

BUDGET DOCUMENT

The FY22-23 budget for Clackamas County is detailed in this book and contains information regarding the County budget as a whole as well as individual department and fund descriptions and summaries. It is designed to provide budget focus in an easily understandable format and convey summary financial and service level information to increase the reader's understanding of the budget process and the functions of the Clackamas County government. It makes generous use of narrative explanations and graphical displays to enhance readability.

This section serves as an introduction, providing information about the County, its history and cities, budget adoption and modification process, financial structure, debt position, planning, and public involvement opportunities.

Once adopted, the budget detail is presented both by department and by fund. This format is designed to allow activities to be examined in terms of function-based operations as well as in traditional accounting units. In compliance with Oregon's Budget Law found in Oregon Revised Statutes Chapter 294, the County adopts and monitors the budget by fund and by the organizational unit within each fund. Finally, the Supplemental Information section contains a glossary of budget terms, a list of acronyms to assist the reader, and the budget ordinance with the amounts adopted for each fund by organizational unit.

ABOUT THE COUNTY

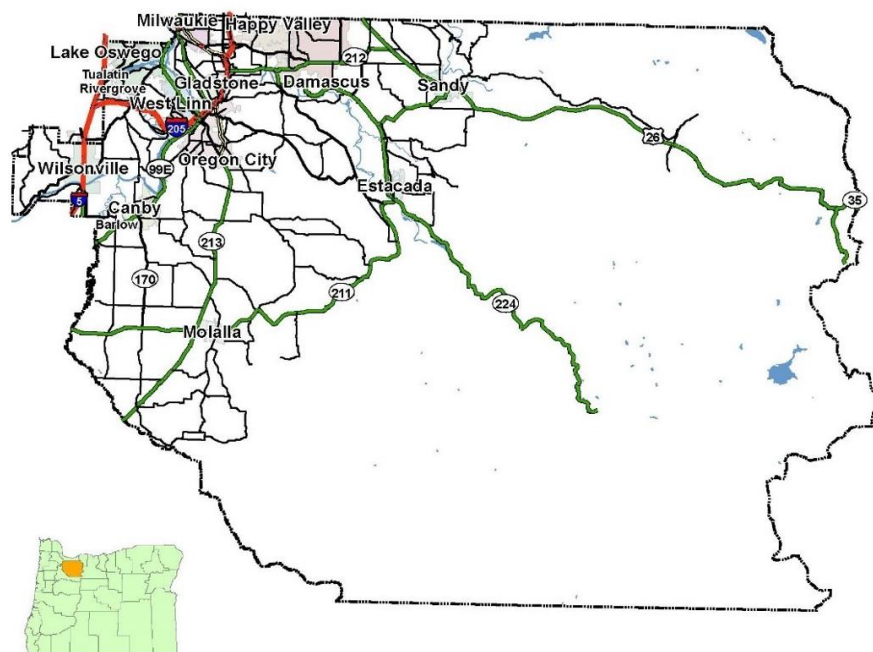
Profile of the Government

Clackamas County is one of the three counties comprising the Portland metropolitan area in northwest Oregon. The County originally contained the territorial capital for the Oregon Territory and had boundaries extending east to what is now Montana and Idaho and north into today's British Columbia, Canada. The County is now 1,883 square miles extending east to include Mount Hood, Oregon's tallest peak, south to the Willamette Valley, west to the Willamette River, and north to include some parts of South Portland.

According to the Portland State University Population Research Center, Clackamas County now has an estimated population of 425,316 as of April 2022. Clackamas County remains one of the more developable parts of the tri-county metropolitan area. As housing prices continue to rise in the Portland metropolitan area, due to low supply and increasing demand, home buyers are looking to urban areas within Clackamas County.

County government provides a full range of services including but not limited to human services to the elderly and economically disadvantaged, public health and mental health services, planning and economic development, the construction and maintenance of highways, roads, and streets, public safety, and park services.

CLACKAMAS COUNTY



Governing Board

Clackamas County and its component units are governed by a five-member [Board of County Commissioners](#) (BCC). The Board Chair, having equal authority with the other Commissioners, conducts Commission meetings and events, represents the Board's position on issues, and coordinates the agenda for the weekly business meetings. Although County Commissioners are elected at large, this Board has assigned 'areas of outreach' for each Commissioner so that the County's diverse geographical regions will each be heard by one of the five Commissioner positions.

The Board of County Commissioners also serves as the governing body of several component units. These units have their taxing authority and therefore their budgets are not included in this document. The component units include:

- Clackamas County Development Agency (CCDA), an Urban Renewal Agency
- Clackamas County Enhanced Law Enforcement Service District (ELED)
- North Clackamas Parks and Recreation District (NCPR)
- Water Environment Services (WESV), a regional sanitary sewer district
- Clackamas County Service District No. 5 (SDN5), a street and highway lighting district
- Clackamas County Extension and 4-H Service District (EX4H)
- Library Services District of Clackamas County (LBSD)
- The Housing Authority of Clackamas County (HACC)

Daily administrative functions are overseen by an appointed County Administrator, while the Board of Commissioners sets policy, adopts the annual budget, and passes ordinances under state law. Following nationwide recruitment, the Board of Commissioners selected Gary Schmidt, formerly Director of the County's Public and Government Affairs department, as the County Administrator. Mr. Schmidt began in early 2019 and oversees the activities of the many County departments and is Chief Administrator for several County Service Districts. Also included in this report are the activities of the six elected officials, who serve as department heads overseeing their respective functions.

- The Sheriff provides patrol, investigation, civil process, and corrections services.
- The District Attorney prosecutes criminal charges and maintains family support enforcement.
- The Treasurer is the investor and custodian of County funds.
- The County Clerk conducts elections and maintains official records.
- The County Assessor is responsible for the valuation of property for taxation and the subsequent application of all levies in the County to those properties.
- The Justice of the Peace oversees the hearing of traffic violation cases, small claims, and other judicial matters coming before the Circuit Court.

Compensation for elected officials is recommended by the Compensation Board for Elected Officials as part of the annual budget process, which is approved by the Budget Committee. The Budget Committee takes into consideration the recommendation of the Compensation Board and approves a level of compensation to be included in the budget and documented in the County's personnel management system. The Commissioners act on those recommendations to set elected officials' salary compensation as they adopt the County budget.

Elected officials have greater autonomy than appointed department heads but must still have their budgets approved by the Budget Committee. Per Oregon Local Budget Law, the committee consists of the Commissioners and an equal number of citizens who review and approve the departmental budgets for each fiscal year.

PUBLIC INVOLVEMENT

Citizens are encouraged to become involved in the County's budget process. Public comments are welcome at Budget Committee and Board of County Commissioners meetings. Meeting schedules, notices, budget information, and instructions for public participation are available via the County's website which can be found at <https://www.clackamas.us/budget>. Budget information is also available at the County Finance Office, in the Public Service Building (2051 Kaen Road, Oregon City, Oregon 97206), and at each Budget Committee meeting.

In addition to budget matters, there are over fifty other advisory boards and commissions working on a wide variety of issues of interest to County citizens. Detailed information about each of these groups can be found online at <https://web3.clackamas.us/abc/abc.jsp>.

FINANCIAL STRUCTURE

Clackamas County organizes its financial information into five standard fund groups. Included is one General Fund, along with numerous special revenue, debt service, internal service and enterprise, and capital projects funds. All funds are disclosed in an annual comprehensive financial report and audited by an independent auditing firm.

Clackamas County adopts a balanced budget meaning that the estimate of resources must equal the estimate of requirements for each fiscal year. This means that the sum of expenditures authorized plus the amounts to be held aside for contingencies and reserves must equal the resources available. County policy dictates that if revenues do not come in as anticipated, expenditures must be reduced accordingly. All funds are budgeted in conformance with Oregon Local Budget Law found in Oregon Revised Statutes, Chapter 294, and all funds are appropriated. Contingency is the most common allocation not attributable to a specific organizational unit. The resolution authorizing appropriation for each fund sets the level by which expenditures cannot legally exceed appropriations. Each budget is prepared with line-item detail but compliance is required only at the level of legal appropriation. The Supplemental Information section of this publication contains a copy of the ordinance adopting the budget accompanied by additional detail showing the legal appropriation level within each fund.

BASIS OF ACCOUNTING AND BUDGETING

The modified accrual basis of accounting is used for the General Fund, special revenue funds, debt service funds, and capital projects funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County considers property taxes as available if they are collected within 60 days after year-end. Expenditures are recorded when incurred. Principal and interest on general long-term debt are recorded when due.

Internal service and enterprise funds are accounted for utilizing the accrual basis of accounting under which revenues are recognized at the time they are earned and expenses are recognized when they are incurred. Financial accounting reports are prepared in accordance with Generally Accepted Accounting Principles (GAAP).

The County essentially budgets its funds on the modified accrual basis and conforms to Generally Accepted Accounting Principles (GAAP) unless such procedures prevent compliance with Oregon governmental accounting regulations as stipulated by statute. Differences between the budget basis and accounting basis are reconciled at year-end as shown in the Annual Comprehensive Financial Report (ACFR). In particular, depreciation is accrued for GAAP purposes but is not a budgeted expense item. Likewise, certain compensated absences (vacation expenses) are accrued for GAAP purposes but not budgeted.

For many years, the County's ACFR has been awarded GFOA's Certificate of Achievement for Excellence in Financial Reporting and the County's budget documents have been awarded GFOA's Distinguished Budget Presentation Award.

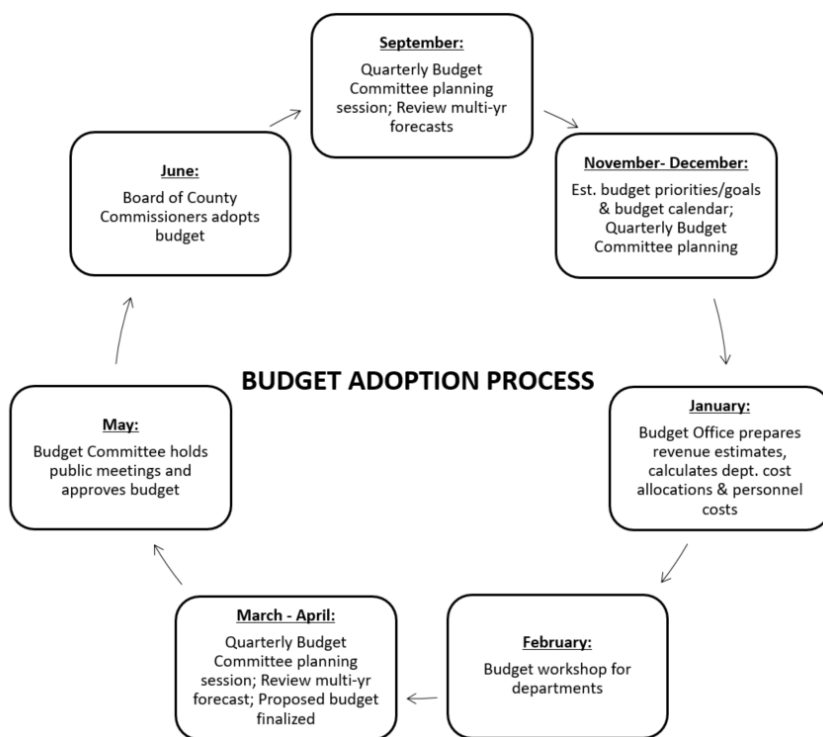
The County maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in Oregon Revised Statutes, Chapter 294 which prescribes the format and content of local government budgets in the state. All of the General Fund, special revenue funds, enterprise funds, internal service funds, capital projects funds, fiduciary funds, and debt service funds are included in the annual appropriated budget of the County.

The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level, with separate appropriations for amounts that are not attributable to an organizational unit (if applicable.) The County also maintains an encumbrance accounting system as one method of maintaining budgetary control. Encumbered amounts lapse at year's end. However, outstanding encumbrances are re-established as necessary as part of the following year's budget.

BUDGET ADOPTION PROCESS

The County's budget process begins in the late fall of each calendar year with the Board of County Commissioners meeting to set their budget priorities. Next is the generation of cost allocation numbers for central services to be distributed to operating departments. This cost allocation is designed to recover the costs of technology, human resources services, records management, financial and accounting, and facilities management costs, - among others - provided to county departments and component unit operations. The cost allocation methodology is applied in a manner consistent and compliant with rules on grant-funded activities.

The Budget Committee is composed of the County Commissioners and an equal number of appointed citizen members serving staggered terms. The Budget Committee meets at least quarterly to review the long-term forecast and current year projections. The Committee also refines budget policies and directions to guide staff in preparing the budget. The budget process is based upon these policies and directions, which are incorporated into a comprehensive book of budget instructions known as the Budget Manual. A budget workshop is held to distribute manuals to those staff members charged with the preparation of the upcoming year's budget. At that meeting, new policies and guidelines are discussed, as are any changes in procedure. Departments then spend the next several weeks compiling their budget requests for the upcoming year.



Each department submits its requested budget package to the Budget Office. The budget staff reviews the information to verify that all required documents are included; that anticipated revenues balance with expenditures in all funds outside the General Fund. The Budget Manager then reviews all materials and conducts preliminary analysis before review by the County Administrator, the designated Budget Officer.

The County Administrator, corresponding department directors, and budget staff, review submitted budgets. Upon review of the departmental budgets, the County Administrator instructs revisions where necessary, determines recommended levels of General Fund support, and balances the budget. The proposed budget is communicated to the departments so they can begin work on the presentation and budget book material.

The Budget Committee is given the responsibility of convening public hearings during which they receive the budget message and budget document, hear public testimony and approve a budget for the County. The County Administrator presents his budget message during the first meeting. At the public meetings, each department head speaks briefly about his or her department's strategic plan and summarizes the budget proposal. The Budget Committee has the

opportunity to ask any questions about the requests before making decisions on funding levels for each department. Public testimony is heard and the Budget Committee agrees upon an approved budget.

Before adoption by the Board of County Commissioners, the budget and a notice of the adoption hearing are published in a newspaper of general circulation in the County. At the public hearing, the budget is officially adopted by Resolution and Order. This adoption must take place before July 1 of the fiscal year, for the County to have appropriation authority for the coming year. Oregon Budget Law provides the Board authority to amend the budget approved by the Budget Committee in any fund by up to 10% provided the source of any additional revenue does not affect the tax levy amounts approved by the Budget Committee. The adopted budget document is then finalized, printed, and distributed for use as a fiscal plan for the upcoming year.

BUDGET REVISION PROCESS

Throughout the fiscal year, department staff and the Finance-Budget staff monitor budgets. As the year progresses, departments may need to adjust or change the original budget due to unanticipated changes in revenues or to get approval for redirection of appropriations. Amendments are scheduled quarterly to update the budget by allowing for unforeseen circumstances. Oregon Local Budget Law regulates the supplemental process (ORS 294.471). The budget may be amended after adoption by any one of four methods.

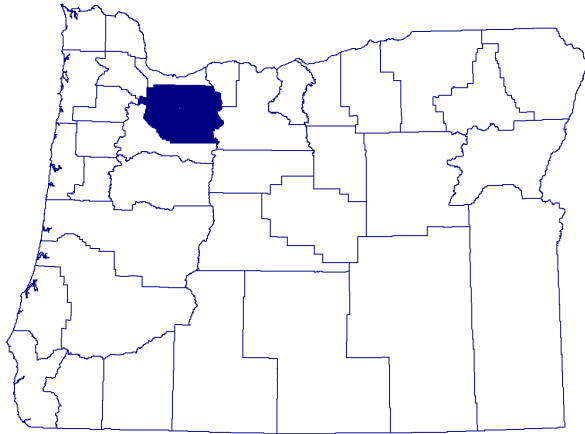
	Budgetary Change	Approval Level
1	Transfer within a fund - within operating budget	1. Director 2. Finance-Budget Team
2	Transfer within a fund - between budget categories	Board
3	Supplemental budget (changes in expenditures)	Board
4	Other Budgetary Changes <ul style="list-style-type: none">• Loans• Elimination of unnecessary funds• Emergency authorizations	Board

The Board of County Commissioners may approve the change by resolution during a regular weekly business meeting, providing prior notice has been published. Public testimony is accepted at the hearing if anyone wishes to air concerns regarding the proposed appropriation changes. Oregon Local Budget Law also allows for additional appropriations in special circumstances when new funds are dedicated to a specific purpose (ORS 294.338). The additional appropriations are approved by resolution of the Board at their regular weekly meeting as needed. Budget transfers between categories within a fund are approved by resolution of the Board of County Commissioners.

Adjustments of line-item appropriations within a budgetary category and organizational unit are also processed as needed. These changes do not require action by the Board of County Commissioners.

Clackamas County Quick Facts

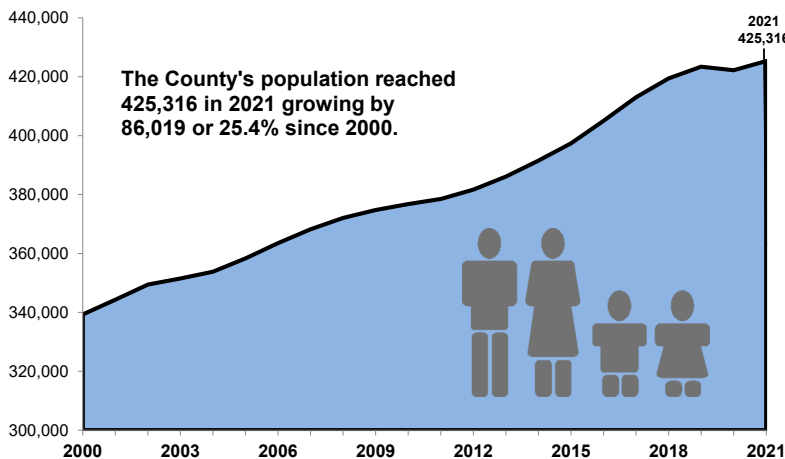
Updated 04/06/22



Clackamas County — Just the Numbers:

Land Area:	1,879 sq. miles
City, County & State Roads:	2,428 miles
Persons per sq. mile:	226
% of National Forest:	52%
2021 Population:	425,316
Civilian Labor Force:	228,994 Feb/22
Employed Labor Force:	220,881 Feb/22
Unemployment Rate:	3.5% Feb/22
2020 Average Industry Wage:	\$59,586
Per Capita Income (2020):	\$42,638

Clackamas County Population: 2000-2021



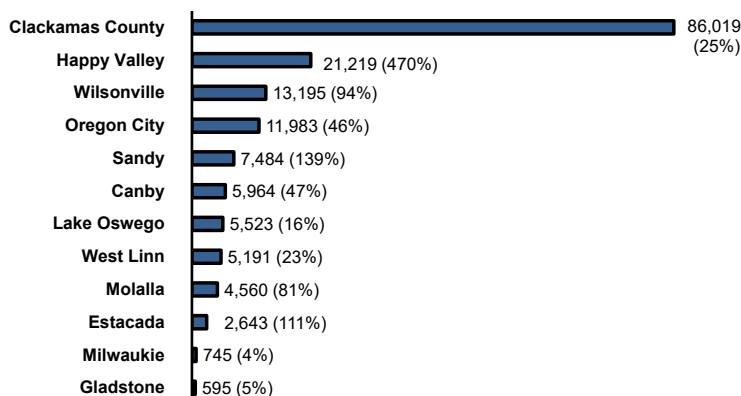
Population

Clackamas County's population reached 425,316 in 2021 and has grown by 25.4% since 2000 adding 86,019 residents.

By 2045, the county's population is projected to reach 566,573 with 23% of its population (0-19 years), 22% (20-39 years), 27% (40-59 years), 19% (60-79 years), and 8% (80 years or older).

Since 2000, the cities that added the most residents included Happy Valley (21,219), Wilsonville (13,195), and Oregon City (11,983). The cities with the highest population growth rates included Happy Valley (470%), Sandy (139%), Estacada (112%), Wilsonville (94%) and Molalla (81%).

Population Growth: 2000-2021 Clackamas County and Incorporated Cities



Source: Population Research Center, PSU, July 1, 2000-2021 estimates

City Population Estimates - 2021

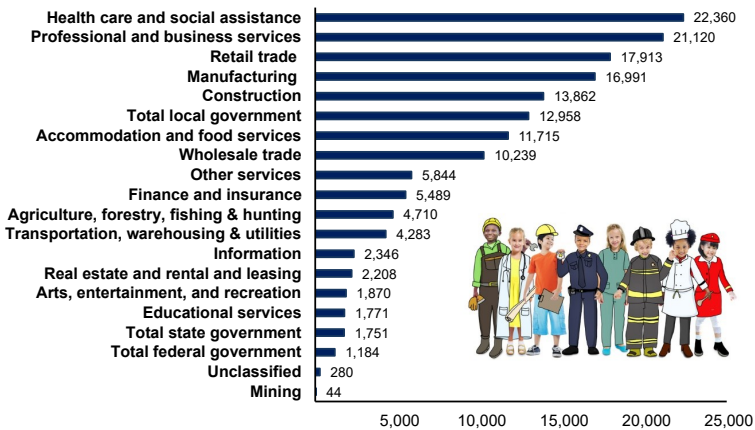
Canby	18,754
Estacada	5,014
Gladstone	12,033
Happy Valley	25,738
Johnson City	537
Lake Oswego*	40,801
Milwaukie	21,235
Molalla	10,207
Oregon City	37,737
Sandy	12,869
West Linn	27,452
Wilsonville*	27,186

Source: Population Research Center, PSU, July 2021 estimates

* City is located and has population in more than one county.

Industry and Labor Force

**Average Broad Industry Employment,
Clackamas County: 2020**



Source: Oregon Employment Department, QCEW, 2020

Industry Employment

The average annual covered employment in Clackamas County was 158,937 in 2020. This was a decrease of -10,315 jobs since 2019.

Eight broad industries made up nearly three-fourths (80%) of all employment and these industries included health care and social assistance (22,360); professional and business services (21,120); retail trade (17,913); manufacturing (16,991); construction (13,862); local government (12,958); accommodation and food services (11,715); and wholesale trade (10,239).

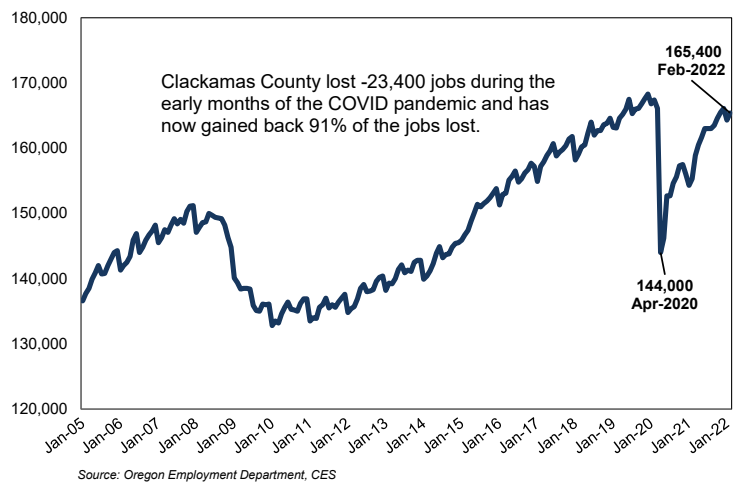
Monthly Employment Statistics

During the start of the pandemic, nonfarm employment in the county fell from 167,400 in February 2020 to 144,000 in April 2020 with a loss of -23,400 jobs. Since February 2022, the county has added back 21,400 or 91% of the jobs lost.

The unemployment rate in Clackamas County was at 3.5% in February 2022 and has fallen by 10.3 percentage points since the highest unemployment rate a-year-ago of 13.8% (*not seasonally adjusted*).

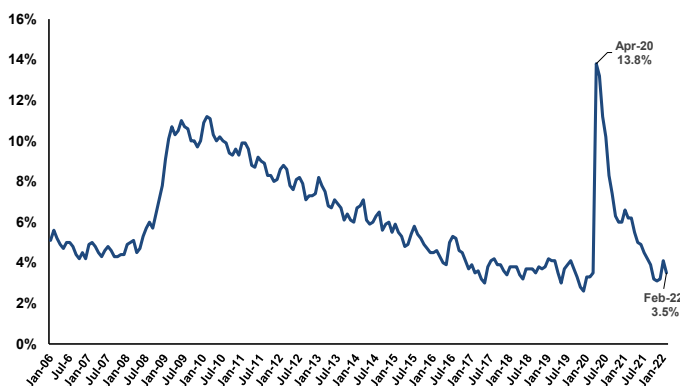
All incorporated cities within Clackamas County have experienced job growth since the COVID pandemic (April 2020 to February 2022). The cities with the highest number of jobs added were Oregon City (3,318) and Lake Oswego (3,288). All cities had job growth rates of 18.3% or above. Clackamas County had an employment growth rate of 19.2% during this period adding 35,649 jobs.

**Monthly Nonfarm Employment: Clackamas County
2005-2022 (by place of business) *not seasonally adjusted***



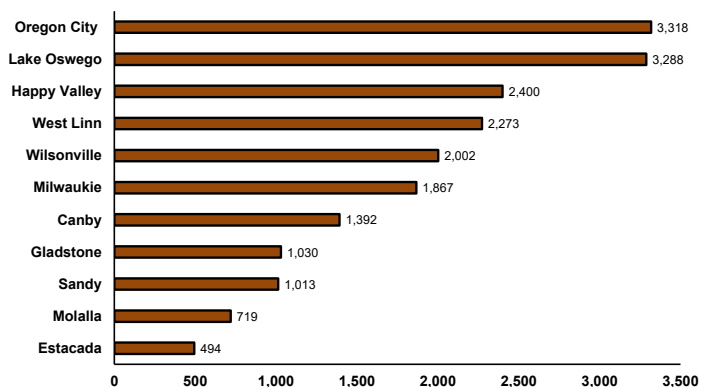
Source: Oregon Employment Department, CES

**Unemployment Rate: Jan-2006 to Feb-2022
Clackamas County (*not seasonally adjusted*)**



Source: Oregon Employment Department, LAUS

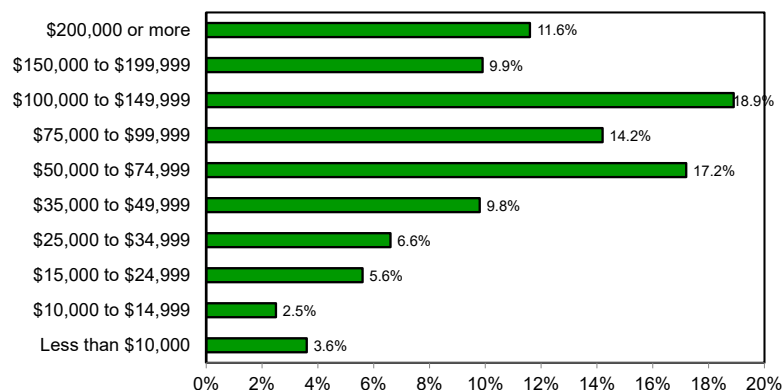
**Growth in Resident Employment
Incorporated Cities in Clackamas County
April 2020 to February 2022**



Source: Oregon Employment Department, LAUS

Household Income and Educational Attainment

Household Income
Clackamas County, 2020
(Median Household Income: \$82,911)



Source: Census, ACS, 2020 5-Year Estimates, Table DP03

Income

The median household income in Clackamas County during 2020 was \$82,911 compared to \$80,294 a-year-ago.

In 2020, 11.7% or 18,628 households had incomes of less than \$25,000.

Less than one-fifth (16.4%) or 26,186 households had incomes of \$25,000 - \$49,999.

Nearly one-third (31.4%) or 50,057 households had incomes of \$50,000 - \$99,999.

Two-fifths (40.4%) or 64,459 households had incomes of \$100,000 or higher.

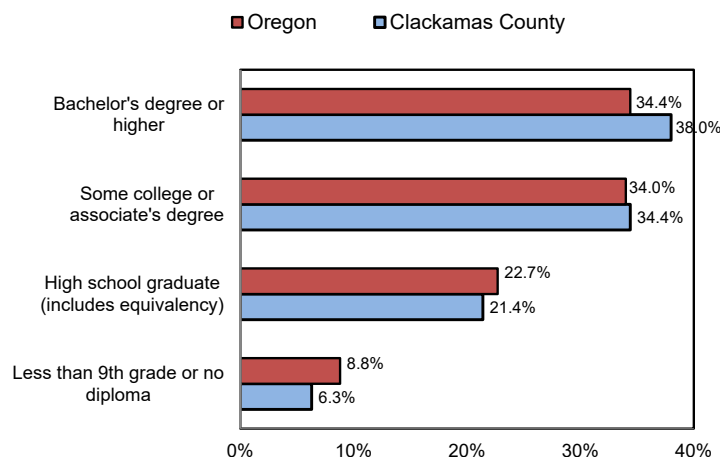
Education

Compared to Oregon, Clackamas County had a higher portion of its population (25 years and older) who were college educated with a bachelor's degree or higher (38%) in 2020.

Contrastingly, the county had a lower portion of its population with less than 9th grade or no diploma (6.3%) and a slightly lower portion of its population who were high school graduates (21.4%).

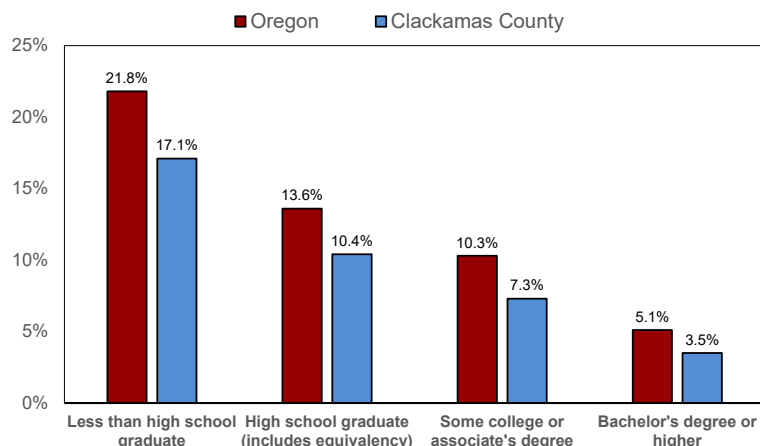
A little over one-third of both the county and state population had some college or an associates degree in 2020.

Educational Attainment: 2020
(Population 25 years and over)



Source: Census, 2020 ACS 5-year estimates, Table S1501

Poverty Rate for Population 25+ by Educational Attainment: Clackamas County and Oregon (2020)



Source: Census, ACS, 2020 5-year estimates, Table S1501

Poverty

In 2020, the average poverty rate of all people living in Clackamas County was at 7.5 percent compared to 12.4 percent in Oregon.

The level of educational attainment seemed to significantly influence the rate of poverty in the county in 2020.

Clackamas County residents with less than a high school education had a much higher poverty rate at 17.1% than residents with either a high school diploma (10.4%), some college or associate's degree (7.3%), or a bachelor's degree or higher (3.5%).

Cities in Clackamas County



City Demographic Fast Facts

2020	Median Age	Bachelor's Degree or Higher (25 years and older)	Median Household Income	People whose income in past 12 months is below the poverty level	Veteran Status	Disability Status	Civilian noninstitutionalized population with health insurance coverage	Total households with broadband internet subscription
Clackamas County	41.7	38.0%	\$82,911	7.5%	7.8%	12.0%	94.5%	89.4%
Canby	39.3	27.3%	\$74,825	9.4%	8.0%	13.6%	92.5%	88.4%
Estacada	36.8	17.1%	\$73,398	17.4%	17.5%	14.6%	92.8%	78.8%
Gladstone	39.1	26.5%	\$69,266	14.8%	10.4%	17.9%	94.5%	86.7%
Happy Valley	39.2	52.6%	\$124,381	3.4%	6.3%	6.8%	95.5%	94.9%
Lake Oswego	46.4	73.0%	\$114,444	3.2%	6.0%	8.3%	97.1%	95.0%
Milwaukie	39.2	37.9%	\$70,037	9.9%	6.8%	11.6%	93.9%	88.0%
Molalla	34.8	14.9%	\$68,590	10.9%	8.1%	12.3%	95.3%	88.3%
Oregon City	36.9	29.3%	\$81,039	5.7%	8.2%	12.5%	93.9%	90.8%
Sandy	34.6	18.2%	\$81,262	8.4%	7.4%	13.2%	94.5%	93.3%
West Linn	43.5	62.2%	\$119,415	5.6%	7.0%	9.3%	97.3%	92.5%
Wilsonville	36.5	44.7%	\$72,541	9.1%	6.3%	10.4%	95.0%	89.0%

Source: Census, ACS, 2020 5-year estimates, Tables DP02, DP03, and B01002

Budget Policies

In 1993, the Board of County Commissioners adopted a resolution encompassing the following budget policies governing Clackamas County operations. Minor updates were incorporated by the Commissioners in 2004. In 2020 a large scale project was begun to update the County's financial policies. The status of the budget policies under review or recently updated will be identified with a note on the following pages. These policies were formulated by the County Administrator and his staff and forwarded to the Board for their approval.

Statement of Philosophy

The budget is an annual financial and operational plan. It is a clear statement of County priorities as established by the Board of County Commissioners. Any alteration of the approved plan requires prior approval of the BCC. *The County will adopt a balanced budget for each fund meaning that budgeted expenditures plus contingencies and reserves if required, will be met by an equal amount of budgeted resources.* The annual budget process shall address County priorities and packages of options and recommendations for BCC decisions. The budget is a measure of the performance of departments. Department heads will be held accountable for performance within the context of their budget.

Fees and Charges

It shall be the policy of the County to establish fees that are in compliance with state statutes and County ordinances. When fees are established, the fee will be set to recover the total cost associated with the service provided. A level of charges below total cost may be approved by the Board of County Commissioners if considered in the best interest of Clackamas County. Each department will recommend to the County Administrator a list of existing services and/or materials that are available to the public through Clackamas County government which the department head believes worthy of a service fee or charge. The County Administrator/Budget Officer, in cooperation with the department, will determine concurrence or modifications to the list. Upon concurrence, the department will prepare the revenue projections and appropriate documents with the submission of the annual budget.

Implementation: User fees are reviewed each year and updated as required by ordinance and approved by the County Commissioners.

Note: This policy is currently being reviewed.

Capital Improvement Plan

Clackamas County will prepare a prioritized five-year Capital Improvement Plan (CIP) addressing large-scale investments in facilities, equipment, and transportation. The CIP will provide estimates of costs, identify sources of funding and financing alternatives, and describe sites of construction projects and any other significant additional project characteristics. Capital improvements identified in the plan will have a minimum estimated cost of \$50,000. The plan will be updated annually and all changes will be reviewed for approval by the Board of County Commissioners.

Implementation: The Board of County Commissioners approves both a five-year and a twenty-year CIP. The FY 2018-2022 is the current five-year CIP, and the twenty-year CIP runs from FY 2015-2035. Copies of these documents are available upon request.

Capital Outlay Expenditures

Capital outlay budgets will include all anticipated expenditures for individual items with a cost greater than \$5,000 and a useful life expectancy of one year or more. Purchases below the thresholds are budgeted in the Materials and Services category. Only capital projects and acquisitions conforming to this policy will be undertaken by the County. Each year's budget for capital expenditures will be in conformance with the Capital Improvement Plan and compliance with requirements of Bills and Laws of the Oregon Revised Statutes.

Implementation: All budgets are prepared using the threshold stated above for Capital Outlay requests. Each Capital Outlay request must be accompanied by detailed justification in the materials submitted to the Finance-Budget section.

Budget Amendments

Clackamas County departments shall plan annual budgets for each fiscal year which accurately reflect the service priorities and needs of the residents as directed by the Board of County Commissioners. When revenues are not received as planned, the corresponding expenditures shall not be made. It is the responsibility of the department head/elected official to ensure that the necessary reduction in expenditures occurs. When new sources of grant revenue become available, departments shall request a budget change but must spend the additional revenues only for the programs or activities specified in the grant.

Changes among line items within a major category are generally within the discretion of the department head, with review by the Budget Officer, provided such changes do not affect service priorities. However, transfers between major categories are discouraged and require the approval of the Board of County Commissioners prior to the expenditure of funds, consistent with ORS 294.463.

Implementation: All budget requests include goals and objectives designed to reflect service priorities as a basis for approval of requested funding. After adoption, budgets are monitored throughout the fiscal year and adjusted as necessary as outlined above.

Inflation Guidelines

In preparing budgets for each fiscal year, Clackamas County departments will use estimates of inflation factors to calculate increases in operational costs. The Budget office will generate the recommended inflation guidelines for BCC consideration. Recommended guidelines will be derived from quantifiable information available from economic research sources.

The BCC-approved inflation guidelines are to be published in the budget preparation manual. This policy applies to all departments contained within the Clackamas County annual budget.

Implementation: The policy is under review as the availability of guideline indicators does not coincide with the timelines necessary to complete the budget process.

Revenue Policy

Clackamas County's policy is to maintain to the greatest extent possible a diversified base of revenue sources, limiting reliance on any single source.

The County will aggressively pursue the collection of delinquent accounts through its Finance and Counsel offices.

Internal Service Funds and Enterprise Funds will establish charges fully supporting total direct and indirect costs of providing services.

Applications for new grant sources will conform to grants policy, and require BCC approval prior to making an application.

When revenue estimates change, affecting service priorities, departments will amend their budgets to reflect changed expectations.

Implementation: A process to track delinquent Local Improvement District assessments more closely has been undertaken in the Finance office. The Cost Allocation Plan implemented in fiscal 1991 was established in part to eliminate the General Fund subsidy of Internal Service operations and continues currently to identify the true cost of doing business in all County departments. All departments are required to submit grant proposals to the Board of Commissioners prior to application to granting agencies.

Budgeting Fund Balance

Fund Balance consists of the cumulative excess of revenues over expenditures since the beginning of a fund. The best possible estimates of available Fund Balances will be used when proposing and adopting annual budgets, allowing the most realistic estimate of resources to be used when establishing service priorities for the ensuing fiscal year.

Budgeting Contingency Amounts

In any year, circumstances may arise which could not have been reasonably anticipated and which may require a change in the annually adopted plan. Each fund may differ both in need for and ability to budget for a Contingency account. Therefore,

1. The amount of the Contingency account will be set annually as an amount or percentage of the total resources budgeted in the fund. The amount or percentage to be used will be set by the Budget Officer to assist in preparing requested budgets, and will be based on the following criteria:
 - a. the total resources typically available to the fund compared to the resources needed to fund annual service priorities,
 - b. expenditure history in the fund, and
 - c. circumstances outside the control of the County.

Use of Contingency

No expenditures may be made from Contingency accounts. A transfer to an expenditure account must first be approved by the Board of County Commissioners. Requests for transfers must address the following:

1. the need for expenditures additional to the service plan and priorities adopted in the original budget,
2. conditions that could not have been anticipated prior to the adoption of the budget, and
3. alternatives considered to the use of Contingency accounts.

Managers will manage funds with the objective of the ending Fund Balance exceeding the original Contingency appropriation for the fiscal year.

Implementation: Departments are to provide additional justification of Contingency transfer requests as outlined above.

Travel

Effective 7-1-2021 the county's travel policy sets guidelines and internal controls for travel in connection with conducting Official County Business.

This policy and the Travel Manual deriving from it (together, "Travel Program") contain all of the required elements to be considered an "accountable plan" for payment of business travel expenses under IRS Publications 463 and 535.

The Travel Program and the forms to which it refers are maintained by the Clackamas County Department of Finance. Only authorized forms referenced in the travel manual should be used for reporting or for reimbursement claims. Departments may not develop more or less restrictive "department travel policies."

It is County policy to pay for travel-related costs incurred during travel while on official County business. In addition to this policy, such payment is subject to all applicable statutes, regulations, collective bargaining agreements, and contracts. The Finance Department will train departments on all of the components of the Travel Program. Department/Division Directors and supervisors are responsible for ensuring all individuals under their supervision who travel have received training in the Travel Program and are aware of the potential consequences of program violations. Departments should provide the policy, manual and relevant forms to volunteers conducting County business and remind them of their obligations to abide by the policies herein.

Personal accumulation of airline miles associated with County travel is strictly prohibited.

Financial Assistance

Effective 1-1-2021 the county's financial assistance management policy is designed to ensure that Clackamas County manages all financial assistance agreements in compliance with the required regulations in order to retain current funding levels for the vital programs and services delivered to our community.

It is the policy of Clackamas County that all County Departments and Service Districts are responsible for ensuring proper administration of financial assistance agreements in conformance with the Financial Assistance Management Manual (Manual).

The Manual shall at a minimum include:

- a) Overview of Financial Assistance Administration
- b) Federal Financial Assistance Administration Rules and other Grant Administration
- c) Policies
- d) Receiving Financial Assistance
- e) Charging of Salaries, Wages, and Benefits – Including Leave
- f) Charging Allocated and Indirect Costs vs the de Minimis Rate
- g) Issuing a Financial Assistance Agreement
- h) Sub recipient monitoring
- i) Closing a Financial Assistance Agreement
- j) Conflicts of Interest

Procurement Cards

Effective 1-1-2020 the county's policy and procedures on the Procurement Card Program ("Program") empowers the employee, who has the authority and responsibility, to purchase goods and services for the County in a convenient manner that also reduces the costs associated with initiating and paying for those purchases. The Program is designed for the purchase of low risk and low dollar transactions (generally in the direct procurement threshold as defined in the Clackamas County Local Contract Review Board Rules ("LCRB")). The County's bank vendor is US Bank and transactions are managed using the County's PeopleSoft Financial System, unless otherwise authorized by the Finance Department.

This Policy is applicable to the Public Officials (as broadly defined in ORS 244.020(14)) of the County and all County Departments and special districts, including, but not limited to County service districts, urban renewal agencies, and the Housing Authority of Clackamas County.

The Finance Department is delegated the authority to implement and administer the Program by establishing a Procurement Card Manual ("Manual") outlining the procedures and standards for use of procurement cards. It is the intent of this Policy to authorize Finance to update the Manual from time to time as needed without the necessity to modify this Policy. The Manual shall at a minimum include:

- a) Overview of Program
- b) Definitions of Roles and Responsibilities
- c) Assignment and Control of Procurement Cards
- d) Required Transaction Documentation
- e) Handling of Lost/Stolen PCards, Declines, and Fraudulent Use
- f) Consequences for Non-Compliance with Policy and Manual

Policy on Reserves for Future Expenditures and Contingency

I. Budgeted Reserves as defined in this policy will be the sum of two types of budgeted accounts:

1. **Contingency** – a non-spendable account which under Local Budget Law may be accessed during the fiscal year to transfer appropriations to a spendable category account, when the need for such appropriations is approved by the Board of County Commissioners;
2. **Reserve for Future Expenditure** – an un-appropriated non-spendable account from which under Oregon Local Budget Law no appropriation can be transferred. The amount budgeted at adoption of the annual budget will be maintained for the fiscal year period.

Reserve for Future Expenditure exist for a twelve month fiscal year period and then are subject to re-consideration during the annual budget process by the Budget Committee and Board of Commissioners. If sufficient resources exist for funding the reserve in the succeeding fiscal year, amounts may be re-allocated through the budget process to a spendable category account in whole or in part.

Budgeted Reserves in a fund may include amounts for Contingency, Reserve for Future Expenditure, or both.

II. Budgeted Reserves Policy for the County General Fund:

Clackamas County will maintain adequate budgeted reserves in the General Fund in order to

- provide for future resource needs,
- protect program budgets from periodic transient resource level variations, and
- maintain cash flow levels in amounts sufficient to bridge months in each year during which inflows of revenues are slower.

The amount to be budgeted in the account titled “**Contingency**” should be targeted each year to measure 5% of the overall County General Fund budget.

The amount to be identified in an account titled “**Reserve for Future Expenditure**” in the General Fund should be targeted each year to measure 10% of the overall County General Fund budget, less resources in the General Fund that are dedicated to particular identified uses by law or source. *[example: Secure Rural Schools and Community Self-Determination Act dollars dedicated to specific purposes]*

In no year will the General Fund **Budgeted Reserves** exceed 15% of the total General Fund budget.

III. Other Funds Budgeted Reserves Policy:

Funds other than the General Fund may budget **Reserve for Future Expenditure** accounts when the reserves are composed of dollars dedicated to particular identified uses, either

- by law,
- by source, or
- by commitment of the Board of County Commissioners.

These other funds may also budget **Contingency** accounts, composed of amounts which may be re-appropriated to other spendable accounts during the budget year by approval of the Board of County Commissioners. Per Local Budget Law, Contingency and Reserve accounts should not be budgeted in Debt Service Funds.

Note: This policy is currently under review and an updated version is expected to be formally considered in/or before FY22-23.

Debt Issuance and Management Policy

On November 7, 1996, the Board of County Commissioners adopted a resolution implementing the following debt issuance and management policies for Clackamas County. These policies were written by the County Finance Director, County Counsel and County Treasurer and established roles for each of these officials in the process of issuing debt and in its subsequent repayment, management and reporting.

This policy guides the County in decisions regarding when to issue debt financing, the structure, size and type of debt issues, and the responsibilities of various parties.

Reason for Issuing Debt

The County will issue debt to finance capital construction, capital acquisitions or cash flow as recommended by the Finance Director and authorized by the Board of County Commissioners.

Types and Amounts of County Indebtedness

Clackamas County will issue debt as needed and authorized by the Board of Commissioners in a form related to the type of improvement to be financed.

1. General Obligation Bonds will be issued to finance improvements that benefit the community as a whole. In accordance with Oregon State Law, permission to issue general obligation debt must be authorized by the electorate of the County. In accordance with ORS 287A.100, total general obligation indebtedness will not exceed 2 percent of the real market value of all taxable property in the County. General Obligation debt will not be issued for enterprise activity.
2. Limited Tax General Obligation Bonds will be issued to finance Local Improvement District projects, in accordance with the Clackamas County Local Improvement District Ordinance.
3. Revenue Bonds may be issued to finance facilities which will benefit a specifically identifiable user base. These facilities are anticipated to provide a stream of revenue to assist in the service of the debt undertaken to finance their construction. Other specific revenues will be pledged to debt service as required.
4. The County will undertake to issue Certificates of Participation, Limited Tax Revenue Bonds, or utilize Capital Leases where appropriate and approved by the Board of Commissioners.
5. Clackamas County will issue short term notes (BANs, TANs, bank lines of credit) when necessary and approved by the Board of Commissioners. TAN's will be retired within twelve months of issue.

The instruments chosen for financing will match the types and useful lives of the assets to be acquired. Financing methods chosen will be issued in compliance with all state, federal and local laws and regulations.

The County will issue debt in amounts authorized by law, sufficient to provide financing for the project or projects, as well as any required reserves and the costs of issuance. Decisions as to whether to capitalize interest will be made on a case by case basis by the Board of Commissioners, based upon the recommendations of the County Treasurer and the Finance Director. Decisions regarding the structure of the issue as to maturities, debt service and redemption provisions will be delegated to the Finance Director by the Board of County Commissioners.

Selection of Professional Assistance for Debt Issuance

The Board of County Commissioners will approve the selection of professional assistance in the issuance of County debt. Compensation to all professional advisors will be negotiated by the County's representatives. Each County official named below will make his/her recommendations to the Board of Commissioners after seeking input from the other officials participating in the debt issuance and management process. Each County official named below will have the opportunity to participate in meetings and review.

1. The Finance Director, County Counsel and County Treasurer will recommend the selection of bond counsel, based on the type of debt to be issued, and the firm's expertise in that type of financing instrument. Recommendation will

be made from a current list of all competent professional legal firms offering bond counsel services in the area, updated yearly.

2. The Finance Director will recommend the selection of a Financial Advisor, based on the type of debt to be issued, and the firm's expertise in that type of financing instrument. Recommendation will be made from a current list of all competent professional firms offering financial advisory services in the area, updated yearly.
3. The Finance Director will recommend the selection of the professional independent advisor in the event that the issue is offered on a negotiated sale basis. Recommendation will be made from a current list of all competent professional firms offering financial advisory services in the area, updated yearly.
4. The Finance Director will recommend the selection of the Underwriter in the event that the issue is offered on a negotiated sale basis. Recommendation will be made from a current list of all competent professional firms offering underwriting services in the area, updated yearly.
5. The County Treasurer will recommend the use and selection of a Paying Agent/Registrar if deemed necessary. Recommendation will be made from a current list of all competent professional firms offering such services in the area, updated yearly.
6. The County Treasurer will recommend the selection of a Trustee, when necessary, to be selected from a list of firms offering such services in the area, updated yearly.
7. The County Treasurer will recommend the selection of a Securities Depository for the debt issued.

Method of Sale

Clackamas County will offer the debt to be issued on terms consistent with market conditions, the project being financed, current County debt rating, issue size and complexity, and any other relevant considerations. The Board of County Commissioners will approve the method of sale based on the consensus recommendation of the Financial Advisor, the Finance Director and the County Treasurer. The debt issue may either be offered as a competitive sale or as a negotiated sale. The County will not offer private placement debt issues, except with commercial banks or similar institutions.

Bond Rating and Interest Costs

The County will maintain a bond rating for its general obligation bonds of A or higher with one of the recognized rating agencies, and will request a rating in advance of any general obligation issue over three million dollars (\$3,000,000) when such action will enhance the salability and lower the interest costs of that debt issue.

Credit enhancements such as bond insurance, reserves for debt service, coverage tests and limitations on additional debt will be considered, and recommendation made by the Finance Director for each issue.

The County will maintain its creditworthiness through sound financial, management, and accounting practices. Additionally, as evidence of these practices, the County will each year strive to maintain its GFOA certification of award for Excellence in Financial Reporting and Excellence in Budgeting.

Refunding and Call Provisions

The County will consider refunding bonds when it is possible to reduce interest costs significantly, when it is desirable to restructure the debt service schedule, or to eliminate unnecessary or excessively restrictive covenants on existing debt. Recommendation to refund bonds will be made by the Finance Director in consultation with the County Treasurer only when a) the present value of interest savings exceeds the present value of the costs to refund the issue, and b) the minimum present value of the savings equals or exceeds 3% of the outstanding balance of the debt considered for refunding, or as allowed by state regulation.

Arbitrage Compliance

The County will comply with any and all federal and state laws and regulations regarding arbitrage earnings and the reporting of arbitrage earnings. The County Treasurer will make all necessary reports to the federal government. The County Treasurer will make a selection recommendation to the Board of Commissioners regarding any professional advisory services required for arbitrage calculation and reporting. The County Treasurer will make reports annually to the Board of Commissioners regarding the County's arbitrage position.

Other Reporting and Disclosures

The County will comply with all disclosure requirements for its debt issues (e.g. Securities and Exchange Commission Rule 15(c) 2-12, and any other disclosure requirements). The County Treasurer, Finance Director and County Counsel will cooperate to assure that the format and schedule of disclosures and reporting are met as specified by the regulatory body requiring disclosure.

Note: This policy is currently under review and an updated version is expected to be formally considered in/or before FY22-23.