



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Auditor-Controller
Department No.: 061
For Agenda Of: 11/13/12
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: No Vote Required

TO: Board of Supervisors
FROM: Department Robert W. Geis, CPA CPFO
Director(s) Chandra Wallar, CEO
Contact Info: Betsy Schaffer, CPA (568-2134)
SUBJECT: Receive and File the County of Santa Barbara's Adopted Budget Schedules for the Fiscal Year Ended June 30, 2013

County Counsel Concurrence

As to form: N/A

Other Concurrence: N/A

As to form: No

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions: That the Board of Supervisors:

1. Receive and file the County of Santa Barbara's adopted budget schedules for the fiscal year ended June 30, 2013.
2. For FY 2012-13, approve a Final Budget Adjustment to revise appropriations in the amount of \$181,092,534 in the General Fund, to provide for the General Fund Contribution (GFC) to departments. This entry will be recorded as Intra-fund transfers – GFC (in) in the receiving departments and as an Intra- fund transfers – GFC (out) from General County 991 revenues, with a net impact of \$0 on the General Fund.
3. For FY 2012-13, approve a Final Budget Adjustment to transfer appropriations of \$28,833,694 from Department 990 General County Programs to Department 991 General County Revenues for GFC Operating Transfers to Non-General-Fund Funds. This entry would result in a net impact of \$0 to the General Fund.
4. Direct staff to research the combining of the Fire Department operations that are currently budgeted in the General Fund, into the Fire District Special Revenue Fund that receives the Districts property tax revenues, effective for FY 2013-2014. This will provide for better accountability and eliminate large inter-fund transfers.

Summary Text:

The fiscal year (FY) 2012-13 adopted budget schedules are hereby submitted to the Board of Supervisors. The adopted budget schedules document the adopted budget, as loaded into the County's

financial system (FIN), for FY 2012-13. The adopted schedules reflect changes that occurred after printing of the Recommended Operating Plan (budget book) and also include the approved changes occurring during the June 2012 Budget Hearings. The FY 2013-14 Proposed Budget reflected in the schedules is provided as information only and requires no action from the Board of Supervisors.

Background:

Recommendation 1 –

Receive and file the County of Santa Barbara's adopted budget schedules for the fiscal year ended June 30, 2013.

Historically, the Board of Supervisors has not been presented with a document that summarizes the approved changes that occur between the recommended budget book and the budget hearings, except as displayed in the State Controller final budget schedules. The attached schedules summarize these changes as well as present the impact and final numbers resulting from the changes.

In future years, it is anticipated that a publication similar to the corresponding year's Recommended Operating Plan will be presented rather than a series of schedules. However, for the FY 2012-13 budget, significant changes have been introduced to the budget process and to the budget book that would not allow for a full adopted book to be created in the same way as the FY 2012-13 Recommended Operating Plan. As a transition to a full publication in future years, the attached schedules are being presented.

The following table shows the change from the FY 2012-13 Recommended Budget to the Adopted Budget for all county funds, by function. Please note that the amounts that were presented in the budget book countywide summaries were net of intra-county transfers in order to avoid overstating those amounts. It should also be noted that there are three types of adjustments (column D in the following table) that convert the recommended amounts into the adopted amounts. These adjustments totaled \$33.1 million and include:

1. Pre-Hearing adjustments (\$17.8 million) – prior to the start of budget hearings, certain administrative adjustments were made to recommended budget amounts, but were not able to be part of the recommended book due to print timing constraints. However, these adjustments were detailed as an attachment to the budget hearing materials provided to the Board of Supervisors.
2. Hearing adjustments (\$3.6 million) – during the Budget Hearings, several adjustments were made amending the original recommended budget. These adjustments as well as the pre-hearing adjustments are included as Attachment D to the adopted schedules.
3. Close-out of residual fund balance committed to future use adjustments (\$11.7 million) – when the FY 2012-13 recommended budget was being prepared, departments estimated a fund balance amount to either be released or increased in order to balance their budgets. However, when the fiscal year ends, the actual fund balance will be different than what was estimated during the budget preparation process. This difference between what was budgeted and actual requires an adjustment so that adopted budget amounts can remain balanced as they were in the recommended budget.

	A	B	C	D	E
					FY 2012-13
	FY 2012-13		FY 2012-13	Change from	Adopted
Function	Recommended	Intra-County	Recommended	FY12-13 Rec	(net of transfers)
	<i>(Per FIN/Sched)</i>	Transfers	<i>(Per Book, Sec C)</i>	to FY12-13 Ado	C+D
Policy & Executive	\$ 23,193,859	\$ (5,294,498)	\$ 17,899,361	\$ 1,619,291	\$ 19,518,652
Law & Justice	44,943,233	(1,081,729)	43,861,504	329,982	44,191,486
Public Safety	246,755,412	(50,078,932)	196,676,480	13,198,527	209,875,007
Health & Public Assistance	325,751,822	(23,454,974)	302,296,848	2,489,230	304,786,078
Community Res & Public Facilities	172,687,228	(16,446,352)	156,240,876	5,956,144	162,197,020
Support Services	112,697,676	(17,591,168)	95,106,508	2,914,192	98,020,700
General County Programs	45,358,345	(29,284,169)	16,074,176	5,233,239	21,307,415
	\$ 971,387,575	\$ (143,231,822)	\$ 828,155,753	\$ 31,740,605	\$ 859,896,358

The next table shows recommended and adopted budget amounts by category with intra-county transfers included, which match the attached department detail schedules. At the department level, transfers between departments and funds are an integral part of a department’s budget and therefore need appropriation authority to effectuate the transfer. However, at a countywide level, in order to show pure outflows and inflows, intra-county transfers are identified and removed in order to present the net effect (see table above).

	2011-12	2011-12	FY 2012-13	Change from	2012-13	
Budget By Categories of Expenditures	Actual	Adopted	Recommended	FY12-13 Rec	Adopted	2013-14
			<i>(Per FIN/Sched)</i>	to FY12-13 Ado	(includes transfers)	Proposed
Salaries and Employee Benefits	\$ 458,110,066	\$ 475,139,781	\$ 473,676,579	\$ 5,208,045	\$ 478,884,624	\$ 499,648,433
Services and Supplies	227,385,841	239,417,362	224,365,851	5,656,679	230,022,530	222,836,169
Other Charges	115,543,042	125,680,394	122,755,840	1,622,355	124,378,195	115,956,130
Capital Assets	47,755,087	43,593,883	36,662,894	2,888,168	39,551,062	19,766,616
Total Expenditures	848,794,036	883,831,420	857,461,164	15,375,247	872,836,411	858,207,348
Other Financing Uses (OFU)	135,296,770	93,348,794	85,549,980	5,066,245	90,616,225	90,609,440
Sub-total Expenditures & OFU)	984,090,807	977,180,214	943,011,144	20,441,492	963,452,636	948,816,788
Intrafund Expenditure Transfers (+)	6,161,177	5,064,758	4,484,967	1,000,000	5,484,967	4,265,456
Increases to Fund Balances	83,896,645	29,575,901	23,891,464	10,299,113	34,190,577	27,393,632
Total	\$ 1,074,148,629	\$ 1,011,820,873	\$ 971,387,575	\$ 31,740,605	\$ 1,003,128,180	\$ 980,475,876

Also in the attached schedules as discussed in the Introduction to the adopted schedules, we make certain representations about the matching of on-going expenditures vs. on-going revenues, and the use of one time revenues. Because of the nature of annual budgeting and the sources of revenues like grant funding and intergovernmental revenues, the matching of one-time and on-going expenditures can be subjective. Issues like matching recurring grant funds or State and Federal reimbursements subject to annual appropriations (i.e. ARRA) make it difficult to quantify on-going funding. Ultimately, only at year-end, when actual results are known and fund balances increase over time, is the County in a position to have positive indicators that on-going expenditures match with on-going revenues.

At the June 2012 Budget Hearings, the Board of Supervisors adopted the FY 2012-13 Recommended Operating Plan plus the adjustments noted above. The total of all the above items, net of intra-county transfers, (\$859,896,358) comprise the adopted appropriations budget.

Additionally, FY 2012-13 adopted countywide full-time equivalents (FTEs) are 3,836, up by 35, from the recommended budget of 3,801.

Recommendation 2 –

For FY 2012-13, approve a Final Budget Adjustment to revise appropriations in the amount of \$181,092,534 in the General Fund, to provide for the General Fund Contribution (GFC) to departments. This entry will be recorded as Intra-fund transfers – GFC (in) in the receiving departments and as an Intra-fund transfers – GFC (out) from General County 991 revenues, with a net impact of \$0 on the General Fund.

As we set-up the new schedules and were preparing this presentation, we noted that the contributions from General Revenues (department 991) to General Fund departmental budgets did not have a formal budget with an accounting transaction associated with the contributions. We are recommending that to improve the accounting for these contributions, that we set-up formal General Fund Intra-County transfer entries. A journal entry will be made each month to record 1/12th of the General Fund contribution.

Once this recommendation is approved, for FY 2012-13, the following General Fund contributions will be budgeted as a source from an intra-fund transfer-in line-item account in each respective General Fund Department, with the total of \$181,092,534 to be budgeted as a use from an intra-fund transfer-out line-item account in department 991 (General County Revenues):

Department	6/30/2013 Fiscal Year Adopted Budget
011 -- Board of Supervisors	\$ 2,767,608
012 -- County Executive Office	3,934,497
013 -- County Counsel	2,270,038
021 -- District Attorney	12,289,381
022 -- Probation	25,031,738
023 -- Public Defender	6,821,428
032 -- Sheriff	68,811,994
041 -- Public Health	1,033,660
051 -- Agricultural Commissioner/W&M	1,355,130
052 -- Parks	2,388,629
053 -- Planning & Development	3,738,730
054 -- Public Works	470,725
055 -- Housing/Community Development	1,803,200
057 -- Community Services	3,224,343
061 -- Auditor-Controller	6,134,725
062 -- Clerk-Recorder-Assessor	8,752,646
063 -- General Services	7,574,002
064 -- Human Resources	3,755,772
065 -- Treasurer-Tax Collector-Public	3,021,937
990 -- General County Programs (GCP)	15,222,351
992 -- Debt Service	690,000
General Fund Contribution (GFC)	\$ 181,092,534
<i>Reconciling items to balance to detail schedules:</i>	
990 -- GCP Transfers to Other Funds	28,833,694
6/30/12 General Fund Beginning Fund Balance	(7,569,326)
<i>*Total = 991 -- General Revenues</i>	\$ 202,356,902
* \$202,356,902 less (\$15,222,351 + \$28,833,694) = \$158,300,857 on page 36	

Recommendation 3 –

For FY 2012-13, approve a Final Budget Adjustment to transfer appropriations of \$28,833,694 from Department 990 General County Programs to Department 991 General County Revenues for GFC Operating Transfers to Non-General-Fund Funds. This entry would result in a net impact of \$0 to the General Fund.

To complement Recommendation 2 above, we noted that GFC transfers to non-General Fund funds are being budgeted from Department 990-General County Programs. In order to complete these transfers, another transfer from Department 991-General County Revenues into Department 990 has to be made. This recommendation would eliminate the extra transfer (from 991 to 990) and have the GFC to other funds be made directly from Department 991-General County Revenues. Once Recommendations 1 & 2 are approved, all GFC transfers will be budgeted and made from Department 991-General County Revenues, which will be a more transparent and efficient process.

Recommendation 4 –

Direct staff to research the combining of the Fire Department operations that are currently budgeted in the General Fund, into the Fire District Special Revenue Fund that receives the Districts property tax revenues, effective for FY 2013-2014. This will provide for better accountability and eliminate large inter-fund transfers.

Each year, budgeting and accounting between County Fire and the Fire District gets more complicated given financial complexities, such as the recently approved property tax transfer. Additionally, the accounting and budgeting methods as currently set up requires large dollar (\$30+ million) transfers to occur between the General Fund and the Fire District. As mentioned earlier in this report, such transfers can appear as a duplication of appropriations. This recommendation would research the feasibility of consolidating all such financial activities into the Fire District Special Revenue Fund for better accountability. The Fire Chief has agreed with the concept and wishes to further investigate the possibility.

Fiscal and Facilities Impacts:

As indicated in the Fiscal Year 2012-13 Adopted Budget.

Special Instructions:

None

Attachments:

1. Adopted Operational Plan Schedules - FY 2012-13

Authored by:

Betsy Schaffer, Financial Reporting Division Chief, 568-2134

cc: