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Reader's Guide

The FY 2009 Proposed Budget document for Multnomah County consists of two (2) separate volumes structured as summarized below.

Volume 1 - Policy Document/Legal Detail

- County Chair's Budget Message – This section presents the Chair's Budget Message to citizens.
- How Multnomah County Budgets - This section you'll find a description of Multnomah County's budget process established to guide the County in its budget decisions.
- Budget Manager's Message - This section provides an introduction to the budget, explains the major issues affecting budget decisions and a general overview.
- Summaries – This section offers a summary of resources and requirements.
- Budget by Fund/Legal Detail – This section displays financial summaries, as well as detail by department by fund.
- Capital Budget – This section displays the County's capital budget.

Volume 2 – Program Information

The FY 2009 Proposed Budget is structured around the County's nine departments. Volume 2 contains the program offers that were funded in each of the County's Departments and NonDepartmental agencies. The Departmental sections include an introduction, budget trends and a list of the program offers funded in the Proposed Budget.

The departmental program offer section contains 3 lists: (1) operating programs, (2) administration and support programs, and (3) a list of programs funded with one-time-only resources. The operating programs can be viewed as the department's budget regardless of the funding sources.

Administration and support programs provide supervision or support to the operating programs. Their costs are "spread" to the operating programs offers to reflect the full cost of providing the service.

Programs funded with one-time-only resources have been designated to end by June 30, 2009, unless otherwise noted.

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:

1. To provide standard procedures for preparing, presenting, and administering local budgets;
2. To ensure citizen involvement in the preparation of the budget;
3. To provide for a method of estimating revenues, expenditures, and proposed taxes; and
4. 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 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, 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.

On April 18, 2008 -at an advertised public meeting- the budget prepared by the Chair of the Board will be 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. TSCC along with the State Department of Revenue is responsible for ensuring that budgets comply with local budget law.

The Proposed 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 28. 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.

Four Phases of the Budget Process

Chair Wheeler's administration took office in 2008. One budget cycle has been completed and it was a period of learning and transition. For FY 2009, there was a desire to streamline the budget process. Multnomah County's budget process moved away from Priority Based budgeting to a constraint budget process that consists of four distinct phases:

Phase I - Departmental budget submission

Phase II - Proposed Budget

Phase III - Approving the FY 2009 Proposed Budget

Phase IV - Adopting the FY 2009 Budget

Phase I - Departmental Budget Submission

The FY 2009 budget planning began in August 2007, with a staff review of the prior year's process. This debrief concluded with the agreement that the County would return to a constraint budget process in lieu of the Priority Based Budgeting process used in previous years. During October of 2007, a number of meetings were conducted with individual departments and a retreat with the Board of County Commissioners.

During December 2007, the Chair's Office called for a second retreat with the County Leadership Team (department heads). The retreat included a review of prior year operating strategies, updated revenue and expenditure estimates, current and upcoming issues and challenges. Guidelines were issued to set broad limits and direction for the FY 2009 budget cycle. Based on the FY 2009 General Fund forecast, departments were directed to reduce or "constrain" their operational costs by 3%. The constraint format was viewed as a way to reduce workload and to facilitate the Executive decision-making process. The overarching direction from the Chair was that the departmental requested budgets be responsible and maintain the quality of services that the citizens of Multnomah County have come to expect and enjoy.

During the months of January and February 2008, there were ongoing conversations with the County Leadership Team and individual department heads regarding the FY 2009 budget. The purpose of the meetings was to provide a venue for County Chair to give policy direction to the departments prior to submitting their budget requests on February 14, 2008. This date also kicked off the second phase.

Phase II - Reviewing and Crafting the Proposed Budget

Beginning in February and ending in March 2008, this Phase consisted of many scheduled meetings between the Chair, Chief Operating Officer, staff and department directors to review and discuss the departmental request. The sessions were designed to provide two-way communication concerning budget needs assessments and also to provide information that would assist the Chair in developing a responsible and balanced budget. During this time, the Chair's Office developed a priority focus list with short and long term goals and objectives to provide the basis of the budget plan for FY 2009.

Phase III - Approving FY 2009 Proposed Budget

The FY 2009 Proposed Budget will be released on April 17, 2008. On this day the Board will also approve the budget. Approval of the Chair's Proposed Budget and forwarding it to the Tax Supervising Conservation Commission meets the legal requirements of Oregon Budget Law. After the budget has been submitted to TSCC, no fund may be increased by more than 10% in total revenue, and no property tax greater than the amounts included in the Proposed Budget may be levied. Voting to forward the budget without extensive public review and comment might produce adverse comment if it were not clearly understood that the process meets a technical requirement of the law, or if the Board were not to hold extensive public review before adopting the budget.

Phase IV – Deliberating and Adopting FY 2009 Budget

The final phase, the adoption process, will begin after the budget is Approved. Six weeks of work sessions and three public hearings have been scheduled prior to adopting the budget in early June of 2008. During any of the work sessions the Board may propose amendments to the Approved Budget. The amendments will get voted on as part of the budget adoption process. Another component of this phase is input from the Citizen Involvement Committee (CIC) and the department's Citizen Budget Advisory Committees (CBAC's). Evening public hearings will also allow direct feedback from the community and provide an opportunity for a participatory budget.

Budget Calendar

The most current version of the FY 2009 Budget Calendar can be found on the County's website at:

<http://www.co.multnomah.or.us/budgetfy2009>.

Major budget milestone dates are:

- Nov.-Jan. Chair's Office meets with Departments to provide strategic direction
- Nov. 26 Constraint Targets Released
- Feb. 14 Department Budget Submissions Due
- April 17 Chair Proposes FY 2009 Executive Budget
- April-June Budget Work sessions and Hearings
- May 28 TSCC Public Hearing
- June 5 BCC Adopts FY 2009 Budget

Basis of Budgeting

Basis of Budgeting - Modified Accrual Basis

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 on expenditures when they will likely occur.

One exception to this rule is the acknowledgement of revenues. Property tax and Business Income Tax (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

Modifying the Budget During the Fiscal Year

The Proposed 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

Basis of Accounting – Modified Accrual Basis

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. The modified accrual basis of accounting is used to record revenues and other financial resource increments, such as bond proceeds and expenditures are recognized when they become susceptible to accrual, that is, when they become both measurable and available (collectible) to finance expenditures for the current period.