



Financial & Budget Policies Investment Policy

**Presented to the
Board of County Commissioners**

Multnomah County
June 8, 2022

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AGENDA

- 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”*
 - Effective policies preserve or enhance the fiscal health of government
 - Follow Best Practices in Financial Management
- Review Current Financial & Budget Policies
 - No New Policy Proposals
 - Three revisions for FY 2023
- Other Financial Management Tools
 - Internal/External Audits
 - Accounting Standards
 - Administrative Procedures
- Overview of Investment Policy



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
 - Board intends to comply with federal/state requirements, GAAP, and GASB
- Subject to Annual Review
 - Update Board on Status of Compliance w/ Adopted Policies
- 17 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
 - Promote stability and continuity
 - Provide Strategic Intent
 - Define limits
 - Manage risk
 - Support good bond ratings
 - 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 Grant and Foundation Revenues
- Recovery of Indirect Costs
- Use of One Time Only Resources
- User Fees, Sales, and Service Charges
- General Fund Reserve
- Other Fund Reserves
- General Fund Contingency
- Capital Asset and Transportation Planning
- Long Term Liabilities
- Other Fund Balances
- Internal Service Funds
- Investment, Banking and Cash Management
- Short-Term and Long-Term Debt Financings
- Conduit Debt
- Interfund Loans



POLICY STATEMENTS REVISIONS

- Use of One Time Only Resources
 - After fully funding reserves, 50% of any remaining OTO resources will be allocated to the capitalization of major County Facilities Projects.
 - **Revision**: “allocated to the capitalization of major County Facilities and and/or Information Technology Projects”
- Investment, Banking and Cash Management
 - **Add**: As a best practice the County will not prepay for services or for the purchase of goods. Policy allows for exceptions when certain emergency or high priority operational needs exist.



OTHER FINANCIAL MANAGEMENT TOOL

- Audits – Internal & External Audit Recommendations
 - Review Both Central and Departmental Processes
 - Evaluation of Financial Systems and 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 AND DEVELOPMENT

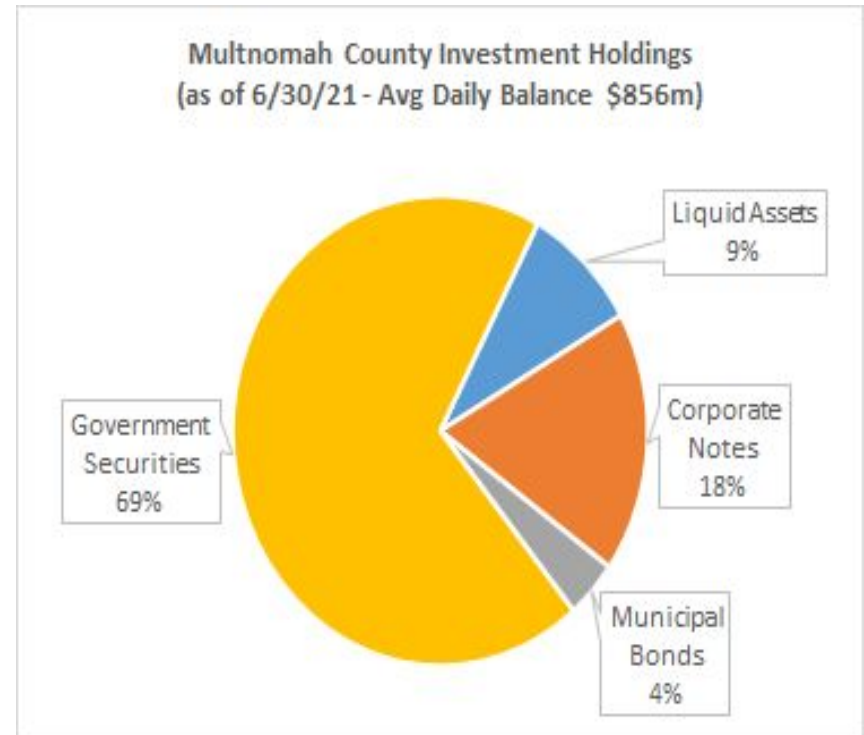
- Review Existing Policies
 - Changes Resulting From New ERP
 - What Can We Learn From Comparable Jurisdictions?
 - Are They Still Relevant? (Lessons learned from emergency)
- Topics For Future Consideration
 - Capital Asset/Infrastructure Planning
 - GASB Pronouncements (e.g. GASB-87 Leases)
 - Addressing Long Term Liabilities (OPEB)
 - Procurement
- Anything the Board Would Like Us to Consider?
- What Do Rating Agencies Want to See?



INVESTMENT POLICY

- Follows State Statute
 - Portfolio Cannot Hold Equities
 - Establishes Investment Parameters
- **S**(afety), **L**(iquidity), **Y**(ield)
 - How We Evaluate Investments
- Establishes Benchmarks
 - BofA Merrill 0-5 Treasury Benchmark
- Investment Strategy
 - Work w/ Investment Advisor
 - Liquidity v. Core Fund
 - Maturity Constraints
 - Up to 5.25 Years
 - Weighted Average Maturity 2.5 Years

- Proposed Change FY23
 - Maturity Constraint (10% of total portfolio balance under 90 days)



SUMMARY AND QUESTIONS

- Policies Establish Framework for Financial and Budgetary Decision Making
 - Reflect Direction of the Board
 - Align with GFOA Best Practices
 - Policies work in conjunction w/Other Financial Management Tools
 - Policy Review and Development is a Continuous Process Improvement
- Proposed Policy Changes
 - Use of One Time Only Resources – 50% Allocation
 - Adding IT Projects
 - Cash Management
 - Prepayment of Services or Purchase of Goods
 - Maturity Constraint
 - 30 days to 90 days (10% of Portfolio)
- Questions?

