



MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

(revised 12/31/09)

Board Clerk Use Only

Meeting Date: 06/10/2010
Agenda Item #: R-4
Est. Start Time: 10:10 am

Agenda Title: **RESOLUTION Adopting the Financial and Budget Policies to be Used in Fiscal Year 2010-2011 and Repealing Resolution 09-070**

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title sufficient to describe the action requested.

Requested Meeting Date: June 10, 2010 **Amount of Time Needed:** 10 minutes
Department: County Management **Division:** Budget
Contact(s): Mindy Harris, Director County Management, Karyne Kieta, Budget Director
Phone: 503.988.3786 **Ext.** 83786 **I/O Address:** 503/531
Presenter(s): Mindy Harris and Karyne Kieta

General Information

1. What action are you requesting from the Board?

The Department of County Management recommends approving the Resolution adopting the Financial and Budget Policies for Multnomah County, Oregon for fiscal year 2010-2011 and repealing Resolution 09-070.

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 & Budget Policies are required to be reviewed and adopted by the Board on an annual basis. The overarching goals of the policies are to:

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 ensure that all finance-related activities meet generally accepted accounting principles.
4. To achieve a stable balance between the County's ongoing financial commitments and the continuing revenues available to the County.
5. To leverage local dollars with federal and state funding/grants.
6. To provide an accountable form of government to the citizens of Multnomah County.

The following changes for the policies are recommended for fiscal year 2010 – 2011:

Fund Balances and Spending Prioritization

A new policy, Fund Balances and Spending Prioritization, has been added to address the requirements of a new pronouncement from the Governmental Accounting Standards Board, GASB #54. The primary purpose of GASB #54 is to improve financial reporting by

establishing fund balance classifications that provide visibility on how a governmental entity is bound to observe spending constraints. Prior to the implementation of GASB #54, the County reported fund balances in only two categories: Reserved and Unreserved. Under GASB #54, there are four categories of fund balance reporting:

Restricted, for resources that carry externally imposed restrictions regarding how the funds may be spent;

Committed, for resources that the Board has constrained by formal action, such as ordinance or resolution;

Assigned, for resources that are constrained by the County's intent to be used for a specific purpose, but are neither restricted nor formally committed;

Unassigned, for residual amounts not reported in one of the above categories, in the General Fund only.

Federal/State Grant and Foundation Revenues

Policy language has been added to improve disclosure of restrictions on resources, in order to comply with GASB #54. In addition, policy language has been added to explicitly state whether the grant will provide indirect cost reimbursement.

Budgeted General Fund Reserves

Policy language has changed in order to comply with GASB #54. The County had a long standing reserve policy, which provided for reserves to be established in two separate funds – the General Fund, and the General Reserve Special Revenue Fund. Both reserve funds were set at a level of 5% of General Fund budgeted revenues. Under GASB #54, the General Reserve Fund is eliminated and is incorporated into the General Fund. In addition, the reserve level is changed from 5% in each of two funds to 10% in the General Fund only.

You will also see in the Funds resolution that is adopted along with the Financial & Budget Policies that the Special Revenue General Reserve fund has been eliminated.

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

No immediate fiscal impact will result from adoption of this Resolution. 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 existing financial and budget policies are being changed to address the requirements of the Governmental Accounting Standards Board, pronouncement #54. No other legal or policy-related changes are being made at this time.

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

None.

Required Signature

**Elected Official or
Department/
Agency Director:**

Mindy Harris

Date: 5/26/10