



MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST BUDGET MODIFICATION

(Revised: 8/18/11)

Board Clerk Use Only

Meeting Date:	<u>6/5/14</u>
Agenda Item #:	<u>R.6</u>
Est. Start Time:	<u>10:15 am</u>
Date Submitted:	<u>5/28/14</u>

Agenda Title: **FY 2014 Supplemental Budget Modification #1 to Appropriate Beginning Working Capital and Adjust Various Other Funds**

Note: For all other submissions (i.e. Notices of Intent, Ordinances, Resolutions, Orders or Proclamations) please use the APR short form.

Requested Meeting Date:	<u>June 5, 2014</u>	Time Needed:	<u>30 minutes</u>
Department:	<u>Dept. of County Management</u>	Division:	<u>Budget</u>
Contact(s):	<u>Christian Elkin, Karyne Kieta Budget Director</u>		
Phone:	<u>503-988-3312</u>	Ext.:	<u>87689</u>
		I/O Address:	<u>503/531</u>
Presenter Name(s) & Title(s):	<u>Christian Elkin, Principal Budget Analyst</u>		

General Information

1. What action are you requesting from the Board?

The Budget Office requests approval of Supplemental Budget #1 to appropriate \$1.9 million in unplanned Beginning Working Capital and to make various fund adjustments to ensure the County's compliance with Oregon Budget Law.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

A supplemental budget is the vehicle allowed by ORS Chapter 294 (commonly known as "Oregon Budget Law") for the Board to address changes in financial conditions not anticipated at the time the budget was adopted. This supplemental budget adds beginning working capital (BWC) to three County funds.

Appropriating Beginning Working Capital

Beginning Working Capital represents the difference between revenues and expenditures in a fiscal year. When added to the following year's budget, BWC becomes a one-time resource for County programs. The FY 2014 Budget included *estimated* BWC, but there

was a difference between the amount that was budgeted and the amount that remained at year-end. Total BWC being added is \$1.9 million. The three funds adding BWC are:

Federal State Fund (1505)	1,453,236
Inmate Welfare (1513)	28,509
Justice Services Special Ops (1516)	<u>397,831</u>
Total BWC	1,879,576

The BWC will be spent on the following services:

- \$115,460 (DCHS-Aging and Disability Services) – to provide additional case management and advocacy services.
- \$1,335,838 (DCHS-Mental Health Services) - the additional revenue received from the State Mental Health Grant (SMHG) under the new Flex-Funding model from Oregon Health Authority (OHA). Services include Mental Health Residential Services, Adult Mental Health Initiative, Children’s Mental Health Wraparound, Adult Addictions Treatment Continuum, Addictions Detox and Post Detox Housing, Family & Youth Addictions Treatment Continuum, and the Family Involvement Team.
- \$139,177 (MCSO – Special Investigations Unit) – this funding is restricted to the purchase of supplies and equipment necessary for the enforcement of laws relating to the unlawful delivery, distribution, manufacture, or possession of controlled substances
- \$135,521 (MCSO – Concealed Handgun Licensing) – funds are used to support additional temporary personnel costs due to the workload increases.
- \$153,580 (MCSO) – various other services and programs

Adjustments to Various Other Funds

In addition to appropriating the BWC, this supplemental budget also adjust various funds to ensure compliance with Oregon Budget Law and align the budget with actual revenues and expenditures.

General Fund (1000) – increases by \$2,030,876 for the following:

- *Cascadia State Loan Payment* \$600,000
 In May of 2008 the County and State of Oregon jointly agreed to provide Cascadia Behavior Health Inc (CBH) with a \$2.5 million loan (to mature in September 2021) to stabilize operational services and to provide CBH with the necessary time to make business changes to improve its financial situation. Under the terms of the agreement the total loan was \$1.5 million with the County providing 60% of the loan and the State providing 40%. The County received the payment in December of 2013, of which 40% \$600,000 will be paid to the State.
- *Tax Title Program (72038)* \$1,400,000
 This program is responsible for the management, maintenance and disposition of the County's tax foreclosed property inventory. Properties are sold at public auction and by entering into private sales with adjacent owners. This action increases the budget

based on the fall auction sales and additional spring sale estimate (auctions sales, repurchases, and private part sales). At the end of every budget year, the tax foreclosed property revenues are totaled, operating expenses and set asides are accounted for and the balance of revenue is disbursed or passed through to taxing districts.

- *Increased Indirect resulting from revenue increases in other funds* \$30,875

County School Fund (1506) – increases the fund by \$60,000 which is more than 10% of the adopted budget. At the time of adoption, the federal timber payments were expected to expire. Post adoption, the federal government approved a one-year extension to the Secure Rural Schools & Community Self-Determination Act in the fall of 2013. This action adds the new revenue to the County School Fund, all of which will be passed through to local schools for their operations.

Animal Control Fund (1508) – increases by \$62,000 from public donations to support animal healthcare and veterinary services. The donations will be used for items such as temporary veterinary services and supplies. This funding is one-time-only and will be used to enhance existing services.

Asset Replacement Revolving Fund (2503) – decreases by \$250,000. In FY 2014, \$250,000 of savings based on an anticipated debt refinancing of County Full Faith and Credit Obligation Series 2014 was budgeted to provide funding for new Asset Replacement Revolving Fund. The revolving fund is intended to provide short term (no more than 5 year) internal loans for capital asset replacements that are not accounted for in other County asset replacement programs. The Chief Financial Officer establishes criteria for use of funds and repayment. The debt refinancing planned for FY 2014 was postponed (instead occurring in FY 2015) resulting in budget shortage of \$250,000 in Debt Retirement Fund (under principal) and postponing funding to Asset Replacement Revolving Fund.

This action restores the principal budgeted under Debt Retirement Fund (2002) by \$250,000 and the budgeted cash transfer (to Asset Replacement Revolving Fund) is reduced by \$250,000. There are no operational impacts because there are no planned projects for this fund in FY 2014.

Risk Management Fund (3500) – increases by \$8,494 due to increases in temporary and overtime expenses in other funds.

3. Explain the fiscal impact (current year and ongoing)

Adding BWC: There is an increase in one-time revenues and expenditures of \$1.9 million. This increase takes place in a variety of programs and departments as detailed above. Once the funds are expended, services will return to their original level.

Adjustments to Various Funds – this action affects five funds as detailed above. The increases in the General Fund and the County School Fund have limited financial impact to the County nearly all of the funds are passed through to other governmental entities. The increases in appropriations allow us to pass through 100% of the funding without overspending the appropriation.

Animal Services will be temporarily enhanced until donation funding is exhausted. Additionally, there is no financial impact from restoring the principal payment in the Debt Retirement Fund since no projects were planned for FY 2015.

4. Explain any legal and/or policy issues involved.

It is especially important to account for and spend any BWC associated with grant funds, as County Financial Policies state a preference for spending grant funds prior to spending unrestricted resources on the same programs.

These actions allow the County to comply with our intergovernmental agreements and avoid violating Oregon Budget Law.

5. Explain any citizen and/or other government participation that has or will take place.

This supplemental budget modification was noticed in the *Oregonian* on May 21, 2014. This met the notification requirements per Oregon budget law of appearing in the *Oregonian* at least 5 days before, but not more than 30 days before this hearing.

Budget Modification

If the request is a **Budget Modification**, please answer **all** of the following in detail:

- **What revenue is being changed and why? If the revenue is from a federal source, please list the Catalog of Federal Assistance Number (CFDA).**

Beginning Working Capital is increasing \$1,879,576 to appropriate unbudgeted amounts in FY 2014. **Governmental Shared General Resources** are increasing \$60,000 due to one-time payments from Secure Rural Schools & Community Self-Determination Act for County schools. The **General Fund** is increasing by \$2,030,876. The **Animal Services Fund** is increasing by \$62,000 due to one-time-only donations. The cash transfer to the **Asset Replacement Revolving Fund** is decreased by \$250,000.

Central and Departmental Indirect are increasing by a combined \$30,875.

Risk Fund revenue is increasing by \$8,494.

- **What budgets are increased/decreased?**

Below is a table showing the increases and decreases in budget by Program Offer:

Prog. #	Dept.	Program Name	Change Amount
10024	NOND	County School Fund	60,000
25000A	DCHS	Director's Office - Cascadia Loan Payment to State	600,000
25020	DCHS	ADS Access & Early Intervention Services	95,534
25060	DCHS	Mental Health Residential Services	318,335
25061	DCHS	Adult Mental Health Initiative (AMHI)	400,000
25068	DCHS	Multnomah Wraparound	2,268
25080	DCHS	Adult Addictions Treatment Continuum	184,234
25085	DCHS	Addiction Services Gambling Treatment & Prevention	25,805
25098	DCHS	Family Involvement Team	93,817
25094	DCHS	Family & Youth Addictions Treatment Continuum	287,625
25098	DCHS	Family Involvement Team	23,754
60039	MCSO	MCSO Corrections Work Crews	66,072
60040	MCSO	MCSO MCDL Core Jail & 4th Floor	960
60045	MCSO	MCSO Inmate Welfare	28,509
60063	MCSO	MCSO Patrol	9,938
60067	MCSO	MCSO Special Investigations Unit	139,177
60069	MCSO	MCSO Alarm Program	48,101
60070	MCSO	MCSO Concealed Handgun Permits	135,521
72020	DCM	Risk Fund - Benefits	8,494
72038	DCM	DART Tax Title	1,400,000
91007	DCS	Animal Services Animal Care	62,000
78006A	DCA	Facilities Capital Improvement Fund	(250,000)
Various	County	County Departmental and Central Indirect	30,875
Total Change			3,771,019

- **What do the changes accomplish?**
The changes appropriate unbudgeted BWC in FY 2014 and brings the County into full compliance with Oregon Budget Law
- **Do any personnel actions result from this budget modification? Explain.**
There is no net increase or decrease in FTE as a result of this modification.
- **If a grant, is 100% of the central and department indirect recovered? If not, please explain why.**
Indirect is recovered where applicable for the BWC.
- **Is the revenue one-time-only in nature? Will the function be ongoing? What plans are in place to identify a sufficient ongoing funding stream?**
The BWC is one-time-only funding. The functions that it funds are not identified as ongoing. The County School Fund and General Fund payments are pass through with no ongoing impacts.
- **If a grant, what period does the grant cover? When the grant expires, what are funding plans? Are there any particular stipulations required by the grant (i.e. cash match, in kind match, reporting requirements etc)?**
N/A

NOTE: If a Budget Modification or a Contingency Request attach a Budget Modification Expense & Revenues Worksheet and/or a Budget Modification Personnel Worksheet.

Required Signature

Elected Official or Dept Director: Karyne Kieta /s/ **Date:** 5/28/14

Budget Analyst: Shaun Coldwell **Date:** 5/28/14