



MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST BUDGET MODIFICATION

(Revised: 8/18/11)

Board Clerk Use Only

Meeting Date: 11/10/11
Agenda Item #: R.8
Est. Start Time: 11:40 am
Date Submitted: 10/28/11

Agenda Title: Supplemental Budget Modification #2 to Appropriate Beginning Working Capital and make GASB 54 accounting changes

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

Requested Meeting Date: November 10, 2011
Time Needed: 15 minutes
Department: Dept. of County Management
Division: Budget
Contact(s): Patrick Heath
Phone: 503-988-3364 **Ext.** 83364 **I/O Address:** 503/531
Presenter Name(s) & Title(s): Patrick Heath, Senior Budget Analyst

General Information

1. What action are you requesting from the Board?

The Budget Office requests approval of Supplemental Budget #2 to appropriate \$3.2 million in unplanned Beginning Working Capital and to make accounting changes to ensure the County's compliance with GASB 54.

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 four County funds and moves revenues and expenditures from the Fed-State Program Fund and the Justice Services Fund to the General Fund.

GASB 54 and moving FQHC Revenues: GASB 54 is a new accounting standard released by the Government Accounting Standards Board. The goal is to clarify fund balance classifications, create consistent reporting, and assist in understanding different levels of restriction. The County has been implementing GASB 54 since FY 2010. After a review by our auditors and General Ledger division, both the ambulance fees (\$1.6 million) and the FQHC Wraparound payments (\$24.8 million) were determined to be unrestricted under GASB 54 criteria and need to be moved to the General Fund.

These fees are unrestricted because they represent reimbursement for services already provided.

The total FQHC and Ambulance fee move brings \$26.5 million to the General Fund from the Federal-State Fund and the Justice Services Special Operations Fund. FQHC revenues and Ambulance fees primarily fund programs in the Health Department, but there are some limited changes to FQHC revenues that impact DCHS and DCJ. There are no operational changes to any department as a result of this move, and it brings the County into full compliance with the new accounting standard.

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 2012 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 \$3.2 million. The four funds adding BWC are:

Federal-State Fund (1505) - \$2.1 million

Animal Control Fund (1508) - \$224,000

Inmate Welfare Fund (1513) - \$29,000

Capital Acquisition Fund (2508) - \$752,000

The Supplemental Budget increases BWC by \$3.2 million. In the Federal-State Fund, approximately \$1.0 million in BWC will replace revenues Mental Health lost as part of the State Rebalance. This \$1.0 million **does not** represent new reductions – the BWC was part of the mitigation strategy that the Board approved, but it needed to be appropriated via a supplemental budget (this action). The net result is an increase of \$2.25 million in one-time revenues and expenditures in these funds. The BWC will be spent on the following services:

DCA: Finishing new IT Data Center	\$752,000
DCHS: Developmental Disabilities contracted services	\$288,000
DCHS: Increased Weatherization Assistance	\$242,000
DCS: Animal Services	\$224,000
DCHS: Increased Case Management Assistance or Seniors	\$207,000
MCSO, DCHS: Other Services and Programs	\$534,000

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

FQHC and Ambulance Fees: there is only a limited fiscal impact from moving the FQHC Wraparound payments and Ambulance fees to the General Fund. Central indirect revenues are reduced by \$30,000 as a result of this move.

Adding BWC: There is an increase in one-time revenues and expenditures of \$2.25 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.

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

GASB 54, a new accounting standard that necessitates us moving the FQHC Wraparound and Ambulance Fees, must be fully implemented by the County during FY 2012 or we risk negative comments in our audit opinion.

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.

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

This supplemental budget modification was noticed per Oregon budget law, with a Notice 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 \$3,249,201 to appropriate unbudgeted amounts in FY 2012. **Licenses and Fees** are increasing \$175,000 due to increased collections for license revenue by Animal Services. **Cash Transfer Revenue** to the General Fund from Animal Services is increasing by \$259,986. **Donations** are increasing by \$5,000 for the Sheriff's Office Kyron Horman Investigation.

Intergovernmental Revenues are decreasing by \$1,247,116 to fully account for the actions taken by the Board to mitigate the State Rebalance and to account for the timing of a grant changing for DCJ. **Central and Departmental Indirect** are decreasing by a combined \$120,864 as a result of the Ambulance Fees moving to the General Fund.

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

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

Program #	Program Name	Change Amount
25000	DCHS Director's Office	5,626
25010	DD Administration and Support	266,765
25015	DD Monitoring and Crisis Unit	21,272
25020A	ADS Access and Early Intervention Services	207,398
25027A	ADS Administration	1,005
25068	Children's Mental Health Wraparound	11,793
25121	DCHS Weatherization	242,023
25140	DCHS Housing	22,487
25145A	SUN Community Schools	5,261
25147	Child and Family Hunger Relief	50,000
25156A	Bienestar Social Services	815
DCHS Subtotal		834,445
40040	Business and Quality – Accounting and Financial Services	-107,008
Health Department Subtotal		-107,008
60010	MCSO Business Services Administration	11,388
60035	MCSO Facility Security – Courts	715
60045	MCSO Inmate Welfare	29,206
60063	MCSO Patrol	2,011
60065A	MCSO River Patrol	2,961
60066	MCSO Detectives, INTERCEPT, Elder Abuse	29,563
60069	MCSO Alarm Programs	85,585
60070	MCSO Concealed Handgun Permits	51,988
MCSO Subtotal		161,429

78025	IT Strategic Modernization Projects	752,342
DCA Subtotal		752,342
91005	Animal Services Client Support	655,462
91006	Animal Services Field Services	3,419
DCS Subtotal		658,881
Countywide		-30,870
Total Change		2,321,207

- **What do the changes accomplish?**

The changes appropriate unbudgeted BWC in FY 2012 and bring the County into full compliance with GASB 54.

- **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. Numerous positions have changed funds as a result of the FQHC Wraparound and Ambulance Fees moving to the General Fund.

- **If a grant, is 100% of the central and department indirect recovered? If not, please explain why.**

N/A

- **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 ongoing, with the exception of the Mental Health crisis line services which were reduced during the FY 2012 State Rebalance. The County's Chief Operating Officer is working with DCHS leadership to identify efficiencies in staffing and running the crisis line in order to ensure continued operations.

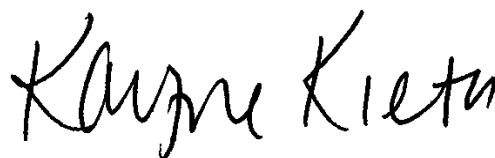
- **If a grant, what period does the grant cover? When the grant expires, what are funding plans? Are there any particular stipulations required by the grant (i.e. cash match, in kind match, reporting requirements etc)?**

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

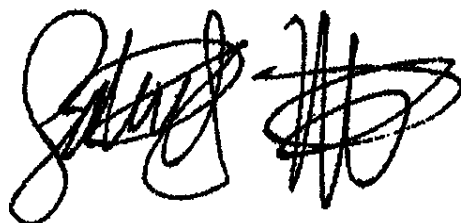
Elected Official
or Dept Director:



Karyne Kieta

Date: 10/28/11

Budget Analyst:



Patrick Heath

Date: 10/28/11

