



Budget Officer's Message

Morrow County Annual Budget for Fiscal Year 2021-2022

April 13, 2021

Dear Members of the Budget Committee:

I am pleased to present Morrow County's budget proposal for fiscal year 2021-2022. The total, including all funds, is **\$57,892,375**. The proposal is an increase of **\$7,593,186**, or 15.10%, over prior year's adopted budget.

The County's *operating budget*, excluding contingency, unappropriated balances, and internal transactions is **\$35,740,006**; an increase of \$3,172,910, or 9.74%, over prior year's operating budget.

Budget Highlights

Morrow County continues to forecast stronger revenue from industrial growth in the North end of the County, renewable energy, and increasing residential and commercial development. Other revenue, including Federal aid from the Coronavirus Aid, Relief, and Economic Securities Act (CARES), and the American Rescue Plan Act is increasing the County's ability to assist servicing citizens locally.

The County's 2021-2022 estimated tax assessment value is \$2,763,837,760, an increase of \$162,671,571, or 6.25%, from fiscal year 2020-2021. The proposed budget includes property tax revenue estimating \$11,067,640; supporting operations and public services within Morrow County.

A new special revenue fund appears in the proposed budget for Wheatridge Wind Energy LLC, Strategic Investment Program (SIP). Revenue estimates of one million, five hundred thousand dollars are in the proposed budget. Upon receiving the first one million dollars, the County is supporting local schools STEM and STEAM programs. The remaining five hundred thousand are discretionary dollars.

In late February, 2021 the Board of Commissioners approved a Credit Bond issuance in the amount of six million, nine hundred thousand dollars by Zion's Bank for building the

administration facility in Irrigon. Estimating a completion date in fiscal year 2021-2022, the Capital Improvement Plan (CIP) Fund reflects appropriations of \$2,176,863. The terms of the Credit Bond are fifteen years at 1.79% interest, first debt payment is due in December 1, 2021, \$92,633; and the second is June 1, 2022, \$101,755.

Beginning Fund

Beginning fund balances are increasing \$4,794,689, or 32.8% from adopted budget fiscal year 2020-2021 of \$14,608,934, to estimated \$19,418,223 in fiscal year 2021-2022. Increased funding includes:

- General Fund +\$1,971,126
- Road Fund <\$438,721>
- Finley Buttes Road +\$478,276
- 911 Emergency +\$324,739
- STF Fund <\$731,107>
- CIP Fund +\$2,198,885
- Building Permit Fund +\$222,237
- Building Reserve Fund +\$358,063
- Community Corrections <\$113,284>

Revenue

Morrow County's proposed revenue is \$38,474,152, or 9.8% higher than one year ago. This includes increasing property tax revenue from \$10,405,044 in fiscal year 2020-2021; to estimated property tax revenue of \$11,067,640 in fiscal year 2021-2022.

Strategic Investment Program (SIP)

Morrow County's growth over the past several years is increased funding in Strategic Investment Program (SIP) agreements with large energy producers located with the County. During fiscal year 2020-2021, revenue generated from the PGE Carty Generating Station was \$1,804,877 under the terms of the SIP contract. The proposed PGE Carty SIP revenue for 2021-2022 is estimated for \$1,895,330

The newest SIP agreement appearing in the proposed budget is Wheatridge Wind LLC estimating revenue is \$1,500,000. Other SIP agreement proposals including Willow Creek \$20,000; Echo Winds \$22,000; and Shepherds Flat \$1,160,000. Some of the SIP agreements include pass-thru distributions to other districts.

State Revenue

The Road Fund “Gas Tax” remains flat for fiscal year 2021-2022, \$1,358,427; compared to \$1,394,236 in 2020-2021. Other revenue in Road including HB 2017, \$327,193, and Fund Exchange revenue, \$303,806 are also flat from prior year.

The Special Transportation Fund (STF) is receiving additional STIF discretionary revenue, \$450,731 in 2021-2022. The Federal Veterans revenue is moving from the STF State special reserve fund to the STF Federal special reserve fund, \$40,500. The change is reflecting efficiency in reporting and compliance.

Personnel

These personnel costs continue to rise as a result of FTE increases over time, increases of contributions to County-provided health insurance benefits (92.5%), cost-of-living adjustments (2.5% and 3%), and increases in contributions to the Morrow County Retirement Plan (24.8%).

The budget allocation of personnel is 41.9% of the General Fund appropriations and 85.8% of estimated property tax revenue for 2021-2022.

The Teamsters Collective Bargaining Agreement remains in effect with a COLA of 2.5% for fiscal year 2021-2022. New hires, as of July 1, 2020, are members of the Public Employee Retirement System, with a probationary waiting period of six months.

The AFSCME – General, and AFSCME – Road CBA’s are expiring on June 30, 2021 and currently negotiating with Morrow County. For budget purposes, a 2.5% COLA is being used to calculate personnel. AFSCME members hired on or after July 1, 2020 are members of the County’s Defined Contribution Plan, with a probationary waiting period of six months.

Capital Outlay

Proposed capital spending for 2021-2022 is **\$7,648,865**.

- General Fund:
 - Sheriff’s department – vehicles \$315,000;
 - Non-departmental – vehicle, courthouse upgrade, and completion of Sheriff’s Station II, \$330,000.
- Road Equipment Reserve:
 - Equipment replacement - \$2,326,775.
- Road Fund:
 - Building improvement - \$50,000; and
 - Shop equipment - \$30,000.
- Airport:

- Capital outlay – Taxi Way Paving, \$869,965
- 911 Emergency Fund:
 - Equipment replacement - \$100,000.
- STF Fund (Loop):
 - Equipment - \$38,000.
- STF Vehicle Reserve:
 - Vehicle replacement - \$476,874.
- CIP Fund:
 - North End Facility - \$2,176,863.
- Parks Fund:
 - Equipment purchases - \$162,000.

Contingency

The County’s contingency balances allow for unforeseen circumstances during the fiscal year.

The proposed budget includes:

- General Fund - \$3,378,221
- Road Fund - \$316,495
- 911 Emergency Fund - \$618,263
- Fair Fund - \$188,418
- STF State Fund - \$252,556
- STF Vehicle Reserve - \$101,575
- Parks Fund - \$223,207
- Building Reserve Fund - \$500,000

Unappropriated Dollars

Morrow County’s unappropriated dollars in General Fund, \$3,25,616 for fiscal year 2021-2022.

Approximately one and one-half months of operating expenses, in case of emergency, the funds can be accessed under specific circumstances as specified in Oregon Budget Law. Other unappropriated ending fund balances include:

- Road Fund - \$1,000,000
- Finley Buttes Road Reserve \$1,724,613
- 911 Emergency - \$200,000
- Building Permit Fund - \$1,230,736
- Building Reserve Fund - \$398,762
- Community Corrections - \$143,871

The total unappropriated ending fund balances proposed in FY 2019-2020 is \$6,314,260

Conclusion

The 2021-2022 budget document is the same format as previous years, including decision and capital *asks* in summary and detail for the budget committee review. The proposed budget document is located on the Morrow County website at:

<https://www.co.morrow.or.us/finance/page/budget>.

I would like to extend my appreciation to the employees in all County departments who carry out the services described in the budget document. I would also like to thank our County Administrator Darrell Green, and program staff for all of their hard work in crafting this plan.

Finally, I acknowledge and appreciate the thoughtful work of the Budget Committee in employing their extensive knowledge of Morrow County, as well as their financial acumen, in their review and approval of the FY 2021-2022 budget.

Respectfully,

Kate Knopf

Finance Director and Budget Officer