CLACKAMAS COUNTY

OFFICE OF THE COUNTY ADMINISTRATOR
PUBLIC SERVICES BUILDING
2051 KAEN ROAD | OREGON CITY, OR 97045

MEMORANDUM

TO:	Board of County Commissioner
FROM:	Gary Schmidt, County Administrator
RE:	Advancement of County Budget Development Code Amendment
DATE:	November 4, 2025

REQUEST:

Board approval to schedule the first required public hearing for an amendment to County Code regarding budget development.

BACKGROUND:

The Budget Committee made several motions regarding budget development during the May 2025 meetings, including requiring a 30-year financial forecast, hiring an external vendor to audit that 30-year financial forecast and requiring the Board to preauthorize any budget variations that are not previously appropriated.

On July 22, 2025, the Board discussed adding a 30-year financial forecast to the County Code but there was not a Board majority to move forward. Instead, staff were directed to create a budget policy reflecting these items.

The Board reconsidered the matter at Issues on October 7, 2025, and discussed codifying all the existing budget development policies into a single County Code amendment. The Board agreed to do this, as well as add a section on Contingency and Reserves and language regarding Supplemental Budget submissions. See <u>underlined</u> in Attachment A.

The Board also asked staff to review budget policies and code from other jurisdictions before holding the required public hearings.

The chart below reflects the status of budget policies in other jurisdictions. None of the language proposed in Attachment A is contained in their respective codes. The only related mention is the City of Portland, which describes the role of the County Budget Office.

Jurisdiction	Types of Budget Policies
Marion	Range of Financial Management policies and procedures
Multnomah	Goals, forecasts, and numerous policies covering various aspects of budgeting and financial management
Washington	Budget process, budget development guidelines
Deschutes	Financial planning (budget and process), Revenue, Expenditures, and Cash Management
Portland	Only County Budget Office is in municipal code; Comprehensive Financial Management Policies and Procedures

National organizations, such as Government Finance Officers and the International City/County Management Association, state that jurisdictions should have budget policies but do not provide language.

RECOMMENDATION:

Direct staff to schedule the first required public hearing for approval of the County Code amendment outlined in Attachment A.

ATTACHMENTS:

Attachment A: Proposed Budget Development Code Amendment

Attachment A

Chapter 2.16

2.16 BUDGET DEVELOPMENT

2.16.010 Forecast

The Finance department shall maintain a General Fund 30-Year forecast to provide long-term budget assessment based on annual projections of revenues and expenses. The assumptions used to build the forecast shall be reviewed annually by an external party with expertise in forecasting.

[Adopted by Ord.]

2.16.020 Appropriations Limits

Departments and offices shall notify the County Administrator if they have identified a specific need for general fund revenue that has not been budgeted or if they anticipate they will over-expend their budget appropriations. The County Administrator shall inform the Board of such notifications. The Board may take actions necessary to bring a department or office's expenditures within the appropriations limit.

<u>The process for Board consideration of any supplemental budget requests shall comply with ORS 294.471 and 294.473 and the Local Budgeting Manual produced by the Department of Revenue.</u>

[Adopted by Ord.]

2.16.030 Budget Policy

The County Administrator/Budget Officer shall propose an annual budget, and the County shall adopt an annual budget, that is balanced, structurally sound and sustainable defined as:

a. Balanced means that total planned revenues match or exceed expenses each budget year.

b. Structurally sound means ongoing programs are funded with ongoing revenues and restricts the allocation of one-time revenues to one-time expenditures.

c. Sustainable means a budget that manages finances for short- and long-term financial health.

The County Administrator shall develop and implement a budget framework policy including budget principals and procedures necessary to implement the above requirements.

2.16.040 Budgeted Contingency and Reserves

The County shall maintain adequate reserves in the General Fund in order to provide for future resources needs as follows:

- The amount to be budgeted in Contingency shall be 5% of the overall County General Fund operating budget. Contingency funds may be accessed during the fiscal year to transfer appropriations to a spendable account when the need for such appropriations is approved by the Board.
- The amount to be budgeted Reserves shall be 10% of taxes, fees, fines, and permits. Reserve funds may not be accessed in the year they are budgeted. They may be allocated in a subsequent year through the budget process to a spendable category account in whole or in part.

[Adopted by Ord.]