

BUDGET POLICIES AND FISCAL STRATEGIES FOR DEVELOPING FISCAL YEAR 2013 – 2015 OPERATING PLANS (ATTACHMENT B)

Policy #1 - Building a More Accountable Government

Policy Statement	Fiscal Strategies
1. Accountability / Transparency	
Information about how public monies are spent and the outcomes they achieve are to be clear, transparent and understandable.	<ul style="list-style-type: none"> a) Budget information will include recommended expenditures by category and program. Sources of revenue will be identified as well as staffing trends. b) Maintain consistent oversight of spending, contracts and grants through financial and program monitoring
2. Policy-Based Budgeting	
Allocations from the General Fund to departments will be distributed according to Board policy direction, historical spending and federal/state mandates.	Allocate resources in a manner that supports Board strategic and programmatic goals without implementing across-the-board target cuts.
3. Balanced Budget / Fiscal Stability	
A structurally balanced budget (ongoing revenues equal to ongoing expenditures) for all County operating funds will be presented to the Board of Supervisors for scheduled public hearings.	<ul style="list-style-type: none"> a) Fund ongoing operations with ongoing revenue. One-time revenues should be dedicated for one-time expenditures. The use of one-time funds may be permitted to ease the transition to downsized or reorganized operations, but strongly discouraged. b) Recommend organization-wide cost-saving strategies such as mandate relief, reorganizations, consolidations, reengineering, public-private partnerships, information technology innovations and other efficiency efforts. c) Enhance revenue through efforts that stimulate economic vitality which will result in an increased tax base. d) Ensure appropriate maximum reimbursement of federal/state programs and user fees that fully offset service costs as allowed by law. e) Program increase requests are strongly discouraged. All requests must fully document the need and new ongoing funding source.
4. Identify and Mitigate Future Risks	
The County Executive Office, in coordination with County Departments, will identify issues, events and circumstances which pose significant risks and reduce the impact of those risks.	<ul style="list-style-type: none"> a) Future New Jail Operations - A contribution of \$3.3 million will be recommended for future jail operations in FY 2013-14 with an ongoing request to increase this allocation each fiscal year. b) Retirement and Other Post-Employment Benefits (OPEB) - It is anticipated that retirement costs will increase as the assumed rate of return decreases in the coming years. Additionally, OPEB costs have been funded on a "pay as you go method" and funding needs are expected to increase in the coming years. c) Workers' Compensation and Health Insurance Costs – To counter rising Workers' Compensation costs a strategy to spread these increases over a seven year period will be recommended. Health insurance premium increases have been less than budgeted; however, they continue to rise on an annual basis.

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	<p>d) Fire Operations - Operating costs for the Fire Department have been rising faster than revenues for the past several years and the reserves are now nearly depleted. Even after adjusting for the increased property tax allocation, increased tax revenue from the dissolution of RDAs and negotiated deferrals of scheduled raises (salary savings); the District is projecting the fund balance to go negative in FY 2014/15.</p> <p>e) Alcohol, Drug and Mental Health Services (ADMHS) Operations - For many years, the funding of mental health services, including funding of audit settlements, was inadequate and additional General Fund contributions have been required. Consideration will be given to establishing audit exception reserves to set aside funds for future audit settlements.</p>
<p>5. Reserves</p>	
<p>Establish and maintain a reserve equal to 8% of the General Fund operating revenue (approximately 30 days working capital or \$33.3M).</p>	<p>A minimum \$1 million annual strategic reserve contribution will be recommended.</p>

Policy #2 - Focusing on Service to Customers

Policy Statement	Fiscal Strategies
<p>1. Service Levels</p>	
<p>Service level and outcome changes will be identified in departmental budget requests and communicated to the public.</p>	<p>Each recommended departmental budget will identify the major programs, services and outcomes for each department. All significant service level increases or decreases will be detailed in the Service Level Impact Report.</p>
<p>2. Capital and Infrastructure</p>	
<p>Provide funding for necessary capital improvements and ongoing maintenance of existing facilities.</p>	<p>a) Capital Plans will identify necessary capital improvements and ongoing maintenance needs. Strategies will be developed to address these needs over time.</p> <p>b) \$3 million will be recommended for capital improvements and infrastructure maintenance. This contribution will be adjusted in future years based on the plan developed in 2a.</p>