



Legislation Text

File #: 17-1184, **Version:** 2

Chief Administrative Office recommending the Board approve the Fiscal Year 2018/19 Master Budget Calendar, and consider and approve updates to current Board approved Budget Policies. (Est. Time: 10 Min.)

DEPARTMENT RECOMMENDATION

Chief Administrative Office recommending the Board approve the Fiscal Year 2018-19 Master Budget Calendar, and consider and approve updates to current Board approved Budget Policies.

DISCUSSION / BACKGROUND

On October 24, 2017, the Board established a new Ad Hoc Committee to participate in the FY 2018-19 Budget process. The Ad Hoc Budget Committee has reviewed the proposed calendar and updated budget policies.

FY 2018-19 Master Budget Calendar

The Master Budget Calendar guides the timeline for development of the Recommended and Final Budgets, as well as the close-out of the prior year. As part of the FY 2017-18 budget development, the CAO included additional meetings to ensure adequate and timely communication of budget requests and major policy and funding issues to and between County Departments, the Chief Administrative Office, and the Board of Supervisors. These meetings are scheduled again for the FY 2018-19 budget development process, as highlighted below.

In addition, it is recommended that a series of Department presentations be scheduled, within existing Board meeting dates during January and February, allowing each Department between 10 and 20 minutes to provide a brief overview of its programs. These briefings are intended to focus on programs, requirements, and challenges, and are not meant to be discussions on budget needs or requests.

This year, the CAO is asking that Departments submit completed budget requests on February 28, 2018; approximately one week earlier than the prior year.

Functional Group Budget Meetings will be held during the week of March 19, 2018.

A Board of Supervisors Special Meeting to discuss the budget is tentatively planned for April 9, 2018.

It is anticipated that the Recommended Budget will be publicly available on or before June 1, 2018.

It is recommended that the Public Hearing to consider the Recommended Budget (Budget Hearing) be held June 18, 2018, as opposed to being held in September. It will still be necessary for staff to bring year-end fund balance budget adjustments to the Board for consideration and approval in September, following the close of the FY 2017-18 books; however, holding the Budget Hearing in June will align that discussion with the release and consideration of the Recommended Budget, prior to its approval. The Recommended Budget is required by the State statute to be approved on or

before June 30 of each year.

Updated Budget Policies

Changes to existing Budget Policies are recommended to strengthen and clarify language in those policies. For example, the Capital Reserves policy is updated to clarify the title of that designation and to establish a minimum amount that will be set aside each year, removing language that provides that the "Board may choose to" set funds aside for capital improvements.

In addition to the recommended language changes to existing Budget Policies, it is recommended that the Board consider and approve two new policies. The first is a policy requiring complete analysis of recommendations to accept grant funding. The intent of this policy is to help implement a consistent approach to consideration and approval of grant funding, especially when new or expanded programs are part of the proposal.

The second new policy pertains to how departmental budgets are ultimately controlled. With this policy update, it is recommended that departmental budgets be controlled at the expenditure class/object level (i.e., Salary & Benefits or Services & Supplies). The California Budget Act, Government Code Sections 29000 - 29144 and 30200, requires that county budgets are controlled at the "object of expenditure" level, except for capital assets which are appropriated at the sub-object level (29006, 29008, 29089). The Board may authorize additional controls for the administration of the budget (29092). Board Policy B-1, Budget Control & Responsibility, currently requires that if a General Fund department's overall budget will be over-expended because of circumstances beyond the department's control (i.e., un-budgeted un-anticipated sick leave, vacation and compensatory time payoffs, major equipment failure, operational emergencies), the department head shall request a transfer from Contingency to cover such over-expenditures by submitting a Board agenda item and proposed budget transfer to the Chief Administrative Office, providing adequate justification.

Policy B-1 implements an additional level of control. In practice, this policy has been applied to effectively require that departmental budgets be controlled not only at the object level (pursuant to code), but also at the "net county cost" level. Recently, the primary emphasis in budget analysis and deliberations has been on "net county cost." However, not all budgets have a "net county cost". Therefore, in practice, this section of the policy only applies to those departments that are in the General Fund and have an unreimbursed "net" county cost. Additionally, a complication with controlling an individual budget on net county cost is that the focus is shifted away from the uses and levels of expenditures - - how the county funds are being expended - - and toward whether a department can simply remain within its stated "net county cost." This focus has also led to unrealistically low revenue estimates in some cases, which distorts the true financial picture in any given budget or department.

It is therefore also recommended that the Board provide general direction to staff to propose an amended Policy B-1. Policy B-1 will be revised to remove the focus on net county cost. Net county cost will continue to be evaluated as part of the budget development process, monitored through the year, and departments will be expected to coordinate with the Chief Administrative Office for any necessary budget amendments. The recommended Budget Policy will govern, in that departmental budgets will be controlled at the object of expenditure level.

OTHER DEPARTMENT / AGENCY INVOLVEMENT

All Departments participate in the budget development process.

CLERK OF THE BOARD FOLLOW UP ACTIONS

None

STRATEGIC PLAN COMPONENT

Good Governance

CONTACT

Don Ashton, Chief Administrative Officer

Shawne Corley, Assistant Chief Administrative Officer