



AGENDA
CUYAHOGA COUNTY FINANCE & BUDGETING COMMITTEE MEETING
MONDAY, FEBRUARY 24, 2014
CUYAHOGA COUNTY JUSTICE CENTER
COUNCIL CHAMBERS – 1ST FLOOR
1:00 PM

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. PUBLIC COMMENT RELATED TO THE AGENDA**
- 4. APPROVAL OF MINUTES FROM THE FEBRUARY 3, 2014 MEETING**
- 5. MATTERS REFERRED TO COMMITTEE**
 - a) O2014-0004: An Ordinance amending and replacing Chapter 701 of the Cuyahoga County Code, incorporating Chapters 706 and 707 of the Cuyahoga County Code into Chapter 701, and renumbering existing Chapters of Title 7 of the Cuyahoga County Code where appropriate to enact a comprehensive set of financial policies for Cuyahoga County.
- 6. MISCELLANEOUS BUSINESS**
- 7. OTHER PUBLIC COMMENT**
- 8. ADJOURNMENT**

*In accordance with Section 108.01 of the Cuyahoga County Code, complimentary parking in the Huntington Park Garage will be available for the public on any day when the Council or any of its committees holds meetings. Please see the Clerk to obtain a parking pass.



MINUTES

CUYAHOGA COUNTY FINANCE & BUDGETING COMMITTEE MEETING
MONDAY, FEBRUARY 3, 2014
CUYAHOGA COUNTY JUSTICE CENTER
COUNCIL CHAMBERS – 1ST FLOOR
1:00 PM

1. CALL TO ORDER

Chairman Miller called the meeting to order at 1:05 p.m.

2. ROLL CALL

Mr. Miller asked Assistant Deputy Clerk Carter to call the roll. Committee members Miller, Jones, Connally, Greenspan, Schron and Brady were in attendance and a quorum was determined. Committee member Gallagher entered the meeting shortly after the roll call was taken.

3. PUBLIC COMMENT RELATED TO THE AGENDA

No public comments were given.

4. APPROVAL OF MINUTES FROM THE JANUARY 23, 2014 MEETING

A motion was made by Ms. Connally, seconded by Mr. Schron and approved by unanimous vote to approve the minutes of the January 23, 2014 meeting.

5. MATTERS REFERRED TO COMMITTEE

- a) R2014-0015: A Resolution approving the appropriation of funds for Year 2014 based on the Statement of Appropriation Status dated 12/31/2013, and declaring the necessity that this Resolution become immediately effective:

- 1) Free balances for grants and capital projects;
- 2) Encumbrances for grants and capital projects; and

- 3) Encumbrances for all other funds.

Mr. Christopher Murray, Interim Director of the Office of Budget and Management, addressed the Committee regarding Resolution No. R2014-0015. Discussion ensued.

Committee members asked questions of Mr. Murray pertaining to the item, which he answered accordingly.

On a motion by Mr. Brady with a second by Mr. Gallagher, Resolution No. R2014-0015 was considered and approved by unanimous vote to be referred to the full Council agenda with a recommendation for passage under second reading suspension of the rules.

6. MISCELLANEOUS BUSINESS

- a) Conceptual presentation of financial policies legislation scheduled for introduction at the February 11, 2014 Council Meeting

Mr. Miller provided an overview of the proposed financial policies legislation. Discussion ensued.

Mr. Miller announced that the next Finance & Budgeting Committee meeting will take place on Tuesday, February 18, 2014 at 3:00 p.m.

7. OTHER PUBLIC COMMENT

No public comments were given.

8. ADJOURNMENT

With no further business to discuss and on a motion by Mr. Schron with a second by Ms. Connally, the meeting was adjourned at 1:31 p.m., without objection.

County Council of Cuyahoga County, Ohio

Ordinance No. O2014-0004

Sponsored by: Councilmember Miller	An Ordinance amending and replacing Chapter 701 of the Cuyahoga County Code, incorporating Chapters 706 and 707 of the Cuyahoga County Code into Chapter 701, and renumbering existing Chapters of Title 7 of the Cuyahoga County Code where appropriate to enact a comprehensive set of financial policies for Cuyahoga County.
---	---

WHEREAS, Sections 2.03(9) and 2.03(10) of the Cuyahoga County Charter require the County Executive to submit to Council on a biennial basis a proposed operating budget, capital improvements plan, and detailed supporting financial information on revenues and expenditures; and,

WHEREAS, Section 3.09(5) of the Cuyahoga County Charter gives Council the power to adopt and amend the County's biennial operating budget and capital improvements program and to make appropriations for the County; and,

WHEREAS, the County Office of Budget and Management (OBM) within the Fiscal Office manages the County's budgeting process on behalf of the County Executive; and,

WHEREAS, Chapter 701 of the Cuyahoga County Code was enacted through Ordinance No. O2011-0036 on 9/13/2011 and the power for a biennial operating budget was incorporated into the County Charter by the voters on November 6, 2012; and,

WHEREAS, Chapters 706 and 707 of the Cuyahoga County Code was enacted through Ordinances No. O2011-0056 and O2011-0058 on 5/8/2012; and,

WHEREAS, having a comprehensive, legislative statement of its fundamental financial policies and practices incorporated in the Cuyahoga County would enhance public confidence and operational effectiveness for Cuyahoga County.

NOW, THEREFORE, BE IT ENACTED BY THE COUNTY COUNCIL OF CUYAHOGA COUNTY, OHIO:

SECTION 1. Chapter 701 of the Cuyahoga County Code is hereby amended and replaced as follows:

Chapter 701: Cuyahoga County Financial Policies and Practices

Section 701.01: Fundamental Financial Policies

- (A) Section Overview: This section is an aspirational statement of the fundamental principles intended to be followed in Cuyahoga County's financial operations. Subsequent sections specify procedures and operations to be performed, consistent with the fundamental principles.
- (B) Balanced budgeting
 - (1) Cuyahoga County and all agencies supported by County resources will function within the resources identified as available to accomplish their stated programmatic objectives.
 - (2) The County will consistently maintain budgets that are structurally balanced for the long term. Any operating deficits will be limited in size and temporary in nature.
- (C) Revenue sufficiency
 - (1) The County will seek to identify all possible revenue sources to ensure sufficient revenue to meet the needs for those services that are mandated, strongly supported by the electorate, and/or deemed to be of high priority.
 - (2) The County will seek to identify and use a diverse mix to revenue sources to enhance stability and predictability of the revenue stream.
- (D) Controlling the cost of government
 - (1) The County will ensure that services are delivered effectively and efficiently.
 - (2) The County will measure the effectiveness of its programs and services, minimize or eliminate funding for less effective programs and services so that resources may be redirected to programs and services demonstrated to have a direct positive impact on the quality of life for County citizens.
 - (3) The County will actively manage personnel costs and use performance management to improve efficiency and effectiveness.
 - (4) When funding new projects or programs, the County will first consider reallocating existing appropriations before appropriating additional resources

(E) Reserve policy

- (1) The County will seek to maintain reasonable reserve levels in its General Fund and Health and Human Services Levy Fund so as to enable the County to handle cyclical variations in revenue and service demand efficiently and with little or no disruption of programs and services.
- (2) The County shall use a multi-year forecasting process to provide an early identification of unfavorable financial trends. When such unfavorable trends are identified, the County shall take prompt and effective action to insure that long-term structurally balanced budgets and proper reserve levels are maintained.

(F) Budget prioritization

- (1) The Executive and Council will use an effective prioritization system to ensure that limited resources are allocated to those programs and services that the County is mandated to provide and will have that highest degree of positive impact on the quality of life of our citizens.
- (2) The budget prioritization process will emphasize those programs and services that will produce large long-term benefits or cost savings or which will prevent or reduce the need for other expensive County-provided services in the future.

(G) Use of general funds

- (1) Resources in the County's General Fund Operating Account may be used for any and all appropriate County programs and services, including, without limitation, any of the County's human services programs.
- (2) The County will seek to use general funds to leverage more restricted funds, consistent with the County's overall priorities and objectives.

(H) Capital Improvements and Debt Management

- (1) The County will maintain capital spending at sustainable levels and avoid deferring urgently needed maintenance or neglecting the County's capital assets. The County will seek to develop a capital asset development and maintenance program that is highly cost-effective on a long term basis.
- (2) Recognizing that high-quality, well-maintained capital assets enhance the County's ability to provide cost-effective direct services to citizens, the County will balance capital expenditure needs with current needs for direct services.
- (3) The County intends to issue debt only to the extent consistent with the County's ability on a long term basis to meet both debt service requirements and ongoing operational expenses. In order to restrain the incurrence of long term obligation, the County intends to use current revenue to finance part of its capital improvements program.

Section 701.02: Role of the Office of Budget and Management (OBM)

- (A) OBM, under the direction of the Fiscal Officer shall have primary responsibility for monitoring, managing, and forecasting regarding the County's finances and for prioritizing alternative expenditure options and providing decision support on resource allocation for all County operations.
- (B) OBM shall monitor the County's budget so as to ensure that all revenue is directed to the proper accounts, that there is capacity for all expenditures, and that all expenditures are made with all required authorizations. To accomplish these purposes, OBM shall make budget adjustments and/or recommendations for budget adjustments, as provided for in Section 701.05.
- (C) OBM shall submit the proposed annual tax budget, biennial operating budget, biennial capital improvements program, and the 2nd budget year update on behalf of the County Executive, as provided in Section 2.03, Subsections 9, 10, and 11 of the Cuyahoga County Charter and Section 701.04 of the Cuyahoga County Code.
- (D) OBM shall submit quarterly and monthly financial reports and assist the Fiscal Office in presenting financial information on its website, as provided in Section 701.10.
- (E) OBM shall monitor revenues and expenses on an ongoing basis and update forecasts of revenue and expenses on at least a quarterly basis.

Section 701.03: Role of County Council

This section presents the expected process for the County Council in carrying out the County's financial policies. In accordance with Subsection 3.09(5) of the County Charter, the County Council shall:

- (A) Provide overall legislative oversight of revenues, expenses, and all other financial operations for County government and shall approve all appropriations, including an overall review of County financial operations at least per calendar quarter,
- (B) Consider, amend, and adopt the Tax Budget, Biennial Operating Budget, and Capital Improvements Plan for the County, and
- (C) Consider, amend, and adopt adjustments to the County's Biennial Operating Budget, as provided in Section 701.05 of the County Code.

Section 701.04: Biennial Operating Budget

- (A) The biennium for Cuyahoga County's operating budget shall extend from January 1 of even-numbered year through December 31 of the following odd-numbered year.
- (B) The County Executive may perform any of the duties required in this section through his/her duly authorized designees.
- (C) Not later than at the first County Council meeting in October of each odd-numbered year, the County Executive shall submit to Council a proposed operating budget and capital improvements program for the two fiscal years beginning January 1 of the year following submission. The materials submitted shall include all information required by Section 2.03, Subsections 9, 10, and 11 of the Cuyahoga County Charter.
- (D) Not later than at the first County Council meeting in November of each even-numbered year, the County Executive shall submit to Council a report, updating the information provided in Subsection (C) above for the second year of the biennium. If the report includes changes to the budget or capital improvements plan, the County Executive shall submit appropriate legislation along with the report.
- (E) This section shall not alter any obligation placed on any County agency, department, board or commission by the Ohio Revised Code relative to the submittal of its budget in a manner than differs from the process described in this section.
- (F) The County Council shall review, amend as needed, and adopt the biennial operating budget and capital improvements program and make all necessary appropriations not later than December 15th of each odd-numbered year.
- (G) Any requests for new programs or services that require an additional appropriation as a part of the biennial budget process or at any other time shall include the following information as part of the request for Council's consideration:
 - (1) Program or service overview detailing the request for additional appropriation;
 - (2) Program or service budget itemizing expenses related to personnel, other operating, and capital outlays;
 - (3) Program or service milestones and/or timelines outlining the program or service's goals and objectives as well as key performance measurements to be done to help ensure that these goals and objectives are met; and
 - (4) Program or service staffing levels, documenting the projected staffing levels required for the program, including titles, salary, and benefits.

Section 701.05: Financial Management of Operations

- (A) **Prioritization of Expenditures:** Recognizing that demand for County services will almost always exceed fiscal capacity, the County, through the OBM, shall maintain, use, and update a system of prioritization to assist County departments and agencies in analyzing and making decision support recommendations regarding alternative resource allocation options. OBM shall use this system to enable County departments and agencies to assign expenditure options to one of three or more priority levels, with the highest priority options that accomplish one or more of the following objectives:
- (1) Provides services required by law, administrative regulation, court order, or current contractual agreement.
 - (2) Promotes effective management control of resources.
 - (3) Provides services required to ensure public safety and welfare.
 - (4) Results in cost reduction in the current fiscal year, will provide substantial cost reductions in future years, or will significantly reduce the need for other expensive services that the County provides.
 - (5) Leverages much of its costs of operations from sources other than local Cuyahoga County funds.
- (B) **Monitoring of Revenues and Expenditures:** OBM shall monitor revenues and expenses on an ongoing basis and compare actual results to budget projections. For the largest revenue sources and for major accounts within the General Fund and the Health and Human Services Levy Fund, OBM shall also compare actual results against actual results from at least the three immediate prior years on a quarterly basis or oftener in order to better control for seasonal variations within fiscal years.
- (C) **Forecasting Horizon:** OBM shall use a forecasting horizon of five years or longer in order to sustain funding for ongoing mandated and priority programs and to navigate periods of economic downturn.
- (D) **Budget Adjustments and Amendments:** Managing the County budget on an ongoing basis, OBM shall submit legislation to Council to authorize any increases or decreases in appropriations, transfers between budget accounts, and cash transfers, except that OBM may make without legislation make budget transfers that are within both the same budget index code and object code.
- (E) **Positive Fund Balances:** OBM shall submit to Council any budget adjustments needed to insure that all County funds have a positive balance at the end of each year and that expenditures in any fund do not exceed the estimate of available resources submitted to the Budget Commission.

- (F) The Fiscal Officer shall certify that sufficient funds are available for all expenditures. The general policy shall be that such certification be made prior to the expenditure of funds; however, in exceptional circumstances when this is not possible, certification may be made by meeting the requirements of the “then and now” certification process authorized under general law.
- (G) Personnel Requests: When submitting requests for personnel above what is authorized in the budget, departments and agencies are expected to do so as part of the biennial budget process or the review prior to the second year of the biennium, so as not to create future obligations that have not been evaluated as part of the budget process.
- (H) In order to provide for a more consistent approach to compensation and benefits for County employees, it shall be policy of the County to request that any Cuyahoga County department, office, agency court, board, commission or other authority to which appropriations are made provide thirty (30) days prior written notice of any planned pay rate adjustments, cost of living adjustments, and/or merit pay awards applicable to all or a significant part of its non-bargaining employees. This provision shall not apply to any such adjustments and/or awards that have been specifically provided for in the biennial operating budget then in effect.
- (I) Authorized Personnel Levels: Personnel levels authorized in the budget for departments and agencies with more than fifty (50) full-time equivalent staff shall be considered an average for the year. Such departments and agencies may exceed the authorized level at times, provided that the average level is consistent with the budget and there is not a carryover of excess staff into a subsequent year, which would require funding that has not been authorized.
- (J) General Fund Reserve
 - (1) The County’s policy shall be to maintain a fund balance reserve, free of any other obligations, in the General Fund, of twenty-five percent (25%) of the current fiscal year’s ongoing General Fund budgeted operating expenses.
 - (2) The General Fund Reserve may only be used to stabilize revenues, mitigate a projected deficit in the current operating period, retire or defease outstanding bonds or notes of the County, fund one-time or unanticipated expenditures, and pay judgments or otherwise settle legal disputes and claims.
 - (3) Any legislative action that results in reducing General Fund reserves below the twenty-five percent (25%) threshold shall contain a provision authorizing the use of reserves.
 - (4) The County Executive shall inform the Council, with at least one hundred twenty (120) days’ notice whenever possible, whenever the County has

obligations that would reasonably be expected to result in the General Fund declining below the twenty-five (25%) threshold.

- (5) At any other time that the Council determines that the use of General Fund reserves within the twenty-five percent (25%) threshold is needed for one or more of the reasons provided for in Subsection 701.05(J)(2), the Council shall by resolution, authorize the use of such reserves.

(K) Health and Human Services Levy Fund Reserve

- (1) The County's policy shall be to maintain a fund balance reserve, free of any other obligations, in the Health and Human Services Levy Fund, of ten percent (10%) of the current fiscal year's ongoing Health and Human Services Levy Fund budgeted operating expenses, except that the Health and Human Services Levy Fund, fund balance reserve shall be fifteen percent (15%) through December 31, 2013.
- (2) The Health and Human Services Levy Fund Reserve may only be used to stabilize revenues, mitigate a projected deficit in the current operating period, retire or defease outstanding bonds or notes of the County, fund one-time or unanticipated expenditures, and pay judgments or otherwise settle legal disputes and claims.
- (3) Any legislative action that results in reducing Health and Human Services Levy Fund reserves below the reserve balance target set in Subsection 701.05(K)(1) shall contain a provision authorizing the use of reserves.
- (4) The County Executive shall inform the Council, with at least one hundred twenty (120) days' notice whenever possible, whenever the County has obligations that would reasonably be expected to result in the Health and Human Services Levy Fund reserve declining below the reserve target set in Subsection 701.05(K)(1).
- (5) At any other time that the Council determines that the use of Health and Human Services Levy Fund reserves within the reserve balance target set in Subsection 701.05(K)(1) are needed for any of the purposes provided for in Subsection 701.05(K)(2), the Council shall, by resolution, authorize the use of such reserves.

(L) Planning Process to Identify and Correct Unfavorable Trends

- (1) OBM shall proactively monitor revenues and expenses to identify threats to the County's ability to maintain General Fund and Health and Human Services Levy Fund reserves at or above the targets provided for in this section with as much lead time as possible, and shall promptly report and such threats to the County Executive and Council and discuss them in its regular financial reports.
- (2) The County Executive and the Council shall conduct a Reserve Stabilization Planning Process whenever any of the following occur:

- (a) The reserve percentage in the General Fund and/or the Health and Human Services Levy Fund reaches a level that is within one percent (1%) of its targeted minimum; or
 - (b) The reserve percentage in the General Fund and/or the Health and Human Services Levy Fund declines by more than three percent (3%) in any fiscal year; or
 - (c) The Executive, OBM, or Council identifies trends expected to bring the General Fund or the Health and Human Services Levy fund below its reserve target within one year; or
 - (d) The Executive and Council for any other reason agree to do so.
- (3) When conducting a Reserve Stabilization Planning Process, the County Executive and Council shall:
- (a) Design the planning process to fit the particular circumstances;
 - (b) Determine a timeline, not to exceed six (6) months, for completion of a plan to address identified financial problems;
 - (c) Develop a plan for the affected fund(s) that restores long term structural balance and maintains or restores the reserve percentage at or above the target level.
 - (d) Provide a process for ongoing monitoring and revision of the plan as needed to ensure stabilization of the affected fund(s).

Section 701.06: Capital Improvements Financial Policies

- (A) In order to protect the County’s capital assets and effectively plan for future improvements, the Fiscal Officer shall maintain an up-to-date master listing of all County capital assets and shall develop and implement a written procedure to ensure that all changes in County capital assets are properly and consistently reported and that the master listing is kept up to date. The initial listing shall be completed and the process for updating the list shall be in place no later than December 31, 2014.
- (B) The County shall only commit to capital projects that are within our capability to finance through short and long term resources. All issuance of debt instruments to finance capital improvements shall be done in accordance with the debt management polices provided in Section 701.07 of the County Code.
- (C) Financing decisions on capital projects shall consider the improvement’s useful life and shall allocate capital costs within the expected useful life of the improvement.
- (D) To the extent possible, consistent with completion of essential capital improvements, the County shall prioritize projects that offer the greatest opportunities to leverage resources through intergovernmental programs, public/private partnerships, and service charges or user fees.

- (E) Priority will be given to capital improvements that will enhance the County's ability to provide high quality, cost-effective direct services.
- (F) OBM shall maintain a Capital Improvements Plan, which shall include a list of projects intended to be initiated within the current biennium, along with the estimated cost and intended funding sources for each project, and a list of projects planned to be initiated during each of the next five years following the current biennium. The Plan shall include a recommendation regarding a level of capital improvements spending during the Plan's time frame that would be consistent with long term cost-effectiveness.
- (G) The Capital Improvements Plan shall be considered and acted upon concurrently with the Biennial Operating Budget, and it may be amended at other times by enactment of appropriate legislation.

Section 701.07 Debt Management Policies

- (A) The proceeds from the sale bonds, notes, or other debt instruments shall not be used for operations, except for tax anticipation or current revenue bonds that mature within the same year of issuance. Bond premiums generated from the sale of debt instruments shall be used only for the payment of principal and interest on the County's debt obligations.
- (B) The County shall adhere to the requirements of general law regarding the types of debt instruments that may be issued, and any debt issued shall be within the direct and indirect debt limitations of the State of Ohio at the time of issuance.
- (C) The Fiscal Officer shall actively monitor the potential impact of financial market conditions on the cost effectiveness of the County's debt financing and may consult with the County Investment Advisory Committee on decisions related to the County's debt portfolio.
- (D) The County will sell notes instead of bonds only as part of a multi-step economic development or construction program or when the Fiscal Officer determines that market conditions make it prudent to do so.
- (E) Bonds shall be rated when sold in order to secure the most favorable market interest rate. Notes shall be rated when it is determined to be financially advantageous to do so.
- (F) The County shall not use derivative products such as interest rate swaps in conjunction with outstanding or newly issued debt.
- (G) The County shall maintain a segregated Bond Retirement Fund from which principal and interest payments on the County's debt instruments shall be made.

- (H) Recognizing that not all factors considered by the bond rating agencies are under the County's direct control, the County shall consistently and on an ongoing basis endeavor to obtain the best possible ratings for its debt instruments.
- (I) The Fiscal Officer shall prepare and publicize an Annual Information Statement so that current financial, economic, and demographic information is disclosed to investors, rating agencies, and the public.
- (J) OBM shall provide reports regarding the County's bonds, notes, and other obligations, as provided for in Subsections 701.10(E) and 701.10(H).

Section 701.08: Cash Management Financial Policies

- (A) The Fiscal Officer shall manage a system of separate accounts according to appropriated purpose to ensure that all spending follows the plan authorized in the Biennial Operating Budget.
- (B) Any payment shall be made only when all of the following requirements have been met:
 - (1) Funding for the specific purpose of the payment has been properly appropriated.
 - (2) All applicable approvals required for the payment have been obtained.
 - (3) The payment is made from the proper fund, and there is a sufficient balance in the fund, otherwise unencumbered, to support the payment.
- (C) Payments may only be made by warrant, voucher, electronic transfer, or procurement card, except as otherwise authorized in the County Code or general law.
- (D) The County Executive, in consultation with the County Treasurer, shall establish written policies and procedures regarding transactions involving cash and/or coins to insure that:
 - (1) All cash and coin is properly accounted for at all times; and
 - (2) All transactions are properly documented, and
 - (3) For every transaction, there is a clear chain of command of personal accountability for the transaction.

These policies and procedures shall be considered an integral part of the financial policies of the County and shall be binding on all officers and employees involved in the cash management process.

Section 701.09: Investment Management Policies

- (A) **Scope of Policy:** This section governs the administration, management, and all investment transactions involving all of the County's funds, which include all funds that are under the control of the Fiscal Officer and/or the Treasurer on behalf of Cuyahoga County.
- (B) **Investment Objectives:** The County's investment portfolio shall be managed to accomplish the following objectives, listed in order of importance:
 - (1) Principal preservation;
 - (2) Availability of funds on a timely basis to meet current and future operating requirements of the County; and
 - (3) Maximization of its long term rate of return, consistent with the first two objectives stated above.
- (C) **Investment Advisory Committee:** As stipulated in Ohio Revised Code Section 135.41, there shall be an Investment Advisory Committee, consisting of three members—the County Executive, the County Treasurer, and a representative of the County Council. The representative of the County Council shall be a member of County Council, appointed by the Council President. The Investment Advisory Committee shall approve written County investment policies, assist the County Treasurer in reviewing investment market conditions and County investment performance on at least a quarterly basis, exercise all powers and perform all other duties prescribed to county investment advisory committees in general law, and perform all other duties assigned to it by ordinance that are not inconsistent with general law. The Investment Advisory Committee shall operate in accordance with the public meetings provisions of the County Charter, the County Code, and general law.
- (D) **Investment Policy:** The written investment policy established by the Investment Advisory Committee and the written operating procedures established by the County Treasurer as directed in the written investment policy shall be an integral part of the County's financial policies and shall be binding on all officers and employees involved in the County's investment process.
- (E) **Council Notification of Pending Investment Policy Changes:** The Investment Advisory Committee shall provide written notice to County Council of any pending changes to the written investment policy established by the committee at least seven (7) days before such changes are approved and within seven (7) days after such changes are approved.
- (F) **Portfolio Performance Analysis:** The County Treasurer shall conduct an ongoing analysis of the performance of the County's investment portfolio against the County's investment objectives, policies, procedures and generally recognized performance benchmarks. The County Treasurer shall use this

analysis to better align the county's investments with the County's objectives, policies, and procedures and improve performance against recognized benchmarks, consistent with safety and liquidity. If portfolio performance analysis yields recommendations for investment policy changes, the County Treasurer shall refer such recommendations to the Investment Advisory Committee and simultaneously provide a copy to County Council.

Section 701.10: Financial Reporting

- (A) Budget Documents: OBM shall have primary responsibility for preparing financial documents required in Subsections 701.04(C) and 701.04(D) of the County Code.
- (B) Budget Presentation: Not later than the last day of February of the year following the adoption of each Biennial Operating Budget, OMB shall prepare and publish a public presentation on the budget, containing at least the following elements:
 - (1) An overview of County operations, programs, and finances;
 - (2) A presentation of key financial schedules;
 - (3) A detailed description of the budget process;
 - (4) An analysis of County revenues;
 - (5) An description and analysis of the various fund types;
 - (6) Information related to departmental performance measurement;
 - (7) A presentation of program budgets for each department, office, or agency;
 - (8) A description of the Capital Improvements Plan;
 - (9) A list of the County's outstanding debt obligations and discussion of the County's debt management plan.
- (C) Budget Presentation Update: Not later than the last day of February of the second year following the adoption of each Biennial Operating Budget, OBM shall prepare and publish an update to the public budget presentation, incorporating information provided in the update required by Subsection 701.04(D) and any changes to the Biennial Operating Budget adopted prior to the end of the first year of the biennium.
- (D) Comprehensive Annual Financial Report: The Fiscal Officer shall prepare and publish the Comprehensive Annual Financial Report (CAFR) by June 30 of each year, providing the official financial report on the County's finances through the end of the preceding calendar year.
- (E) The County's external financial audit for each year shall be completed, reviewed, and filed no later than September 30th of the following year.

- (F) Quarterly Reports: OBM shall prepare and publish a quarterly report not later than the last day of the month immediately following the end of each calendar quarter including at least the following:
- (1) An update of projected revenues and expenses for the General Fund, the Health and Human Services Levy Fund, and all funds combined;
 - (2) A presentation of key financial schedules; and
 - (3) A schedule of expenditures to date compared to budget for all County funds;
 - (4) A discussion of budget variances, changes in revenue, and other events that may impact County finances; and
 - (5) A list of changes to the schedule of the County's bonds, notes, and other obligations.
- (G) Monthly Reports: OBM shall prepare and publish a monthly report not later than fifteen (15) days after the end of each calendar month other than months which end a calendar quarter. The monthly report shall consist of a narrative updating the trends in revenues and expenses from the previous quarterly or monthly report. The monthly report may also updates to any of the schedules provided in the quarterly reports at the discretion of OBM.
- (H) Investment Reports: The County Treasurer shall simultaneously send to County Council a copy of any investment reports it is required to send to the Investment Advisory Committee.
- (I) Obligations Reports: As part of each annual presentation of the budget or the budget update, OBM shall include a schedule of all bonds, notes, or other obligations of the County, including for each item at least the initial amount borrowed, the beginning year and length of the obligation, the annual debt service schedule including amounts, a summary of the use of the proceeds, and the projected date of expiration. OBM shall include a list of changes to this schedule with each of its quarterly reports.
- (J) Reserves on General Fund Balance: OBM's presentations of the County's General Fund in annual or quarterly reports or as part of the budget process shall include a listing "reserve on balance" items, which have not yet been appropriated, for which the County intends or may be obligated to appropriate money for in the future. This listing shall distinguish between those items that are expected to be appropriated and those items which represent conditional pledges, obligations, or set asides, but are unlikely to be needed. To the maximum extent possible, items that recur on a regular and predictable basis shall be included in the budget itself, rather than as a reserve on balance. An updated list of General Fund reserves on balance shall be part of the schedules included in the annual and quarterly budget reports.

- (K) Loan Loss Reserve: OBM, in coordination with the Department of Development and any other county agencies, as needed, shall maintain and publish a list of all outstanding loans made by the County, including the amount and term of each loan and the amount of each loan that may be forgivable, if any. OBM shall develop a written process for determining a reasonable and prudent portion of the total loan amount to hold in reserve against nonpayment of loans or the exercise of forgivable loan provisions. The amount determined shall be entered as a reserve on balance against the General Fund and updated at least quarterly.
- (L) The required annual budget certificate for each year shall be submitted to the Budget Commission no later than December 31st of each year.
- (M) Reports to County Council: Any reports required in this chapter to be sent to County Council may be sent electronically and shall be sent to the Clerk of Council, who shall promptly distribute them to the members of Council.
- (N) Fiscal Office Website: All financial reports required under this chapter shall be posted on the Fiscal Office's Website, and such posting shall be the primary means of publication. Such publication may be supplemented with printed copies to the extent needed, as determined by the Fiscal Officer.

Section 701.11: Rulemaking Authority

- (A) The Fiscal Officer, Director of OBM, Treasurer, Controller, or Director of Procurement and Diversity may propose rules to establish additional written policies and procedures, consistent with Chapter 701 of the County Code, to provide more specific instructions for the implementation of the County's financial policies. Such proposed rules shall be reviewed and approved for legality and consistency by the Law Director and reviewed and approved overall by the County Executive before becoming effective. The reviews prescribed in the foregoing sentence shall also apply to the investment policy operating rules established by the County Treasurer as directed in the Investment Advisory Committee's written investment policy. Any such operating rules in effect at the time that this section becomes effective shall undergo the reviews provided for in this section and may be revised as determined by such reviews but the current operating rules shall remain in effect until any changes resulting from such reviews are approved. All rules established under this subsection shall be considered an integral part of the financial policies of the County, and shall be binding on all officers and employees involved in the County's financial processes.
- (B) The Fiscal Officer shall publish on the County's website, and update when amended, a document containing all of the County's financial policies, including Chapter 701 of the County Code and any additional policies, procedures, processes, lists, targets, or other elements that are incorporated into the County's financial policies in this chapter. The financial policies document

