June 22, 2016

The Honorable Joe McDermott

Chair, King County Council

Room 1200

C O U R T H O U S E

Dear Councilmember McDermott:

This letter transmits a motion adopting revised King County Comprehensive Financial Management Policies (CFMP) and an accompanying ordinance updating King County Code language concerning financial management and reporting. This motion and ordinance support King County’s Strategic Plan goal of long-term financial sustainability of County services by building on the previous CFMP approved in 2014.

As outlined in the introduction to the CFMP, these financial management policies provide a common language and policy framework for King County finance professionals and decision-makers to manage the fiduciary responsibilities of the County while remaining responsive to the needs of County residents and the changing regional economy. Greater consistency and standardization of practices enhances the transparency of County financial management by providing a clear policy basis and rationale of certain financial management practices, along with the anticipated outcomes. By institutionalizing good financial management practices, the County will continue to maintain strong bond ratings, sustainable service, and be a model for local governments.

Since the last version of CFMP in 2014, we have used the policies to improve management of County resources. This new version takes further steps to improve County financial management by standardizing policies on capital project management and documenting a consistent discount rate approach. Both of these efforts will further improve transparency with regards to project analysis and reporting.

The motion takes two distinct actions. First, it adopts the revised CFMP. These proposed policies are broken into six sections and include an introduction and a glossary. They provide guidance for developing operating budgets, managing capital assets, applying discount rates, managing expenditures, collecting and forecasting revenues, and using reserves and fund balance. Second, it rescinds an existing motion, 14110, adopted in 2014, containing the previous version of CFMP.

We are also submitting an ordinance that updates King County Code Title 4A concerning quarterly financial management reporting to be consistent with the CFMP.

It is important to note that while progress has been made since the first version of the CFMP in 2014, this remains an aspirational document and will continue to be updated on an ongoing basis. The Office of Performance, Strategy and Budget PSB remains committed to working with agencies to implement these policies and to build future budgets consistent with the CFMP.

These policies were developed over many months with collaboration and input from finance managers and professionals from throughout King County government. They reflect our collective commitment to sound fiscal management, per the King County Strategic Plan, and I thank everyone who participated in developing these policies.

Thank you for your consideration of this legislation. If you have questions, please contact Dwight Dively, Director, Office of Performance, Strategy and Budget, at 206-263-9687.

Sincerely,

Dow Constantine

King County Executive

Enclosures

cc: King County Councilmembers

ATTN: Carolyn Busch**,** Chief of Staff

Anne Noris, Clerk of the Council

Carrie S. Cihak, Chief of Policy Development, King County Executive Office

Dwight Dively, Director, Office of Performance, Strategy, and Budget

Elected Officials

Department Directors