



MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

(Revised: 6/9/2014)

Board Clerk Use Only

Meeting Date: 5/14/15
Agenda Item #: BWS 5b
Est. Start Time: 11:00 am
Date Submitted: 4/30/15

Agenda Title: **FY 2016 Budget Work Session - Financial and Budget Policies and Investment Policy**

Note: Title should not be more than 2 lines but sufficient to describe the action requested. Title on APR must match title on Ordinance, Resolution, Order or Proclamation.

Requested

Meeting Date: May 14, 2015 **Time Needed:** 30 minutes

Department: County Management **Division:** Budget Office

Contact(s): Karyne Kieta

Phone: 503-988-7968 **Ext.** 87968 **I/O Address:** 503/5/531

Presenter

Name(s) & Title(s): Mark Campbell, Chief Financial Officer and Karyne Kieta, Deputy Director, County Management

General Information

1. What action are you requesting from the Board?

This work session will provide an opportunity for the Board to review the FY 2016 Financial and Budget Policies and the FY 2016 Investment Policy and discuss proposed changes.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

The Financial and Budget Policies are required to be reviewed and adopted by the Board on an annual basis. The overarching goals of the 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 government accountability to the citizens of Multnomah County.

There are no significant changes to the Financial and Budget Policies for FY 2016.

The Chief Financial Officer is responsible for maintaining and following the County's Investment Policy. As described in the policy, it is brought to the Board of County

Commissioners for review and approval on an annual basis. County investments are governed by state statutes and the policy generally follows the state guidelines. Where the policy differs from statute it is generally in stating a preference for asset diversification and maturity limits.

Changes to the Investment Policy for Fiscal Year 2016 include minor language changes/additions and a change to the portfolio maximum maturity constraints. The current maturity constraint requires we maintain 70% of total portfolio balance at or under a 1-year in maturity, the change will require we only maintain 35% of total portfolio balance under 1-year maturity with a weighted average maturity of 1.5 years for total portfolio. Our maximum maturity will continue to stay at 3 years. This change provides greater flexibility in investment management through cash cycles without increasing liquidity risk. The County's portfolio has large swings in cash flow as a result of property tax season, average portfolio fund balances range between \$290 million and \$800 million. The change will support more effective management of portfolio while maintaining objectives of investment policy. This policy change was reviewed and approved by Oregon Short Term Fund Board (10/9/14) and County Investment Advisory Board.

3. Explain the fiscal impact (current year and ongoing).

There is no immediate fiscal impact. The existence of financial and budget policies, and the County's adherence to them, has a positive effect on bond rating agencies which generally lowers interest rates paid by the County on bonds and other debt.

4. Explain any legal and/or policy issues involved.

The Financial and Budget Policies incorporate the Government Finance Officers Association (GFOA) recommended best practices that were developed by the National Advisory Council on State and Local Budgeting (NACSLB).

The County Investment Policy follows ORS 294 and 295 which relate to public finance.

5. Explain any citizen and/or other government participation that has or will take place.

Three evening public hearings are scheduled on May 13th, May 27th and June 10th to collect public input on the budget. Citizen Budget Advisory Committees have reviewed the program offers and will make presentations with recommendations to the Board of County Commissioners. Transmitting the Executive Budget to the TSCC allows the public and Board further time to review the Chair's Budget before final adoption.

For the Investment Policy the County's Investment Advisory Board (IAB) has reviewed the proposed policy changes and recommends the Board's approval of the revised Investment Policy.

Required Signature

**Elected
Official or
Department**

Director: Karyne Kieta /s/

Date: May 1, 2015

Note: Please submit electronically. Insert names of your approvers followed by /s/ - we no longer use actual signatures. Please insert date approved.