

*“Appropriate deductibles and liability limits need to be established for the District’s self insurance fund.”*

Jim Aalberg  
Chair,  
Finance and Risk  
Management Task Force  
and Group Vice President  
Treasurer, Fred Meyer Inc.

*“If you don’t have a strategic plan, then the budget by default becomes the strategic plan.”*

J. Byron Kellar  
Finance and Risk  
Management Task Force,  
AISC member, Chair,  
Citizen Budget Review  
Committee and Design-  
Builder, Neil Kelly Co.

*“Simple changes in practices and day-to-day operations will lead to immediate improvements in the District’s accountability.”*

Heidi Franklin  
Finance and Risk  
Management Task Force  
and Controller, Portland  
Public Schools

## New Computer Systems

**Recommendations 58 V-10.1, 59 V-11.1**

The Task Force and the AISC definitely agree that the District needs to invest in automated accounts payable and grant accounting systems, as well as all core accounting, payroll and human resources areas. The Task Force encourages the District to not expect a new computer system to answer all their problems. Changes and improvements to policies and procedures are critically needed, and many policies and procedures changes should be made even before the new system comes on line. In fact, changing the policies and procedures is good preparation for a new system and helps ensure a successful implementation.

## Fund Balance and Reserves

**Recommendations 65 VI-1.1, 66 VI-2.1, 93 VI-17.1**

These recommendations focus on the need to build fund balance in both the General Fund and the Self-Insurance Fund. While the Task Force and the AISC agree that these reserves should be re-established, we suggest that the build-up occur over several years, and that Board approval be obtained before re-deployment of any reserves. We also believe that the proper reserve levels should be analyzed and determined not only on a per fund basis, but also with consideration for how much money overall is dedicated to funding reserves.

## Strategic Planning

**Recommendations 67 VI-2.2, 68 VI-2.3, 71 VI-3.2**

Five-year budget planning, strategies for dealing with declining revenues, and using the budget document to enhance communications should all be done within the context of the District-wide strategic plan.

## Self-Insurance

**Recommendations 94 VI-17.2, 95 VI-18.1, 96 VI-19.1, 97 VI-20.1**

There are two important and distinct components to an appropriate analysis of insurance costs. First and foremost is the quality of claims processing. The District needs to evaluate the most effective way to ensure that what ultimately has to be paid for a claim is the lowest amount possible. Secondly, the District also has to consider the cost or fees associated with the administrative functions related to claims processing. The Task Force and the AISC agree with KPMG that appropriate deductibles and liability limits need to be established. The Task Force and the AISC proposed alternative ways to calculate what these amounts should be.

## Day-to-Day Operations

**Recommendations 72 VI-4.1, 74 VI-5.1, 76 VI-5.3, 78 VI-5.5, 79 VI-6.1, 80 VI-6.2, 81 VI-7.1, 82 VI-8.1, 83 VI-9.1, 86 VI-12.1, 98 VI-21.1, 99 VI-21.2, 103 VI-25.1**

The rest of the recommendations address very specific daily operational tasks or functions. Often the issues reflect system limitations, but again the Task Force encourages the District to consider significant changes in policies and procedures which can be made now in preparation for a new system.