



**Tax Supervising
& Conservation
Commission**

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May 25, 2005

Board of County Commissioners
Multnomah County
501 SE Hawthorne Blvd, 6th Floor
Portland, Oregon 97214

Dear Board of Commissioners:

The Tax Supervising and Conservation Commission met on May 25, 2005 to review, discuss and conduct a public hearing on the Multnomah County 2005-06 budget. This hearing was conducted pursuant to ORS 294.605-705 to confirm compliance with applicable laws and to determine the adequacy of estimates necessary to support efficient and economical administration of the district.

The 2005-06 budget, filed May 13, 2005, is hereby certified by a majority vote of members of the Commission with the following objections and recommendations, which will require a written response.

Objection – Loan Repayment from the General Fund to the Capital Project Fund

The audit for the year ending June 30, 2004 notes:

"In addition, the Building Project Fund noted a deficit in the fund balance at year-end. The deficit was a result of various capital projects including renovation to Multnomah County libraries. The County has entered into an internal loan agreement in order to reduce the Building Project's deficit fund balance. The loan is a five year agreement in which the General Fund will make a cash transfer each year for five years to aid the Capital Project's Fund balance. At June 30, 2004 the Building Project Fund noted a \$691 deficit fund balance."

The 2005-06 Approved Budget did not include a cash transfer from the General Fund to the Capital Project Fund for loan repayment. At the time of adoption, the Board shall include a cash transfer for the first year loan repayment.

Objection – Approved Budget Not Submitted Timely

The 2005-06 Approved Budget was submitted to TSCC on May 13, 2005, 12 days prior to the public hearing scheduled on May 25, 2005. Local budget law, ORS 294.421(6) requires that districts submit their Approved Budget to TSCC no less than 20 days prior to the public hearing. Submitting the budget late does not allow sufficient time to do a complete review of the budget. In the future the County needs to factor in this 20 day requirement, as well as the May 15 deadline, when developing the Budget Calendar for the year.

Recommendation - Expenditures Exceeding Appropriation Authority

The audit for the year ending June 30, 2004 also notes the following expenditure in excess of appropriations:

General Fund: Health Services	\$ 929,000
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Commissioners
Lynn McNamara
Richard Anderson
Kirk Hall
Carol Samuels
Elizabeth Hengeveld

Local Budget Law does not allow the expenditure of monies beyond the legal authority. While a smaller amount, this is the second consecutive year that Health Services has overspent its appropriation. While TSCC recognizes that the overexpenditures are due to changes in Medicaid funding and are beyond the County's control, care needs to be taken to not overspend appropriations. If necessary, the County should adjust the adopted budget through a supplemental process.

Aside from the above exceptions, estimates were judged to be reasonable for the purpose shown and the document was found to be in substantial compliance with Local Budget Law. The budget estimates and levy amounts, as shown in the approved budget, are shown on the attached page.

Please file a complete copy of the adopted budget with the Commission within 15 days of adoption. The response to the Commission objection and recommendation should be included either in the adopting resolution or within a letter that accompanies the adopted budget.

We appreciate having the opportunity to discuss this budget with you.

Yours very truly,

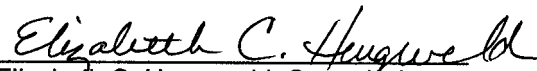
TAX SUPERVISING & CONSERVATION COMMISSION


Lynn McNamara, Commissioner


Carol Samuels, Commissioner


Richard Anderson, Commissioner


Kirk Hall, Commissioner


Elizabeth C. Hengeveld, Commissioner

	Budget Estimates	Unappropriated Portion
General Fund	\$426,103,354	\$13,000,000
General Reserve Fund	13,008,000	13,008,000
Road Fund	46,571,306	0
County School Fund	226,000	0
Tax Title Land Sales Fund	696,337	0
Library Serial Levy Fund	47,189,498	0
General Obligation Bond Sinking Fund	16,866,791	7,656,280
PERS Bond Sinking Fund	26,200,000	14,721,887
Revenue Bond Sinking Fund	3,308,060	0
Justice Bond Project Fund	6,340,000	0
Emergency Communication Fund	258,340	0
Federal/State Program Fund	248,381,337	0
Animal Control Fund	1,093,200	0
Special Excise Taxes Fund	16,463,000	0
Inmate Welfare Fund	2,945,654	0
Justice Services Special Operations Fund	4,872,497	0
Strategic Investment Program Fund	2,687,223	0
Public Land Corner Preservation Fund	1,980,315	0
Willamette River Bridge Fund	37,498,337	23,373,325
Bicycle Path Construction Fund	358,000	0
Building Projects Fund	451,500	0
Library Construction Fund	885,000	0
Capital Improvement Fund	26,641,593	9,500,000
Capital Acquisition Fund	6,022,133	0
Asset Preservation Fund	7,750,224	2,125,000
Business Services Fund	15,856,766	0
Risk Management Fund	74,871,209	0
Fleet Fund	7,557,106	0
Facilities Management Fund	41,482,251	0
Data Processing Fund	30,953,881	0
Mail Distribution Fund	4,478,064	642,349
Capital Lease Retirement Fund	14,045,092	0
Behavioral Health Managed Care Fund	40,870,725	0
Recreation Fund	116,000	0
Total Budget Estimates	\$1,175,028,793	\$84,026,841

Tax Levies:

Permanent Rate - General Fund	\$ 4.3434
GO Bond Debt Service Levies - Not Subject to Limit	\$ 9,068,135
Library Local Option Levy - General Government	\$ 0.7550