

ATTACHMENT D

Adopted June 6, 2013

The Board makes the following response to the recommendations made by the Tax Supervising and Conservation Commission (TSCC), which is contained in the letter certifying the FY 2014 County budget.

1. Recommendation – Property Tax Levy Higher Than Allowed by Law

The General Obligation Debt Service Fund included an unappropriated ending fund balance that exceeds the amount allowed by ORS 294.368(3)(a)(A). This resulted in a property tax levy that is higher than what is needed. The Budget Office has noted this error and has prepared an amendment to the budget which will be incorporated at the time the budget is adopted by the Board of County Commissioners (BOC). The amendment will reduce the amount of the unappropriated ending fund balance from \$8,029,200 to \$6,540,275 which then reduces the amount required from current year property taxes to balance the fund from \$7,800,000 to \$6,311,075. The property tax levy necessary to raise the reduced amount of current year property taxes, using a collection factor of .946, to be adopted by the BOC will be \$6,671,327. It is recommended that the BOC pay particular attention to the adoption resolutions, including levying and categorizing the property tax levies, to ensure that these changes are made correctly and that the levy to repay general obligation bonds that is excluded from the limitations of Measure 5 is no more than \$6,671,327.

Response –

The Board has approved amendment 14_NOND_PA_01 to address TSCC's recommendation and will approve a reduced General Obligation Debt Levy. While lower than in the Approved Budget, the debt levy is higher than recommended by TSCC due to a lower estimated beginning balance for FY 2014. The ending balance does match TSCC's recommendation and complies with ORS 294.368(3)(a)(A).

2. Recommendation - Budget Committee Meeting Not Properly Noticed

The notice published on the district's Internet website was available April 24, 2013, the same day as the newspaper publication. ORS 294.426 requires that notice on a website be posted 10 days prior to the meeting date. While the newspaper publication was timely for the May 2, 2013 meeting, the notice on the website was provided only 8 days prior to the meeting.

Public participation in the discussion of financial policy and program funding is one of the tenets of Local Budget Law. Care needs to be taken to ensure that public notice is adequately provided so that participation is not limited.

Response –

The County agrees that public participation is essential, and adequate public notice is important to ensuring such participation. For the sake of efficiency, the website notice was timed to appear on the same day as the newspaper publication. For newspapers, the law requires that notice be published no more than 30 days before and not less than 5 days before the public meeting. There is, however, different timing required under the law for website notice, which must appear at least 10 days before the meeting date. In the future, the Central Budget Office will target an earlier publication date, so that posting the website notice at the same time as newspaper publication will meet both legal timelines.

3. Recommendation – Expenditures Exceeded Appropriations

The audit for Fiscal Year 2011-12 noted the following over-expenditure:

Behavioral Healthcare Fund - Department of Human Services; \$148,000

Local Budget Law does not allow for the expenditure of funds above approved appropriation levels. Care needs to be taken to ensure that spending is within approved limits or that budget adjustments are authorized prior to the expenditure of funds.

Response –

The Board formally acknowledged receipt of the Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2012 on January 17, 2013, via Resolution 2013-005, finding:

- Expenditures in the Behavioral Health Managed Care Fund exceeded appropriations by \$148,000.
- The over expenditure was due, in part, to changes made to the Oregon Health Plan at the State level which impacted the mental health services provided by County Human Services. Higher year-end liabilities for claims incurred but not reported for these services resulted in higher expenditures in the Behavioral Health Managed Care Fund.
- The over expenditure was funded by available fund balance.

In order to prevent future instances of noncompliance, DCHS management will perform a quarterly analysis to review and evaluate expenditures incurred to date compared to the total final adopted DCHS budget. Any over expenditures will be further analyzed and if necessary discussed with the Central Budget Office.