

MANAGEMENT POLICIES

Chapter 4 – MANAGEMENT POLICIES

4.005 Purpose.

4.010 Policies.

INVESTMENT POLICIES

4.015 Purpose.

4.020 Policies.

INTERFUND LOAN POLICIES

4.035 Purpose.

4.040 Policies.

ROAD FUND REAL PROPERTY ASSETS

REAL PROPERTY ASSETS PURCHASED WITH STATE GAS TAX REVENUES  
PRIOR TO 1980

4.050 Purpose.

4.055 Use.

4.060 Maintenance.

4.065 Improvements.

4.070 Sale.

VIDEO LOTTERY ALLOCATION POLICY

4.100 Purpose.

4.105 Definition of Economic Development.

4.110 Allocation.

COMPUTER AND COMMUNICATION RESOURCES

4.200 Purpose.

4.220 Policy.

## Chapter 4

### MANAGEMENT POLICIES

#### Chapter 4 – MANAGEMENT POLICIES

##### **4.005 Purpose.**

The purpose of these policies is to provide guidance to the departments in the prudent management of the financial affairs of Lane County. *(Revised by Order No. 84-12-19-9; Effective 12.19.84)*

##### **4.010 Policies.**

The following are the policies to be used by departments in administering their budgets, developing long-range goals and plans, and dealing with the public and other governments.

(1) 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.

(2) Before new capital projects, new service programs, and grant programs are initiated, financial impact reports which identify the short- and long-range effect on the County will be prepared and considered.

(3) Long-range financial plans and revenues and expenditure estimates will be developed which will contribute to financial and program stability.

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

(5) Any County debt will be eliminated by the most cost-effective and equitable means.

(6) County revenue sources should be developed which can be controlled by the County and which reduce the impact of fluctuations in major revenue sources.

(7) Lane County will establish reserve funds which can be used to reduce the impact of substantial revenue fluctuations, thus providing for a more stable delivery of services to Lane County citizens.

(8) County fee and charge amounts will be set by the Board of County Commissioners and based on an analysis of who benefits the amounts charged by other agencies for the same services, the indirect and direct costs of providing the services and the statutory limits.

(9) Normally, the County may sell or lease services which were developed to meet a County need, but such sales or leases will be the secondary purpose of the development effort.

(10) Adequate contingency funds will be identified in every operating fund within the County budget to meet unanticipated requirements during the budget year.

(11) The County's cash management program will seek to minimize the overall cost of cash management banking services while maximizing the rate of return on all cash investments, consistent with safety and liquidity requirements of state law.

(12) Nonrecurring revenue will normally not be used for operating purposes but will be used for one-time capital expenditures or project.

(13) Contracting for services will be considered when cost effective and consistent with labor policies.

(14) Lane County will endeavor to prepare and publish a comprehensive disclosure of its financial affairs in a format intelligible to the interested public with the goal of obtaining the Certificate of Conformance of the Governmental Finance Officers Association, the highest form of recognition in the field of governmental financial reporting.

(15) Lane County will manage its separate funds to insure that one fund does not improperly subsidize another fund.

(16) Lane 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.

(17) 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 used to provide the services.

(18) Lane County will strive to maintain a minimum of a 5% Prudent Person Reserve in all funds.

(19) Department expenditures shall not exceed appropriation, and they may not expend more discretionary General Fund dollars than they have in their approved budgets, except upon written board authorization.

(20) Lane 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, except upon written board authorization. The Board may grant exceptions by category or on a case-by-case basis.

(21) 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.

(22) 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. Exceptions will only be made on the basis of departments finding alternative funding or doing service shifting within their budgets. *(Revised by Order No. 02-1-30-1; Effective 1.30.02)*

## INVESTMENT POLICIES

### **4.015 Purpose.**

The purpose of these policies is to provide direction to the Director of Management Services in the investment of surplus cash in all funds, including moneys held in a fiduciary capacity. *(Revised by Order No. 94-6-28-7, Effective 6.28.94; 04-12-8-4, 12.8.04)*

### **4.020 Policies.**

The following are the policies to be used by the Director of Management Services in administering the investment program.

(1) Investment practices shall be in accord with all applicable state and federal statutes and regulations. Investments shall be made in accordance with such statutes and regulations, including but not limited to, ORS chapters 294 and 295 as applicable.

(2) Maturity of such investments will be made to coincide as nearly as practical with the expected use of the funds and may not exceed three (3) years or statutory requirements, unless matched to a specific cash flow and approved by the Board of Commissioners.

(3) Investment of County funds shall be made only upon the authorization of the Director of Management Services or designee.

(4) Other Lane County officials receiving money in their official capacity must deposit such funds with the Director of Management Services, or at the discretion of the Director, in checking/negotiable order of withdrawal accounts.

(5) All investments shall be placed to ensure a competitive rate of return and be consistent with considerations of safety, liquidity and yield.

(6) The County Administrator is delegated the authority and responsibility to develop and maintain Administrative Procedures to implement these policies.

(7) LM 4.020 shall be adopted not less than annually by the Board of Commissioners. *(Revised by Order No. 94-6-28-7, Effective 6.28.94; 02-5-15-8, 5.15.02; 04-12-8-4, 12.8.04)*

## INTERFUND LOAN POLICIES

### **4.035 Purpose.**

The purpose of these policies is to outline the requirements and responsibilities of departments regarding the use of interfund loans as a short-term financing resource to address cashflow needs in County operations or capital financing plans. *(Revised by Order No. 04-4-28-16; Effective 4.28.16)*

### **4.040 Policies.**

The following are the policies to be used by departments entering into interfund loan transactions:

(1) Interfund loans are a tool employed by the County to assist funds and programs experiencing short-term, transitory cash imbalances created in the conduct of activities approved by the Board of County Commissioners.

(2) Interfund loan requests must be reviewed and approved by the County's Finance and Audit Committee prior to taking a request for authorization to the Board of County Commissioners.

(3) Interfund loans must be authorized by an order of the Board of County Commissioners, which shall state the fund from which the loan is to be made, the fund to which the loan is to be made, the purpose for which the loan is made and the principal amount of the loan, along with a schedule for repayment of principal and interest, or a statement that interest is not applicable to the loan.

(4) Interfund loans must be made in compliance with all other statutory requirements and limitations of ORS 294.460. The provisions of ORS 294.460 are included in LM 4.040(5) and (6) below.

(5) Interfund loans are to be characterized as either "operating" or "capital" and shall meet the following additional requirements, consistent with their character:

(a) An "Operating Interfund Loan" is defined as a loan made for the purpose of paying operating expenses. An operating interfund loan:

(i) Shall be budgeted and repaid no later than the end of the fiscal year subsequent to the period in which the loan was made;

(ii) If not repaid in the same fiscal year in which it is made, the full repayment of the loan shall be appropriated as a budget requirement in the subsequent fiscal year; and

(iii) Is required to be assessed interest, unless otherwise stated in the adopting order.

(aa) If interest is assessed, the rate of interest will be equivalent to the actual earnings rate in the Lane County Investment Pool, unless otherwise stated in the adopting order.

(bb) If interest is assessed, such interest will be computed as simple interest on the outstanding balance from the date of the loan to the date of repayment or partial repayment, unless otherwise stated in the adopting order.

(b) A “Capital Interfund Loan” is defined as a loan made for the purpose of financing the design, acquisition, construction, installation, or improvement of real or personal property and not for the purpose of paying operating expenses. A capital interfund loan:

- (i) Shall not exceed 60 months in duration;
- (ii) Shall set forth in the adopting order a schedule under which the principal amount of the loan, together with interest thereon at the rate provided for pursuant to LM 4.040(5)(b)(iii) below, are to be budgeted and repaid to the lending fund;
- (iii) Shall be assessed interest at a rate that is equivalent to the actual earnings rate in the Lane County Investment Pool, unless otherwise stated in the adopting order; and
- (iv) Shall accrue interest computed as simple interest on the outstanding balance from the date of the loan to the date of repayment or partial repayment, unless otherwise stated in the adopting order.

(6) Loans shall not be made from the following funds or restricted resources:

- (a) From debt service reserve funds to the extent that the amount of the loan exceeds the amount required to be held in the reserve fund by covenant with the holders of the bonds or other obligations;
- (b) From debt service funds; nor
- (c) From monies restricted to specific uses under constitutional provisions, unless the purpose of the loan is an allowed use under constitutional provisions.

(7) In addition to the statutory requirements and limitations of ORS 294.460, listed in LM 4.040(5) and (6) above, the following additional policies and provisions shall apply to all County interfund loans:

(a) Interfund loans shall not be made from funds otherwise restricted by law, bond covenants, grantor requirements, Board order or ordinance for specific uses, unless the purpose of the loan is an allowed use under those restrictions or the restricting entity approves the loan transaction.

(b) Interfund loans are not to be used to fund on-going operating activities other than those approved by the Board of County Commissioners in a formal budget action.

(c) Interfund loans are not to be used to balance the on-going operating budget of the borrowing fund due to a shortage of spending authorization.

(d) Interfund loans will be granted only after it has been demonstrated that reasonable consideration was given to other potential resources available to the fund and when the loan is required to meet a pressing need or to take advantage of a special opportunity.

(e) Total interfund loans to an individual fund may not exceed the greater of

(i) 40% of available unrestricted fund balance of the borrowing fund, or

(ii) 20% of annual “total revenue” plus “other financing sources” of the borrowing fund, both as determined in accordance with GASB 34.

(f) Interfund loans made to General Fund departments or programs shall not obligate unrestricted General Fund general revenue sources for future loan repayments beyond the current fiscal year.

(g) Interfund loans may be made only if there is a likely expectation that the fund receiving the loan will have the ability to repay it. In other cases, the use of an interfund transfer should be considered for appropriateness.

(h) Consideration shall be given to the adequacy of resources in the lending fund, and in no case shall an interfund loan be made when the consequence of that loan would be to deter or otherwise interfere with any function or project for which the fund was established.

(i) Interfund loans may be repaid in advance without any additional accrual of interest (if applicable) or any other penalties.

(8) No County fund shall carry a deficit cash balance for more than six months during any 12-month period without the written authorization of the County Administrator. Lacking that authorization, the fund managers shall be required to proceed with initiating an interfund loan authorization discussion with the Finance and Audit Committee and request to the Board of County Commissioners

(9) At no time shall a County fund carry a deficit fund balance at fiscal year end. *(Revised by Order No. 04-4-28-16; Effective 4.28.16)*

**ROAD FUND REAL PROPERTY ASSETS  
REAL PROPERTY ASSETS PURCHASED WITH STATE GAS TAX REVENUES  
PRIOR TO 1980**

**4.050 Purpose.**

The purpose of these provisions is to address the appropriate use of real property assets originally acquired with State Gas Tax Revenues prior to 1980. At that time, the Road Fund was comprised primarily of Gas Tax Revenues, governed by Oregon Constitution, Article IX, Section 3, which could be used generally only for roads, police and parks; and Federal Forest Receipts, governed by 16 USC Section 500, which could be used generally only for roads. Article IX, Section 3a was adopted by the voters on May 20, 1980, amending Section 3 by limiting the permissible use of Gas Tax Revenues to roads and highways, and deleting police and parks as permissible uses. The amendment was prospective only. It is presumed that the Federal Forest Receipts have been lawfully expended for roads; the appropriate use of these revenues has not changed and they are therefore not addressed by the policies below. The policies below are based on advice of counsel presented to the Board at the time of their adoption. *(Revised by Order No. 98-7-29-18; Effective 7.29.98)*

**4.055 Use.**

(1) Property purchased prior to 1980 and used for either parks or policing can continue to be used for that purpose.

(2) If it can be established that the property was purchased only with Gas Tax Revenues, property purchased prior to 1980 and used for roads can be used for parks or policing. The costs of conversion to such use or of making improvements is addressed below.

(3) Property purchased prior to 1980 and used for roads, parks or policing can be used for other purposes if and only if:

(a) Fair market rent is paid to the Road Fund.

(b) There is a reasonable and identified expectation that the property will be needed for roads, parks or police purposes in the future such that the other use is not regarded as permanent. *(Revised by Order No. 98-7-29-18; Effective 7.29.98)*

**4.060 Maintenance.**

(1) Current and on-going maintenance and utility costs shall be paid by users in proportion to the actual use of the service to the extent determinable. If not readily determinably, costs shall be shared and paid for by the users on the basis of the percentage square foot use of the property.

(2) Police and parks (or any other user not currently eligible to be funded with Gas Tax Revenues) shall pay their share from a source other than Gas Tax Revenues. Road Fund eligible users shall pay their share with Road Fund revenues.

(3) The Public Works Department shall be responsible for maintenance of and accounting for all property purchased with Gas Tax Revenues or other Road Fund revenues if the property is used in part or in whole for road or road-related uses.

(4) Property purchased with pre-1980 Gas Tax Revenues and devoted exclusively to either parks or policing shall be maintained by and accounted for by the user. *(Revised by Order No. 98-7-29-18; Effective 7.29.98)*

**4.065 Improvements.**

(1) Improvements can be made to pre-1980 acquired property currently used for road purposes and can be paid for with Road Funds.

(2) Improvements can be made to pre-1980 acquired property currently used for mixed road purposes and non-Road Fund eligible (parks, policing and other) purposes, and be paid for with Road Funds, if and only if the non-Road Fund eligible user pays to the Road Fund fair market rent for its proportionate share of the improvement.

(3) Improvements can be made to pre-1980 acquired property currently used exclusively for parks or policing and paid for with Road Funds, if and only if:

(a) The parks or police user pays fair market rent to the Road Fund for the improvement, and

(b) There is a reasonable and identified expectation that the property will be needed for roads in the future such that the other non-Road Fund use is not regarded as permanent.

(4) If improvements are made to pre-1980 acquired property and are paid for with funds other than Road Funds in either of the two circumstances listed immediately above, there would be no need to pay fair market rent to the Road Fund for the improvement. *(Revised by Order No. 98-7-29-18; Effective 7.29.98)*

**4.070 Sale.**

(1) The sale proceeds of a real property asset acquired prior to 1980 which has been used exclusively for roads shall be deposited in the Road Fund.

(2) The sale proceeds of a real property asset acquired prior to 1980 which has not been improved with any post-1980 Road Funds, and which has been used exclusively for either parks or policing, shall be deposited in a fund which supports that use (parks or policing), and shall be used exclusively for the same purpose as the real property was used.

(3) Upon the sale of a real property asset acquired prior to 1980 which has been improved with post-1980 Funds (of any source) and which has been used for mixed purposes (roads, parks, policing or other purposes) the proceeds shall be distributed in a fair and equitable manner, taking into account the source of funds for acquisition and improvement, depreciation, rents paid, and usage over the period of County ownership. *(Revised by Order No. 98-7-29-18; Effective 7.29.98)*

## VIDEO LOTTERY ALLOCATION POLICY

### **4.100 Purpose.**

The Video Lottery Allocation Policy reaffirms that video lottery receipts must be applied to programs and activities which support economic development in Lane County. Video lottery revenue is received from the State of Oregon as a transfer from the Oregon State Lottery Fund. The Oregon State Lottery Fund is governed by Oregon Constitution, Article XV Section 4. This policy defines economic development activities for Lane County and provides guidance for strategic allocation of video lottery funds to economic development programs and activities. This policy reaffirmation is the basis for all video lottery allocation decisions for the benefit of Lane County citizens, and is meant to encourage partnerships between the County, communities within the county, non-profit organizations, private parties, and others directly involved in economic development activities, which meet one or more of the economic development objectives or categories listed in paragraph 4.105 below. *(Revised by Order No. 01-2-21-2; Effective 5.1.02; 05-11-30-3, 11.30.05)*

### **4.105 Definition of Economic Development.**

Economic development is a program, a group of policies, and/or activity that seeks to improve the economic well being and quality of life for a community. Ideally, it will create and retain jobs, enhance employment opportunities, increase family wage income, and provide a stable tax base. Creation of new high paying jobs and improvement of worker's wages are the principal outcomes anticipated from this economic development policy. Outcomes may also include community development investments in infrastructure, commercial and business parks, other public/private partnerships, organization capacity development, and strategies that leverage funds and resources to accomplish the following:

(1) Business Development. Programs that encourage business growth and investment that create new employment opportunities, attract and expand business, increase tourism, and facilitate start-up and emerging businesses.

(2) Workforce Development. Partnerships between business, education and government that build the skills of the local workforce and increase opportunities for families to meet or exceed the median household income for Lane County. *(Revised by Order No. 01-2-21-2; Effective 5.1.02; 05-11-30-3, 11.30.05)*

### **4.110 Allocation.**

Within the above definition, the revenues derived from the State's 2.5% video lottery distribution for economic development shall be allocated between two economic development categories. Through the annual budget process, the Board shall appropriate a maximum of 50% of the annual receipts to general allocation programs and the remainder (50% minimum) of the annual receipts for economic development strategic investment projects. All (100%) of unspent monies from previous years shall be appropriated for economic development strategic investment projects.

(1) Category 1 - General Allocation for Economic Development Program. Up to half (50%) of the County's annual receipts from video lottery revenue shall be allocated to the Category of General Allocation Economic Development Program. The purpose of the General Allocation is to pay for ongoing County programs and services which meet the adopted definition of economic development. The rationale is that citizens, tourists, employees and potential business owners shall benefit from a stable economic base, prepared and ready workforce, nurturing atmosphere for business growth

and investment and consistent and knowledgeable development staff. Guidelines for the General Allocation for Economic Development Program shall be:

(a) The cost of administering the video lottery receipts shall be paid with video lottery funds from the General Allocation category.

(b) A working capital reserve for General Allocation programs may be maintained.

(c) The County may continue to participate in forums for exchanging ideas and addressing the economic development needs of the County.

(d) The County may contract with other agencies for the purpose of community/county promotion, marketing/recruitment, and other economic development support services, the sole purpose of which is to build capacity over time and increase and/or stabilize the economy of the County and its citizens.

(e) The County may maintain or hire County staff internally or contract with other agencies to provide economic development support services to the county and/or communities within the county.

(2) Category 2 - Economic Development Strategic Investment Program. The County shall establish the "Economic Development Strategic Investment Program." The purpose of this category is to assist communities to pro-actively leverage video lottery dollars through public-private partnerships that will make a measurable difference in the economic growth and stability of Lane County. This program shall be capitalized annually with a minimum of 50% of the new video lottery revenue received each year from the Oregon State Lottery Commission's transfer to counties for economic development activities. In addition, all revenue unspent in previous years will be added to this category. General guidelines for this category shall be:

(a) Any activity or project supported by this program must demonstrably and directly increase the chance of making a measurable difference to the economy of Lane County and its citizens.

(b) Projects are expected to have some financial support other than video lottery money.

(c) Allocations toward projects or facilities identified in a recognized capital improvement plan (e.g., the County, community within the county or economic development organization's capital improvement plan) shall receive priority consideration.

(d) Projects that require multi-year commitments may be funded.

(e) Allocations shall be made by the Board upon the advice of the Economic Development Standing Committee, after review and comment by the Lane Economic Committee.

(f) No obligation shall exist to recommend an annual expenditure from this category. Projects should only be recommended for funding if they substantially meet the general guidelines and can demonstrate a direct impact on economic development of the community. Some or all of the funds may be carried over in any year for larger allocations in a later year.

(g) The cost of administering the Economic Development Strategic Investment program shall be paid with video lottery funds from the economic development strategic investment category. *(Revised by Order No. 01-2-21-2; Effective 5.1.02; 05-11-30-3, 11.30.05)*

## COMPUTER AND COMMUNICATION RESOURCES

### **4.200 Purpose.**

The purpose of this policy is to provide guidance to the departments and employees in the prudent use and management of the computer resources, communication resources, and information technology of Lane County. *(Revised by Order No. 01-3-14-4; Effective 3.14.01; 05-11-21, 11.2.05)*

### **4.220 Policy.**

Computer resources, communication resources, and information technology are provided and shall be used in the furtherance of County business. The County Administrator shall adopt administrative procedures implementing this policy, including sanctions for policy violation. Those procedures may include minor and incidental personal use, which for the limited purpose of compliance with the state ethics rules is considered part of the compensation package for County officers and employees. The County Administrator is authorized to establish a monthly stipend in lieu of an assigned communication device. *(Revised by Order No. 01-3-14-4, Effective 3.14.01; 05-11-21, 11.2.05)*