City of Portland

Budget Monitoring Process Manual

August 2015

Prepared by the City Budget Office

FY 2015-16

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User's Guide

How This Manual Is Organized

This manual is intended to provide the context for the budget monitoring process (BMP) cycle, guidelines for submittal, and technical instructions for BRASS input. It is designed to be read from beginning to end as a training resource, but can also be utilized as a reference resource.

The **first section, Budget Monitoring Calendar**, provides a quick overview of important dates during the current BMP cycle.

The **second section, Changes to the BMP** for FY 2015-16, identifies any significant changes in the BMP for the current fiscal year.

The **third section, Budget Monitoring Process Overview,** provides an overview of the purpose of the BMP, types of adjustments made during the BMP, and other methods of budget adjustment.

The **fourth section, The BMP Cycle**, provides context and detail for each BMP during the fiscal year.

The **fifth section, BMP Schedule,** provides detail on the timeline of each BMP and the responsibilities of bureau budget staff, City Budget Office (CBO) analysts, and other stakeholders.

The **next two sections, Budget Monitoring Instructions and Budget Adjustment Instructions,** provide detailed instructions for budget monitoring submittals and budget adjustment submittals.

The **final section, Submittal**, provides instructions on how to submit the entire package to CBO.

How to Use This Manual

It is highly recommended that all bureau budget and City Budget Office staff read the entire manual each year.

In particular, bureau and CBO staff are encouraged to review the sections on changes, the calendar, and the relevant portion of 'The BMP Cycle' during each BMP – Fall, Spring, or Over-Expenditure Ordinance (OEO).

Prior to submittal of each BMP, bureaus should review the submittal summary provided and complete the technical checklist provided in the Appendix. Instructions for how to perform these checks can be found on in the Submittal section.

Whom to Contact

CBO assigns coordination roles for the specific components of the budget development and monitoring processes. CBO analysts also carry a portfolio of assignments that include City bureaus, special projects, and coordination of processes and systems.

To learn about specific staff assignments and coordination responsibilities, go to CBO Staff Assignments on the CBO website. In particular, note the coordinators: Jeramy Patton (annual budget process) and Jessica Kinard (budget monitoring process).

Budget Monitoring Calendar

Below is the tentative schedule for the current fiscal year. Please note that this schedule is subject to change. Changes will be noted in CBO Weekly Communications.

Milestone	Fall BMP	Spring BMP	OEO
BMP Manual Update Available	August 26, 2015	n/a	n/a
BMP Kickoff Meeting	August 31, 2015	n/a	n/a
BRASS Opens to Bureaus	September 8, 2015	March 14, 2016	June 3, 2016
IA Changes Communicated to Service Providers*	September 18, 2015	March 18, 2016	May 27, 2016
Submittal of Capital Project Scoring Forms Due to CBO	September 21, 2015	n/a	n/a
Submittal Due to CBO and Council	September 28, 2015	March 28, 2016	June 8, 2016
CBO Technical Checks Complete	September 30, 2015	March 29, 2016	June 9, 2016
CBO Draft Supplemental Analyses to Bureaus	October 15, 2015	April 8, 2016	n/a
Final CBO Analyses to Council	October 20, 2015	April 12, 2016	n/a
Council Worksession	October 27, 2015	April 19, 2016	n/a
Public Notice Filed	October 28, 2015	April 20, 2016	June 15, 2016
Ordinance Filed	October 29, 2015	April 21, 2016	June 16, 2016
Council Hearing	November 4, 2015	April 27, 2016	June 22, 2016
Changes Posted to SAP (excluding Grants)	November 6, 2015	April 29, 2026	June 23, 2016
Grants Changes Posted to SAP	November 9, 2015	May 2, 2016	June 27, 2016
Prior Year Report Issued	December 11, 2015	n/a	n/a

* Note that IA changes for the OEO must be communicated to providers prior to the opening of BRASS

Changes to the BMP for FY 2015-16

In FY 2014-15, CBO made a series of process improvement changes to the BMP process as a result of outreach to and feedback from bureaus and elected officials. These changes will continue in the FY 2015-16 process, and are highlighted below to serve as a reminder. If you have any suggestions for further changes, please contact Jessica Kinard, the Budget Monitoring Process Coordinator, at Jessica.Kinard@portlandoregon.gov or 503-823-6963.

Summary of Process Improvement Changes made in FY 2014-15

- No letter from Commissioner in Charge to all elected officials
- Electronic submittal only
- No Service Improvement Plan updates
- Position changes allowed in the Spring BMP
- CBO Review Process Changes
- Training provided on the BMP Process

Summary of Other Changes

- **Comprehensive Financial Management Policies.** The City's financial management policies were updated and adopted by Council on August 6, 2014. The manual has been updated to reflect changes, including policies dealing with operations and maintenance funding, revenue carryover, and excess General Fund balance.
- **Advances.** The budgeting and tracking of advances continues to be a challenge. The manual contains guidance to help bureaus manage advances on pages 14 and 40.
- **Reporting bureau performance measures.** This manual provides additional guidance to enhance the reporting and analysis of bureau key performance measures. Bureaus should review the Performance Measure section on page 32 when developing narrative for prior-year reporting.
- **Major Maintenance and Infrastructure Replacement Projects.** City Financial Policy 2.03 directs Council to dedicate a *minimum* of 50% of excess General Fund ending balance to major maintenance and infrastructure replacement projects. In an effort to help the City allocate

resources to the most critical infrastructure needs, a citywide project ranking was developed in FY 2014-15. The FY 2015-16 Fall BMP Project Ranking Process will be built off of the process used during FY 2015-16 budget development. Project ranking will begin with the existing ranked list created as a result of the FY 2015-16 budget development process, then incorporate any new information from bureaus utilizing the project scoring tool. Bureaus should only complete the project scoring tool for new or revised projects not included on the current ranked list. This manual contains an overview of the Fall BMP ranking process on page 14; and detailed instructions and examples illustrating on how to complete the Project Scoring Worksheet and Request Form will be provided in a separate manual in coming days.

Budget Monitoring Process Overview

Purpose of the BMP

The BMP serves two primary purposes: 1) monitoring of current and prior year expense and revenue budgets and 2) adjusting the current fiscal year's budget. Adjustments to the current fiscal year's budget are done both to reflect changing conditions as well as to appropriate carryover from prior years.

There are two BMPs each year and one Over-expenditure Ordinance (OEO).[1] (Note: While not technically a monitoring process, the OEO is often included when discussing the BMPs collectively.) Each part of this annual cycle serves different monitoring and adjustment purposes and has slightly different submittal requirements which are described below and summarized on page 44.

Adjustments Requiring Council Action

The BMP serves as a periodic opportunity for City Council to address budget changes. The following budget changes require City Council action:

- Increases in appropriation

[1] In FY 2011-12, the Winter BMP was eliminated from this cycle. For FY 2012-13, a Winter Supplemental Budget was added back to allow for mid-year adjustments without requiring bureaus to do budget monitoring reporting. This was done in order to capture vacancy savings. In FY 2013-14 the Winter Supplemental was dropped again.

- Recognition of additional revenues
- Transfers to and from contingency
- Changes to appropriation level categories (i.e. bureau expenses, contingency, interfund cash transfers, and debt service)
- Additions or eliminations of Council-authorized positions
- Any changes with significant programmatic impact
- Changes between major object categories

Budget Adjustments Outside of the BMP

In addition to those adjustments that require City Council action, CBO recommends utilizing the BMP process for all other budget adjustments. Consolidating all adjustments in the supplemental budget during the BMP makes tracking of historical information easier and links changes to the monitoring activities that necessitated them.

However, there are some exceptions and opportunities to make changes outside of the BMP process.

- Grant Ordinances: Grants should be appropriated at the time of the grant acceptance ordinance. Grant acceptance ordinances should include all necessary appropriation language including the fund, business area, and amount. If these grants will support IAs, the appropriation for the provider bureau must also be included in the ordinance; otherwise no IAs can be budgeted by the provider until the next BMP process.
- Budget Workbench (aka 'FMBB'): In some instances, CBO can work with bureaus to make changes to the budget using the FMBB SAP document. This document should be used for purely technical shifts of appropriation within a major object. Bureaus requesting these adjustments are required to complete a Budget Adjustment Form located on the CBO website. After review, the CBO analyst will follow-up with any issues and, once any issues are resolved, will post the document. Contact your CBO analyst with any questions you may have concerning the form or instructions.
- Other Supplemental Budget: In very rare instances when bureaus must appropriate funds or create permanent positions outside of the BMP process, bureaus may bring to City Council a supplemental budget ordinance. Please contact your CBO analyst if you feel this is necessary.

The BMP Cycle

This section discusses each part of the BMP cycle in depth and provides context for how the different parts of the budget development and monitoring process are related. The requirements for each BMP are also summarized in this section. See page 44 for a summary of requirements for each BMP.

Fall BMP

The Fall BMP serves two primary functions: to give City Council and the public a summary of prior year activity and to adjust the current fiscal year budget.

The timing of the Fall BMP is driven by the closing of the prior fiscal year. Expenses typically settle by July or August. However, the final quarter of property tax actual revenues are available in early September for the prior fiscal year. Scheduling the Fall BMP after this information is available allows CBO to have more certainty with regard to ending General Fund balance and any new resources that might be available. It also allows the use of close-to-final numbers for prior year updates and carryover requests.

Monitoring

Prior year monitoring consists of:

- A reconciliation of prior year revised budget versus year-end actuals;
- The status of budget notes that were included in the prior year budget;
- The status of all decision packages from the prior year's Adopted Budget and programmatic requests made during BMPs;
- Performance measure updates, including prior year actuals and explanatory narrative for variances; and,
- The status of capital projects as outlined in the prior year's Adopted Budget. Note that current year capital reporting is also required in the Fall BMP.

Bureaus submit reporting on these various elements along with supplemental budget requests. CBO analysts review submittals, request follow-up information, and ultimately provide City Council and the public with a summary report and analysis on the implementation of the prior year's budget.

Supplemental Budget

General Fund budget adjustments in the Fall BMP are primarily related to encumbrance carryover and, when resources are available, new one-time

General Fund requests. Per City Financial Management Policy, 50% of excess balance should be used for infrastructure maintenance (FIN 2.03). The remaining 50% of any excess balance is added to contingency (FIN 2.04). Projects requesting to be considered for funding in the Fall BMP need to be included in the citywide project ranking process which is being conducted in coordination with the Fall BMP.

Discretionary Underspending

Bureau and Citywide discretionary General Fund underspending in the prior year is a large factor in determining ending balance and the availability of beginning balance to fund expenses in the current year.

Bureau discretionary under- or overspending in the prior year is calculated by subtracting non-discretionary revenue and General Fund overhead from total expenses and comparing the result with the discretionary allocation.

> *Example: If a bureau has spent $1 million in the General Fund, collected $25,000 in revenue, and receives $100,000 in General Fund overhead, the bureau has spent $875,000 of General Fund discretionary. If the bureau's discretionary allocation was $925,000, the maximum carryover the bureau may request is $50,000. (Note: If non-discretionary revenue is requested for carryover, that amount will be backed out of the calculation of discretionary spending – i.e., discretionary spending in the prior year increases, thus decreasing the amount of encumbrance carryover that can be requested.)*

Encumbrance Carryover

Once the prior fiscal year is closed, bureaus are able to determine what encumbered budget was unspent. Bureaus may request to rebudget funding for those encumbrances in the Fall BMP, with exceptions.

For General Fund resources, CBO analyzes requests and, to the degree that the citywide General Fund ending fund balance target was achieved in the prior year, recommends funding for those encumbrance carryovers that are true one-time costs up to a maximum equal to bureau discretionary General Fund underspending (as discussed in the section above) or total materials and services and capital outlay underspending – whichever is less. Annual materials and services allocations – particularly flexible professional services contracts – and other annual contracts funded in the current year will not be recommended for funding. Contracts that have expired with open purchase orders or purchase orders that remain open but for which the bureau does not intend to have goods or services delivered will also not be recommended by CBO.

Occasionally, bureaus will request a service of another bureau through an interagency agreement that will result in a purchase order encumbrance that is carried over on the provider side. In these instances, General Fund bureaus may request encumbrance carryover for those costs even though the encumbrance does not appear to be in the General Fund.

In the event that the General Fund ends the prior fiscal year with a balance lower than what is necessary to balance the five-year forecast, carryover funding may not be available for all encumbrances.

For non-General Fund resources, encumbrance carryover is mostly at the discretion of the bureau based on ending and beginning fund balance, available grant allocations, etc.

General Fund Program Carryover

General Fund Program Carryover that is approved by City Council is rebudgeted in the Approved Budget in May.

No program carryover requests for General Fund discretionary will be recommended by CBO in the Fall BMP. All program carryover must be budgeted in the Approved Budget or be considered a new request in the Fall BMP.

General Fund Non-Discretionary Carryover

Some bureaus collect revenue in the General Fund. In the case that individual programs earn revenues greater than program expenses, bureaus are allowed to request carryover of the excess. Comprehensive Financial Management Policy 2.06 states:

> *"Bureaus shall retain all excess bureau-generated revenue. Revenues collected in excess of program expenditures shall be available to the bureau for appropriation through the budget monitoring process. Additional appropriations shall be used for activities that support the function or program generating the additional fees. Bureau-generated revenue shall be defined as licenses and permits, fines, fees, intergovernmental, and specific program revenues (miscellaneous sales). They shall exclude all interagency and General Fund discretionary or overhead resources."*

Any request for revenue carryover should include a reference to the level of the budget at which the analysis was done, the budget structures that were identified as having revenues greater than fully-loaded expenses, and detailed form entry to allocate the carried over revenues to the same program. Any amount carried over as per this policy will reduce the amount of calculated

discretionary underspending by the bureau. In the event that insufficient underspending exists bureau-wide, revenue carryover will not be approved.

Advance Recovery Funding

Bureaus with advances made in prior years, for which the service has not yet been received, must rebudget or otherwise plan for the 'recovery' of those advances. The 'recovery' occurs when the good or service is delivered and the expense hits the general ledger.

Outstanding advances made in the General Fund should be requested by bureaus in the same way and with the same restrictions as encumbrance carryovers. That is, advance recovery funding plus other encumbrance carryover may not exceed the amount of discretionary underspending or non-personnel-related underspending, whichever is less.[2]

Outstanding advances made in the other funds should be budgeted either in bureau expenses or in bureau contingency and funded out of additional beginning fund balance.

General Fund Major Maintenance Requests from Excess Balance

All City bureaus may request funding to support major maintenance and replacement projects in years in which excess balance is available in the General Fund as directed by City Financial Management Policy. Last year, CBO coordinated a working group consisting of bureau asset managers to develop a prioritization mechanism to assist City Council in allocating this set-aside during the fall BMP. This tool was further developed for the FY 2015-16 budget process.

The FY 2015-16 Fall BMP Project Ranking Process will be built off of the process used during FY 2015-16 budget development. Project ranking will begin with the existing ranked list created as a result of the FY 2015-16 budget development process, then incorporate any new information from bureaus utilizing the project scoring tool. If a bureau would like to request one-time General Fund resources in the Fall BMP for a new project, or would like to revise a project currently on the ranked list, the bureau must use the project scoring tool to evaluate and score the desired major maintenance and asset replacement project.

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[2] A one-time exception was made for bureaus that carried advance balances into FY 2011-12. Those bureaus were allowed to exceed their underspending limitation by an amount equal the balance carried into FY 2011-12. This exception was made because, prior to FY 2011-12, advance recovery funding was held in a set-aside and not in the bureau budget

Detailed instructions and examples illustrating how to complete the Project Scoring Worksheet and Request Form for the Fall BMP will be included in a separate, stand-alone manual to be released shortly following this manual. To be included for funding consideration in the fall BMP, new or revised project forms must be sent to Claudio Campuzano (Claudio.campuzano@portlandoregon.gov) **by September 21st 2015**.

It should be noted that, at the time of this manual's release, CBO is projecting a negligible (or negative) excess ending balance. Therefore, the ranking process may not yield many (or any) funded projects. This should be considered when prioritizing bureau staff time during the BMP process.

Reductions for General Fund Overspending

If a bureau overspent its discretionary allocation in the prior year, an equivalent reduction should be made to the bureau's budget in the Fall BMP. Additionally, no encumbrance carryover shall be granted.

See the section above for the methodology for calculating under- or overspending.

Grant Carryover

Unspent grant appropriations from the prior year that are expected to be spent in the current year are budgeted during the Fall BMP with approval from the Grants Office in OMF.

Beginning Fund Balance Adjustment

Non-General Fund bureaus may request increases to a fund's beginning balance when the additional balance is needed for planned expenditures, carryover or otherwise, or to increase contingency to reflect unplanned-for, additional balance.

General Fund Contingency Requests

During the Fall BMP, bureaus may request General Fund contingency. Often, during the year, City Council will act by ordinance or resolution to commit contingency without appropriating it. If City Council has taken such an action prior to the Fall BMP, the request for appropriation should be included in the BMP request.

Other New Requests

If, after the current year budget is adopted, bureaus become aware of additional resources in their funds, they may request additional appropriation during the Fall BMP.

Position Changes

Typically BMPs will not be used by General Fund bureaus to make position changes since permanent positions require ongoing funding, a resource that is typically not available during the fiscal year. However, ongoing, regular positions can be created by reallocating existing discretionary resources.

Limited term positions do not require Council approval and therefore can be approved outside of the BMP process.

If, in order to create a limited term position, General Fund bureaus need to move funding from another major object or require General Fund contingency, requests for both the position and the shift in resources can and should be made in the Fall BMP.

Non-General Fund bureaus may request to create permanent positions in the Fall BMP if ongoing resources are available.

Interfund Loan Repayment

According to local budget law, City funds may not end the fiscal year with a negative fund balance.

Because of the modified accrual basis of accounting, grant revenue is only booked when it is received, not when it is earned. Any revenue that is deferred to the next fiscal year generates a negative balance in the grants fund. In order to alleviate this, loans must be made from operating funds of the bureaus responsible for the deferred revenue.

Additionally, Generally Accepted Accounting Principles (GAAP) require that funds not end the year with a negative cash balance. Such a situation would also necessitate an interfund loan.

The loans necessary to address these issues are budgeted in the Overexpenditure Ordinance, and, to the degree possible given the 10% limit on appropriation changes between the Approved and Adopted Budgets, the repayments are budgeted in the Adopted Budget. Once the final amounts of the loans have been determined as part of the year-end close process, affected bureaus that did not budget the repayment in the Adopted should budget repayment in the Fall BMP.

This issue only affects a few bureaus. Those bureaus will be contacted by the assigned CBO analyst to ensure the appropriate request is made.

Other Changes

Other technical changes, besides those described above, may be requested during the Fall BMP.

Current Appropriation Level (CAL) Adjustments

Occasionally bureaus will request changes to their out-year CAL targets. These requests are not entered into BRASS during the BMP processes and therefore should be requested through a separate communication with their CBO analyst.

Spring BMP

The primary purposes of the Spring BMP are to project spending for the remainder of the fiscal year and to make necessary adjustments to bureau budgets. At this point in the fiscal year, bureaus and CBO should be able to project spending and revenues with a reasonable degree of accuracy.

The Spring BMP also provides City Council and the public with an update on current year decision packages and BMP changes, budget notes, and capital spending.

Beginning in FY 2013-14, position changes are allowed during the Spring BMP. Any changes to bureau staffing should be incorporated into development of the budget for the next fiscal year. It is critical that bureaus submit all necessary paperwork immediately after the supplemental budget is passed so that any new positions or other changes can be implemented in the Approved Budget for the following year.

General Fund Compensation Set-Aside Requests

When developing bureau budgets, CBO does not project cost of living adjustments (COLA) or health benefits increases in budgeted salaries and benefits, except in the case of Council Offices.[3] Non-General Fund bureaus and bureaus with a significant non-discretionary General Fund budget are expected to set aside appropriate amounts in their own budgets.

For COLA and health increases associated with staff supported by discretionary General Fund, CBO sets aside an amount in the General Fund referred to as the Compensation Set-Aside. Barring unforeseen fiscal issues, this amount is available to General Fund bureaus during the Spring BMP in the event that it is needed in order to avoid over-expenditure. However, CBO expects that most bureaus will not be fully staffed throughout the year and that COLA and increased health costs for General Fund bureaus can be funded with salary savings.

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[3] Beginning in the FY 2014-15 Adopted Budget, Council Offices have compensation set-aside built into their CAL targets.

CBO will make recommendations on Compensation Set-Aside requests based on the requesting bureau's cumulative budget adjustments throughout the year. Compensation Set-Aside allocations for each bureau may be reduced by the amount of budget transfers out of Personnel Services.

General Fund Program Carryover

During the Spring BMP, General Fund bureaus may request that current year appropriation for one-time projects be carried over into the next fiscal year. Approved requests will be removed from the bureau's current year budget and added, through the Approved Budget, to the bureau's budget in the next fiscal year.

After the BMP is heard by Council, bureaus can enter authorized carryover in the budget production database when it opens for the Approved Budget.

As with all one-time funding, program carryover that is unspent on the program, for which it was allocated, will be retained by or returned to the General Fund.

Other Program Carryover

Non-General Fund bureaus may request that current year appropriation be reduced in order to make the appropriation available to budget in the new fiscal year as part of the budget process.

Debt Service Adjustments

During the Spring BMP, bureaus must make adjustments to true up cash transfers to debt service funds from operating funds to reflect any changes or modifications to their debt service requirements that occurred, or are expected to occur, during the fiscal year.

Major Object Adjustments

With reasonably accurate estimates of year-end spending, bureaus should request budget adjustments to avoid over-expenditure by major object categories.

Other Adjustments

As in the Fall BMP, budget requests can be made to reflect contingency funding approved by Council, additional contingency requests, or other budget changes.

Over-Expenditure Ordinance

The Over-Expenditure Ordinance occurs during the month of June and is timed to be approved during the last or penultimate City Council meeting of the fiscal year. The ordinance is narrowly focused on addressing fund-, bureau- and major object-level over-expenditures and interfund loans to ensure that funds do not

end the fiscal year with negative cash or fund balances. No other budget adjustments should be requested.

'Over-expenditure' is defined legally as spending in excess of amounts that are legally appropriated. The City appropriates at the fund, bureau, and 'appropriation category.' Appropriation categories are bureau program expenses (personnel services, external materials and services, internal materials and services, and capital), debt service, interfund cash transfers, and contingency. In addition to this legal definition, CBO monitors budgets at the major object level, noting and reporting where discrepancies between budget and actual spending and receipt of revenues occur. This is a high-level roll-up that is established in the SAP and BRASS hierarchies.

Formal submission of budget monitoring reports is not necessary during the OEO process. However, bureaus may be asked to share projections for the final month of the year to compare with CBO projections. These projections should be based on AP 11 actuals and be quite precise predictors of how bureaus will finish the fiscal year.

Interfund Loans

As noted above, interfund loans are occasionally necessary to ensure that funds do not end the year with a negative cash or fund balance. During the OEO, CBO budget analysts work with technical accounting, the OMF Grants Unit, and bureau staff to determine if loans are necessary. These loans will be budgeted in the OEO and authorized through a separate, companion resolution.

Typically, the amounts budgeted will be conservative and encompass the largest anticipated loan required. When the year closes and the final amount is determined, the loan is made and posted on June 30 of the prior year; the repayment is ideally posted on July 1 of the following year, requiring the Fall BMP adjustment noted above.

Budgeting

In early June, the Grants Office runs a cash report for accounting periods 1-11 by fund and business area using tcode FAGLL03, account 100000, funds 217000-217015, 218000-218002 and 219000-219001. After the cash report is complete, expense projections for June are calculated and incorporated into the cash report. The projections are based on average monthly expense incurred by each grant in AP 1-11. Each grant is attributable to a specific bureau. The cash report is submitted to CBO and Technical Accounting prior to the BRASS deadline for the Over Expenditure Ordinance (OEO).

CBO works with the bureau budget analyst to complete the BRASS load for the year-end loans. CBO and the bureau budget analysts will communicate the Grants Fund loan information to bureau accounting staff.

Loans will be budgeted in the OEO and, simultaneously, the repayments will be budgeted in the Adopted Budget for the next fiscal year (to the degree that the appropriation doesn't increase the Approved Budget appropriation for the fund by more than 10%). This ensures that authority exists both to make the loan on June 30th, and to repay it the next day, July 1. CBO will work with bureau budget analysts to make sure that the loans are correctly budgeted.

The loans must be authorized in a separate resolution by Council. The resolution must contain the purpose, amount, and terms of the loan. Language in the resolution standardly specifies that the loans will not accrue interest. (Because of the negative cash generated by the bureau, the City pooled cash overall receives less interest. It would be inappropriate to pay bureaus interest on amounts due to the Grants Fund due to a negative cash balance.) CBO will prepare the Grants Fund loan resolution to address these criteria.

Accounting: Year-End Grants Fund Loan Journal Entry

In October, the Grants Office and Technical Accounting will prepare the final cash and fund balance reports based on actual results of the full fiscal year. The cash and fund balance report will be provided to CBO. CBO will work with Bureau Budget Analyst and Accounting Staff to determine the bureau's funding source for their portion of the loans to the Grants Fund. CBO will notify the Grants Office and Technical Accounting of the loan funding source determination.

Technical Accounting will complete a JE recording the loans and a JE recording the loan repayment. The loan JE is always dated June 30 in accounting period 13, and the repayment JE is always dated July 1 of the subsequent fiscal year in accounting period one. These two entries will be entered in SAP at the same time to avoid any interest allocation issues and to avoid the possibility of failing to reverse the loan JE. Technical Accounting park the documents in SAP, and then notify the bureaus and the Grants Office of the document number requiring their review and a note of approval to be placed in the SAP document attachment After the Bureaus review and place an attachment stating approval of the entries, they will notify Technical Accounting that the entries are ready for completion/approval and posting.

BMP Schedule

Each BMP follows a similar schedule. The important dates are noted during the current fiscal year calendar at the beginning of this manual. Below is an explanation of each of those milestones and a discussion of responsibilities of bureaus, CBO, and other stakeholders.

BMP Manual Update Available

Prior to the Fall BMP each year, this BMP Manual is updated as necessary to reflect any new direction and to highlight any process changes.

Once the manual is available, bureau budget staff should review it and request any necessary clarification from their CBO analyst or the CBO BMP coordinator.

After the fall update, the manual will be updated on an as-needed basis. The City Budget Managers and Contacts list will be alerted and the new version will be posted on the CBO website.

BRASS Opens to Bureaus

BRASS, the City's budget database, is usually open to bureaus for two to four weeks prior to the BMP due date. CBO staff is available during this period to provide bureau budget staff assistance and additional direction.

Note that both CBO and the bureaus can, and should, begin working on the non-BRASS elements of the submittal prior to the opening of each BMP, particularly year-end projections.

If there are any major issues that will be addressed in the BMP request, bureaus should discuss those issues with their Commissioner's office as early as possible.

Interagency Changes Due to Provider Bureaus

In order for provider bureaus to incorporate service changes into their BMP and supplemental submissions in a timely fashion, bureaus requesting service changes should communicate those changes to provider bureaus prior to submittal.

Submittal Due to CBO

For a complete summary of submittal materials and distribution, refer to page 44. Bureaus will be locked out of BRASS on the due date. Bureaus should submit electronically to CBO, and the submittal requires a letter from the bureau director. It is assumed that bureaus have briefed their commissioners on pertinent submittal materials and received approval for any requests.

Electronic submittals should be pdfs or Microsoft Word or Excel files.

CBO Technical Checks

Immediately after submittal, CBO analysts will perform technical checks to ensure that submittals are complete and in a technically acceptable form. Any missing material will be identified and requested. Any technical corrections will be identified by CBO and corrected by the bureaus (who may be allowed temporary, limited access to BRASS to make corrections). CBO is expected to complete technical checks and resolve any issues within 48 hours of receipt of BMP submittals.

Bureau budget staff members familiar with the BMP submission are expected to be available during the technical check period to address CBO concerns.

CBO Analyst Draft Analyses Complete

After technical checks, CBO analysts review submissions and prepare written analyses and recommendations to be shared with City Council and to be made available to the public online. Analyses consist of reviewing bureau projections and other budget monitoring submissions, examining and making recommendations on budget requests, and making any other recommendations relevant to bureau budget and operational issues.

In cases where bureau and CBO projections differ, analysts work with bureaus to reach consensus. To the degree that consensus is not possible, reviews contain the CBO projection and a discussion of the differences in results and methodology.

In FY 2013-14, the Fall BMP CBO analysis was broken up into three deliverables: a) a high-level discussion of requested and recommended changes for each bureau b) a detailed, package-by-package analysis and response to bureau requests and c) a prior year reporting document.

These elements are intended to provide a drill-down approach to the presentation of information and to differentiate between decision support documents and informational reporting.

In the Spring BMP, because the monitoring activity is relevant to the supplemental budget requests, the monitoring and high-level decision support document are merged. The detailed, package-by-package discussion is also done in Spring.

CBO Draft Analyses to Bureaus

When CBO analyses are complete, reviews are sent to bureaus for fact-checking. Points of substance can be discussed in light of any new or previously unincorporated information, but ideally, all points of substance will have been fully discussed prior to the release of the draft.

This phase typically has a very short turn-around. Bureaus should expect to return any corrections within 24-48 hours of receipt of the draft. The absence of a response is considered by CBO to be agreement with the facts contained in the review.

Final CBO Analyses to Council

After bureau fact-check changes are incorporated, all analyses are compiled into a combined citywide review, then released to City Council and Auditor's Office and posted online.

Council Worksession

During most BMPs (with the exception of the OEO), prior to the scheduled City Council hearing, a work session is held to give Council members the opportunity to ask questions about budget monitoring and adjustments.

Bureau staff is expected to attend in order to respond to any relevant issues, particularly in cases in which bureau requests are not recommended by CBO.

The work session usually occurs the Tuesday of the week prior to the City Council hearing in order to allow time for changes to be incorporated into the filed ordinance.

Public Notice Filed

Local budget law requires that public notice occur at least five days prior to the hearing of a supplemental budget and that that notice include certain information, particularly increases in appropriation by fund. CBO files this notice on the Wednesday prior to the Council hearing. Publication usually occurs on the Friday before the hearing.

Ordinance Filed

After the Council work session, CBO works with the Mayor to incorporate any changes into the BMP ordinance to be filed with the Council Clerk's Office. The ordinance is filed on the Thursday prior to the hearing.

This ordinance a) passes the budget adjustments in a supplemental budget as defined by local budget law, b) amends the number of authorized positions, and c) ordains any other applicable budget-related items including adjustments to Current Appropriation Level.

Council Hearing

CBO files the BMP ordinance for a hearing at City Council meetings for each BMP. CBO presents the BMP at the hearing, answers questions related to budget monitoring and adjustments, and incorporates any ordinance changes made on the floor by City Council. Bureau staff is expected to attend in order to respond to any relevant issues, particularly in cases in which bureau requests are not included in the filing.

Changes Posted to SAP (excluding Grants)

Immediately after the BMP ordinance is approved by City Council, CBO makes any Council-approved changes to BRASS and submits the BRASS file to OMF Accounting. A test file is loaded in SAP, checked by Technical Accounting and CBO, and then loaded to the SAP production environment.

This process is expected to be completed within two business days of passage. When complete, CBO notifies bureaus.

Grants Changes Posted to SAP

Because of the configuration of the grants module in SAP, grants must be loaded by the Grants Unit in OMF in a separate interface process. After the load is complete, the CBO BMP coordinator performs several checks, including checking the load against BRASS. CBO then notifies bureaus that the grants load is complete.

Budget Monitoring Instructions

This section describes each budget monitoring submittal in detail, explaining when in the cycle it is required and what version (e.g. prior or current year budget note updates) is required. For BRASS submittals, technical instructions are included. (Note: All instructions assume the user is logged into the BMP database. If you do not know how to log into the BMP database, contact your CBO analyst for training.) For non-BRASS submittals, guidelines for proper submittal are provided.

Prior Year Reconciliation (Fall Only)

In the Fall BMP, bureaus are required to submit prior year reconciliations of a) all funds managed by the bureau and, if relevant, b) the General Fund (100) and the Grants Fund (217) for their bureau business area.

Prior year reconciliation submittals are generated using BRASS with narrative input from the bureaus. Bureaus input narrative in BRASS Info Edit to explain the pre-loaded BRASS budget-to-actual data. BRASS reports are then used to generate the submittal. The technical steps for each are described below:

Fund Reconciliation

1. Select from the BMP database menu: BRASS>Reports
2. Choose A1 – Fund Reconciliation Report. Click Okay.
3. Select the desired three-digit fund from the Fund drop-down menu.
4. Click okay. The report will populate with data from BRASS. Use the data in the report to craft the reconciliation narrative to be entered in step 8 below.
5. Select from the BMP database menu: BRASS>Info Edit>Fund.
6. Select the desired three-digit fund from the drop-down menu. Click Okay.
7. Click on the Text tab.
8. Enter reconciliation narrative in the Text 2 field. Click Save when complete. Narratives should explain any over-expenditure or under-collection of revenue greater than 10% by line item (as rolled up in the A1 report) and any net over-expenditure or under-collection for the entire fund. In addition, narratives should include explanations of any other noteworthy variances, regardless of relative size.
9. Repeat steps 1-4 to generate submittal output.
10. Select from the BMP database menu: File>Print.

11. Click Okay. This output is your BMP submittal. (Note: For PDF output for electronic submission, press the Printer button and select Adobe PDF prior to clicking Okay.)

Business Area Reconciliation

1. Select from the BMP database menu: BRASS>Reports
2. Choose A1a – BA Reconciliation Report. Click Okay.
3. Select the desired two-character business area from the Funds Ctr drop-down menu.
4. Select the desired three-digit fund (either 100 or 217) from the Fund drop-down menu. Click Okay.
5. If resources were budgeted in both the General Fund and the Grants Fund, perform steps 1-4 for each fund.
6. This report will populate automatically with data from BRASS. Use the data in the report to craft the reconciliation narrative to be entered in step 10 below.
7. Select from the BMP database menu: BRASS>Info Edit>Funds Ctr.
8. Select the desired two-character business area from the drop-down menu.
9. Click on the Text tab.
10. Enter reconciliation narrative in the Text 2 field. Click Save when complete. Narratives should explain any over-expenditure or under-collection of revenue greater than 10% by line item (as rolled up in the A1a report) and any net over-expenditure or under-collection for the entire fund. In addition, narratives should include explanations of any other noteworthy variances, regardless of relative size. Because there is only one field for each business area, if bureaus have budgeted resources in both the General Fund and the Grants Fund, the narrative should separately address the two funds.
11. Repeat steps 1-4 to generate submittal output for each fund managed.
12. Select from the BMP database menu: File>Print.
13. Click Okay. This output is your BMP submittal. (Note: For PDF output for electronic submission, press the Printer button and select Adobe PDF prior to clicking Okay.)

    Note: General Fund discretionary and overhead accounts do not show actuals. These resources are considered to be the last resources applied – first overhead, then discretionary - to balance to actual expenditures. While BRASS does not reflect this until the CAFR is finalized, CBO reviews will reflect the allocation of General Fund resources.

Special Instructions for OMF Bureaus

Because of the text field limitations, General Fund bureaus within OMF should follow the steps for Business Area Reconciliation above, but with the following changes:

1. In step 3, select the desired four-character business area from the Funds Ctr drop-down menu.
2. Skip steps 7-11. Instead, OMF budget staff should provide a separate document (Microsoft Word, PDF, etc.) that contains a reconciliation narrative for each SAP division (i.e. four-character business area) for both General Fund and Grants Fund. Narratives should include the same information as in step 10 above.

Current Year Projections (Spring Only)

In the Spring BMP, bureaus are required to submit current year projections of a) all funds managed by the bureau and b) the General Fund (100) and the Grants Fund (217) for their bureau business area.

After submittal of the BMP, CBO will review bureau projections and attempt to resolve any discrepancies between bureau and CBO projections. Methodologies and assumptions can vary considerably between projections, occasionally making consensus difficult. Should consensus not be possible, CBO analyses will include CBO projections, and identify and explain the discrepancies in the review narrative.

Projection submittals are generated using BRASS reports with input from bureaus. Bureaus enter the projection data into the appropriate BRASS form. Text is then added to the projection using the appropriate BRASS Info Edit – either for the business area or fund. Finally, the fund and business area BRASS reports are used to generate the submittal output.

The technical steps for the submittal of each are described below. These instructions do not include direction on how to develop projections. Bureau budget staff must develop their own methodology for projecting expenses and revenues. CBO analysts can assist in developing a methodology, if requested.

Form Entry

1. Select from the BMP database menu: BRASS>Budget Forms.
2. Choose 5. Year-end Projection. Click Okay.
3. Select the desired three-digit fund from the Fund drop-down menu.

4. Select the desired two-character business area from the Funds Ctr drop-down menu.
5. Check the Serial Number drop-down menu. If the fund/business area combination you would like to project already has an existing serial number (i.e. form), select it from the Serial Number drop-down menu, click Okay, and skip to step 7. Do not create a new serial number. The data entered into a new form will be additive to any existing forms.
6. If the fund/business area combination you would like to project does not have an existing serial number: a) select any functional area used by the bureau from the FuncArea drop-down menu, select (New) from the Serial Number drop-down menu, enter a description in the appropriate field (e.g. 'Trans Op Projection' or 'Fund 200 Projection'), and select A from the Stage drop-down menu. Press Okay.
7. If you created a new serial number, the form should be blank. If you are using an existing serial number, it may contain prior BMP data.
8. To input data within existing forms, change the amount in the Projection column to reflect the new projection. Enter the projected year-end totals for each line. New lines with additions or subtractions are not necessary. To begin a new form, press the Insert button to create as many lines as needed in the form. Use the drop-down menus to populate the Funds Ctr, Fund, FuncArea, and CommItem with the appropriate master data. Click Save when complete.
9. Projection data will be displayed in reports at the major object level by business area by fund. Therefore, CBO recommends that bureaus develop projections offline and enter them into the form using a single fund/fund center/functional area/commitment item string for each major object.

    Example: The Portland Housing Bureau projects spending a total of $227,727 in the General Fund on Personal Services (including overtime, benefits, etc.). Rather than allocate this projection out to all the various budget structures, the entry could be: Funds Ctr HCMG000001, Fund 100000, FuncArea CDEH000000, CommItem 511100, Projection $227,727.

10. The above notwithstanding, bureaus may, if they desire greater visibility in the system, enter projections with whatever level of master data detail they feel is appropriate. However, the A2 projection reports will only show projections at the major object level.
11. Repeat steps 1-10 for each unique fund/business area combination for which the bureau is responsible.

Fund Projection

1. Select from the BMP database menu: BRASS>Info Edit>Fund.
2. Select the desired three-digit fund from the drop-down menu.
3. Click on the Text tab.
4. Enter reconciliation narrative in the Text 1 field. Click Save when complete. Narratives should explain any over-expenditure or under-collection of revenue greater than 10% by major object and any net over-expenditure or under-collection for the entire fund. In addition, narratives should include explanations of any other noteworthy variances, regardless of relative size.
5. Select from the BMP database menu: BRASS>Reports.
6. Choose A2- Fund Projection Report. Click Okay. Revised budget data reflects any adjustments made in the current BMP. Projection data compiles all form data that affects the selected fund.
7. Check output to ensure that a) budget and actual figures match bureau offline projections and b) narratives tie to reported figures.
8. Repeat steps 1-8 for each fund in the business area other than the General Fund (100) and the Grants Fund (217).

Business Area Projection

1. Select from the BMP database menu: BRASS>Info Edit>Funds Ctr.
2. Select the desired two-character business area from the drop-down menu.
3. Click on the Text tab.
4. Enter projection narrative in the Text 1 field for both the General Fund and the Grants Fund, if applicable. If the narrative relates to both funds, there should be a clear break in the text field. Click Save when complete. Narratives should explain any over-expenditure or under-collection of revenue greater than 10% by major object and any net over-expenditure or under-collection for the entire bureau. In addition, narratives should include explanations of any other noteworthy variances, regardless of relative size.
5. Select from the BMP database menu: BRASS>Reports.
6. Choose A3- BA Projection Report.
7. Select the desired two-character business area from the Funds Ctr drop-down menu.
8. Select 100 from the Fund drop-down menu.
9. Click Okay. Budget data reflects any adjustments made in the current BMP. Projection data compiles all form data that affects the selected fund and business area combination.

10. Check output to ensure that a) budget and actual figures match bureau offline projections and b) narrative from the General Fund section of the text field ties to reported figures.
11. Repeat steps 5-10, substituting fund 217 in step 8 and checking to narrative from Grants against the figures in step 10.

Special Instructions for OMF Bureaus

Because of the text field limitations, General Fund bureaus within OMF should follow the steps for Business Area Projection above, but with the following changes:

1. Skip steps 1-4. Instead, OMF budget staff should provide a separate document (Microsoft Word, PDF, etc.) that contains a reconciliation narrative for each SAP division (i.e. four-character business area) for both General Fund and Grants Fund. Narratives should include the same information as in step 4 above.
2. In step 7, select the desired four-character business area from the Funds Ctr drop-down menu.

Budget Note Updates (Prior Year in Fall, Current Year in Spring)

In the Fall BMP, bureaus report on prior year budget notes. In the Spring BMP, bureaus report on current year budget notes. The update guidelines are the same for all submittals.

Budget note updates should include:

a) Verbatim restatement of the budget note, as published in the Adopted Budget document,

b) Summary status of 'Complete', 'Underway', 'Not Begun', 'Not Applicable', or 'Future Year Only',

c) Estimated date of completion, and

d) Concise explanation of the status that describes the process and decision-making history since the publication of the budget note and a discussion of any delays and revised timelines. Narratives should be limited to two short paragraphs.

e) If the budget note specifically requires a report during a particular budget monitoring phase, it should be included with the update to be accepted by Council.

Decision Package Updates (Prior Year in Fall, Current Year in Spring)

As with budget notes, prior year decision package updates are required in the Fall BMP and current year updates are required in the Spring BMPs. Update guidelines are the same for all submittals.

Decision package updates are required for all packages approved in the Adopted Budget and all non-technical requests approved during the current budget monitoring cycle. Non-technical requests will be identified by CBO utilizing a flag, 'DP Update?'. If this flag is set to 'Yes', reporting is required. Run the F3 report in BRASS – the BMP Archive database in the Fall and the BMP database in the Spring – to see all packages that have been flagged for reporting.

Updates should include:

a) Whether new positions have been hired into,

b) Status and amount of any contracts funded by the package,

c) Any other spending information,

d) Any output or outcome information that is available, and

e) Other discussion of the status including delays, changes in scope, etc.

Performance Measure Updates (Fall Only)

Bureau performance achievements provide City Council with useful context to guide budget decisions. To assess performance, bureaus are expected to report prior-year actual data and draft program narratives describing variances; this information is summarized in the Performance Measures BRASS report which is included in each bureau's Fall BMP submittal. When drafting the narrative, bureaus should place emphasis on the bureau's key performance measures (at minimum) and address the following questions:

- How does the prior-year performance trend to past years? How do the measures compare to performance targets?
- What changes to bureau internal processes and/or external factors may have led to variance?
- What actions might the bureau take to resolve adverse trends in performance?

As part of the Prior-Year Reporting review, City Budget Office analysts will review and assess bureau performance. This performance analysis section will be highlighted in the Prior-Year Reporting review and will focus both on key

performance measures that capture outcomes of the bureau's core programs and services, as well as measures that have significant budgetary impacts. During September and October, bureaus should expect to be contacted by their CBO analysts to further discuss the questions above.

To enter the prior year actuals data and narrative:

1. Open BRASS **budget production** database (*not* the BMP database) for the next budget cycle
2. From the BRASS menu, Select Performance Measures>Values.
3. From the Controlling Org dropdown menu, select the appropriate business area and click Okay.
4. In the PY1 column, enter data for the prior year actuals. [Note: While entering '999999' generates an 'NA' in Patternstream for budget development, it generates a '0' in the BRASS reports. This should be explained in the narrative.]
5. From the BRASS menu, select Info Edit>Funds Ctr.
6. From the Funds Ctr dropdown menu, select the appropriate two-character business area and click Okay.
7. Click on the Text tab.
8. In the Text 2 field, enter narrative to explain significant variances between the prior year performance measure targets and actuals and provide information that will assist Council in understanding program results.
9. Click Save.
10. From the BRASS menu, select Reports.
11. Select the PM1 Performance Measures report. Click Okay.
12. From the Funds Ctr drop down menu, select the appropriate two-character business area. Click Okay.
13. From the File menu, select Print.
14. Click Okay. This output is your BMP submittal. (Note: For PDF output for electronic submission, press the Printer button and select Adobe PDF prior to clicking Okay.)

Capital Project Updates

In order to provide Council and the public with a greater understanding of capital project work (including the lifecycle, status, and type of work accomplished) infrastructure bureaus are required to provide program-level

capital updates during the Fall and Spring BMPs. In the Fall BMP, both prior year and current year variance reporting is required; during the Spring BMP, only current year variance explanations are needed. Following are instructions for updating the C2 capital reports. For the Fall BMP, the C2 report will automatically populate the following information:

- Prior Year Adopted Budget
- Prior Year Revised Budget
- Prior Year End Actuals
- Variance in dollars (Year end actual – Revised Budget)
- Variance in percent (dollar variance / Revised Budget)

In BRASS>Info Edit> Funded Program, bureaus should select the appropriate two-character bureau code and enter explanations for program variances greater than 10% between the prior year Revised Budget and prior year actuals into the Text 1 field. This should include a list of the major projects contributing to the program variance, a status update of the project or group of projects and the amount of the project variance and any other contextual information that may be helpful to explain the variance. Responses may be in bullet form and are intended to be high-level. CBO may ask follow-up questions during the review process.

In both the Fall and the Spring BMP, the C2 report will automatically populate the following information:

- Current Year Adopted Budget
- Current Year Revised Budget (assumes updates as per the BMP submission)
- Current Year Year-to-date Actuals
- Variance in dollars (Adopted Budget – Revised Budget)
- Variance in percent (dollar variance / Revised Budget)

In BRASS>Info Edit> Funded Program, bureaus should select the appropriate two-character bureau code and enter explanations for program variances greater than 10% between the current year Adopted Budget and anticipated Revised Budget (assumed all BMP submissions are approved) into the Text 2 field.

This should include:

a) a list of the major projects contributing to the program variance,

b) a status update of the project or group of projects and the amount of the project variance, and

c) any other contextual information which may be helpful to explain the variance.

Responses may be in bullet form and are intended to be high-level. Follow-up questions may be asked during the review process.

Budget Adjustment Instructions

This section provides detailed instructions on how to submit budget adjustments in BRASS for the BMP. The section begins with step-by-step instructions on how to enter budget adjustments and detailed guidelines on best practice and appropriate coding.

BRASS Budget Adjustment Basics

Budget adjustments are requested in BRASS by a) using **Info Edit** to create requests and attach narrative and other information to these requests, b) using request **forms** to enter the budget data, and c) using a **report** to summarize submittal.

Info Edit

The first step in creating a request is to provide narrative for the request in BRASS Info Edit using a Request Number. This step establishes the request narrative and codes the request by Type and Resource. Use the following guidelines for creating request numbers:

- Each request number has only one Type and only one Resource associated with it.
- If necessary, a request should be broken up into several request numbers in order to properly code the Type and Resource.
- Additionally, a separate request number should be used for each distinct, unrelated item.
- The above bullet notwithstanding, all technical adjustments with the same resource coding should be grouped with a single request number. The narrative should discuss all adjustments briefly.

Creating Info Edit for a Request Number

1. Select from the BMP database menu: BRASS>Info Edit>Request #.
2. From the drop-down menu, select the next available request number for the desired business area. The next available request number should be titled 'Request Title'. Note that request numbers are sequential through the entire fiscal year for all BMPs. Request numbers and titles from prior BMPs will be

visible in the drop-down menu. **Do not reuse existing request numbers.** If there are no available request numbers, contact your CBO analyst to direct the BRASS Administrator to create new numbers.

3. Click Okay.
4. In the Name field, enter the request title to appear in the submittal to City Council. This title should concisely describe the request.
5. In the Type and Resource fields, make the appropriate selections from the drop-down menus. See below for guidelines on Type and Resource selections.
6. The default selection for the Report field includes the request in all reports. Bureaus should not change this setting without consulting their CBO analyst. Excluded requests will not show up in reports, but will show up in spreadsheet views and in budget adjustments.
7. Click on the Text tab.
8. In the Text 1 field, enter a detailed description of the request. This includes, for new requests, a complete discussion of the existing program, its resources, its operations, its performance, and what the identified performance deficit is and how any new resources are expected to address it. For technical adjustments, this includes a clear discussion of all material changes.
9. Click Save.

BMP Request Type and Resource Guidelines

Technical Adjustments: The 'Technical Adjustments' request type usually includes transactions requesting changes to approved activities that require adjustments due to technical budgeting or accounting requirements. These transactions do not increase the total appropriation of the business area (for General Fund bureaus) or fund (for non-General Fund bureaus). Examples of these housekeeping changes may include transfers between materials and services and capital outlay due to a change in the nature of capital equipment required, changes in procurement of an item from a City bureau (internal materials and services) to an outside vendor (external materials and services), or the breaking out of an existing budget to a greater level of detail. Transfers of General Fund between bureaus should also be considered a technical adjustment, provided that the net effect is zero. Technical adjustments do not include program expansions, new positions, cost overruns, or any action which would require a draw from contingency from any fund. For most technical adjustments, the resource should be 'Internal Transfer'. For General Fund transfers between bureaus, the resource should be General Fund on both sides of the transaction.

Carryover: The Carryover request type is used by General Fund bureaus to reduce appropriation in the Spring BMP so that those funds can be included in the Approved Budget of the following year. Non-General Fund bureaus also may request carryover in the Spring BMP and rebudget it in the following year as part of the budget development process. For General Fund bureaus, the resource should be 'General Fund'. For non-General Fund bureaus, the resource should be 'New Revenue' or 'Bureau Contingency'. The 'Grant' resource may also be used for all grant-related carryover.

Encumbrance Carryover: The 'Encumbrance Carryover' request type should only be used during the Fall BMP for encumbrances and funding for outstanding advances. CBO analysts will provide bureaus with a General Fund Encumbrance Carryover Detail Worksheet that shows all encumbrances that were carried forward into the new fiscal year in SAP. Encumbrances are automatically calculated in SAP and can be viewed in SAP FM reports by viewing AP 1 budget-to-actuals and drilling down into the PO column. In that column, lines with Amount Type 350 are those that were brought in from the prior fiscal year. Bureaus should review those items that were carried over and determine which encumbrances should be closed, which may have already been relieved in the prior fiscal year through an accrual journal entry, which should be funded with ongoing base budget in the current fiscal year, and which should be requested as encumbrance carryover. For General Fund bureaus, the resource should be 'General Fund'. For non-General Fund bureaus, the resource should be 'New Revenue' or 'Contingency'.

Most General Fund bureau encumbrances will be backed by prior year resources that fall to fund balance. However, some encumbrances are tied to interagency or contract revenue that will be received in the current year. These should be coded as 'New Revenue'.

Requests to offset advance recoveries should be made as encumbrance carryover requests. Restrictions on the total encumbrance carryover funding available for General Fund bureaus is discussed on page 14.

New Request: The 'New Request' type is used for any other request that increases the level of appropriation at the fund or business area level or that shifts funding to reflect a change in programmatic priorities. Bureaus may request funding from General Fund contingency for new items not included in the budget. To make such a request, use the Info Edit form to describe the request, including what it will accomplish, who will benefit, and why this item was not included in the budget. Explain why this request is necessary, and the consequences of any decision not to fund this request. A request for General Fund contingency should be coded with 'General Fund' as the resource. Other

resource types that can be used for 'New Requests' include 'New Revenues', 'Bureau Contingency', and 'Grants'.

Reduction: This type is used for any reduction in appropriation. The resource type should be 'General Fund' for General Fund reductions or 'New Revenue' in all other funds.

Comp Set-Aside: If, during the year, General Fund bureaus project that vacancy savings will not be sufficient to cover costs related to collective bargaining, a request for Comp Set-Aside may be made. Such requests should use 'General Fund' as the resource. For non-General Fund bureaus, Comp Set-Aside request types should be coded with the 'Bureau Contingency' resource type.

Infrastructure Project Set-Aside: In years in which excess balance is available in the General Fund for major maintenance and infrastructure replacement projects as directed by City Financial Management Policy, bureaus may use this request type to make requests to utilize the infrastructure project set-aside portion.

In FY 2014-15, a ranking process was established for capital projects seeking funding through the capital set-aside. Projects are submitted to CBO outside of the regular BMP process. Bureaus self-score the projects across a number of criteria. The project scoring is validated and the projects ranked by a committee of City asset managers. Projects will be added to the existing list of projects that were requested but not funded in the FY 2015-16 budget process.

Additionally, it is important that project requests include the total net operations and maintenance costs, including any projected impacts on the General Fund and confidence level of the estimate. Funded Fall BMP projects that require additional operations and maintenance funding will need to request the ongoing General Fund during the annual budget process. See Budget Manual or financial procedure 2.03.02 for more detailed instructions if applicable.

Encumbrance Carryover Detail Worksheet

In early September, CBO analysts supply General Fund bureaus with the Encumbrance Carryover Detail Worksheet. This worksheet identifies all the open General Fund encumbrances that were carried forward into the new fiscal year. Detail is provided on vendor and other pertinent information.

The worksheet is an Excel pivot table with vendor, reference document, and amount listed for each encumbrance. For each item for which carryover is

requested, bureaus should enter the request figure in the cell next to the remaining PO amount. The sum of these requests plus advance recovery funding should be equal to the amount requested in BRASS.

As noted in the Fall BMP section earlier, bureaus' encumbrance carryover requests (including advance recovery funding) will be limited to General Fund underspending in the prior year.

Advance Analysis and Requests

Advances can be very challenging to monitor because of the way the SAP system is configured. While the cash has been disbursed, no expense hits the general ledger until goods or services have been received (i.e. the advance is 'recovered'). Therefore, if an advance is outstanding at the end of the fiscal year, budget will need to be requested in the Fall BMP to fund those expenses when they occur (i.e. the 'recovery' of the advance).

What makes this analysis particularly complicated is that the FM module of SAP (i.e. the budget-to-actuals module) shows the advance as an expense when the cash goes out – not when the goods are received. Conversely FM does NOT show the goods receipt as an expense. The result is that, in the event that advances are not made and recovered in the same fiscal year, FM and the CAFR (i.e. FI) will not match. The CAFR is correct in these cases. Years in which bureaus make net advances will result in a CAFR actual lower than the FM figure. Years in which bureaus make net recoveries will result in a CAFR actual higher than the FM figure.

Advances in the General Fund, as noted earlier, are treated as encumbrances for carryover purposes, so, bureaus should analyze what their outstanding balance is and request it in the Fall BMP (assuming the bureau had sufficient General Fund underspending in the prior year to cover all advances and encumbrances, as discussed earlier).

The easiest way to determine balance is to use the FAGLB03 report with the ADVANCE_BAL variant. The sum of the 'Balance' column is typically the adjustment that needs to be made to FM actuals to arrive at the CAFR figure. The 'Cumulative balance' column shows the advance balance carried into the year (at the top) and (at the bottom) the total balance to date - or at the end of the year for closed years. Bureaus should be cautioned, however, that this report can be inaccurate at certain points during the year if recoveries were accrued at the end of the previous fiscal year. Please contact Accounting in OMF if you have any concerns about the balances you are seeing.

If you have any questions about how to budget advances appropriately in the Fall BMP, please contact your CBO analyst for training.

Form Entry

The BRASS BMP forms 1-4 are used to enter adjustment data once request numbers have been created and Info Edit entry is complete.

Each bureau should use one form for each BMP. All request data can – and, in most cases, should - be entered in a single form. Occasionally, bureaus might want to create multiple forms in order to allow multiple users to enter data simultaneously. Bureaus should *not* use a separate form for each fund or for each request.

Below is a step by step guide to entering data into BMP forms:

1. Select from the BMP database menu: BRASS>Budget Forms.
2. Click on the form that corresponds to the current BMP (Fall, Spring, or OEO). Click Okay.
3. Select the desired two-character business area from the Funds Ctr drop-down menu.
4. If returning to an existing form, select that form from the Serial Number drop-down menu, click Okay, then skip to step 8. If this is the first time entering data for the current BMP, select (New) from the Serial Number drop-down menu.
5. Enter a form title in the Description field. This title should begin with the bureau name or acronym and the cycle. If bureaus use multiple forms for multiple users, the name of the user should be on the form name. E.g. “PHB Fall BMP John Doe”.
6. Select ‘A’ from the Stage drop-down menu.
7. Click Okay.
8. Click Insert to insert lines. Lines are inserted below the currently selected line.
9. For each line, select the desired request number from the Request # drop-down menu and enter all budget adjustment information. Multiple request numbers can and should be used in a single form.
10. For all lines that affect grants funds (217, 218, 219), enter the sponsored program in the Justify column before any other text. Please review the current sponsored program(s), and budget only to fund centers, functional areas, and funded programs associated with existing sponsored programs.

Please discuss any grants changes with your Grants analyst prior to submission.

11. In addition to sponsored program information, enter any other information in the Justify column that will assist in understanding the context of the line. Information might include what program the adjustment affects, where any expense or revenue changes are offset, and who directed the change and when.
12. When form is complete and balanced, click Save.

    Tip: Packages that only move revenue will not show in the A9 BMP Request report. In order to get these to show, enter two lines of expense data that net to '0'.

Form Entry – Position Changes

If position changes are included in the BMP, bureaus should utilize the Position tab in the BMP form. Information added and saved in this tab will populate the General tab of the form with appropriate default position costs, depending on the class, step, category, etc.

Below is a step by step guide to entering data into BMP Position tab:

1. Open the form as per steps 1-7 above.
2. Click on the Position tab.
3. Click Insert to insert as many lines as needed. Lines are inserted below the currently selected line.
4. For each line, select the desired request number from the Request # drop-down menu and enter all budget adjustment information. Multiple request numbers can, and should, be used in a single form.
5. In addition to the standard budget information, enter the desired Class and Category. These fields must be filled in. Note that the Category field indicates not only the bargaining unit, but also whether the position is Full Time, Part Time, or Limited Term. For example there are three selections for DCTU – DT, DTPT, and DTLT. Please make sure to select the correct one.
6. The Step field may be left blank.
7. The Start and End fields require a two digit month and a four digit year, separated by a slash. The End field may be left blank if the position is Full Time or Part Time.
8. The FTE field is a percentage number, so one full-time position would be 100. A half time part time position would be 50.

9. The Count field should identify how many positions are affected by the change.
10. Leave the Salary field blank.
11. Click the Calc button to calculate the annual cost.

Submittal

Submittal Item Summary

As discussed in The BMP Cycle each BMP has different submittal requirements. Below is a summary of what constitutes a complete submission for each BMP:

Item	Fall BMP	Spring BMP	OEO
Letter from Director	x	x	
Budget Amendment Request Report (BRASS F4)	x	x	x
Prior Year Budget/Actuals Reconciliations (BRASS A1 and A1a)	x		
Prior Year Budget Note Update	x		
Prior Year Decision Package Update (including non-technical BMP requests)	x		
Prior and Current Year Performance Measure Update	x		
Prior Year Capital Reporting (BRASS C2)	x		
Current Year Projections (BRASS A2 and A3)		x	
Current Year Budget Note Update		x	
Current Year Decision Package Update (including non-technical BMP requests)		x	
Current Year Capital Reporting (BRASS C2)	x	x	
Encumbrance Carryover Detail Spreadsheet	x		

Fall and Spring BMP submittals must include a cover letter from the bureau director to CBO that summarizes any requests for significant budget amendments or new budget allocations. All bureaus are responsible for briefing their Commissioner-in-Charge regarding their financial and program performance and budget amendment requests. All other submittal requirements have been discussed in earlier sections.

Distribution

Submit an electronic set of all required items to the CBO analyst assigned to the bureau on or before the due date. Hard copy submittals are no longer required. Distribution to elected officials is no longer necessary. CBO will compile submittals, post them, and distribute the link.

Electronic submittals should be pdfs or Microsoft Word or Excel files.

Technical Checks

Prior to submittal, bureaus should perform checks to ensure that submissions are technically sufficient. These technical checks are described in detail below. A checklist is provided in Appendix A: Technical Checklist.

The following checks use the BMP Submittal spreadsheet views in BRASS. In the BMP database, select BRASS>Spreadsheet Views, check the Show Public box, select from the View Name drop-down menu the BMP Submittal view associated with the current BMP, select the desired two-character fund center from the Funds Ctr drop-down menu, press the Fund radio button in the Sections section, select '3- Fund' from the Level drop-down menu, and click Okay. For all these checks, lines with amounts of 0 are equivalent to there being 'no lines.'

1. **Every adjustment has a request number.** On the City tab, zoom into the expense of the total changes column. Sort by Request #. No lines should have a '0' in this column. Repeat for Revenue.
2. **General Fund discretionary requests use the one-time (487120) account.** On the City tab, zoom into General Fund Discretionary in the total changes column, expanded by detailed objects. Sort by CommItem. There should be no instances of the ongoing account (487110) except in the case of internal shifts of ongoing resources that net to zero. New ongoing funds are not allocated outside of the annual budget development process.

3. **No requests use the General Fund discretionary offset account (487100).** Use the same view as the previous check. This account is for CBO use only. It is an offset account used to translate other sources of revenue (property taxes, business license fees, etc.) into discretionary resources.
4. **No requests use the General Fund Overhead account (487210).** On the City tab, zoom into General Fund Overhead total of total changes column, expanded by detailed objects. Sort by CommItem. Overhead requests are not allowed mid-year except to shift the resource internally through net zero changes.
5. **No requests use the General Fund Overhead offset account (487200).** Use the same view as the previous check. Similar to the General Fund discretionary offset account, this account is for CBO use only. It is used to translate cash transfer revenues from overhead paying bureaus into overhead resources for General Fund bureaus.
6. **Revenues and expenses balance by fund.** Click through all the fund tabs of the spreadsheet view to check that the total changes and the revised budget column are balanced for each fund.
7. **No requests reduce ending fund balance accounts (500001-500002).** On the City tab, zoom into the Unappropriated Fund Balance in the total changes column, expanded by detailed objects. Sort by CommItem. There should be no instances of these accounts being reduced. Local budget law requires that City Council declare that an emergency exists in order to draw down ending fund balance.
8. **All internal materials and services interagency revenue entries have the correct funded program.** On the City tab, zoom into each of these major objects in the total changes column, expanded by detailed objects. Sort by CommItem. All expense accounts beginning with 651XXX or revenue accounts beginning with 641XXX should have either a capital project funded program or a funded program beginning with '3'. All expense accounts beginning with 652XXX or revenue accounts beginning with 642XXX should have either a capital project funded program or a funded program beginning with '7'.
9. **All fund transfer expense and revenue entries have the correct funded program.** On the City tab, zoom into each of these major objects in the total changes column, expanded by detailed objects. Sort by CommItem. All lines should have a funded program beginning with '1'. Capital funded programs are not allowed for cash transfers.
10. **All entries with a bureau-to-bureau, internal service, or cash transfer funded program have an appropriate commitment item.** On the City

tab, zoom into the expense and revenue totals in the total changes column, expanded by detailed objects. Sort by Fnd Program. Every funded program beginning with '1' should have a 650020 or 640020 account. Every funded program beginning with '3' should have an account beginning with 651XXX or 641XXX. Every funded program beginning with '7' should have an account beginning with 652XXX or 642XXX. (Note: The fourth digit in the internal service provider accounts indicates the providing bureau. Make sure an appropriate account is used for the selected funded program, i..e. 6511XX for CityFleet, 6512XX for P&D, 6513XX for Facilities, 6514XX for EBS, 6515XX for Technology Services, and 6516XX for Risk Management.)

11. **No cash transfers from the General Fund.** Use the same view and sort as the check above for expense totals only. Sort by funded program. There should not be any funded programs that begin '1GENF2' in the General Fund. All transfers from the General Fund originate from an OMF fund center managed by CBO. If a bureau wishes to request a transfer from the General Fund (either from within their bureau or from another bureau) to a fund that it manage, then it should only show the receiving side of the transfer. A commensurate reduction in expenses funded by General Fund discretionary should be entered by the sending bureau. The CBO General Fund analyst will identify the imbalance in the cash transfer funded program and enter the sending side from the General Fund fund management cost center.
12. **All interagencies and cash transfers balance at the funded program and account level.** Select BRASS>Reports>IA1, click Okay, then click Okay again. Check all variances Citywide to see if there are any imbalances between your bureau and any other bureau, either on the sending or receiving side of a service. Repeat this process for the IA2 and IA3 reports. If bureau staff believes that the entry for their bureau's side of an IA or cash transfer is not correct, it is still that bureau's responsibility to work with the other party to correct the variance prior to submittal. If consensus is not possible prior to submittal, the variance must be noted in the memo from the bureau director to indicate that it requires a City Council decision. *Exception: Adjustments to cash transfers from the General Fund will almost always be unbalanced upon submittal as they require balancing by the CBO General Fund analyst.*
13. **All grant entries have grant codes.** On the 217 fund tab, zoom into the expense and revenue totals in the total changes column, expanded by detailed objects. Sort by Grant. There should be no lines with a '0' in the Grant column. The Portland Housing Bureau should repeat this check for funds 218 and 219.

14. **No funds other than grants funds have entries with grant codes.** On the City tab, zoom into the expense and revenue totals in the total changes column, expanded by detailed objects. Sort by Grant. The only entries with grant codes should be in 217, 218, and 219 funds.
15. **All entries using the Grant Revenue account (441100) should have a grant code and grant fund associated with them.** Use the same view as the check above. Sort by CommItem and scroll down to the 441100 item. All entries should a) have a grant code and b) be in fund 217, 218, or 219.

The following checks do not utilize the spreadsheet view described above. Please follow the instructions for each check.

1. **No entries use cents.** Open the bureau's budget form. Click on the top cell in the Adjustments column. Use the arrow down key to scroll through all the lines of the form. As each cell is highlighted, the inclusion of cents – if there are any – will become apparent. Cents cause rounding and balancing problems when the BMP is loaded to SAP. If more than one form is used, repeat for all forms used during this BMP.
2. **All grant entries include the sponsored program as the first information in the Justify column.** In the budget form, sort by Fund. Check the Justify column for each entry in the 217, 218, and 219 funds to ensure that they begin with sponsored program information.
3. **All grants balance revenues and expenses.** BRASS>Advanced Spreadsheet Views, check Show Public box, select Grants_Balancing from the View Name drop-down menu, and click Okay. Scroll through the output to check that the Difference column is zero for all grants with your bureau's prefix. Any non-zero number indicates that the grant is out of balance.
4. **All bureau allocation accounts net to zero.** BRASS>Advanced Spreadsheet Views, check the Show Public box, select Allocation_CI_Balancer from the View Name drop-down menu, and click Okay. Scroll through the output to check that the Revised Budget column is zero for all accounts in your bureau. Any non-zero number indicates that expenses are over- or under-allocated.
5. **No fund-business area-commitment item structures are negative.** BRASS>Advanced Spreadsheet Views, check the Show Public box, select Negative_Structures from the View Name drop-down menu, and click Okay. Scroll through the output to check that the Revised Budget column is not negative for all accounts in your bureau. There are some exceptions to this check. The most typical is 487120 which can be

negative to reflect a one-time cut to an ongoing program. Other exceptions exist. Bureaus should discuss possible exceptions with their CBO analyst.

Upon submission, CBO will perform the checks noted above as well as a number of additional checks. The additional checks are primarily to ensure that the content of titles and narratives is complete and accurate.

Appendix A: Technical Checklist

Every adjustment has a request number.	
General Fund discretionary requests use the one-time (487120) account.	
No requests use the General Fund discretionary offset account (487100).	
No requests use the General Fund Overhead account (487210).	
No requests use the General Fund Overhead offset account (487200).	
Revenues and expenses balance by fund.	
No requests reduce ending fund balance accounts (500001-500002).	
All internal materials and services interagency revenue entries have the correct funded program.	
All fund transfer expense and revenue entries have the correct funded program.	
All entries with a bureau-to-bureau, internal service, or cash transfer funded program have an appropriate commitment item.	
No cash transfers from the General Fund.	
All interagencies and cash transfers balance at the funded program and account level.	
All grant entries have grant codes.	
No funds other than grants funds have entries with grant codes.	
All entries using the Grant Revenue account (441100) should have a grant code and grant fund associated with them.	
No entries use cents.	
All grant entries include the sponsored program as the first information in the Justify column.	
All grants balance revenues and expenses.	
All bureau allocation accounts net to zero.	
No fund-business area-commitment item structures are negative. (Some exceptions exist.)	