



Financial & Budget Policies

Presented to the Board of
County Commissioners

Multnomah County
May 14, 2015

Located at: www.multco.us/budget

Overview // 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”*
 - Assure Taxpayers and Other External Stakeholders
 - Follow Best Practices in Financial Management
- Review Current Financial & Budget Policies
 - No New Policy Proposals in FY 2016
 - Only Minor Updates 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, Inform Board on Policy Changes
 - Finance & Budget Undertake Thorough Review Every 5 Years



Policies Reflect Best Practices

- Policies Follow GFOA and NACSLB Recommendations
 - 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



Recommended Policy Change

- Investment Policy Update
 - Hired Government Portfolio Advisors in October, 2014 to Provide Advice and Develop Investment Strategy
 - Advantages to This Approach
 - Contract Cost Offset by Increased Portfolio Earnings
- Investments Governed by State Statute
 - Policy States County's Preferences w/in Legal Parameters
- Shift in Strategy
 - Split Portfolio into “Core” and “Liquidity” Buckets
 - Decreased % of Portfolio Allocated to Liquidity
 - Increased Weighted Average Maturity to 1.5 Years, But Kept Maximum Maturity at 3 Years



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
 - Next Complete Review Scheduled in FY 2018
 - Maintain Currency w/ GFOA Best Practices
 - What Can We Learn From Comparable Jurisdictions?
- Topics For Future Consideration (New Policies or Revisions to Existing Policies)
 - PERS
 - Capital Planning
 - Grant Compliance and Monitoring
 - Upcoming GASB Pronouncements
 - Conduit Debt Issuance
- What Do Rating Agencies Want to See?



Summary

- Policies Establish Foundation for Financial & Budgetary Decision Making
 - Reflect Direction of the Board
 - Align w/ Best Practices
- Review Change to Investment Policy
 - Seek Board Approval w/ 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 Current Practices

