



ADMINISTRATIVE POLICIES

SECTION: 400	POLICY#: 404
TITLE: Budget Policy	R & O #: 21-49
	IMPLEMENTED BY PROCEDURE #:
SPONSORING DEPT/DIV: Support Services / Finance	
ADOPTED: 4/16/2019, Amended 4/20/21	REVIEWED: 4/6/2021

- 1. PURPOSE:** The purpose of this policy is to establish a framework for the development and administration of the annual budget process.
- 2. AUTHORITY:** ORS 294.305-565 (Oregon Budget Law) and County Charter.
- 3. ANNUAL POLICY REVIEW:** This policy shall be reviewed by the Support Services, Finance division annually and updated as necessary.
- 4. BUDGET POLICY OVERVIEW:** The County Strategic Plan provides the framework for budget preparation in terms of services, funding mechanisms and priorities for the allocation of discretionary resources. The Plan emphasizes the allocation of General Fund resources toward programs that provide a Countywide benefit. Consistent with past practices, the budget focuses on long-term stability for core services and maintaining an ending fund balance consistent with this policy.
- 5. BUDGET PERIOD**
Washington County develops and adopts its budget annually. The County’s fiscal year begins July 1st and ends June 30th.
- 6. BASIS OF ACCOUNTING**
Local governments are required by ORS 294.445 to maintain accounting records by fund, using a cash, modified accrual, or accrual basis of accounting. Washington County uses a modified accrual basis of accounting for budget purpose.

7. BUDGET CONTROLS AND COMPLIANCE

- a. Legal compliance: The County budget process complies with Oregon Local Budget Law (ORS 294.305-565). Expenditure appropriations are a legal limit on the amount of expenditures that can be made during the fiscal year and are adopted at the organization unit level by the Board of Commissioners. Per statute, actual year-end expenditures cannot exceed appropriations for each organization unit.
- b. Administrative compliance: Administrative compliance is monitored at the fund, organization unit, program, expenditure category and line-item level by the Finance Division and department/office staff.

8. BUDGET COMMITTEE APPROVAL AND BOARD ADOPTION

- a. The Washington County budget process includes the engagement of three distinct Budget Committees, each consisting of ten members (five community representatives and five Board of Commissioner members):
 - Washington County and Service District for Lighting No. 1
 - North Bethany County Service District for Roads
 - Enhanced Sheriff Patrol District (ESPD) and the Urban Road Maintenance District (URMD)
- b. The annual Budget Committee process minimally includes the following elements:
 - Electronic version of the Proposed Budget made available to the Budget Committees and public a minimum of 7 days prior to the first Budget Committee meeting
 - i. First Budget Committee Meeting: Budget Transmittal to the respective Budget Committees with staff presentation and Budget Committee questions. A separate evening meeting will be held for each budget committee.
 - ii. Second Budget Committee Meeting: Public Hearing for the respective budgets. Upon conclusion of public hearing, Budget Committee approves the proposed budget (becomes the Approved Budget). A separate evening meeting will be held for each budget committee.
- c. Board of Commissioner Public Hearing and Budget Adoption (typically third Tuesday in June). This is a daytime regular Board of Commissioner meeting.

9. BUDGET CHANGES AFTER ADOPTION

Oregon Budget law provides methods to increase or decrease or transfer from one appropriation category to another; and to adjust the budget when new appropriation authority is required. Such budget changes require the approval of the Board of Commissioners and depending on the type of change, a public hearing. The County Administrator may recommend modifications when appropriate to continue effective operations, provide adequate service levels, achieve cost savings or cost avoidance, and implement Board priorities.

10. GENERAL FUND

- a. Budget development general guidance:
 - i. General Fund budget should be developed with the goals of maintaining service levels and reflecting the County's strategic plan and priorities. Maintaining service levels should be considering: 1) community and client growth factors, 2) changes in inflation, cost of living, cost of employee benefits, etc.
 - ii. Budget development should start with the existing level of staffing and contracted obligations with modifications reflecting the County's budget priorities for the new fiscal year. Options to increase efficiency and reduce costs must be considered throughout budget development. Management should evaluate all options including process streamlining, utilizing technology and other appropriate efficiency tools with the goal of providing same level of services with the least amount of resource possible.
 - iii. Budget requests for additional service areas or elevated level of services should always reflect the County's long-term strategies and short-term priorities. Requests for new Full Time Equivalents (FTE) should include all direct and indirect costs to support these positions.
- b. Revenue Projections: Revenue projections shall be budgeted based on the best information available at the time the budget is prepared. The projection should be conducted with reasonable conservatism.
- c. New Revenue Sources: Departments will continue to pursue additional revenue sources where appropriate and feasible.
- d. Expenditure Reductions: An expenditure reduction may be required in the event of diminishing departmental revenues, declining fund balance, new Board priorities, or other factors that would make an expenditure reduction appropriate.
- e. Programs Previously Supported by Serial Levies: Prior to the passage of Ballot Measures 47 and 50, the Washington County Cooperative Library System (WCCLS) and Major Streets Transportation Improvement Program (MSTIP), were supported by revenues from dedicated serial levies. Measure 50 eliminated these levies by combining them with the County permanent tax rate. The annual transfer to WCCLS and MSTIP will be adjusted by the percentage change in assessed value and assumed collection rates on property taxes. These are not considered General Fund programs and the amounts transferred to the respective funds are not included in the General Fund's Fund Balance Percentage calculation.

11. SPECIAL FUNDS

- a. Special fund staffing levels must be commensurate to available resources and approved service levels. Requests for additional positions funded by dedicated resources will be reviewed on a case-by-case basis along with the sustainability of the revenue source.

- b. Revenue estimates will be based on the best information available at the time the budget is prepared.
- c. Special funds will continue to pursue new revenue sources where appropriate and feasible.
- d. Expenditure Reductions: An expenditure reduction may be required in the event of diminishing departmental revenues, declining fund balance, new Board priorities, or other factors that would make an expenditure reduction appropriate.
- e. General Fund transfers will be based on historical levels, unless otherwise recommended by the County Administrative Office.

12. STATE PROGRAMS

- a. Current state funding: State programs operated by the County will generally reflect the level of service attainable given the amount of funding provided. If state funding is reduced, there will be no increase in County General Fund resources unless mandated or approved by the Board of Commissioners. When an increase is required, the department will make every effort to minimize the increase by considering alternate service delivery systems, and/or a return of the program to the state.
- b. New state funding: New or increased state funding for existing or proposed programs will be considered based on local needs and requirements placed on the County by accepting the funding. The ability of the state to commit to long-term funding that meets the County's full cost requirements will be an important consideration in any decision to accept additional funding for expansion of existing programs and/or initiation of new programs.
- c. System balance: This policy is not intended to preclude the use of County resources when the Board determines it necessary to provide a balanced service delivery system or meet other Board policies and priorities.

13. LOCAL OPTION LEVIES

Local option levies are considered a special revenue funding (special fund) source and expenditures must conform with the language approved by the voters.

14. INTERNAL COST RECOVERY

To clearly define the true cost of each direct service the County prepares a cost allocation plan. Departments provide input and review the annual plan. A separate cost allocation plan is prepared for federal grant compliance purposes.

15. LOBBYING AND GRANT APPLICATIONS

- a. Approval to pursue: County Administrative Office (CAO) approval is required before appointed County representatives and employees pursue lobbying efforts on matters having budget implications, and before grant applications are submitted to the granting agency.

Elected department heads should advise the County Administrative Office before official positions are taken on matters that might affect the County's budget or financial status. Board approval is required to accept grants of \$100,000 or more.

- b. In-kind contribution: Where matching funds are required for grant purposes, the priority is to use as much "in-kind" contributions as allowed rather than hard-dollar matches.

16. CONTRIBUTIONS TO OUTSIDE AGENCIES

Funding to Outside Agencies will be considered by the Budget Committee/Board if adequate resources are available, the use of funds for this purpose will not adversely impact County programs, and the allocation of resources is consistent with Board policies and priorities. Consideration of funding requests from an outside agency requires the submittal of written justification in advance of the budget hearings.