

**BEFORE THE BOARD OF COMMISSIONERS OF LANE COUNTY, OREGON**

**ORDER NO: 13-03-12-02**

**IN THE MATTER OF AMENDING  
CHAPTER 4 OF LANE MANUAL TO  
INCLUDE FUND BALANCE POLICIES  
[LM 4.010]**

**WHEREAS**, the Lane County Board of Commissioners has the authority to approve amendments to the Lane Manual;

**WHEREAS**, certain changes to Lane Manual Chapter 4 are desired to require indirect revenues be placed into the general fund and indirect depreciation and use allowance revenues be placed into the general capital projects fund and direct the county administrator to develop policies and procedures for the preparation and approval of County-Wide indirect cost plans;

**WHEREAS**, the Finance and Audit committee has considered this amendment and has approved the fee additions; and

**NOW, THEREFORE, IT IS HEREBY ORDERED**, that Lane Manual Chapter 4 is amended by removing, substituting and adding the following sections:

**REMOVE THESE SECTIONS**


n/a

**INSERT THESE SECTIONS**

4.010(6)

Amended section 4.010 is attached hereto and incorporated herein by reference.

**ADOPTED** this 12th day of March, 2013.

  
\_\_\_\_\_  
Sid Leiken, Chair, Lane County Board of Commissioners

APPROVED AS TO FORM

Date 3/11/13 Lane County

  
\_\_\_\_\_  
OFFICE OF LEGAL COUNSEL

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**LEGISLATIVE  
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**4.010 Policies.**

Departments will use the following policies in administering their budgets, developing long-range goals and plans, and dealing with the public and other governments.

(1) Budget and Management Policies:

Goal: To provide an accountable form of government to the citizens of Lane County.

(a) The County budget will provide information concerning program service delivery and will integrate performance measures and productivity indicators, where possible.

(b) The County budget will provide for an appropriate balance between the operating and capital portions of the budget to insure that equipment and facility maintenance and replacement are adequately funded and occur in a timely cost-effective manner.

(c) Long-range financial plans and revenues and expenditure estimates will be developed in order to contribute to financial and program stability.

(d) The County will endeavor to prepare and publish a comprehensive annual disclosure of its financial affairs in a format intelligible to the interested public, with the goal of obtaining the Certificate of Excellence in Financial Reporting (issued by the Governmental Finance Officers Association).

(e) The County will manage its separate funds in a manner that insures that one fund does not improperly subsidize another fund.

(2) Revenue Policies:

Goal: To develop and maintain balanced sources of revenue sufficient to meet the ongoing financial commitments of Lane County.

(a) To the extent feasible, one-time revenues will be used for one-time capital expenditures or projects and will not be used for recurring operating purposes.

(b) Prior to initiating new projects, whether service programs, grants, or capital improvement projects, financial impact analyses will be completed and considered. The analysis will identify the short term and long-range effects of such programs on the County along with any commitment for additional County resources.

(c) The County will strive to diversity revenues and develop controllable revenue sources in order to maintain services during times of economic downturn.

(d) Charges for services will be set by the Board of Commissioners and based on an analysis of who benefits from the service, amounts charged by other agencies for similar services, the actual direct and indirect cost of providing the services, and statutory limits. It is the general policy that fees will be set to recover the cost of providing the service.

(e) Fees and charges for internal service funds will be set at a cost recovery level. For replacement reserves, the charges will be established at a level to fund the replacement over the expected useful life of the equipment. Internal service charges will be reviewed annually for appropriateness.

(f) The County may sell or lease services that were developed to meet a County need, but the sale or lease will be secondary to the purpose of meeting the identified need.

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(3) Reserve Policies:

Goal: To maintain adequate reserves to provide a cushion against unforeseen events and economic downturns, thus providing for stability in planning and service delivery, and to maintain a reserve level sufficient to maintain a favorable bond rating.

(a) The County will establish reserve funds that can be used to reduce the impact of revenue fluctuations and provide for more stable delivery of services to Lane County citizens.

(b) The County will strive to maintain a minimum of a 5% Prudent Person Reserve for all funds except the General Fund. The reserve in each fund will be reviewed annually during the budget process by the designated fund manager and associated committee.

(c) The County will establish operational reserves within the General Fund and strive to maintain a reserve balance of at least 10% of General Fund operating revenues. Refer to General Fund Reserve Policy at LM 4.011 below.

(d) The County will establish and budget adequate contingency reserves for all operating funds to meet unanticipated requirements during the budget year.

(4) Expenditure Control Cost Recovery Policies:

Goal: To delivery maximum services in a cost effective and efficient manner.

(a) The County will increase efforts to review programs effectiveness to insure maximum return from extremely limited resources. One major effort will be an expanded performance audit capability.

(b) Contracting for services with outside agencies/vendors will be considered when cost efficient and consistent with County labor policies.

(c) Intergovernmental services agreements shall be encouraged wherever services used by several departments can be more effectively provided on a collective basis. Service billings to user agencies will be sufficient to fully recover costs of operation, including depreciation of equipment, direct and indirect costs.

(d) Department expenditures shall not exceed appropriations, and expenditures of discretionary General Fund dollars will not exceed the amount approved in the department budget, except upon written authorization by the Board of Commissioners.

(e) The County will charge the allowable indirect to all departments and funds in the most equitable manner possible and will recover the allowable indirect from all grants, contracts and intergovernmental agreements. Any exceptions will be made only upon Board approval. Indirect revenues, except for depreciation and use allowance revenues, are to be received into the General Fund to pay for the cost of central services provided. Depreciation and use revenues are to be received into the Capital Improvement Fund and assigned to general capital improvement projects as approved by the Board of County Commissioners.

(f) It is County policy to fully expend all grant, contract, and other program generated revenues (e.g. fees, reimbursements) prior to expending county funds unless otherwise directed by specific grant or contract requirements.

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(g) Any services or programs that are largely or wholly supported by time-limited grant or contract funds will be considered to automatically sunset at the expiration of the grantor contract

(5) Lapse Policy:

Goal: To maintain the integrity of financial planning models, provide accountability, and maintain reserve levels.

(a) Each department utilizing General Fund resources is expected to lapse 2% of net General Fund use. The lapse generally results from expenditures less than the total appropriated amount. However, revenues in excess of the budgeted amount can be used to offset expenditures for the net lapse calculation.

(b) If a department fails to meet the 2% lapse target by more than \$5,000, the department is expected to repay the shortfall to the General Fund within one year. At year-end, an interfund loan will be executed to cover the shortfall, which is subject to approval by the Board of Commissioners for approval. (Refer to Lane Manual 4.034-4.040).

(c) Under extraordinary circumstances, the Board of Commissioners may waive the lapse expectation for one or more departments.

(6) Governmental Fund Balance Policies:

Goal: To enhance the usefulness of governmental fund balance information by providing clearer governmental fund balance classifications that can be more consistently applied.

(a) "Non-spendable": Includes constrained amounts that cannot be spent such as inventories, prepaid expenditures, long-term loans and notes receivable, permanent contributions, and property held for resale.

(b) "Restricted": Includes constrained amounts whose restrictions are either 1) externally imposed by creditors, grantors, contributors, or laws/regulations, or 2) internally imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the County to assess, levy, charge, or mandate payment of resources from outside the government, and includes a legally enforceable requirement that those resources be used only for specific purposes. All Lane County Board Ordinances/Resolutions and legislation in the Lane County Home Rule Charter and the Lane Code are considered enabling legislation. Legally enforceable means Lane County can be compelled by those outside the government to use those resources for the purposes specified in the legislation.

(c) "Committed": Includes constrained amounts that can be used only for specific purposes imposed by the Lane County Board of Commissioners. Commitments can only be reversed by taking the same action employed to commit the amounts (e.g., board order). The difference between Restricted and Committed is that committed resources can be redeployed for other purposes with appropriate due process. Compliance with the commitment is not legally enforceable by those outside the government. All Lane County Board Orders and legislation in the Lane Manual are considered Committed.

(d) "Assigned": Includes amounts constrained by the intent that they be used for specific purposes. Intent can be expressed by either the Lane County Board of Commissioners, Lane County advisory committees (budget, finance and audit, etc.), or officials the Board of County Commissioners has delegated authority to. All Budget

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| Committee and Finance Committee decisions and policies in the Administrative Procedures Manual are considered Assigned.

| (e) "Unassigned": Defined as the residual fund balance that is not non-spendable, restricted, committed, or assigned. (Revised by Order No. 02-1-30-1; Effective 1.30.02; 06-5-31-1, 5.31.06; 10-7-7-5; 7.7.2010)

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