



# Financial & Budget Policies

[Presented to the Board of  
County Commissioners]

Multnomah County  
May 2, 2018

Located at: [www.multco.us/budget](http://www.multco.us/budget)

# Topics to Cover

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- 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”*
  - Follow Best Practices in Financial Management
- Review Current Financial & Budget Policies
  - No New Policy Proposals in FY 2019
- Other Financial Management Tools
  - Internal/External Audits
  - Accounting Standards
  - Administrative Procedures
- Overview of Investment Policy



# Policies Reflect Board Direction

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- 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, Identify Changes
  - Recommend New Policy Statements When Desired or Necessary



# Policies Reflect Best Practices

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- Policies Follow GFOA Best Practices
  - 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

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- 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



# Other Financial Management Tools

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- 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

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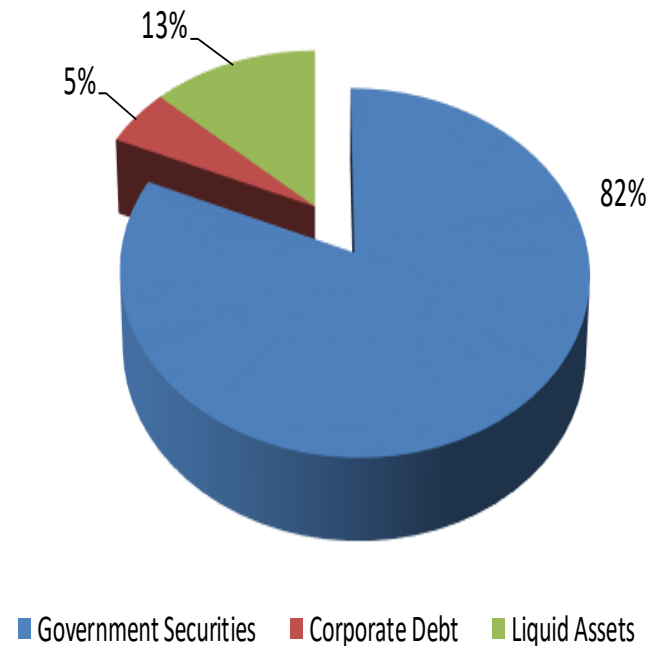
- Review Existing Policies
  - Changes Resulting From New ERP
  - Maintain Currency w/ GFOA Best Practices
  - What Can We Learn From Comparable Jurisdictions?
- Topics For Future Consideration
  - Capital Planning
  - GASB Pronouncements
  - Self Insurance Reserves
  - Contract Oversight
- What Do Rating 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
- Investment Strategy
  - Work w/ Investment Advisor
  - Liquidity v. Core
  - Up to \$250M in Core Can Be Invested for Up to 5 Years

**Multnomah County Investments**  
*Average Daily Balance = \$652 Million*





# Summary

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- Policies Establish Framework for Financial and Budgetary Decision Making
  - Reflect Direction of the Board
  - Align w/ Best Practices
- Policies Work in Conjunction w/ Other Financial Management Tools
- Policy Review and Development a Continuous Improvement Process
  - Ensure Policies Remain Relevant and Reflect Board Direction

