



**MARION COUNTY BOARD OF COMMISSIONERS
WORK SESSION**

**Budget Update
Minutes**

Tuesday, May 12, 2026, 1:00 p.m. – 3:00 p.m.
Commissioners' Boardroom
Courthouse Square, 555 Court St. NE, Suite 5231
Salem, Oregon 97301

ATTENDANCE:

Commissioners: Kevin Cameron, Danielle Bethell and Colm Willis.

Board's Office: Jan Fritz, Kendall Hall, Jonathan Sanford, Toni Whitler, and Matt Lawyer.

Legal Counsel: Steve Elzinga.

Finance: Zivile Sliosoraite, Jeff White, and Daniel Adatto.

Commissioner Colm Willis called the meeting to order at 1:15 p.m.

1. Welcome & Introductions

-Commissioner Colm Willis

2. Fiscal Year (FY) 2025/26 Budget Update

-Jan Fritz, Jeff White & Daniel Adatto

- Reviewed status of Interest Investment Fund and confirmed intent to:
 - Create separate fund to capture unrestricted interest earnings from various funds.
 - Begin operations July 1st for 26/27 budget:
 - Initial in-and-out transfers reflecting column of unrestricted interest.
 - Adopt new fund via resolution June 17th, alongside overall budget and supplemental budget.
- Federal and certain other funds generate restricted interest that must be tied to those programs:
 - Women, Infant and Children (WIC).
 - Enterprise funds like Environmental Services.
 - Debt service.
- Walked through example using County Fair Fund:
 - Interest currently budgeted in fund.
 - 100% of qualifying interest transferred out to Interest Investment Fund.
 - Same amount transferred back as other fund transfer in first year to avoid disrupting already-built 26/27 budget:
 - No longer recognized as interest income
- Confirmed the Radio Fund:
 - Will be established as new, ongoing fund under board control.
 - Will receive American Rescue Plan Act (ARPA) startup funds:
 - Going forward, contributions from users.
 - Included in June 17th resolution package as Interest Investment Fund.

3. Discussion

-All

- Policy intent of the Interest and Investment Fund:
 - Shift from departments automatically retaining interest earnings in funds.
 - Ensure board decides how unrestricted and certain restricted interest is used.
 - Move to Capital Improvement Plan (CIP)-style annual process:
 - Interest allocations reviewed and prioritized similar to capital projects.
- Restricted vs. unrestricted interest:
 - Many federal funds' interest restricted:
 - Much of county's federal funding is reimbursement-based.
 - County often earns interest on its own cash, not federal cash.
 - Some funds are structurally constrained by accounting rules or law:
 - Environmental Services, enterprise funds, debt service.
 - Health & Human Services (HHS) and Public Works(PW) show large interest amounts:
 - Only portion truly restricted.
- Concerns about department-level use of interest:
 - Interest often moved to administrative programs and used without board direction.
 - May use to fund Full-Time Equivalents (FTEs) or purchases that never came to board as policy decisions.
 - Transparency and line-item clarity in how interest funds programs and positions.
- Discussed tracking and prioritizing spending:
 - Track interest at the service/program level and distinguish between:
 - Restricted interest.
 - Unrestricted interest.
 - Interest-on-interest:
 - Compounded returns on previously unrestricted interest.
 - Consider policy that restricted money is spent first, and interest spent last:
 - To preserve board flexibility.
 - Current accounting does not distinguish which revenue stream is spent first:
 - Changes to service structures or projects may be needed.
- Explored expectations for annual decision-making:
 - In future cycles, board expects to see:
 - For unrestricted interest:
 - Proposals similar to CIP list.
 - Recommendations on how much to return to originating fund vs. reallocate elsewhere.
 - For restricted interest:
 - Clear plans for how it will be reinvested within program with board oversight.
 - Transparency for public and alignment with policy and priority setting.

4. Other

-All

- Reviewed Environmental Services (ES) network capital and budget discrepancies:
 - Networking capital is shown as \$23 million:
 - Down roughly \$6 million from prior budget plan.

- Reflects projection of lower net position at year-end due to actual and anticipated differences in revenue and expenditures vs. prior year plan.
- Concerns:
 - Some major capital and leachate/liner projects appeared in proposed budget without prior board approval or clear direction.
 - Previously discussed using liability fund resources and/or financing over multiple years rather than absorbing large costs in single year.
- Recognized that current budget tables do not clearly reconcile:
 - Changes in charges for services revenue.
 - Large capital outlay lines:
 - Prior \$12M plan for land/transfer station plus leachate work.
 - Resulting \$6M drop in networking capital.
- Data insufficient to fully answer questions and detailed breakdown required.
- 10% rule for increasing expenditure categories at adopted stage without republishing.
- Significant changes in ES budget structure or totals may require careful handling to avoid triggering republishing unless necessary.

5. Next Steps

-All

- Interest and Investment Fund & Radio Fund:
 - Finalize Interest Investment Fund structure for FY 26/27:
 - Use middle column of identified unrestricted interest as initial In/Out in first year.
 - Place fund in non-departmental section under board control.
 - Prepare and present one-page resolutions to:
 - Create Interest Investment Fund.
 - Create Radio Fund.
 - Target June 17th for adoption with budget and supplemental budget adjustments.
- Interest Tracking and Department Oversight:
 - Refine the restricted vs. unrestricted interest analysis:
 - Complete review down to fund/division/program/service level.
 - Produce detailed list of interest amounts that are:
 - Available to the board (unrestricted).
 - Required to remain within specific programs (restricted).
 - Develop or update worksheets and allocation methods to:
 - Track interest at service level.
 - Capture interest on unrestricted interest going forward.
 - Require departments that have pooled interest in admin programs to split services or projects to provide clearer tracking.
 - Incorporate interest into the budget review process:
 - Require department heads to explain:
 - How they are using restricted interest within programs.
 - Proposals to use unrestricted interest for FTEs, projects, or purchases.
 - Present to board as part of budget discussions, similar to CIP requests.
- Environmental Services / Networking Capital Clarification:
 - Compile detailed reconciliation for Environmental Services, showing:
 - How \$23M networking capital figure was derived.
 - Actual vs. budgeted revenues and expenditures:
 - Charges for services, leachate, liner and other capital outlays.

- Which projects assumed in forecast and was there board direction.
- Include analysis of:
 - Impact of revenue shortfalls.
 - Any FTE reductions and other cost adjustments.
 - Potential use of liability fund resources and finance options for capital projects.
- Convene focused meeting (before June 17th) with:
 - Environmental Services.
 - Finance.
 - Legal and risk as needed.
 - Clear plan for Environmental Services before final budget adoption.
- Scheduling and Communication:
 - Schedule Environmental Services/budget meeting one week before June 17th.
 - Confirm and communicate:
 - Interest Investment Fund and Radio Fund resolutions will be adopted on June 17th together with budget or at an earlier meeting.
 - Required steps if ES changes trigger more than 10% adjustments in an expenditure category.

Adjourned – time: 2:01 p.m.

Minutes by: Mary Vityukova

Reviewed by: Gary L. White