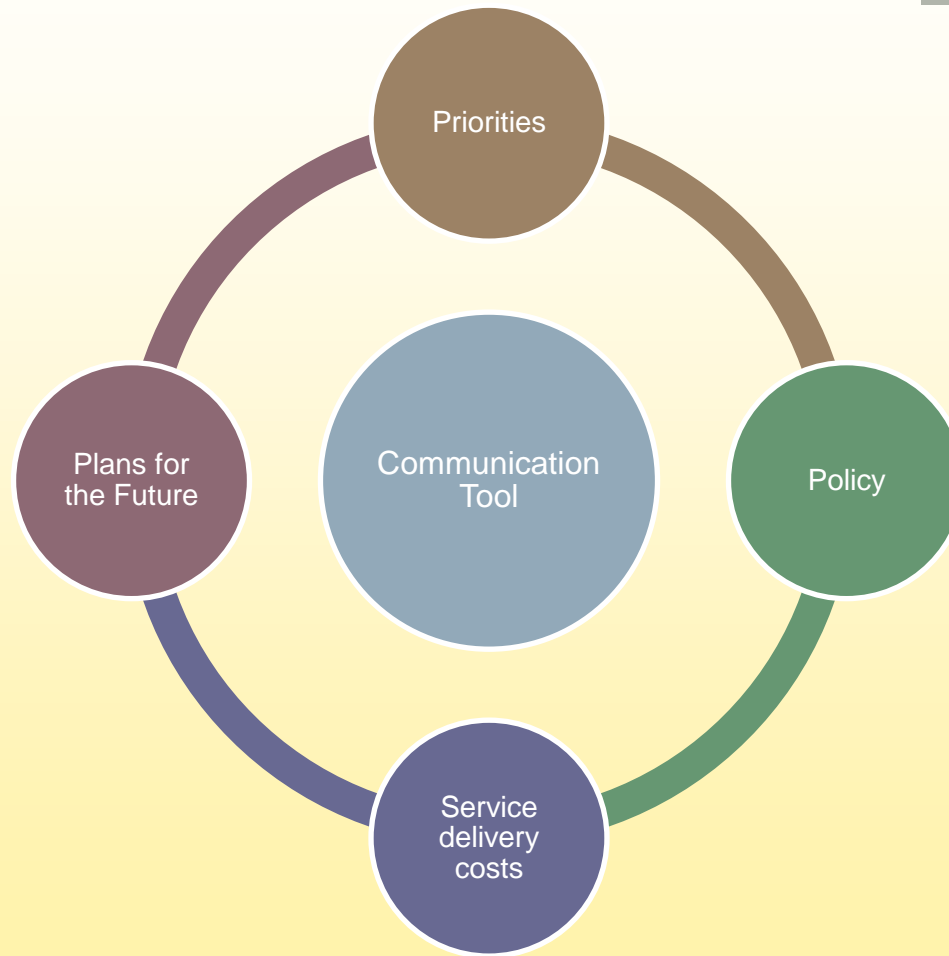




Budget Basics

FY 2012-13
January 15, 2013

What is a Budget? It's not just numbers!



Examples of Priorities



Examples of Policies

Use of one-time funds for one-time expenses

Improve Technology Efficiencies

Improve External and Internal Communication

Recruit and retain skilled workforce

Increase Infrastructure Maintenance

Plans for the Future



Spend
Conservatively

Invest Wisely

Be Flexible

Budget Calendar

January

- Preparation of Mid-year report
- Departments project fiscal year end performance
- Governor's State Budget released
- Salary projections for next Fiscal Year are calculated

February

- Mid-year report is presented to the Board
- Budget direction for next Fiscal Year budget set
- Budget kick-off

Budget Calendar

March

- Statement of County goals adopted
- Department preparation of next Fiscal Year budget

April

- Department budgets due to Chief Administrative Office for review
- 3rd Quarter projections

May

- Governor's May Revise released
- Budget Book completed
- Functional group meetings

Budget Calendar

June

- Budget Workshop
- Recommended Budget Approved

July

- Year end

August

- Books close for prior Fiscal Year
- Budget Addenda – Changes to Recommended Budget based on year end close and any additional State actions

September

- Budget Hearings
- Budget Adoption

October-December

- Adopted Budget book compiled by the Auditor-Controller
- Monthly budget monitoring

Recommended Budget & Workplan

CAO Budget
Message

Budget
Basics

Summary
Budget
Schedules

Functional
Groups

Other
Schedules

Glossary &
Index

CAO Budget Message

- Overall Budget Outlook
 - Five Year Budget Growth
 - Summary of changes to personnel allocations
 - General Fund Summaries
 - Appropriations by expenditure class (ie. salaries, services & supplies, fixed assets, etc.)
 - Appropriations by functional group
 - Net County Cost by functional group
 - 5 year forecast

Budget Schedules

- Accounting schedules required by the State Controller per the County Budget Act
- Schedules are compiled by the Auditor-Controller
- Good source for accounting data at a summary level
 - For example if you wanted to know how much Hotel and Motel Occupancy Tax or Federal Bridge funding the County collected in prior years and how much was being budgeted in the upcoming year, Schedule 6 provides that information

Functional Group Information

- Information by Department
 - Mission
 - Program summaries (including cost of service/program delivery)
 - Sources of funds (revenue)
 - Uses of funds (appropriations)
 - Ten year staffing trend
 - Detailed line item financial information
 - Personnel allocation
 - Org Chart
 - Ten year history of financial information

Other Schedules

- Detailed list of Fixed Asset requests by department
- Detailed list of Membership requests by department

What about the numbers?

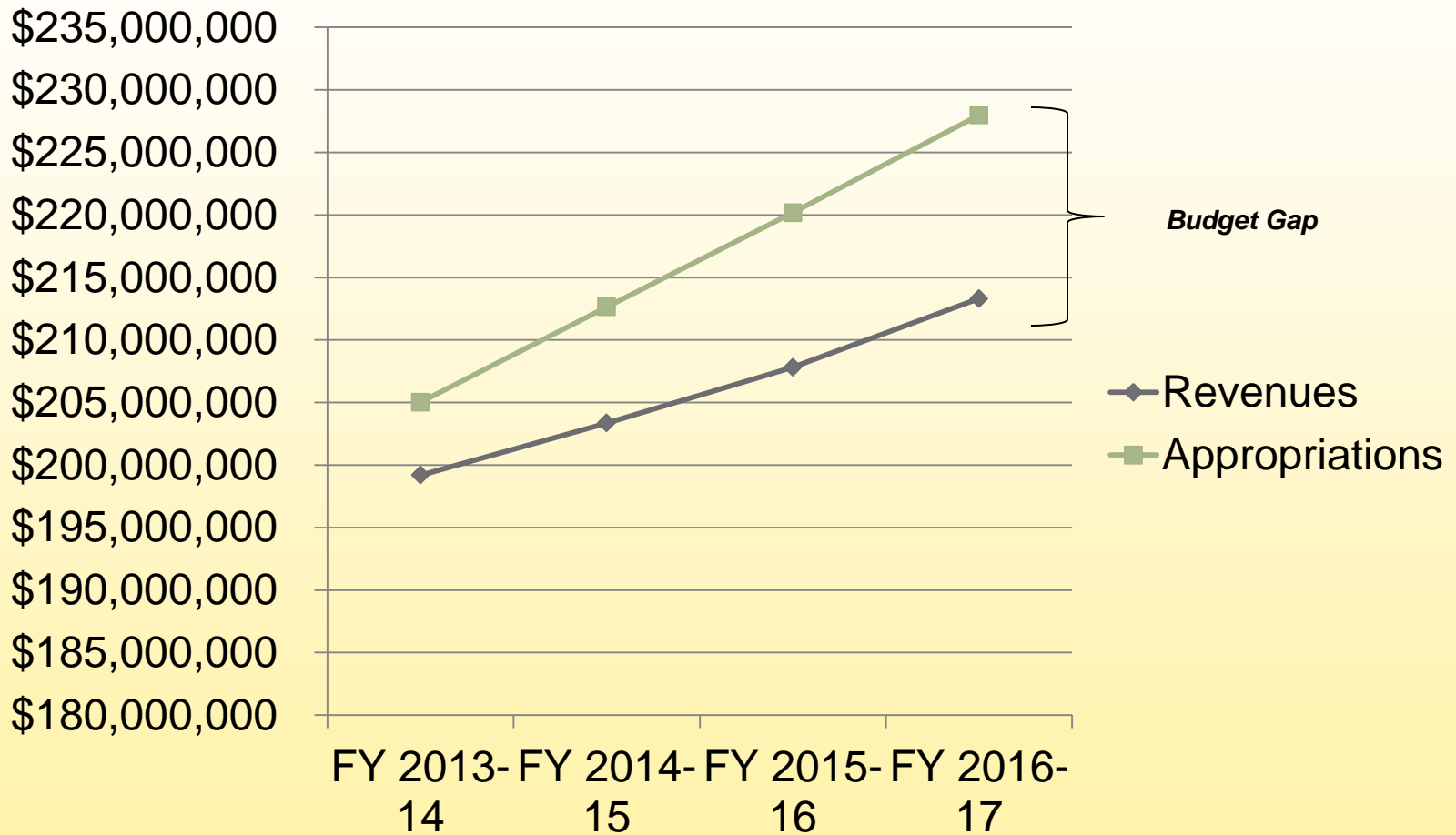
- The budget is a forecast of all planned revenue and expenses
- Provides a model for how the county might perform financially given certain assumptions about the future
- Enables the actual financial performance of the county to be measured against the forecast
- A budget should balance:
 - Total revenue equals total appropriations

Is the Budget balanced?

- The Budget is balanced
 - Projected Revenue = Projected Appropriations



However...Future year deficits



Why Budget “policy” is so critical

- Use of one-time revenues or savings for one-time expenses
- If you use one time revenues or savings for ongoing operational expenses, the budget gap widens
- If you spend conservatively and invest wisely in programs that create organizational efficiencies, the budget gap closes

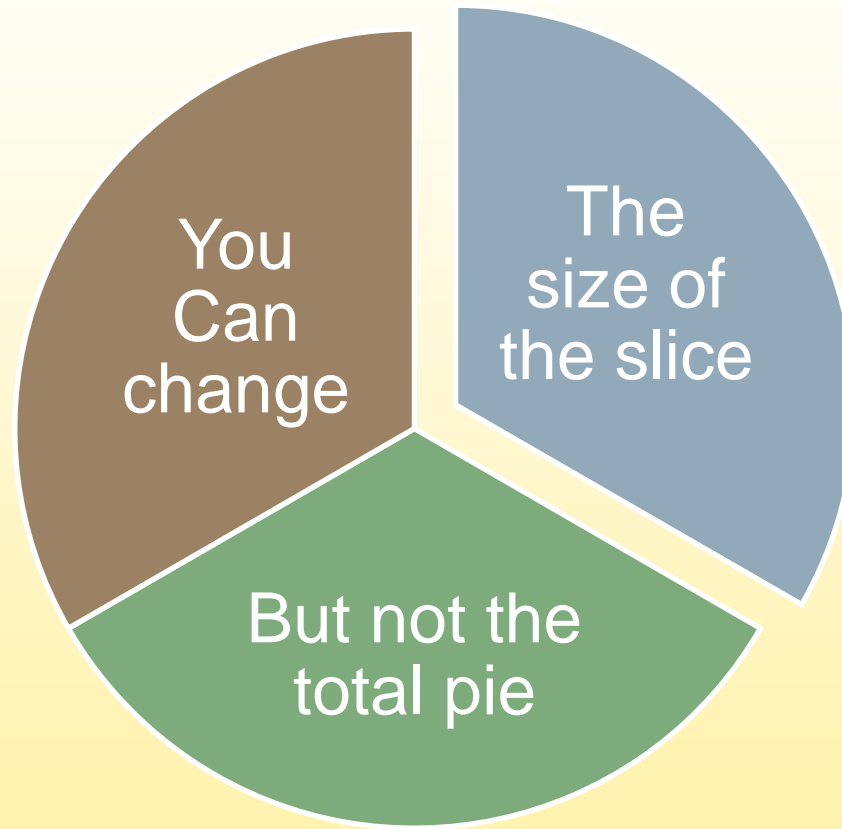
How big is the Budget?

- **TOTAL** Budget = \$572,884,854
 - General Fund = \$215,742,990
 - Special Revenue Funds = \$255,579,477
 - Accumulative Capital Outlay Fund = \$6,698,720
 - Internal Service Funds = \$38,902,560
 - Risk Management & Fleet
 - Enterprise Funds = \$1,935,936
 - Airports
 - Special Districts & Other Agencies = \$54,025,171

What is the General Fund?

- The General Fund is the slice of the budget primarily funded with discretionary dollars
- The FY 2012-13 Adopted Budget includes appropriations totaling \$92,300,839 of General Fund discretionary dollars
- This is where the Board has the authority to decide how to allocate the dollars

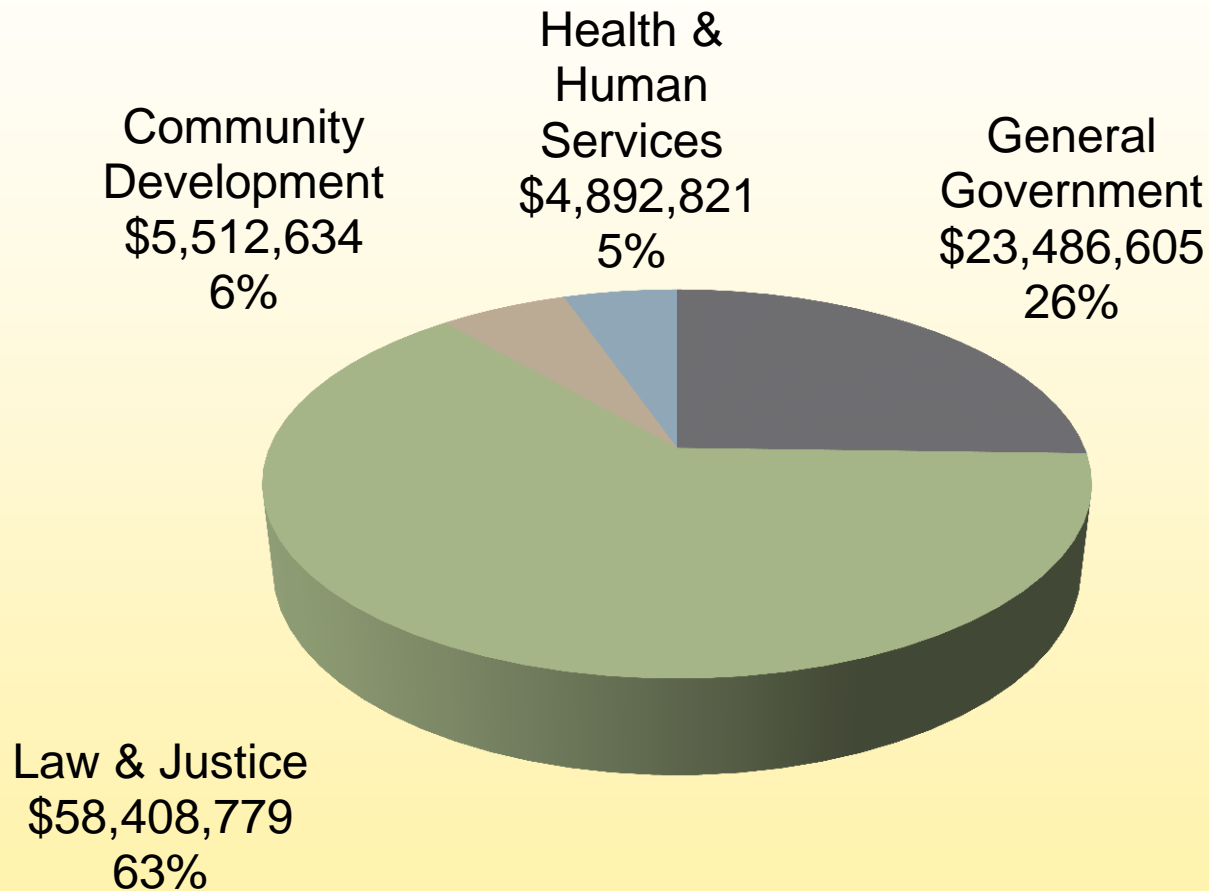
It's a closed system



How does the General Fund support county programs?

- Departments get money from different sources
 - For example: grants, state & federal agencies, and charges for service
- When that doesn't cover all of the department's costs, the difference is made up with other General Fund discretionary dollars
- These other discretionary dollars are a department's **“Net County Cost”**
- Departments are required to live within their “Net County Cost” to ensure that no additional General Fund support is required

Distribution of Net County Cost by Program Area FY 2012-13



Does the Budget contain General Fund reserve funds?

- 8% set aside for “rainy day” including:
 - \$9.4 million in reserves
 - 5% of adjusted General Fund appropriations
 - \$5.6 million for contingency
 - 3% of adjusted General Fund appropriations
- \$18.5 million saved for Investment Strategy
(One time funds for one-time costs)

Goal of Investment Strategy



What are Special Revenue funds?

- Special Revenue spending is determined by state law or other special conditions
 - Road Fund \$89,304,660
 - Countywide Special Revenue Funds \$87,237,764
 - Silva Valley Interchange
 - Casino funding set aside for Roads
 - Realignment funds
 - Tobacco Settlement (Currently set aside for Animal Shelter)
 - Public Health \$25,648,467
 - Mental Health \$24,253,849
 - Community Services \$14,788,489

What is the Accumulative Capital Outlay Fund (ACO)

- Funds are set aside annually in the ACO fund for capital outlays including the construction and maintenance of capital facilities. A detailed project list is always approved by the Board during the budget process



What are Internal Service Funds?

- Funds are used to provide services to other funds, departments, or agencies of the government
 - Risk Management approximately \$37M
 - Fleet approximately \$2M

What are Enterprise Funds?

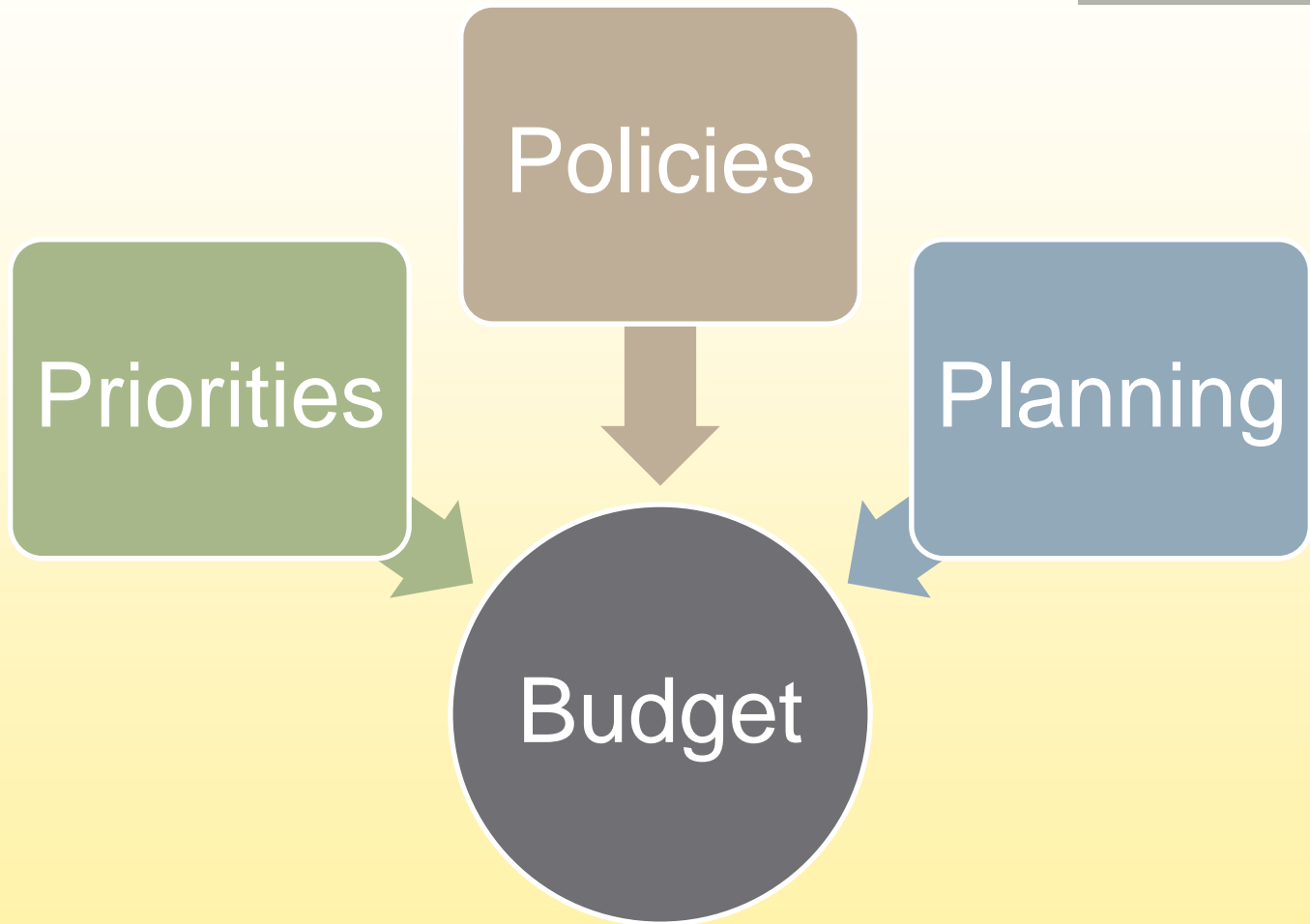
- A fund type used to report an activity for which a fee is charged to external users for goods or services
- The Airports are our only Enterprise Funds



What are Special Districts/Other Agencies?

- County Service Areas – \$43M
- Air Quality Control District - \$2.4M
- County Water Agency - \$3.3M
- In Home Services Support (IHSS) Public Authority - \$781K
- Public Housing Authority - \$4.2M

In Summary



It is more than just the numbers!

