to PERS to cover the unfunded pension liability of the County, and authorize an interest payment on the bonds.

The Multnomah Board of County Commissioners Resolves:

1. The 1999-00 Supplemental Budget is approved and the Budget Division shall forward the approved 1999-00 Supplemental Budget to the Tax Supervising and Conservation Commission.

Adopted this 16th day of September, 1999.



BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON


Beverly Stein, Chair

REVIEWED:

TOM SPONSLER, COUNTY COUNSEL
FOR MULTNOMAH COUNTY, OREGON

By 
Tom Sponsler, County Counsel

SUPPLEMENTAL BUDGET MESSAGE

THE DOCUMENT

The document consists of three sections:

1. The budget message explaining the proposed action,
2. A detailed estimate sheet for the expenditures in the new fund,
3. A financial summary of the resources and requirements of the new fund.

REASONS FOR CHANGES

A Supplemental Budget is the vehicle allowed by ORS 294. for the Board to address changes in financial conditions not anticipated at the time the budget was adopted. In cases where no fund's expenditures are increased by more than 10 percent of the adopted budget figure, the law allows the Board to make additional appropriations after advertising a hearing on the Supplemental Budget. However, since this supplemental budget creates an entirely new fund, the process for the supplemental budget action is to:

1. Convene the Board of County Commissioners to approve the supplemental budget,
2. Submit the approved supplemental budget to Tax Supervising,
3. Attend a Tax Supervising hearing on the supplemental budget,
4. Adopt the supplemental budget after Tax Supervising has certified that it is legal.

This 1999-00 Supplemental Budget provides legal authorization to expend the proceeds from revenue bonds to finance the estimated unfunded actuarial liability of the County in the Oregon Public Employees' Retirement System (PERS).

Until the last legislature, counties did not have the authority to issue full faith and credit debt instruments. Until late last calendar year, Multnomah County was misinformed about the size of the actuarial liability incurred by County employees in PERS. The 1999-00 budget must be modified so that the County can address the unfunded liability by using the additional borrowing mechanism permitted by the legislature.

The revenue bonds the County proposes to issue (discussed with the Board on September 9, 1999), will not be general obligations of the County, nor do they authorize the County to levy additional taxes. However, the County will, in the absence of this action, be required to cover the same unfunded liability through payments to PERS over the next 30 years. Issuing the bonds and repaying them at interest rates that can

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currently be obtained will reduce the overall cost to the County substantially over the same period. Further, funding the unfunded liability will eliminate the risk of its increasing through higher earnings than actuaries have used in calculating the full shortfall.

The proposal is to issue up to \$200,000,000 of revenue bonds. The proceeds will be paid to PERS _shown as object code 6050 – Supplements on the following detailed estimate sheet). The payment is expected to be made in December 1999.

Beginning January 1, 2000, payments formerly budgeted to be made to PERS to amortize the unfunded pension liability will be diverted into payments of bond interest and principal. No change will occur in any County expenditure budgets other than the new PERS Pension Bond Fund. In other budgets the payments to PERS are recorded in object code 5500 – Salary Related Expenses. An average of 3.5% of base pay, overtime, and premium pay, now remitted to PERS, will become service reimbursements to the PERS Pension Bond Fund. In fiscal year 1999-00 the County may be required to make an interest payment on the \$200,000,000 of bonds. The service reimbursements to the PERS Pension Bond Fund will cover this interest payment.

Interest on the issued bonds is not easy to predict. For purposes of this supplemental budget, the County assumes average interest will be 7% on the borrowing. The estimated cost in 1999-00, \$4,750,000, is shown on the detailed estimate sheet as

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PERS Bond Fund

PERS Pension Bond Fund		1999-00 Current	This Action	1999-00 Revised
5100 Permanent		0	0	0
5200 Temporary		0	0	0
5300 Overtime		0	0	0
5400 Premium		0	0	0
5500 Salary Related		0	0	0
	Total External	0	0	0
5550 Insurance		0	0	0
Total Personal Services		0	0	0
6050 County Supplements		0	200,000,000	200,000,000
6060 Pass-through Payments		0	0	0
6110 Professional Svcs		0	0	0
6120 Printing		0	0	0
6130 Utilities		0	0	0
6140 Communications		0	0	0
6170 Rentals		0	0	0
6180 Repairs and Mtce		0	0	0
6190 Maintenance Contracts		0	0	0
6200 Postage		0	0	0
6230 Supplies		0	0	0
6270 Food		0	0	0
6310 Education and Training		0	0	0
6330 Local Travel and Mileage		0	0	0
6520 Insurance		0	0	0
6530 External Data Processing		0	0	0
6550 Drugs		0	0	0
6580 Claims Paid		0	0	0
6610 Awards and Premiums		0	0	0
6620 Dues and Subscriptions		0	0	0
6700 Library Materials		0	0	0
7810 Principal		0	0	0
7820 Interest		0	4,750,000	4,750,000
	Total External	0	204,750,000	204,750,000
7100 Indirect Costs		0	0	0
7150 Telephone		0	0	0
7200 Data Processing		0	0	0
7300 Motor Pool		0	0	0
7400 Building Management		0	0	0
7500 Other Internal		0	0	0
7550 Capital Lease Retirement		0	0	0
7560 Distribution / Postage		0	0	0
	Total Internal	0	0	0
Total Materials and Services		0	204,750,000	204,750,000
8100 Land		0	0	0
8200 Buildings		0	0	0
8300 Other Improvements		0	0	0
8400 Equipment		0	0	0
	Total Capital	0	0	0
	Direct Budget	0	204,750,000	204,750,000
	Total Budget	0	204,750,000	204,750,000

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Financial Summary

PERS Pension Bond Fund

	Revenue Code	1999-00 Current Budget	This Action	Revised Budget
<u>Resources</u>				
Bond Sales	7710	0	200,000,000	200,000,000
Service Reimbursements		0	4,750,000	4,750,000
<u>Total Resources</u>		0	204,750,000	204,750,000
<u>Requirements</u>				
Nondepartmental				
Materials & Services		0	200,000,000	200,000,000
Principal and Interest		0	4,750,000	4,750,000
<u>Total Expenditures</u>		0	204,750,000	204,750,000
Contingency		0	0	0
<u>Total Requirements</u>		0	204,750,000	204,750,000