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**Important note:** The following pages contain the policies from the FY 2026 Adopted budget. The Board of County Commissioners will be considering and updating the Financial and Budget Policies during the FY 2027 budget process; updated policies will be provided in the FY 2027 Adopted budget.

## Goals

The goals of the County's financial policies are:

1. To preserve capital through prudent budgeting and financial management.
2. To achieve the most productive use of County funds that meets the goals of the Board of County Commissioners.
3. To achieve a stable balance between the County's ongoing financial commitments and the continuing revenues available to the County.
4. To leverage local dollars with federal and state funding/grants.
5. To support accountability to the residents of Multnomah County.

It is the intention of the Multnomah County Board of Commissioners to comply with all Federal and statutory requirements, Generally Accepted Accounting Principles (GAAP), and Governmental Accounting Standards Board (GASB) directives (see Multnomah County's Ordinance No. 1101). The County also intends to propose and adopt a balanced budget, defined as an estimate of expenditures and resources whereby total resources in a fund equal the total expenditures and requirements for that fund, and the total of all resources equal the total of all expenditures and all requirements for all funds of the jurisdiction.

## Financial Forecasts for the General Fund

Governments at all levels should forecast major revenues and expenditures. The forecast should extend at least three to five years beyond the budget period and be regularly monitored and updated. It should be clearly stated and available to participants in the budget process, as should its underlying assumptions and methodology. The forecast should also be referenced in the final budget document. To improve future forecasting, the variances between previous forecasts and actual amounts should be analyzed. The variance analysis should identify all factors that influence revenue collections, expenditure levels, and forecast assumptions.

### Policy Statement

The Board of County Commissioners recognizes the importance of developing a combined revenue and expenditure forecast. The Budget Office will prepare a five-year financial forecast for the General Fund to assess the long-term financial implications of current, as well as proposed, policies and programs. The forecast will detail assumptions regarding both short-term and long-term financial issues facing the County. Those assumptions will guide the development of appropriate financial strategies to achieve the goals outlined above. The forecast will be referenced on the County's website and incorporated in the annual budget document. The General Fund revenue and expenditure forecast will:

1. Provide an understanding of available funding;
2. Evaluate financial risk;
3. Assess the likelihood that services can be sustained;
4. Assess the level at which capital investment can be made;
5. Identify future commitments and resource demands;
6. Identify the key variables that might change the level of revenue; and
7. Identify one-time-only resources and recommend appropriate uses.

### Status

The Budget Office presented the General Fund Forecast to the Board of County Commissioners on November 19, 2024, and presented a forecast update on March 18, 2025, and May 28, 2025.

The County budget fully complies with applicable financial policies.

## Tax Revenues

The Oregon Constitution, State statutes and the County Code provide Multnomah County with the ability to raise revenue through taxation. The County currently uses the following taxes:

1. Property Taxes are governed by State statute and the Oregon Constitution and are levied for the following purposes:
  - A “Permanent Rate” is available for general uses, that is set at \$4.34 per \$1,000 of assessed value;
  - A “Local Option Levy” to support operations of the Oregon Historical Society that is set at \$0.05 per \$1,000 of assessed value.
  - A levy to pay debt service on Library General Obligation Bonds that is set annually at a level to provide sufficient revenue to support the payments. Library General Obligation Bonds fully mature in June of 2029.
2. Business Income Tax is set at 2.00% of net business income generated in Multnomah County. This tax is authorized by County Code, Chapter 12.
3. Motor Vehicle Rental Tax is set at 17% of the value of rental fees. The first 14.5% is available for uses that are consistent with Art. IX, § 3A, of the Oregon Constitution. The remaining 2.5% supports regional tourism activities under an agreement with the City of Portland and Metro. This tax is authorized by County Code, Chapter 11.
4. Transient Lodging Tax is set at 11.5% of the room rent charged by hotel operators. Nearly all the County’s proceeds from this tax are used to support regional tourism activities under agreements with the City of Portland and Metro. This tax is authorized by County Code, Chapter 11.
5. Motor Vehicle Fuel Tax is set at 3 cents per gallon of gasoline (or diesel) sold in Multnomah County. Art. IX, § 3A, of the Oregon Constitution restricts use of the proceeds of this tax to transportation programs. This revenue is shared by Multnomah County and the cities of Portland, Gresham, Troutdale, and Fairview. This tax is authorized by County Code, Chapter 11.
6. Personal Income Tax is set at 1.5% on taxable income over \$125,000 for individuals and \$200,000 for joint filers, and an additional 1.5% on taxable income over \$250,000 for individuals and \$400,000 for joint filers. Tax is applicable to residents and non-residents of Multnomah County, tax is authorized by County Code, Chapter 11. All tax proceeds are restricted to fund universal, tuition-free, voluntary, and high quality preschool education for every three and four year old residing within Multnomah County.

### Policy Statement

The Board recognizes that taxation is necessary to provide public services to the residents of the County. When considering changes to the County’s tax structure, the Board will consider:

- The ability of taxpayers to pay the taxes;
- The impact of taxes imposed by the County on other local governments;
- The effect of taxes on the County economy;
- The administrative and collection costs of the taxes; and
- The ease with which the taxes can be understood by taxpayers.

# Financial and Budget Policies

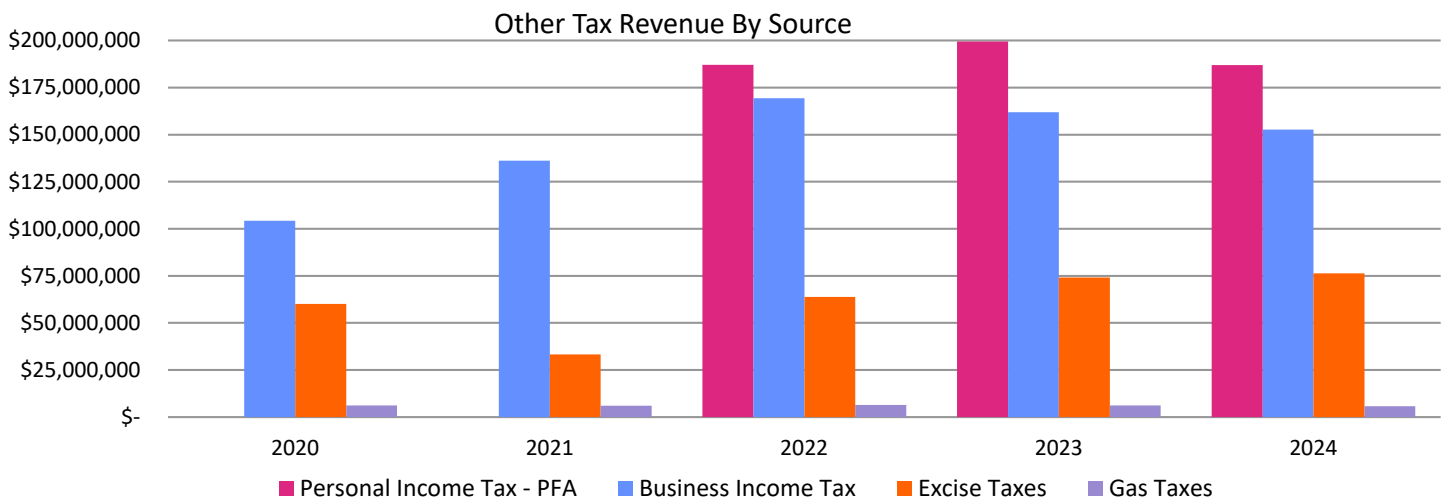
## FY 2027 Proposed Budget

State statutes allow the County to levy “local option” taxes that are not allowed to exceed five years. It is the intent of the Board to use this short-term revenue source to fund priority service programs only after all other sources of revenue have been analyzed and have been determined not to be feasible.

All decisions to levy taxes are made in an atmosphere of intense public and internal debate, particularly with regard to the progressivity of the tax, its administrative cost, its impact on the regional economy, its effect on other local governments, and the degree to which the tax might be acceptable to the public.

### Status

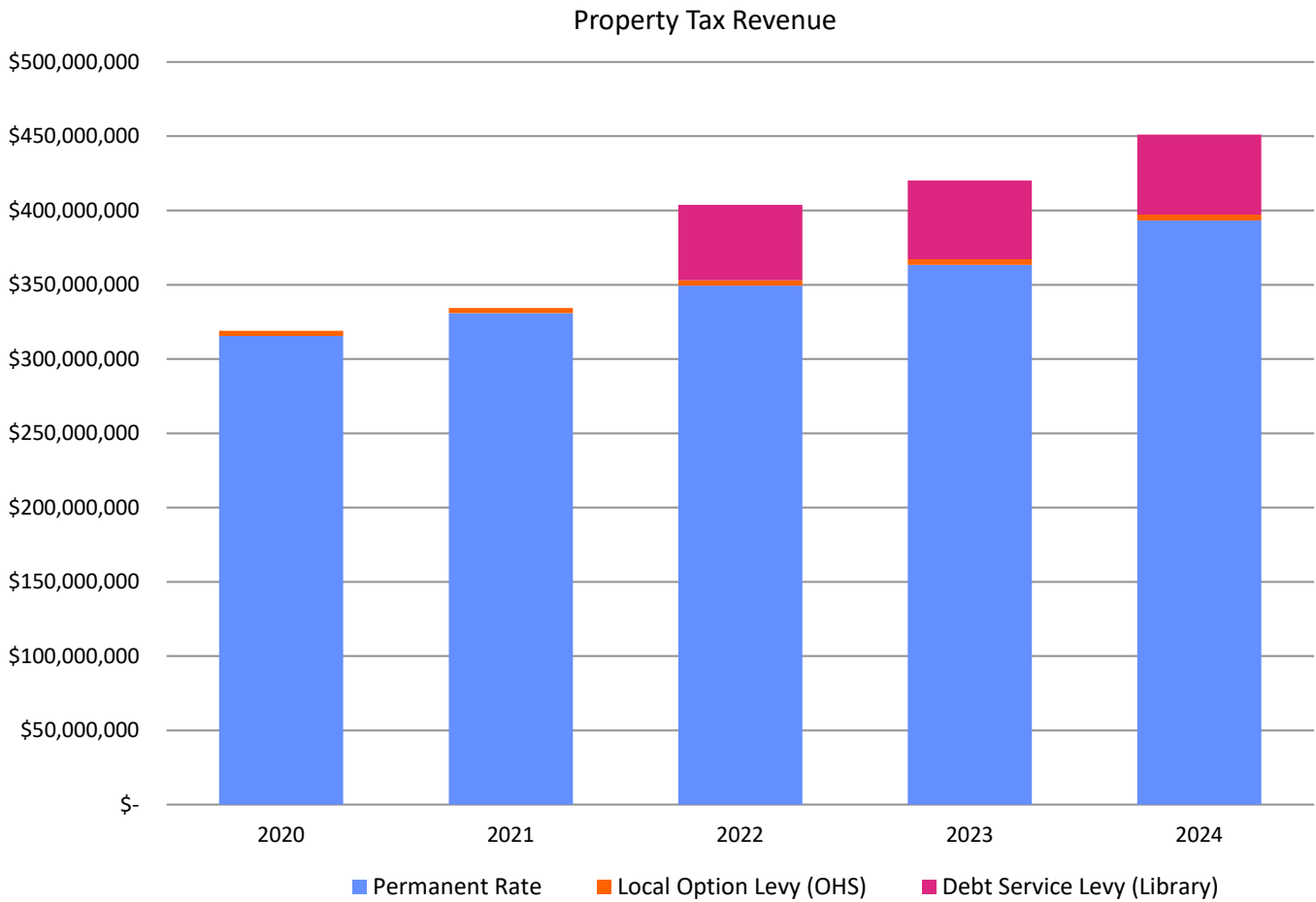
The County’s tax revenues represent about 42% of the total Governmental Fund Type revenues (General Fund, Special Revenue Funds, Capital Funds, etc.) as of June 30, 2024. The following graphs depict actual tax revenue by source. On November 3, 2020, the voters of Multnomah County approved Preschool for All (PFA) Ballot Measure 26-214, which authorized the County to impose a personal income tax (effective January 2021) to fund preschool education. PFA tax receipts for tax year 2021 were primarily collected in FY 2022.



Other Tax Revenue	2020	2021	2022	2023	2024
Personal Income Tax - PFA	0	0	187,112,049	199,477,581	187,041,786
Business Income Tax	104,300,000	136,241,713	169,300,000	162,000,000	152,700,000
Excise Taxes	60,101,730	33,200,389	63,752,797	74,145,132	76,386,277
Gas Taxes	6,156,506	5,996,636	6,407,897	6,184,068	5,730,236
<b>Total Other Tax Revenues</b>	<b>\$170,558,236</b>	<b>\$175,438,738</b>	<b>\$426,572,743</b>	<b>\$441,806,782</b>	<b>\$421,858,300</b>

# Financial and Budget Policies

FY 2027 Proposed Budget



Property Tax Revenue	2020	2021	2022	2023	2024
Permanent Rate	315,610,360	330,946,084	349,410,845	363,369,835	393,277,836
Local Option Levy (OHS)	3,360,529	3,454,116	3,569,001	3,802,982	3,891,509
Debt Service Levy	<u>0</u>	<u>0</u>	<u>50,821,660</u>	<u>52,994,375</u>	<u>53,869,962</u>
<b>Total Property Taxes</b>	<b>\$318,970,888</b>	<b>\$334,400,200</b>	<b>\$403,801,506</b>	<b>\$420,167,193</b>	<b>\$451,039,308</b>

## Federal/State Grant and Foundation Revenues

Grants and foundation funds are used, and provide significant leverage, to support an array of County services. All of these revenues are restricted to a specific purpose, such as health and social services or public safety. Reimbursements made to the County as a result of leveraging outside resources are considered to be unrestricted General Fund revenue unless the spending is specifically detailed by Grantor or Foundation.

### Policy Statement

The Board understands that grants and private sources present opportunities and risks. They allow the County to provide basic or enhanced levels of service and to cover gaps in services, but they may also commit the County to serving larger or different groups of clients which would put pressure on County generated revenues if the grant were withdrawn. When applying for a grant, the Board will consider:

1. Whether the funds are aligned with the County's mission and goals.
2. Opportunities for leveraging other funds to continue the program.
3. The amount of locally generated revenue required to supplement the revenue source.
4. Whether the revenue will cover the full cost of the proposed program, or whether the County is expected to provide program support and administrative overhead. It is the intent of the County to recover all costs related to grant and foundation revenues.
5. The degree of stability of the funding source.
6. Whether decline or withdrawal of the revenue creates an expectation that the County will continue the program.
7. How County programs can maximize revenue support from State or Federal sources.
8. Whether the funds are used for pilot or model programs and will result in a more efficient and/or effective way of doing business.

Departments will provide the Board with a notice of intent (NOI) before applying for grant funding (see Administrative Procedure BCC-1). The Board requires the resources to be used in accordance with any stipulated restrictions and prior to using unrestricted revenues including General Fund appropriations for the same program or purpose. Money (or goods) donated to the County for a specific program or purpose are considered to be restricted resources and not subject to this policy.

Federal grants will be governed by a written Grant Management Manual. The Manual will cover all the items addressed in the Uniform Administrative Guidelines (Chapters I and II, Part 200 Uniform Guidance, Cost Principles and Audit Requirements for Federal Awards). The Manual will be approved annually by the Chief Financial Officer and will include any applicable updates resulting from changes in federal standards.

### Status

The County is in compliance with this policy.

## Recovery of Indirect Costs

The Federal government recognizes identifiable overhead costs are incurred in providing services to support grants and contracts. Therefore, the Office of Management and Budget (OMB) establishes principles and standards to provide a uniform approach for determining costs and to promote effective program delivery, efficiency and better relationships between governmental units and the Federal government. The County's indirect cost allocation plan is prepared annually in accordance with Chapters I and II, part 200 in the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards as published in the Federal Register, commonly referred to as "Uniform Grant Guidance."

### Policy Statement

It is the policy of the Board to recover from dedicated revenue sources the full cost of programs supported by those sources.

The exception to the above policy occurs when the grantor agency does not allow the grantee to charge indirect costs or allows only a fixed amount or a maximum indirect cost rate. The Board will have the final authority to accept a grant that does not allow the recovery of all or part of indirect costs. In that event, the General Fund will absorb any indirect cost attributable to the program.

Effective October 1, 2024, for the Federal agencies that have opted in, the OMB has increased the de minimis indirect cost rate from 10% to 15%. This rate applies to Federal grants subject to Chapters I and II, part 200 of the Uniform Administrative Guidance. When the County is passing through Federal or County funding (e.g. General Fund, Supportive Housing Services Fund, Preschool for All Fund) to subrecipients it will apply the 15% de minimis, indirect cost rate. Indirect cost rate requests above 15% for County pass through funding must be validated through a cost allocation plan and reviewed/approved by the County Fiscal Compliance unit prior to authorization. Budget constraints will be considered when assessing indirect rates above 15%.

### Status

The County updates the plan annually and the Chief Financial Officer certifies the accuracy of its indirect cost rate proposal and cost allocation plan. For further information, see the Finance Cost Allocation Plans website at [www.multco.us/finance/cost-allocation-plans](http://www.multco.us/finance/cost-allocation-plans).

## Use of One-Time-Only Resources

Unrestricted one-time-only resources present organizations with temptations that are hard to resist. In the short run it appears more beneficial to allocate such resources to the highest priority public service that would otherwise be unfunded than to restrict them to costs associated with one-time needs and those that will not recur in following years. However, the result of this practice is to expand operational levels and public expectations beyond the capacity of the organization to generate continuing funding. This inevitably produces shortfalls and crises. Sustaining an ongoing program level by deferring necessary expenditures or by incurring future obligations also inevitably produces shortfalls and crises.

### Policy Statement

It is the policy of the Board that the County will fund ongoing programs with ongoing revenues, and to restrict the allocation of one-time revenues to nonrecurring expenditures.

Examples of one-time revenues include:

- Proceeds on the sale of capital assets
- Business Income Taxes collected in excess of budgeted revenues
- General Fund ending fund balance in excess of budgeted balance

As the ending balance in the General Fund is typically the largest source of one-time-only resources, it is the policy of the Board that departments may not propose to carryover appropriations from one year to the next.

When the County budgets unrestricted one-time-only resources, the Board will first set these funds aside for reserves. If reserve requirements have been met, one-time-only resources can be allocated to projects or programs that will not require future financial commitments. The Board will consider the following when allocating these one-time-only resources:

1. After fully funding reserves as established by policy, 50% of any remaining one-time-only resources will be allocated to the capitalization, or recapitalization, of major County facilities and/or information technology projects.
2. One-time-only spending proposals for projects or pilot programs, particularly investments that may result in innovative ideas or technology, long-term efficiencies or savings that do not require ongoing support.
3. Bridge or gap financing for existing programs for a finite period of time.

### Status

During budget deliberations, the Chief Budget Officer is responsible for providing a list of sources and uses of one-time-only funds and informing the Chair and the Board on the recommended use of the funds received. With this information, the Board is able to appropriate and direct one-time-only resources to infrequent and unique expenditures in an effort to achieve compliance with this policy. The FY 2026 General Fund forecast identified a goal of \$18.6 million as 50% of one-time-only resources for the Board to consider allocating to capital projects. In FY 2026, the Board allocated \$12.0 million of one-time-only resources to the capitalization or recapitalization of major facilities/information technology projects, 64% of the goal.

## User Fees, Sales, and Service Charges

State and local governments use charges and fees to fund the provision of goods and services. Charges are voluntary payments that are used to finance traditional governmental services. A fee is imposed as a result of a public need to regulate activities, typically related to health, safety or other protective purposes. Fees result in the purchase of a privilege or authorization and are applied to such activities as restaurant inspections, building permits and marriage licenses.

User fees are generally intended to cover all the costs or an agreed upon portion of the costs for providing services. Inflation or increased service delivery can erode the established user fees if the cost of service increases faster than revenue from fee increases.

### Policy Statement

It is the general policy of the Board that user fees and service charges be established at a level to recover 100% of the costs to provide services. Exceptions to this policy will be made depending on the benefit to the user of the service, the ability of the user to pay for the service, the benefit to County residents, and the type of service provided.

User fees and service charges collected by County agencies will be periodically reviewed. Based on this review, the Chair will make recommendations to the Board regarding proposed changes to fee or service charge schedules. To provide greater transparency and standardization across County departments in the rate setting process, the Chief Financial Officer and Chief Budget Officer will share with the Board how fees/charges are set, financial components of cost recovery, and fee/charge increases. The financial components of cost recovery, including relevant documentation, will be made available on Multnomah County's public page.

Revenues generated from sales (and commissions on sales) of goods and services sold in County-owned or leased facilities are to be credited to the County's General Fund unless:

1. They are generated for inmate welfare commissary operations;
2. They are generated in Library facilities used for Library operations;
3. They are generated by internal service providers and offset rates charged to departments;
4. The Board grants an exception.

### Status

The Budget Office provides an annual comprehensive review of fees and charges (more information can be found at [www.multco.us/budget/multnomah-county-fee-schedule](http://www.multco.us/budget/multnomah-county-fee-schedule)). Departments are generally responsible for ongoing review of fees and charges associated with their operations during the year.

## Budgeted General Fund Reserves

Using all available ongoing revenue each year to pay for ongoing programs can result in fluctuations in program levels as revenues vary from one year to the next. Adding programs in one year (based on positive short-term receipts) can cause the same or other programs to be cut in the next year if costs outpace revenues. This has a detrimental effect on service delivery over time, reducing efficiency and causing budgetary and political problems that can be avoided if program decisions are made in the context of the County's long-term financial capacity. The County's General Fund is weighted toward a handful of revenues that make up approximately 84% of total resources. Because the revenue stream is not very diverse, and the major source of General Fund revenue is limited by the Oregon Constitution, it is critical that the County maintain an appropriate level of reserves.

It is a goal of the County to build a more diverse revenue stream. Further, the County may want an additional reserve in order to offset the volatility of or lack of diversity in the revenue stream.

Maintaining an appropriate reserve helps the County maintain its favorable bond rating, which is currently Aaa from Moody's Investors Service and AAA from Standard & Poor's Ratings for both general obligation bonds and full faith and credit obligations. A generally accepted benchmark for the unrestricted General Fund balance is a dollar amount equal to 10%-15% of actual General Fund revenues.

Ratings agencies generally presume that an entity has a sufficiently diverse revenue stream to enable it to sustain a downturn in any one of its revenue sources. In addition, the guidelines presume that the entity is not facing future liabilities it will be unable to meet or that it has adopted and followed a plan to address significant known liabilities.

### Policy Statement

The Board understands that to avoid financial instability, continuing requirements should be insulated from temporary fluctuations in revenues.

It is the goal of the Board to fund and maintain a General Fund budgeted reserve, designated as unappropriated fund balance and funded at approximately 12% of the "corporate" revenues of the General Fund and the Special Revenue Video Lottery Fund. Corporate revenues are defined as revenues that are available for general use and over which the Board has complete discretion. To further strengthen financial stability measures, in FY 2023 the Board set a multi-year commitment to raise the General Fund reserve benchmark from 10% to 15% when the forecast conditions support increase.

Corporate revenues include Property Tax, Business Income Tax, Motor Vehicle Rental Tax, State Revenue Sharing (Cigarette, Liquor, Marijuana, and Amusement Device Taxes), Lottery Taxes, and Interest Earnings. These revenue sources account for approximately 85% of total General Fund resources excluding Beginning Working Capital.

The budgeted reserve account in the General Fund is to be used when annual actual revenues fall below budgeted estimates. In years when revenues fall below budgeted estimates, the Board will reduce the unappropriated fund balance to continue high priority services that could not otherwise be funded by current

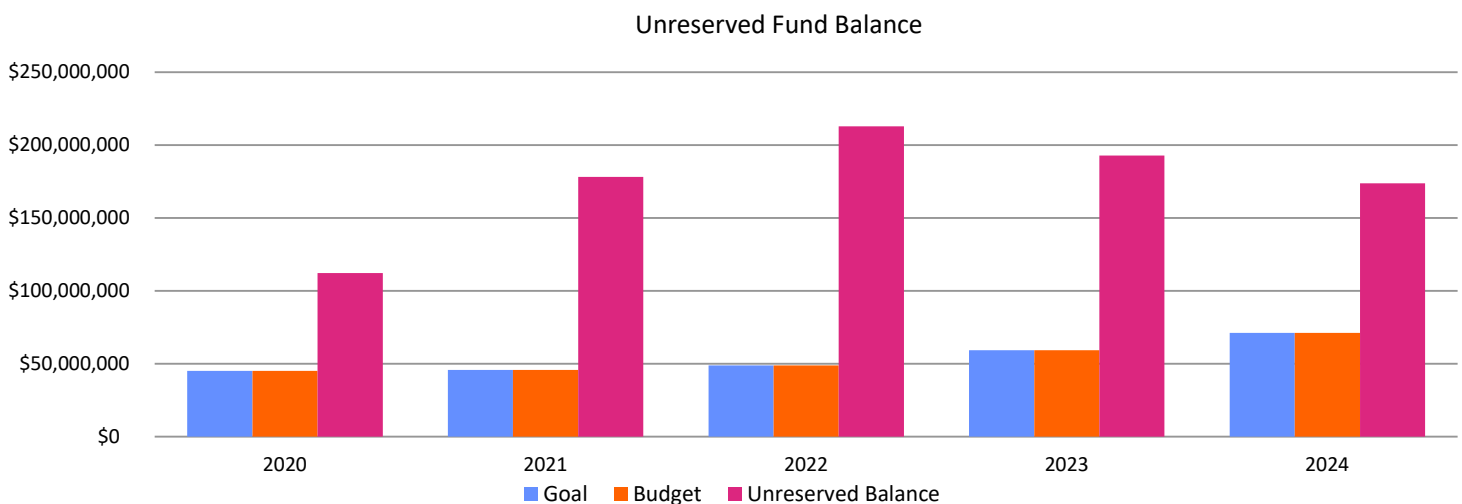
revenues. If the reserve account is so used, to maintain fiscal integrity, a reserve restoration plan will be included in the adopted budget following the fiscal year in which the reserve fell below the 12% level.

To mitigate against the risks of an expected downturn in the regional economy, it is the goal of the Board to maintain a 12% business income tax stabilization reserve. This stabilization reserve is in addition to the General Fund reserve and guards against business income tax volatility. Fiscal Year 2026 budgeted stabilization reserve is \$21.1 million and is budgeted in General Fund Contingency.

### Status

FY 2024 General Fund reserves met the established policy goal. In FY 2025, the reserve benchmark was 12% (\$75.1 million) and remained at 12% in FY 2026 (\$77.8 million).

The following graph shows the reserve goal, budget and actual General Fund unreserved fund balance. The unreserved fund balance includes working capital, other financing sources/uses, departmental underspending as well as deviations from the revenue forecast and is distinct from the budget reserve target. The budgeted reserves do not include funds budgeted in contingency.



General Fund Reserves	2020	2021	2022	2023	2024
Goal	\$45,079,539	\$45,786,659	\$48,862,844	\$59,218,827	\$71,132,495
Budget	\$45,079,539	\$45,786,659	\$48,862,844	\$59,218,827	\$71,132,495
Unreserved Balance	\$112,174,102	\$178,150,900	\$212,825,487	\$192,725,771	\$173,781,773

## Budgeted Other Fund Reserves

On November 3, 2020, the voters of Multnomah County approved Preschool for All (PFA) Ballot Measure 26-214 authorizing the County to impose a personal income tax to fund universal, tuition-free, voluntary, and high quality preschool education for every three and four year old residing within Multnomah County. On May 19, 2020, the voters of Metro region approved Supportive Housing Services (SHS) Ballot Measure 26-210 authorizing Metro to impose a business income tax and personal income tax to fund Supportive Housing Services within the Tri-County area (Clackamas, Multnomah, and Washington County).

All tax resources and program expenditures are accounted for in dedicated special revenue funds to maintain transparency and accountability over program activities. The PFA and SHS taxes will be volatile resources subject to regional economic impacts especially in the first few years of taxes. A stabilization reserve will guard against economic downturns and ensure annual budgeted program activities are fully funded. Using all available ongoing revenue each year to pay for ongoing programs can result in fluctuations in program levels as revenues vary from one year to the next. Adding services in one year (based on positive short-term receipts) can cause the same or other services to be cut in the next year if costs outpace revenues.

### Policy Statement

The Board understands that to avoid financial instability, continuing requirements should be insulated from temporary fluctuations in revenues.

As a general best practice, the Board will set and maintain a stabilization reserve of 15% for PFA and 10% for SHS of total budgeted tax revenues. The budgeted reserves are to be used when annual actual revenues fall below budgeted estimates. In years when revenues fall below budgeted estimates, the Board will reduce the unappropriated fund balance to continue high priority services that could not otherwise be funded by current revenues. If the reserve account is so used to maintain fiscal integrity, a reserve restoration plan will be included in the adopted budget following the fiscal year in which the reserve fell below the required level.

### Status

FY 2026 PFA budgeted stabilization reserve is set at 15% (\$26.3 million); SHS stabilization reserve is set at \$3.3 million. As a result of a FY 2025 (mid-year) SHS revenue forecast reduction, the County Board appropriated the SHS stabilization reserve of \$15.65 million. The SHS stabilization reserve will be fully restored using program underspend and revenues exceeding forecast in future budget cycles. Reserve must be fully restored within 3 years.

## General Fund Contingency

General Fund contingency transfers have a significant effect on the annual budget process by reducing the amount of ending fund balance that is carried over to the subsequent fiscal year as beginning working capital. Contingency transfers should be reviewed in the context of other budget decisions so that high priority programs and projects are not jeopardized.

### Policy Statement

The Board understands that in order to avoid financial instability, continuing obligations cannot increase faster than continuing revenues. It is the policy of the Board to establish an emergency contingency account in the General Fund, as authorized by ORS 294.388, each fiscal year during the budget process. The funding of contingency will be adjusted annually according local conditions and other risks that need hedging against uncertainty.

To maintain financial stability, the following guidelines should be used by the Board in considering requests for transfers from the General Fund Contingency Account:

1. One-time-only allocations.
2. Contingency funding limited to the following:
  - Emergency situations which, if left unattended, will jeopardize the health and safety of the community.
  - Unanticipated expenditures necessary to keep a public commitment or fulfill a legislative or contractual mandate, or which have been demonstrated to result in significant administrative or programmatic efficiencies that cannot be covered by existing appropriations.
3. The Board may, when it adopts the budget for a fiscal year, specify programs it wishes to review during the year and increase the Contingency account to provide funding to support those programs if it chooses. Contingency funding of such programs complies with this policy.

### Status

The Chief Budget Officer is responsible for informing the Board if contingency requests submitted for Board approval meet the criteria of this policy. In addition, each year the Chief Budget Officer will provide an annual report to the Board detailing the prior fiscal year's contingency actions. This report will include the total dollar amount of contingency requests, dollar amount approved, and dollar amount that did not meet the criteria of this policy.

## Budget Monitoring

Annual budgets serve as reflections of a government's priorities and programs, detailing expected revenues, planned spending, and debt levels. Budget policies aim to strike a balance between providing the necessary flexibility to respond to changing circumstances and maintaining effective control over public spending.

Public budget monitoring is a critical element of effective governance and sound public financial management encompassing a range of activities aimed at ensuring that public funds are managed responsibly and in accordance with established rules and priorities. Continuous monitoring and advocacy are essential for making the budget process more open and transparent over time. Budget monitoring is not a one-time activity but an ongoing process that requires sustained effort.

Budget monitoring has two main purposes: 1. Ensure the budget is adhered to and that spending remains within legal appropriation levels and 2. Allows the County to adjust to changing circumstances.

### Policy Statement

It is the policy of the Board to monitor the budget throughout the fiscal year using reports and monthly dashboards to show spending against the budget. The Board recognizes that the budget is a plan and that it requires some flexibility to address unforeseen needs and changing circumstances while maintaining fiscal control, accountability, and transparency in the use of public funds.

### Regular Financial Reporting will include:

- **Mechanism:** Publish a budget to actuals dashboard showing actuals compared to the adopted/revised budget.
- **Content:**
  - Expenditure Tracking: Actual vs. Budgeted (by department and program).
  - Variance Analysis: a report after 6 months that provides explanations for significant deviations (over or under spending).
  - Interactive online dashboard that allows the community to explore budget data, filter by department/program, view spending trends, and see actuals vs. budget.
- **Transparency:** Reports are published on a dedicated online budget portal.
- **Timeliness:** Reports should be published within a reasonable timeframe after the period closes, accounting periods generally close 15 days after the end of the month.

The Chief Operating Officer in partnership with the County Budget Office will provide a mid-year summary to the Board of County Commissioners.

### Status

Budget Monitoring dashboards and reports can be found at: [www.multco.us/info/budget-office-dashboards-reports](http://www.multco.us/info/budget-office-dashboards-reports).

## Contract Administration

Contract Administration is the process of administering a negotiated contract according to the terms and conditions within the contract. Contract Administration includes developing and implementing the Contract Administration Plan, developing a contract administration team, conducting a contract kickoff meeting, properly documenting the contract file, monitoring and assessing supplier performance and compliance, reviewing and issuing payments, managing contract changes, and closing the contract. (NASPO, 2024; NCMA, 2023a).

### Policy Statement

The Board recognizes the importance of actively administering County contracts to ensure that goods and services are received on-time, meet quality requirements, and are delivered at the agreed upon price.

It is the policy of the Board that County Departments administer each contract utilizing the contract administration standards contained within the County's Contract Administration Manual. The County's Contract Administration Manual is predominantly written from the perspective of expenditure contracts; however, contracts that are exempt from Public Contracting Code and County Rules as defined in [PCRB Rules](#), and [PUR-1](#) and grants that the County awards are also required to be administered according to the Contracts Administration Manual. Departments may add additional requirements to the Contract Administration Standards however, at a minimum, departmental standards must contain the Contract Administration Standards described in the manual.

The Board recognizes the importance of a highly-trained workforce and requires that County Departments ensure that employees who administer contracts or have a role in administering contracts, successfully complete the Required Contract Administration Core Training on a biennial basis.

### Status

The Multnomah County Contract Administration Manual was completed in FY 2025 and implementation is planned from April-October 2025, including a pilot roll out from April-June 2025.

## Capital Asset and Transportation Planning Policies

### *Capital Improvement Plan - Facilities and Property Management*

Capital financial management policies demonstrate to the credit rating industry and prospective investors (bond buyers) the County's commitment to sound financial management. Adherence to adopted policies ensures the integrity of the planning process and leads to maintaining or improving bond ratings and lowering the cost of capital.

It is the policy of the Board that the County will attempt to meet its capital maintenance, replacement or acquisition requirements on a pay-as-you-go basis. If the dollar amount of the capital requirement cannot be met on a pay-as-you-go basis, if it is financially beneficial to issue bonds or other debt instruments, and if the project has been determined to benefit future residents, the County will evaluate the feasibility of issuing a long-term debt financing instrument.

As of the end of fiscal year 2024, Multnomah County owned 91 buildings (and 3 new buildings under construction) with a historical cost of approximately \$1.02 billion, and an estimated replacement cost of \$2.7 billion (including soft costs; excluding land acquisition). Structural and systems replacement in the County's capital plan is largely a non-discretionary activity. That is, the question is not whether such expenditures are necessary but in what year to schedule the expenditure on particular projects. Deferral of capital improvements and maintenance creates an unacceptable unfunded liability and contributes to further deterioration of properties. It is the goal of the Board to fund the County's capital needs at approximately 2% of the replacement cost of County Tier 1 and Tier II buildings, equivalent to depreciating the facilities over a 50-year period (useful life). Only "fire-life-safety" and urgent capital projects will be considered for Tier III buildings, to avoid further investment in these facilities until they are disposed of.

The Facilities and Property Management Division shall maintain an inventory of the capital needs in all owned County facilities. Major capital needs of \$1.0 million or greater will be incorporated into the five-year Capital Improvement Plan. An evaluation process and rating system shall be used by Facilities and Property Management to assist in determining which projects to prioritize and propose for funding each year.

During the annual budget development process the Director of the Facilities and Property Management Division is directed to update the five-year Capital Improvement Plan. The Plan shall provide for and prioritize maintenance projects, anticipated major improvements to County capital assets and any additional replacement of capital assets. The Plan shall include major construction to be undertaken by the County, regardless of funding source. When developing the Capital Improvement Plan, the Facilities and Property Management Division will:

- Solicit feedback from other County departments and key stakeholders
- Identify potential sequencing and/or project linkages to the departments; and
- Make recommendations to the Capital Planning Steering Committee

# Financial and Budget Policies

## FY 2027 Proposed Budget

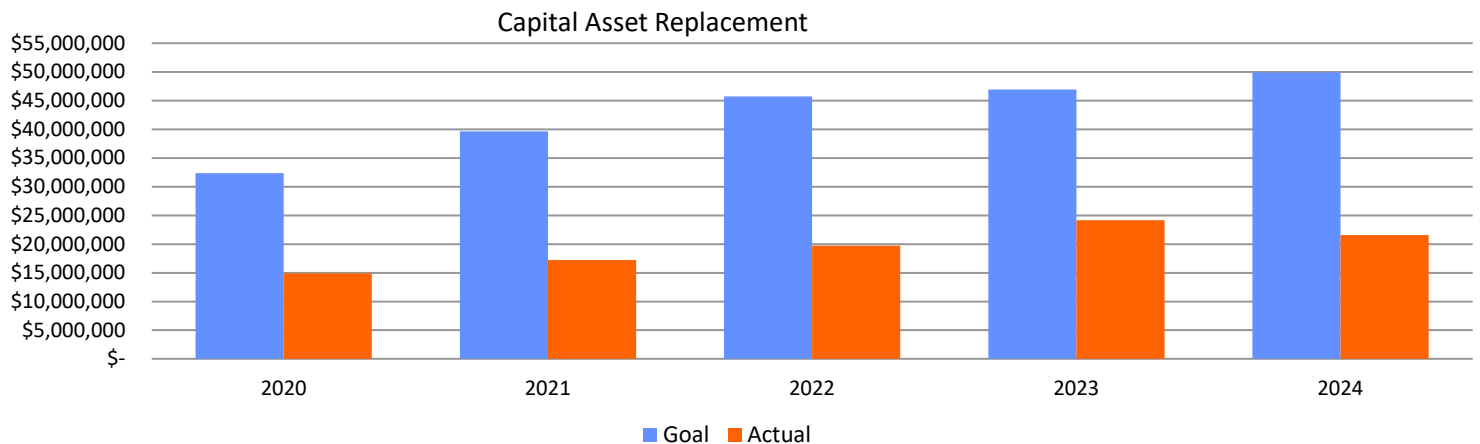
The Plan will be reviewed and updated annually between July and December in to order to inform the County budget process. The Capital Improvement Plan will be submitted to the Board of County Commissioners as part of the annual budget (see Five Year Capital Improvement Plan).

### Status

In FY 2024, the County approved a new Capital Planning Administrative Policy (CAP-1) that provides a standard method for the development of short and long-term countywide capital plans that identify County infrastructure needs and guides the County asset management and investment strategy. This policy applies to Facilities and Property Management, Information Technology, and the Transportation Division.

The County is not in compliance with the policy goal to fund capital needs at a rate of 2% of the replacement cost of buildings, but has increased fees charged to tenants in County owned buildings in an effort to reach the goal over time.

The following graph depicts the annual infrastructure spending goal and actual expenditures. The goal refers to a level of ongoing expenditures. This does not include one-time-only General Fund capital funding.



Facilities Capital	2020	2021	2022	2023	2024
Goal	\$32,360,255	\$39,645,009	\$45,752,457	\$46,940,642	\$49,907,106
Actual	\$14,889,710	\$17,230,807	\$19,712,596	\$24,188,483	\$21,582,973

### *Best Use or Disposition of Surplus Property*

The Board will make the final determination on the best use or disposition of the property identified. When deciding on the best use or disposition of surplus property, the Board will consider that the proceeds from the sale of unrestricted property may be allocated in the following prioritized manner:

1. Credited to the Asset Preservation Fund to provide reserves to meet future capital needs in Tier I facilities.
2. Credited to the Capital Improvement Fund to provide resources for future capital projects, deferred maintenance, or capital acquisition / construction (Tier 2 and 3 facilities).
3. Retire outstanding debt related to the disposed of or surplus property.
4. Used to increase General Fund reserves to achieve full funding according to these policies.

In addition, property may be traded for other properties or may be leased to other agencies in order to provide services or carry out the mission of the County.

### *Transportation Financing*

Multnomah County owns, operates and maintains approximately 270 miles of urban and rural roads and 29 bridge structures, six of which are Willamette River bridges (Wapato, Broadway, Burnside, Morrison, Hawthorne and Sellwood). Transportation operates and maintains 1,700 culverts and many miles of sidewalks, bike lanes, and drainage pipes in road service areas. Ongoing maintenance and improvements to the transportation infrastructure are necessary for economic growth, to alleviate existing transportation problems, and to maintain the livability of the region.

It is the policy of the Board to support statewide and regional funding for transportation-related needs. If State and regional funding is inadequate, the County works with jurisdictions within its boundaries to address the transportation funding needs of local governments.

#### **Status**

Multnomah County has created a ranked 20-year Capital Improvement Plan (CIP) that consists of capital maintenance and improvement projects for the County Road System and the Willamette River Bridge Program that are ranked according to criteria including safety, mobility, resilience, sustainability, and equity. The CIP is developed with extensive public input and is then presented to the County Board for approval. The purpose of the CIP is to ensure limited public funds are invested in transportation projects providing the greatest public benefit. The CIP is reviewed and updated every 5 years and a new CIP is developed every 10 years.

The Chair and Board continue to raise the awareness of the challenges faced by the County due to the shortfall of transportation revenue. The Board's acceptance of the CIP forms the basis for the selection and funding of road and bridge projects. They are working with the regional, State and Federal partners to address transportation funding issues. More information can be found at [www.multco.us/info/transportation-plans](http://www.multco.us/info/transportation-plans).

### *Information Technology Capital Projects*

Multnomah County owns, operates, and maintains a significant investment in information technology (IT) equipment, software, and infrastructure. Maintaining and upgrading IT infrastructure is increasingly a non-discretionary activity, as County operations grow ever more reliant on information technology to deliver services efficiently.

The Board recognizes that adequate capital equipment replacement and upgrade funding is essential to avoid costly repair, replacement, or failure of major IT capital assets. During the annual budget development process the Director of the Department of County Assets is directed to update a five-year IT Asset Replacement Plan. The Plan shall provide for and prioritize major software projects, anticipated major improvements to County IT assets and infrastructure, and identify any additional replacement of IT assets. Major capital needs of \$250,000 or greater will be incorporated into the five-year IT Asset Replacement Plan. The plan and associated funding mechanisms shall be reviewed by the County Technology Council and the Capital Planning Steering Committee. The plan will be approved annually by the Board of County Commissioners during the annual budget process.

#### **Status**

The Chief Information Officer will report to the Board on the status of the projects during the annual budget process.

In FY 2024, the County approved a new Capital Planning Administrative Policy (CAP-1) that provides a standard method for the development of short and long-term countywide capital plans that identify County infrastructure needs and guides the County asset management and investment strategy. This policy applies to Facilities and Property Management, Information Technology, and the Transportation Division.

### *Insurance Coverage for Large Capital Projects*

In planning for large capital construction projects the County will consider and evaluate all options for providing insurance coverage on the project. Projects that are estimated to cost more than \$30 million may be insured through an Owner Controlled Insurance Program (OCIP). In those cases, the County will conduct an analysis of insurance options in advance of contract negotiations in order to determine whether an OCIP would be beneficial to the project.

## Long-Term Liabilities

Governments are required to account for and report on long-term and other liabilities per Governmental Accounting Standards Board (GASB) pronouncements. Long-term liabilities reflect future obligations that have been incurred as a result of required or contractually obligated payments. The County recognizes the need to account for unfunded long-term liabilities and to develop a plan to manage them prudently.

### Policy Statement

Multnomah County has two long-term liabilities related to the cost of personnel. There are additional long-term liabilities associated with the County's self-insurance programs for liability and worker's compensation.

The County participates in the Public Employees Retirement System (PERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the PERS Pension board. PERS provides retirement, disability, and death benefits to plan members and their beneficiaries. State statutes (ORS 238 and 238A) authorize the State to establish and amend all plan provisions.

The PERS contribution requirements of the County are established and may be amended by the State. It is the policy and practice of the County to pay PERS obligations on an annual, pay-as-you-go basis. The rates assessed by the PERS Board also include an actuarial estimate of the amount required to provide for any unfunded liability that may exist.

The County also has incurred a liability associated with contractually obligated retiree healthcare benefits. This liability, commonly known as Other Post-Employment Benefits (OPEB) is the sole responsibility of the County.

### Status

#### PERS Long Term Liability

As of a June 30, 2023 measurement date (using December 31, 2021 actuarial valuation), the County's net unfunded PERS liability is approximately \$666.3 million. If it is determined that the County could realize a present value savings from pre-funding the liability, the Chief Financial Officer may recommend the sale of Pension Obligation Bonds (POBs).

The County established five side accounts with Oregon PERS over six years (\$25 million annually from FY 2017-20 and \$25 million in FY 2023). The County has invested a total of \$125 million into side accounts. These funds are invested by PERS and earn the same rate of return as the overall PERS portfolio. The creation of side accounts allows the County to more effectively mitigate anticipated increases in PERS rates. Reserves, which were restricted for this purpose, have been used to fund side accounts.

In FY 2020 the County participated in the PERS Employer Incentive Fund (EIF) match program created by Senate Bill 1049. The PERS EIF provided a 25% match on qualifying side accounts made after June 2, 2018. The County received full match on two side accounts; total match of \$12.5 million.

### OPEB Long Term Liability

As of January 1, 2024, the County’s unfunded OPEB liability is approximately \$136.8 million. The County set a goal to achieve a funding level of 30% of the OPEB liability by the end of FY 2019. The Chief Financial Officer developed recommendations for funding the liability beyond FY 2018 and presented those for the Board’s consideration. Funding to meet the OPEB liability, insurance, and worker’s compensation liabilities is held in the form of reserves in the Risk Management Fund. The reserves are allocated, and reported to the State, by the Chief Financial Officer based on actuarial analysis. Reserves in the fund are considered set asides for the exclusive use of meeting these liabilities. As of June 30, 2024, the County has funded approximately 65% of the OPEB actuarial liability.

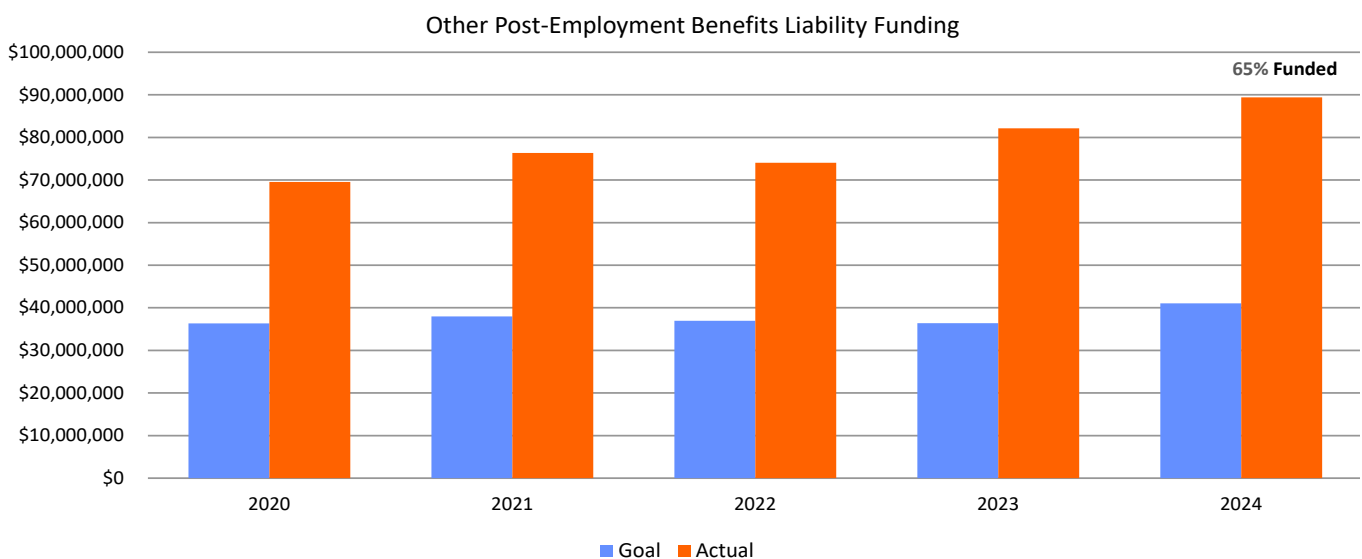
The County receives actuarial valuations for PERS and OPEB liabilities every two years. In connection with the County’s OPEB actuarial valuations, the Chief Financial Officer and the County’s actuaries will present the actuarial valuation on OPEB liabilities to the Board along with the Annual Comprehensive Financial Report. The Chief Financial Officer may recommend OPEB funding structures to the Board based on the actuarial valuations and the County’s Risk Management Fund. This will allow the Board to be better informed when considering funding options such as establishing a trust fund for the County’s OPEB obligations. The County’s next actuarial valuation will be as of January 1, 2027.

The following is the June 30, 2024, funding level of each liability:

Liability Description	Total Liability	Target Funding Level	Amount Funded	Percent Funded
Self Insurance <sup>1</sup>	\$13,327,000	\$24,201,142	\$24,086,882	99.5%
Other Post Employment <sup>2</sup>	\$136,788,000	\$136,788,000	\$89,399,183	65.4%

<sup>1</sup> GASB requires self-insurance claims be recorded as a liability in the financial statements. Self-insurance includes certain health plan, workers compensation, and general liability claims. The County maintains a health plan self-insured reserve of 15 percent, this is reflected in the target funding level.

<sup>2</sup> GASB requires employer paid benefits extended to retirees be disclosed in the financial statements. The liability reflects the most recent unfunded actuarial accrued liability amount per Cheiron actuarial report.



OPEB Liability Funding	2020	2021	2022	2023	2024
Goal	\$36,327,300	\$37,989,900	\$36,948,600	\$36,363,000	\$41,036,400
Actual	\$69,546,869	\$76,351,483	\$74,076,525	\$82,120,849	\$89,399,183

### Other Fund Balances

Balances also exist in funds other than the General Fund. These fund balances are held for a variety of purposes. For example, balances in capital project funds may represent the unspent portion of projects approved by the Board in a prior year’s budget. Balances may exist in debt service funds to ensure compliance with bond covenants. Other fund balances account for reserves that are held for asset replacement.

#### Policy Statement

The Government Accounting Standards Board (GASB) has developed a statement – known as GASB 54 – that clarifies how fund balances are accounted for financial reporting purposes. The standard aims to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied.

It is the policy of the County to adhere to the GASB 54 guidelines and the following fund balance classifications that have been established.

- Restricted – for resources constrained on use by externally imposed creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Committed – for resources constrained on use for specific purposes authorized by the Board of County Commissioners via resolution or ordinance. For the purposes of the GASB statement, resolutions and ordinances are considered to be equally binding. Resources will be committed prior to June 30th and the amount may be determined at a subsequent date.
- Assigned – for resources that are constrained by the County’s intent to use them for a specific purpose, but are neither restricted nor committed. Assigned fund balances are not reported in the General Fund.
- Unassigned – fund balance that is not otherwise reported as nonspendable, restricted or committed within the General Fund. Unassigned fund balance is the residual classification for the General Fund.

The Board requires restricted resources be used prior to unrestricted (unassigned) resources unless external constraints exist. When committed, assigned and unassigned resources are available for an expenditure, committed resources should be spent first, assigned resources second, and unassigned resources last.

#### Status

Accounting for resources in these categories is reported on the Combining Balance Sheet for each governmental fund type in the County’s Annual Comprehensive Financial Report. The chart below provides the balances in the governmental funds as of June 30, 2024. The County is in compliance with this policy.

Governmental Funds	Balances at June 30, 2024
Nonspendable	\$28,709,222
Restricted	\$952,552,071
Committed	\$260,680,841
Assigned	\$53,518,246
Unassigned (GF)	\$56,423,189
<b>Total fund balances</b>	<b>\$1,351,883,569</b>

## Internal Service Funds

### Policy Statement

The purpose of establishing internal service funds is to identify and allocate costs related to the provision of specific goods and services within the County.

Internal Service funds will be used to account for business operations and charge for goods or services provided to other departments or agencies on a cost-reimbursement basis. Internal Services Rates are established under the basic principle of full cost recovery for service delivery. Costs will include both direct and indirect costs (including administrative overhead). Rates shall be developed based on actual cost of services analysis. Periodically the rates charged will be compared to other public or private sector operations to ensure that pricing is competitive. The internal service fund charges will include asset replacement charges (depreciation) to ensure that adequate funds will be available to purchase replacement assets.

Services by Central Service Providers:

- Fleet Management
- Fleet Asset Replacement
- Information Technology Services
- Mail Distribution Services
- Facilities Management Services

Internal Service charges may include an operating contingency amount not to exceed 60 days of operating expenses or 10 percent, excluding any pass through (e.g. leases, utilities, etc.). The purpose of an operating contingency for internal service fund is to ensure services can be provided at relatively constant level without interruption to departmental customers. The contingency will provide cash flow for operating needs and can only be used for unexpected (non-routine) and emergency expenditures. The Chief Budget Officer and Chief Financial Officer will be consulted when contingency is needed. Internal Service charges are billed to departmental customers based on actual monthly expenses. The review of contingency will be on budgetary basis and at the end of the fiscal year. This policy does not apply to Fleet Asset Replacement Fund and will comply with Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.

### Status

The County is in compliance with this policy.

# Investments, Banking Services, and Cash Management

## Policy Statement

Multnomah County maintains an active investment program. In accordance with ORS 294.135, investment transactions are governed by a written investment policy, which specifies objectives, diversification goals, limitations, and reporting requirements. The investment policy sets guidelines for diversification that are more stringent than those allowed by State statute, reflecting the County's strategic preference for a conservative investment approach. The investment policy is ratified annually by the Board of County Commissioners and includes any applicable updates resulting from changes in State statutes (ORS 294 and 295).

In addition, the County uses an independent Investment Advisory Board to review the County's policy and investment performance and contracts with an investment advisor to provide non-discretionary advisor services. The investment advisor assists in developing investment strategies, assists in the execution of trades, prepares monthly and quarterly investment portfolio performance reports, and monitors portfolio compliance to applicable rules and regulations. The current policy can be found at the following link: [www.multco.us/finance/investments](http://www.multco.us/finance/investments).

Banking services shall be solicited at least every five years on a competitive basis. The Chief Financial Officer (or their designee) is authorized to act as the County's "Custodial Officer" responsible for performing the treasury functions of the County under State statute and the County's Home Rule Charter.

Treasury regularly analyzes and monitors the County's cash flow. Cash balances are reported in the monthly Investment Report prepared by Treasury. Historically, the County's low point for cash occurs prior to the time that Property Tax revenue is received in November. If necessary, and when there is a financial benefit to the County, the Chief Financial Officer may recommend the issuance of short-term, Tax and Revenue Anticipation Notes (TRAN). It is the policy of the County to issue TRANs only when there is a favorable interest rate environment or when internal sources will not cover the projected cash flow shortfall.

As a general best practice, Multnomah County will not prepay for services or for the purchase of goods. If certain emergency or high priority operational circumstances exist that require the County consider a prepayment for services or goods, written approval from Chief Financial Officer will be required before prepayment is processed. The County will consider general liability, liquidity needs, interest earnings, and other external funding constraints when evaluating a prepayment request.

## Status

The County is in compliance with this policy.

### Short-term and Long-term Debt Financings

The County is authorized to issue debt under State statute (ORS, 287A) which establishes limits on the amount of debt that may be issued. In addition to the legal debt limits the County has imposed an internal limit on the issuance of debt that is expressed as a percentage of budgeted General Fund revenues.

The County’s Debt Management Manual sets guidelines to comply with applicable State statutes, County imposed debt limitations, and Internal Revenue Service requirements. The Manual covers all aspects of debt financing from selecting the method of sale through bond closeout. The Debt Management Manual is reviewed annually by the Chief Financial Officer and, as requested, by the Municipal Debt Advisory Commission within the State Treasurer’s Office.

#### Policy Statement

It has been the County’s policy to issue debt for public projects that provide long-term benefit to County residents. Under no circumstance will the County fund ongoing operations with the proceeds of long-term debt.

When issuing debt, the County will follow the Government Finance Officers Association recommended practice of selecting and managing the method of sale. As noted above, debt issuance is limited by State statute. The limit on voter approved, General Obligation Bonds is 2% of the real market value assessed within the County. The limit on all other debt instruments is 1% of the real market value assessed within the County. However, the County further limits non voter-approved debt supported by the County General Fund to an annual debt payment amount that will not exceed 5% of General Fund budgeted revenues. Likewise, debt that is supported by other funds will be limited to 5% of the total revenues of the supporting fund unless dedicated revenue sources are pledged for repayment of debt service. Annual debt service payments should never exceed the minimum level of General Fund reserves (12% of annual General Fund revenues), providing the County with the ability to meet annual debt payment obligations in the case of severe budgetary challenges. The statutory and General Fund debt limitations are highlighted in the tables below.

Limitation	Basis for Limit	Real Market Value (RMV)	Debt Capacity Available
Statutory - GO Bonds	2% of RMV	\$206,698,235,737	\$3,919,844,715
Statutory - All Other	1% of RMV	\$206,698,235,737	\$1,865,969,571
County Policy*	5% of GF Revenues	N/A	\$340,000,000

\*Estimated principal calculated at 5.50% annual interest rate amortized over 20 years

# Financial and Budget Policies

## FY 2027 Proposed Budget

FY 2026 County General Fund Debt Capacity Limit		
	As of 6/30/2025 Principal Outstanding	2025-26 Debt Service
<b>Total Debt Subject to Financial Policy</b>	<b>\$201,293,447</b>	<b>\$23,854,814</b>
(Less) Non General Fund Supported Debt		
Road Fund (Oregon Transportation Infrastructure Bank loan)	(280,661)	(291,831)
Sellwood Bridge (Series 2021 FFCO)	(64,495,000)	(8,582,523)
Burnside Bridge National Environmental Policy Act phase (Series 2019 FFCO)	(6,942,248)	(1,811,710)
Burnside Bridge Design & Right-of-Way (Series 2022 FFCO)	<u>(19,100,538)</u>	<u>(3,080,796)</u>
<b>Total General Fund Obligation</b>	<b>\$110,475,000</b>	<b>\$10,087,955</b>
(Less) Annual Payment From Other Sources		<u>(772,526)</u>
<b>Net FY 2026 General Fund Obligation</b>		<b>\$9,315,429</b>
<b>REMAINING BORROWING CAPACITY</b>		
<b>Debt Capacity (Supported by General Government Fund Types Only)</b>		
FY 2026 General Fund Revenues <sup>1</sup>	\$753,283,296	
Policy Limitation (5% of General Fund Revenues)	<u>x 5.00%</u>	
<b>Maximum Debt Service per Policy</b>	<b>\$37,664,165</b>	
(Less) Current General Fund Commitment		<u>(9,315,429)</u>
Annual Debt Service Payment Available	28,348,735	
<b>Estimated Principal Value Available<sup>2</sup></b>	<b>\$340,000,000</b>	
<sup>1</sup> General Fund Revenues for this calculation do not include Beginning Working Capital		
<sup>2</sup> Estimated Principal calculated at 5.50% annual interest rate amortized over 20 years		

The different types of financings the County may use to fund its major capital acquisitions or improvements are:

- General Obligation Bonds (requires voter approval)
- Full Faith and Credit Obligations (FFCOs)
- Revenue Bonds
- Loans
- Lease Obligations - Right to Use

Where debt is issued to finance capital projects, the term should be limited to the economic life of the financed asset. In general it is the Board's policy that debt issuances not exceed 20 years. However, when market conditions warrant or when a specific asset would have a longer useful life, the Chief Financial Officer may recommend a longer term of issuance.

The Chief Financial Officer regularly reviews and analyzes opportunities to refinance debt. It is the policy of the Board to enter into refinance agreements when net present value savings exceed 3% of the outstanding principal balance. Over the past several years, the County has taken an aggressive approach to debt management. All of the current debt issues that could be refinanced have been.

### Status

A schedule of the County's outstanding debt obligations as of July 1, 2025, can be found in Volume One of the FY 2026 budget in the Financial Summaries tab.

## Conduit Debt

The County created the “The Hospital Facilities Authority of Multnomah County, Oregon” in 1998 authorized by State Statute (ORS 441.530). The statute aims to provide greater access to adequate medical care and hospital facilities for Oregon residents by allowing cities and counties to issue debt (conduit) on behalf of non-profit entities that provide hospital facilities. Hospital facilities are defined as adult congregate living facilities, behavioral treatment facilities, family safety facilities, and healthcare facilities. Though no separate County authority exists Multnomah County per State statute (ORS 352.795) can also be a conduit of debt for higher education facilities to provide quality post-secondary education.

### Policy Statement

Multnomah County can issue bonds and other obligations on behalf of non-profit entities that provide hospital facilities or higher education facilities. Conduit debt issued creates a liability for the entity for whom it is issued and is not a direct or contingent liability of Multnomah County and is therefore not included as debt obligations in the budget.

The County will only consider issuing conduit debt on behalf of non-profit if the follow elements are present:

- Borrower must submit a letter of intent describing the request, purpose, benefit to community, and describe how request aligns with Multnomah County’s mission and values
- Borrower facilities must reside in County and directly benefit County residents
- Borrower must be a non-profit entity
- A Pro Forma and 3 years of audited financial statements must be provided
- Chief Financial Officer will complete a financial position review. Projected revenues from borrower can be expected to cover cost of borrowing
- Request must be in alignment with State statutes
- A board briefing is required in which borrower will present in coordination with Chief Financial Officer

### Status

Conduit debt is not an obligation of Multnomah County and not reported in the Annual Comprehensive Financial Report. Conduit debt does not count against the County’s statutory debt capacity. Of the total \$266 million principal outstanding on conduit bonds as of June 30th, 2024, 98% was issued on behalf of four hospital facilities and the other 2% on behalf of educational facilities.

## Interfund Loans

An interfund loan is defined as a transfer between funds or fund types within the County for an approved amount and a definite plan of repayment in a specified period of time. Interfund loans are subject to ORS 294.468 and are designed to provide financing resources to address cash flow needs in County operations or capital financing plans. Interfund loans are either operating or capital and shall meet the requirements noted below:

- An Operating Interfund Loan is a loan made for the purpose of paying operating expenses.
- A Capital Interfund Loan is 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.

### Policy Statement

Interfund loan requests must be reviewed and approved by the County's Chief Financial Officer and Chief Budget Officer prior to taking a request for authorization to the Board of County Commissioners. Interfund loans must be authorized by a resolution 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 and intent for which the loan is made, the principal amount of the loan, the interest rate at which the loan shall be repaid (if applicable), and a schedule for repayment of principal and interest. In addition, interfund loans:

1. Shall not be made from reserve funds, debt service funds, or any other funds restricted by law, constitutional provisions, bond covenants, grantor requirements, Board resolutions or ordinances, unless the restrictions on these funds allow for the purpose of the interfund loan.
2. Shall not be used to fund ongoing operations unless specifically approved by Board resolution.
3. Shall 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.
4. Shall not exceed 10 years in duration for any capital interfund loan; shall not extend beyond the end of the next fiscal year for any operating interfund loan.
5. May be made only if there is a likely expectation that the fund receiving the loan will have the ability to repay it. If not, the use of an interfund transfer should be considered if appropriate.
6. May be repaid in advance without any additional accrual of interest (if applicable) or any other penalties.
7. Must be made in compliance with all other statutory requirements and limitations of ORS 294.468.

No County fund shall carry a deficit cash balance for more than four months during any 12-month period without written authorization of the Chief Financial Officer. Absent authorization, department responsible for a fund shall be required to initiate a request for an interfund loan to be presented to the Board.

### Status

The County is in compliance with this policy.