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## Reader's Guide

The budget document for Multnomah County consists of two volumes with the following structure:

**Policy Document and Legal Detail - Volume 1** contains the following sections:

- Land Acknowledgment - This acknowledges that the land we occupy as residents is unceded Indigenous land and seeks to honor the Indigenous communities in the County and beyond.
- Chair's Message – The County Chair's budget message to the community.
- How Multnomah County Budgets – A description of the budget process with information on opportunities for public input and other resources.
- Budget Director's Message – An introduction to and general overview of the budget and discussion of key issues that affect budget decisions.
- Financial Summaries – A set of summaries of resources and requirements, property tax information, cash transfers and debt management.
- Legal Detail by Department by Fund – A multi-phase and multi-year listing of expense and full-time-equivalent (FTE) position information at the countywide and department level.
- Revenue/Expenditures - All Funds - A multi-phase and multi-year listing of revenue and expense information including details by fund, ledger category, and ledger account.
- Capital Budget – A summary of program offers that fall under the County's plan to determine long term financing for fixed assets.
- Financial and Budget Policies – A summary of the Board approved policies that dictate how the County approaches financial decisions.
- Glossary of Terms – A listing of many of the key words, terms, and acronyms commonly used by Multnomah County.

**Program Information by Department - Volume 2** contains:

- A Reader's Guide that provides background information on program offers, the public policy documents that combine information such as program descriptions, budget overviews, and performance data for a set of services.
- A section for each department. The budget is structured around the County's ten distinct operating departments, as well as a "Nondepartmental" grouping. Each department section contains a summary narrative portion followed by division narratives, with relevant program offers grouped by division. The narrative portions include department and division overviews; the department's mission, vision, and values; a section on diversity, equity, and inclusion; a budget overview; and relevant tables and graphics, including a list of all programs.

## How We Budget

Multnomah County's Board of Commissioners adopts an annual budget to plan for the effective delivery of services to its community and to responsibly manage the public resources that support these services. Budgeting in Oregon is a collaboration between the community members who receive the services and the elected or appointed officials who are responsible for delivering those services.

The budget is more than just a list of the estimated revenues and expenses for the fiscal year. The budget is the County's largest policy document, and it is through the budget process that the County aligns its funding with its priorities. Community involvement during the process is key to ensuring that the community has input into shaping their desired services. Additionally, County officials ensure that the budget balances competing needs, is fiscally sustainable, and meets legal requirements.

## Local Budget Law

Multnomah County's budget is developed within constraints imposed by Oregon's 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 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.

Local Budget Law requires that appropriations are established by department for each fund. During the year, actual expenditures may not legally exceed appropriations at the fund level for each department.

## Prioritizing Equity

The County's budget tells a story. It is a reflection of the County's values, priorities, and vision for how the County can get the best value for the taxpayer and the best outcome for its clients. The very nature of the County's budget means the County has to prioritize its funding and services. It is critical that these priorities and investments help the County move towards alignment of its values and vision and seek to address the pervasive and persistent disparities seen across the community.

The Chair's guidance for the FY 2025 budget reflected a continued commitment to centering and embedding equity in the annual budget process. County leaders were asked and encouraged to make interdisciplinary assessments of programming decisions, equity-informed financial adjustments across programs and departments, and to connect their budgetary priorities to the County's Workforce Equity Strategic Plan (WESP) goals and action steps. A full suite of equity tools was available for the annual budget process, including the Budget Equity Tool, Budget Equity Worksheet, and guidance for implementing the Equity and Empowerment Lens. The Equity and Empowerment Lens is a framework for policy, programming, and workforce analysis used to highlight critical assumptions and unintended impacts to our most vulnerable communities. The Office of Diversity and Equity provided department-specific workshops on budget equity and the Equity and Empowerment Lens, as well as a countywide training, throughout October and November 2023.

In practice, this means several things were asked of departments this year as they prepared their budgets, including:

- Actively include equity-based analysis throughout the process, leveraging existing resources when possible, such as equity managers, community budget advisory committees, and department equity committees.
- Prepare the budget with equity impacts in mind and document the analysis used, particularly for any reallocations of existing resources. Departments were asked to explain how changes would reduce disparities and impact outcomes for Black, Indigenous, and People of Color (BIPOC) and other marginalized communities.
- Continue to look at the language used in each program and write descriptions that keep the public in mind. Departments were also asked to have each program offer communicate how it uses an equity lens in relation to services provided and, when the data is available, include demographic information about the program's target population and how the program is reaching this population.
- Consider whether the department has, or could add, performance measures that demonstrate an impact on racial equity. Departments were encouraged to ask themselves what adjustments/additions could be made to how program outcomes are measured in order to help make more informed decisions about program effectiveness regarding inclusion or racial justice. They were also urged to consider the data used to analyze racial disparities for the service population and whether there are gaps in data collection (and, if so, how they could be resolved).

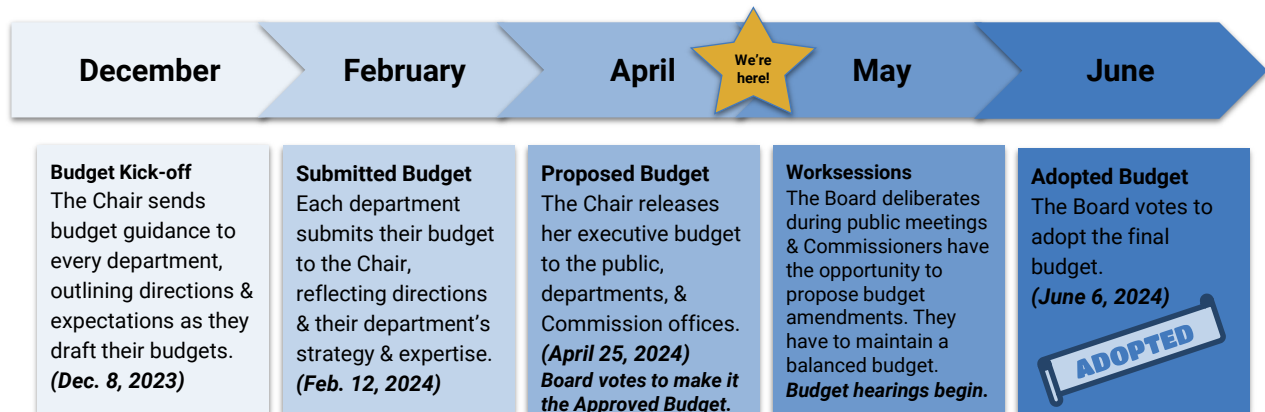
The potential for this work is to transform the way that the County develops its budget and how the County delivers services to the community. The County will accomplish this by centering equity in how the County describes what it does; acknowledging racial and ethnic disparities in the community as a

challenge and continuing to work to address those disparities; connecting the County's process, language, and implementation to its guiding principles on equity; recognizing and addressing the deficiencies of data around disparities; and intentionally working toward approaches to address persistent and pervasive disparities through program offers and across the entire budget.

## Measuring Performance

Performance measurement is an integral part of the budgeting process in Multnomah County. Performance measurement is a management tool to improve operations and services and communicate program results to the community. Performance measures are integrated into each program offer and the department narratives to ensure accountability and to establish a link between resources and results. A more detailed discussion of performance measurement can be found in the Introduction section of Volume 2.

### Four Phases of the Annual Budget Process



The annual budget process consists of four distinct phases: Submitted, Proposed, Approved, and Adopted.

### Phase I - Submitted Budget

#### Phase I - Departments Prepare their Submitted Budgets

Multnomah County's budget process begins in early fall with a review by the Budget Director and department directors of the most recent budget development cycle. Survey comments are collected from department budget staff and feedback is incorporated into the process where appropriate. In mid-to-late fall the Budget Office presents the General Fund Five-Year Forecast to the Board of Commissioners, informing them of the fiscal health of the County for the foreseeable future. The forecast is typically updated in February, when the budget process is further along.

In conjunction with the County Chair's Office, the Budget Office issues guidelines to set broad limits and direction for the County's budget cycle. Based on the General Fund forecast, departments are directed to constrain, maintain, or expand their operating costs by a targeted amount. From January through February, department leaders, the Chair's Office, and the Budget Office meet to discuss potential budget changes in order to provide policy direction prior to departments turning in their submitted budgets.

### Phase II - Proposed Budget

#### Phase II - The Chair Prepares the Proposed Budget

Beginning in February and ending in April, meetings occur between the Chair, the Chief Operating Officer, Budget Office staff, elected officials, and department directors to review and discuss the departments' submitted budgets. The sessions are designed to provide two-way communication concerning budget needs and 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 focuses on short- and long-term goals and objectives to provide the basis of the budget plan for the fiscal year.

### *Phase III - Approved Budget*

#### **Phase III - The Board Approves the Budget and TSCC Reviews**

The Chair's Proposed budget is submitted to the Board of Commissioners, acting as the Budget Committee, for discussion. The Proposed budget must be approved by the Board no later than May 15th and provided to the Tax Supervising and Conservation Commission (TSCC), a five-member board appointed by the Governor that helps determine whether the County's budget complies with Local Budget Law. The TSCC holds a public hearing and returns the budget to the County, no later than June 25th. 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. Approval and forwarding the budget meets the legal requirements of Oregon Budget Law. Approval of the budget by the Board is a technical step before the Board begins public deliberation of the budget.

After the budget has been provided to the TSCC, no fund may be increased by more than 10% in total expenditures, and no property tax greater than the amounts included in the Proposed budget may be levied unless an additional TSCC public hearing is held and the budget is recertified. 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 - Adopted Budget*

#### **Phase IV – The Board Adopts the Budget**

The adoption process begins after the budget is approved. Five to six weeks of work sessions and public hearings are scheduled prior to adopting the budget in June. During the work sessions, Board members may propose amendments to the Approved budget. It is important to note that the Proposed budget is balanced, so any amendments to the budget must maintain that balance. For instance, if a new expenditure is proposed, an increase in revenue or a corresponding decrease in other expenditures must also be proposed. The amendments are voted on as part of the budget adoption and require a majority vote.

Public feedback and community participation are very important in establishing budgets because decision makers come up with better solutions when they know what community priorities are. There are multiple opportunities for stakeholders to provide direct feedback and engage with the budget process, as described below. By June 30th, the Board adopts the budget, makes appropriations, and declares tax levies in a public meeting.

If the Board fails to adopt a budget by June 30th, the County would not be able to make appropriations – in other words, the County would not have an operating budget or the ability to levy taxes to support its services beginning July 1st. If the County chose to continue to operate without a budget or levying taxes, the elected officials could be held personally liable for any money that is spent. If the County chose to close down, the State could reduce the County's property taxes to account for the time that it was closed, which would mean that the County would not be able to pay any of its employees or providers, nor would it be able to provide services for the community during that time.



## Community Input and Public Hearings

Community input is an important part of Multnomah County budget development. Community input comes from the Community Involvement Committee, the departments' Community Budget Advisory Committees, and public hearings and forums that together provide an opportunity for direct feedback from the community and facilitate a participatory budget process. In addition, a community member or group can call or email the Board of County Commissioners' offices (contact information at [www.multco.us](http://www.multco.us)).

### Community Budget Advisory Committees (CBACs)

Community Budget Advisory Committees (CBACs) are groups of community members appointed by the Board of County Commissioners that partner with Commissioners, departments, and the public during the budget cycle. CBACs review and make recommendations on County departmental budgets and operations. In the [Chair's Budget Guidance to Directors](#), sent December 2023 and linked at [www.multco.us/budget](http://www.multco.us/budget), she asked the County to engage Community Budget Advisory Committees (CBACs) earlier in the FY 2025 budget process so that their comments, thoughts, and priorities had more time to be addressed before the release of the Proposed budget.

### Community Town Hall

The Chair's Office also held a new virtual town hall on February 3, 2024, that provided information about the FY 2025 budget process and timeline, equity in the process, community involvement, and the financial forecast, while also seeking input from the community. A recording of the town hall event is available on the Chair's Annual Budget page, [www.multco.us/chair-vega-pederson/chairs-annual-budget-page](http://www.multco.us/chair-vega-pederson/chairs-annual-budget-page).

### Community Budget Surveys

In addition, the Chair's Office set up a community budget survey that received over 1,000 individual submission in February and March, which were actively used to inform budget priorities. Other County Commissioners also reached out (and will continue to reach out) to the community providing information about how they plan to approach the budget process and and seeking community feedback.

### Budget Work Sessions

The Board, acting as the Budget Committee, will hold a series of department budget work sessions to review budget proposals. All budget work sessions will be held in person at the Multnomah Building (Board Room 100, 501 SE Hawthorne Blvd., Portland, Oregon) and will be available to watch virtually on the Board's YouTube channel, [www.youtube.com/c/MultCoBoard](http://www.youtube.com/c/MultCoBoard). The schedule can be found at [www.multco.us/budget/calendar](http://www.multco.us/budget/calendar). Public comment does not occur during the budget work sessions, but can be heard at the regular Thursday morning Board meetings.

### Board Meetings - Public Testimony on Non-Agenda Items

Community members can attend Board meetings in person, by phone, or virtually, and are able to provide virtual or in-person testimony on non-agenda items, including the budget. Community members may also submit written testimony regarding the budget via e-mail. Further information can be found on the Multnomah County website at [www.multco.us/budget](http://www.multco.us/budget).

### Community Listening Sessions

The Board, acting as the Budget Committee, will hold three Community Listening Sessions (public hearings) after the approval of the Chair’s budget and before the final budget adoption. The sessions are scheduled from 6:00 p.m. – 8:00 p.m. in the following locations:

- May 8, 2024 – Hybrid Public Hearing – (option for in person or virtual testimony) – Multnomah Building, Board Room 100, 501 SE Hawthorne Blvd., Portland, Oregon
- May 15, 2024 – In Person Public Hearing – The Center Powered By Y.O.U.TH, 16126 SE Stark St., Portland, Oregon
- May 29, 2024 – Virtual Public Hearing

### The Tax Supervising and Conservation Commission Hearing

On May 29, 2024, at 9:00 a.m., the TSCC will convene a public hearing on the budget at the Multnomah Building (Board Room 100, 501 SE Hawthorne Blvd., Portland, Oregon).

### Budget Adoption Hearing

The community will also be able to provide testimony at the Board session for final adoption of the budget on June 6, 2024.

### Budget Involvement Tips

Action	Tips
Testify at budget hearings	<ul style="list-style-type: none"> <li>• Cite the Program Offer # or program name when possible</li> <li>• Be clear about the need/request that you’re advocating for</li> <li>• Request follow up with staff to share information</li> <li>• Invite program graduates, community members, staff, ally organizations, etc.</li> </ul>
Email priorities to commission offices	<ul style="list-style-type: none"> <li>• It takes a majority vote to pass the budget (3 “yes” votes to approve anything)</li> <li>• Request to meet with staff to share more information if desired</li> <li>• Give them something to reference and include data, outcomes and relevant info when possible</li> <li>• Include how your requests tie into the County’s mission and services</li> </ul>
Coalition support through a letter, email, meeting, etc.	<ul style="list-style-type: none"> <li>• Support from multiple organizations shows community priority – the County funds services, typically not specific organizations or projects – “The County should be funding culturally-specific economic development programs” vs “Fund this [specific organization/program]”</li> <li>• Consistent messaging is helpful for staff as they track down information internally</li> </ul>
Brief Commissioners & staff on your priorities	<ul style="list-style-type: none"> <li>• Ask for feedback and a clear explanation if your priorities aren’t adopted in the final budget to inform your next advocacy strategy</li> <li>• Engage departments leading up to Submitted (2/12), the Chair up to Proposed (4/25), and Commissioners up to Adopted (6/6)</li> <li>• Share how the program is sustainable beyond the County’s financial involvement</li> </ul>

## Budget Calendar

The budget calendar can be found on the County's website at: [www.multco.us/budget/calendar](http://www.multco.us/budget/calendar).

Major budget milestone dates include:

- Oct. 2023-Mar. 2024 Chair's Office meetings with departments to discuss strategic directions
- Dec. 8, 2023 Release of budget instructions to departments
- Feb. 12, 2024 Due date for departments' submitted budgets
- April 25, 2024 Chair's Executive budget released
- April-June 2024 Budget work sessions and hearings
- May 29, 2024 TSCC public hearing
- June 6, 2024 Board budget adoption

## Modifying the Budget and Supplemental Budgets

The Adopted budget is the County's financial and operational plan for the fiscal year. However, during the year, events occur that 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 then the Board must review them, before passing any resolution to approve them. The appropriation of new, unanticipated revenue requires that the Board adopt a supplemental budget through a resolution.

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.

# Fund Structure and Basis of Budgeting and Accounting

Funds are legally established accounting entities with a self-balancing set of accounts that track specific revenues or services. The Multnomah County budget includes 41 funds as described on the next page.

### **Modified Accrual Basis of Budgeting**

The budget is prepared on a modified accrual basis, the same accounting basis as that of the General Fund, Special Revenue Funds, and Debt Service and Capital Project Funds (the Internal Services and Enterprise Funds are accounted for using accrual accounting). The basis defines the timing of when revenues and expenditure transactions are recognized for recording purposes. The budget estimates revenues based on whether they are measurable and available within the current period and expenditures on when they will likely occur. Governmental accounting focuses on disclosing how public money is spent during a discrete period. One exception is the acknowledgement of revenues. Property Tax and Business Income Tax (BIT) revenues are acknowledged in the budget 60 days after close of the fiscal year. All annual appropriations lapse at fiscal year end. Items not fully expended must be re-budgeted in the following fiscal year.

### **Accrual and Modified Accrual Basis of Accounting**

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 how public money is spent.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all the provider requirements are met.

# How Multnomah County Budgets

## FY 2025 Proposed Budget

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Type of Fund	Type of Resources or Expenditures	Example	Basis of Budgeting	Basis of Accounting
General Fund	Discretionary	General Fund	Modified Accrual	Modified Accrual
Special Revenue Fund	Restricted to a specific purpose	Road Fund	Modified Accrual	Modified Accrual
Debt Service Fund	Pay debt service	PERS Bond Sinking Fund	Modified Accrual	Modified Accrual
Capital Projects Fund	Capital Improvements and Asset Preservation	Capital Improvement Fund	Modified Accrual	Modified Accrual
Internal Service Fund	Internal business functions	Fleet Management Fund	Modified Accrual	Full Accrual
Enterprise Fund	External business functions	Health Department FQHC Fund	Modified Accrual	Full Accrual

## Fund Accounting Structure

According to local budget law and the Governmental Accounting Standards Board (GASB), the County is required to establish and maintain various funds. Each year the Chief Financial Officer is responsible for preparing and presenting a resolution to the Board defining the various County funds. The County will adhere to Generally Accepted Accounting Principles and GASB when creating a fund and determining if it is to be a dedicated fund. The following types of funds should be used by state/local governments:

### *Governmental Funds*

- **General Fund** - to account for all financial resources not accounted for and reported in another fund.
- **Special Revenue Funds** - Restricted or committed specific revenue sources will comprise a substantial portion of the fund's resources, but the special revenue fund may also include other restricted, committed and assigned resources. The County will establish a Special Revenue Fund when 30% or more of the resources in the fund are restricted or committed.
- **Capital Projects Funds** - to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.
- **Debt Service Funds** - to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest and fees associated with servicing debt. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also will be reported in debt service funds.

### *Proprietary Funds*

- **Enterprise Funds** - to account for operations (a) that are financed and operated in a manner similar to private businesses, where the intent of the governing body is that the costs of providing goods or services to the public on a continuing basis be financed or recovered through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, or accountability.
- **Internal Service Funds** - to account for the financing of goods or services provided by one department or agency to other sections of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

### *Fiduciary Funds*

- **Trust and Custodial Funds** - to account for resources held for the benefit of parties outside the County. These include: (a) pension (and other employee benefit) trust funds, (b) investment trust funds, (c) private-purpose trust funds, and (d) custodial funds. (The County budget does not include appropriations to these funds.)

## Where to Find Other Information

### Annual Comprehensive Financial Report

[www.multco.us/finance/financial-reports](http://www.multco.us/finance/financial-reports)

The Annual Comprehensive Financial Report accounts for actual revenues and expenditures for the last completed fiscal year, discusses financial policies, and provides demographic and economic information about the region. The report, required by State statute, is prepared in accordance with Generally Accepted Accounting Principles (GAAP). It reconciles differences between the budgetary basis – as presented in the annual Adopted Budget – and the modified accrual method used for the Annual Comprehensive Financial Report.

### Tax Supervising and Conservation Commission Annual Report

[www.tscmultco.com](http://www.tscmultco.com)

This report discusses the property tax system and taxing levels and summarizes budgeted and actual revenues and expenditures for all governments in Multnomah County.

### County Auditor

[www.multco.us/auditor](http://www.multco.us/auditor)

The Auditor conducts performance audits of all County operations and financial affairs and provides reports of the results to the Board of County Commissioners.

### Community Budget Advisory Committees (CBACs)

[www.multco.us/oci/community-budget-advisory-committees-cbacs](http://www.multco.us/oci/community-budget-advisory-committees-cbacs)

CBACs are groups of community members appointed by the Board of County Commissioners that partner with Commissioners, departments, and the public during the budget cycle. CBACs review and make recommendations on County departmental budgets and operations. All County departments have a CBAC and each committee submits a report during the budget process.

### Budget Website

[www.multco.us/budget](http://www.multco.us/budget)

The County's Central Budget Office home page contains budget information by year, the budget calendar, current and upcoming year budget documents, economic forecasts and revenue information, and other tools, forms, and resources. The FY 2025 Proposed Budget Dashboard provides an interactive, visual representation of County budget data, which can be filtered by department, division, program offer, fund, and various characteristics (such as program offer type or ongoing/one-time-only). A link to the dashboard is available at [www.multco.us/budget/fy-2025-budget](http://www.multco.us/budget/fy-2025-budget). Individual program offers can also be found on the Budget Office website at [www.multco.us/budget/fy-2025-program-offers](http://www.multco.us/budget/fy-2025-program-offers).