



Financial & Budget Policies

Presented to the Board of
County Commissioners

Multnomah County
April 26, 2017

Located at: www.multco.us/budget

What I Want to Cover

- What Are Policies and Why Do We Have Them?
 - *“Policies are Principles, Rules, and Guidelines Adopted by the Legislative Body to Reach Long-Term Goals”*
 - Assure Taxpayers and Other External Stakeholders
 - Follow Best Practices in Financial Management
- Review Current Financial & Budget Policies
 - No New Policy Proposals in FY 2018
 - Only Minor Updates and Clarifications to Existing Policies
- Other Financial Management Tools
 - Internal/External Audits
 - Accounting Standards
 - Administrative Procedures



Policies Reflect Board Direction

- Policy Goals
 - Preserve Capital Through Prudent Budgeting and Financial Management
 - Most Productive Use of Funds to Meet Goals Established by Board
 - Achieve Stable Balance Between Ongoing Commitments and Revenues
 - Leverage Local Funds w/ Federal and State Funds
 - Support Government Accountability
- Subject to Annual Review
 - Update Board on Status of Compliance w/ Adopted Policies
- 15 Policy Statements, Developed and Refined Over Time
 - Annual Review to Report on Status, Identify Changes
 - Recommend New Policy Statements When Desired or Necessary



Policies Reflect Best Practices

- Policies Follow GFOA Best Practices
 - Tailored to Suit Needs of the Organization
 - Framework Organized Around 4 Principles of Budget Process
 - Establish Broad Goals to Guide Decision Making
 - Develop Approaches to Achieve Goals
 - Develop a Budget Consistent w/ Those Approaches
 - Evaluate Performance and Adjust When Necessary
- Features of Effective Policies
 - Exist in Written Form
 - Reviewed on a Regular Basis
 - Establish Clear Goals
- Control v. Flexibility
 - Comply w/ Applicable Laws and Regulations
 - Maintain Flexibility to Respond to Changing Needs



Current Policy Statements

- General Fund Forecast
- Tax Revenues
- ***Federal/State Grants and Foundation Revenues***
- Recovery of Indirect Costs
- ***Use of One Time Only Resources***
- User Fees, Sales, and Service Charges
- General Fund Reserve
- General Fund Contingency
- Capital Asset and Transportation Planning
- Long Term Liabilities
- Other Fund Balances
- Internal Service Funds
- ***Investments, Banking and Cash Management***
- Short-Term and Long-Term Debt Financings
- Interfund Loans



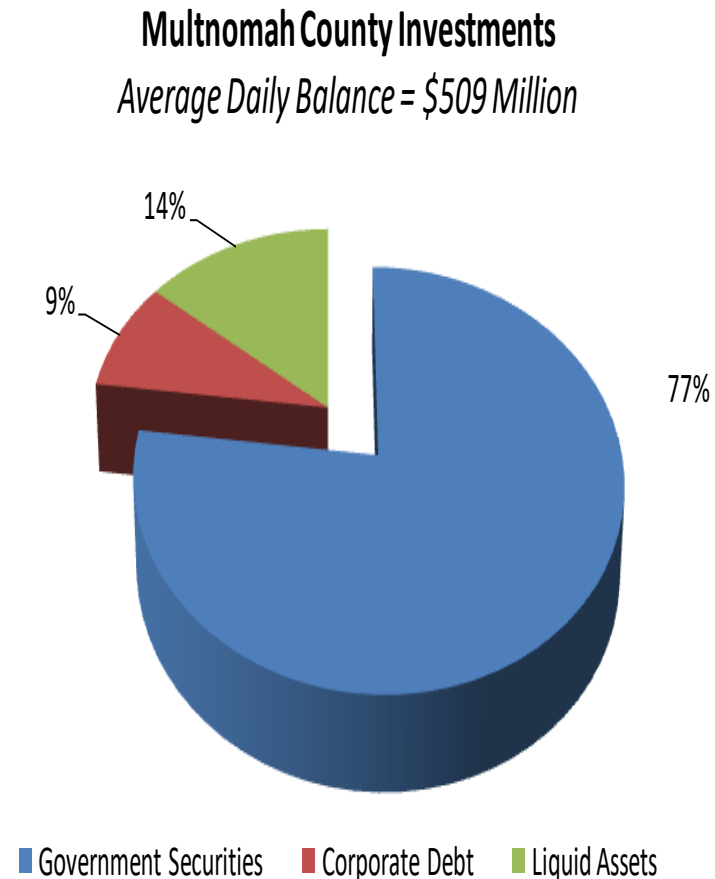
Proposed Policy Updates

- Federal/State, Grant and Foundation Revenues
 - Donations Not Subject to “Spend It First” Rule (Response to Audit Recommendation)
- Use of One Time Only Resources
 - Codifies Current Practice That General Fund Appropriations May Not Be Carried Over if Other Revenues Are Available
- Investments, Banking Services and Cash Management
 - Change to Maximum Weighted Average Maturity (WAM)
 - Incorporate Fossil Fuel Divestment Resolution



Investment Policy

- Follows State Statute
 - Portfolio Cannot Hold Equities
- **S**(afety), **L**(iquidity), **Y**(ield)
 - How We Evaluate Investments
- Establishes Benchmarks
- 2015 Strategy Change
 - Liquidity v. Core
 - Up to \$250M in Core Can Be Invested for Up to 5 Years
 - Improved Portfolio Performance



Other Financial Management Tools

- Audits – Internal/External Audit Recommendations
 - Review Both Central and Departmental Processes
 - Evaluation of Internal Controls
- Pronouncement – Requirement Established in Statute or Set by Standard (i.e., GASB)
 - May Lead to Development of Policy
- Procedure – Operational Directives Designed to Standardize Processes
 - FAC's, FIN's, PUR's, and RSK's
- Practice – Informal, Does Not Imply Same Level of Commitment
 - May Lead to Development of Policy



Future Policy Analysis/Development

- Review Existing Policies
 - Workgroup Established in 2017 to Review for Policy Additions/Changes
 - Maintain Currency w/ GFOA Best Practices
 - What Can We Learn From Comparable Jurisdictions?
- Topics For Future Consideration (New Policies or Revisions to Existing Policies)
 - Capital Planning
 - Issues Identified in ERP Conversion
 - Upcoming GASB Pronouncements
 - Self Insurance Reserves
- What Do Rating Agencies Want to See?



Summary

- Policies Establish Framework for Financial and Budgetary Decision Making
 - Reflect Direction of the Board
 - Align w/ Best Practices
- Review Proposed Policy Changes
 - Solicit Feedback Between Now and Budget Adoption
- Policies Work in Conjunction w/ Other Financial Management Tools
- Policy Review and Development a Continuous Improvement Process
 - Ensure Policies Remain Relevant and Reflect Board Direction

