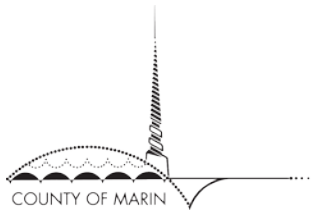


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County Administrator's Office  
3501 Civic Center Drive  
San Rafael, CA 94903  
www.marincounty.org

February 2017



# COUNTY BUDGET OVERVIEW - MCMEA



Photo Credit: Jeff Wong

## AGENDA

Slide 2

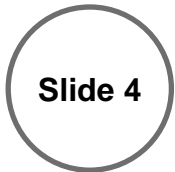
- What is a budget?
- How is the budget structured in Marin?
- What is the responsibility of a manager or supervisor?
- How do you use budget reports?
- How do you adjust the budget?
- What is the current budget outlook for Marin?

## WHAT IS A BUDGET?

Simple answers:

- Department expenditure limits
  - Only the Board can approve increases or changes
  - Must be approved before July 1
    - State guidelines for content and policies
- 300+ page document, available online
- Accounting and Financial Structure
  - Munis (ATOM)
    - Formerly SAP

Slide 3



## WHAT IS A BUDGET? (CONT.)

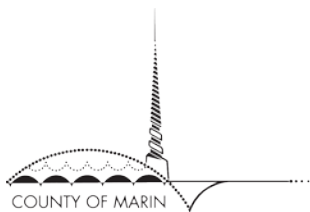
### Complicated Answers:

- Financial plan
  - Trends, projections, issues
- Policy document
  - Statement of value by the community through the Board of Supervisors
- Communications Tool
  - Community (Board) priorities
  - Department priorities (MFR)
- Accountability and Transparency Tool
  - Control of public resources; public oversight
  - Pre-determined planning process including public input
- Management Tool
  - Internal policies and budget controls

## MARIN BUDGET CONCEPTS

Slide 5

- Two Year Budget Process (began in 2014)
- Baseline Budget
  - Departments have a fixed amount for non-salary expenses
  - Within the fixed (baseline) budget, departments have the discretion to spend as they choose
  - Department revenues are updated each year
- Net County Cost
  - The total amount of General Fund revenue needed to fund county services
    - Total program costs minus program revenues
    - Can be thought of as the county subsidy for specific programs



## MARIN BUDGET PROCESS OVERVIEW

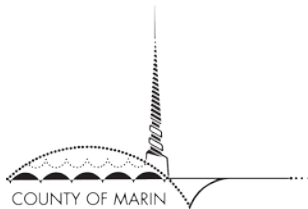
Slide 6

Departments meet with CAO to discuss issues	Dec – Feb
Departments input proposed changes to Budget and MFR	Jan – Feb
Spring Workshops – strategic focus	March/April
CAO proposes budget to Board of Supervisors	Early June
Public hearings and Board approval	Late June
Project carryforward for previously approved funding	July/August
Budget adjustments	Ongoing/ Monthly

## BUDGET RESOURCES AND CONTACTS

Slide 7

- Bret Uppendahl – Budget Manager (x6364)
- CAO analysts – Assigned to each department
- Department Liaisons – Fiscal Officers, Asst. Dept. Heads
- CAO MINE
  - Schedules, instructions, contact information
  - Munis resources
- Marin CAO Public Webpage
  - [www.marincounty.org/budget](http://www.marincounty.org/budget)
- Marin Department of Finance Public Webpage
- State Controller's Office, State Department of Finance
- CSAC - California State Association of Counties
- GFOA, ICMA, MMANC = best practices



## BUDGET STRUCTURE

Slide 8

- The Board approves a bottom line expenditure limit at two levels:
  - Fund
  - Department
- Management controls are placed at two levels:
  - Program
  - Series/Character Code
- The Program is a key element of the budget structure
  - All employees, expenses and revenues are attributed to a program
  - It is assumed that the program budget represents planned service levels for distinct county functions



## PROGRAM MANAGER RESPONSIBILITIES

FINANCIAL CONTROL STRUCTURES VARY  
ACROSS DEPARTMENTS

Slide 9

- Generally, program managers:
  - Work closely with internal fiscal staff to identify issues
    - Budget adjustments may take 3-4 weeks for Board approval
    - Most budget decisions are made by February
  - Approve and monitor expenditures
  - Ensure revenues are processed properly
  - Oversee contracts
  - Manage personnel
    - Organizational structure and hiring decisions
  - Communicate outcomes
    - Managing for Results (MFR)
    - Net County Cost trends

# CROSSWALK OF FINANCIAL TERMS

Slide 10

SAP	Munis
Fund	Fund
Department or Business Area	Department
*n/a	Division
Fund Center	Program
Cost Center	Sub-Program
Functional Area	Sub-Program or Project Ledger
WBS Element	Project Ledger
Commitment Item or G/L	Object

# MUNIS FINANCIAL SYSTEM

## BASIC TERMINOLOGY

Slide 11

### Org Code

- An 8-Digit Number that describes the basic elements of a financial transaction:
  - Fund, Division, Program, Subprogram

### Object

- Describes what the transaction is (revenue or expense)
- Definitions of objects come from the State Controller
  - Available on the CAO MINE

The org code and object take the place of entering the following elements in SAP:

Fund + Fund Center/Cost Center + Commitment Item (G/L)

### Project Ledger

- Tracking system for revenues and expenses
  - All projects have a link to an org-object combination
  - Similar to Functional Area or WBS elements

# MUNIS FINANCIAL SYSTEM

## BASIC TERMINOLOGY

Org Code Example: 10025021

100 2 5021

First 3 Digits: Fund (100) – General Fund  
Fourth Digit: Division (2) – CDA Planning  
Last 4 Digits: Subprogram (5021) – Current Planning

Slide 12

Object Examples: 421515 – Zoning Permits  
511110 – Regular Salary  
522410 – Office Expense

- Every budget and actual transaction will require an Org Code and Object

## BUDGET AND FINANCIAL INFORMATION

- ATOM Website (type ATOM in web browser)

<http://maringovstg/atom>

- CAO Mine Website

<http://mine/mine/AD/main/budgetPrep.cfm>

Slide 13

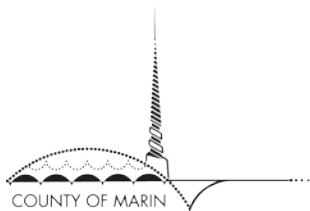
- November 2016
  - **FY 2016-17 Benefit Rates**
  - **County Budget Overview**
- October 2016
  - **MUNIS - List of all Org Codes**
- September 2016
  - **2016 CAO Survey Results**
  - **MUNIS Job Aid - Using YTD Budget Report**
  - **MUNIS Job Aid - Using Account Inquiry**
  - **MUNIS Program Numbers by Department**
  - **MUNIS - List of all Objects**
  - **MUNIS Search Character Tips**
  - **State Controller Expense Definitions**
  - **State Controller Revenue Definitions**
  - **FY 2016-17 Budget / MFR Calendar**

## COMMON BUDGET AND FINANCIAL REPORTS

Slide 14

- Account Inquiry
  - Browse, export to Excel for mass analysis
  - Filter results
  - Drill down (open folder or export and use hyperlink)
- YTD Budget Report
  - Print for meetings
- Project Inquiry (similar to Account Inquiry for projects)
- Project Budget Report – good for exporting to Excel
  - High level summary of revenues and expenses
- Project Central
- Account Central
- Project and GL Activity Report – detailed actuals

Slide 15



## HOW DO WE ADJUST THE BUDGET?

- Work with your fiscal staff (ASM, ASA, Asst. DH)
- In Munis we use: Budget Transfers and Amendments
- CAO approval required for:
  - Adjustments between line items (expense or revenue)
  - Adjustments between programs
- Board Approval required for:
  - Adjustments between funds
  - Adjustments between projects
  - Increased expenditures (even if revenue supported)
  - Use of reserves/contingency
- Board approval can be:
  - Department Board letter, CAO Board letter (monthly)
  - Budget document

## BUDGET OVERVIEW

Slide 16

- FY 2016-17 All Funds Budget
  - \$540.6 million
  - 2,235 FTE
    - 5 service areas: 23 departments
  - Balanced budget
    - Limited ongoing funds for new services
- Two-year budget process
  - Stable revenue sources, modest growth rates
  - Property tax & state/federal revenues are primary drivers of expenditure levels
- Property tax growth largely determines discretionary spending level



## ECONOMIC FORECAST

M O S T   E C O N O M I S T S   P R E D I C T   S L O W D O W N   B Y   2 0 1 9

Slide 17

- The U.S. is in its 8th year of economic expansion
  - 4th longest on record
- Most fundamentals remain solid
  - Moderate growth
- Risks and uncertainties exist
  - International
  - National
  - Election results
    - Federal policies and funding
  - Stock Market
    - Pension costs
- State budget outlook has been downgraded

## BOARD PRIORITIES

CONTINUE TO ADJUST BUDGET TO REFLECT BOARD  
PRIORITIES

Slide 18

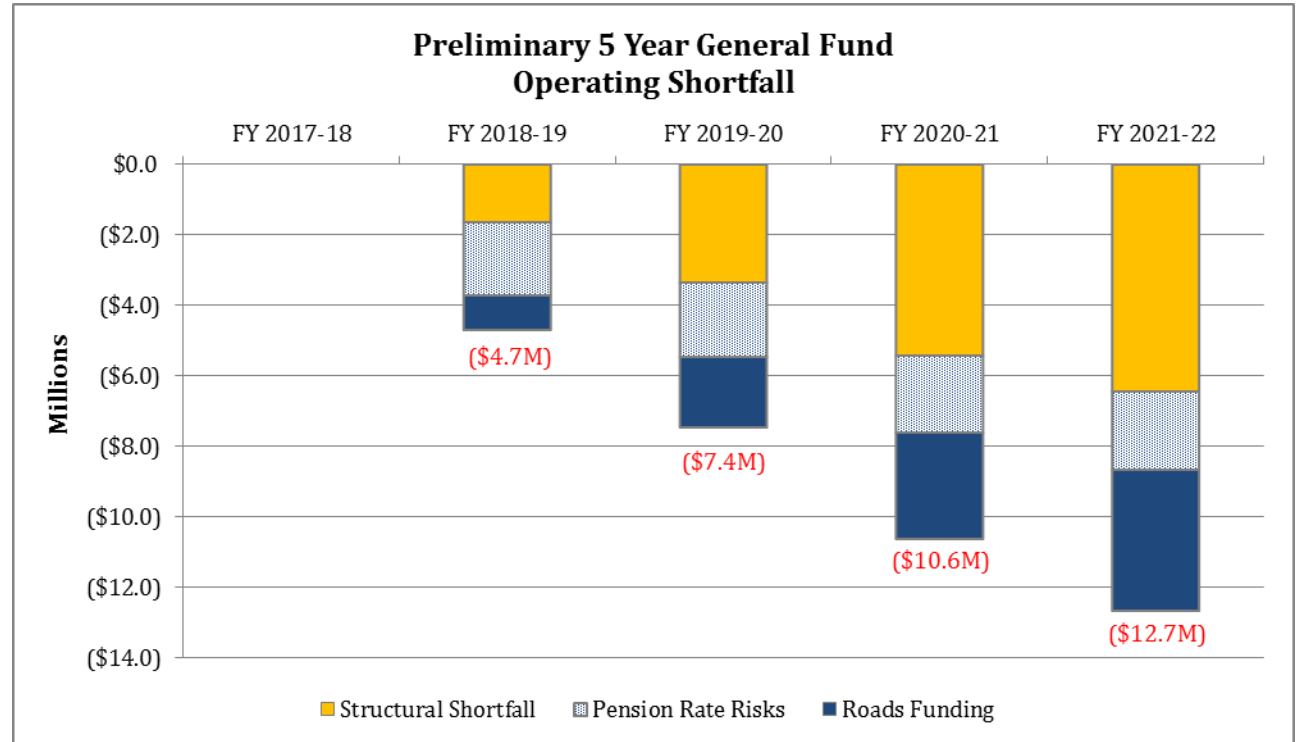
- Investing in County road infrastructure
- Reducing unfunded retiree obligations
- Preserving affordable housing
- Enhancing mental health and homeless services
- Addressing traffic congestion and climate change
- Implementing the 5 Year Business Plan

# UPDATED GENERAL FUND PROJECTIONS

BALANCED FOR FY 2017-18

SHORTFALLS BEGIN IN FY 2018-19

Slide 19



- Projections do not include changes to state or federal revenue sources
- Projections assume a moderate economic slowdown, but not a recession

## HOW DO THE CURRENT PROJECTIONS COMPARE TO 2009?

Slide 20

- In 2009, the shortfall was 10% of the total budget
  - Current projections are approximately 3%
- In 2009, the recession had an immediate impact
  - Housing market (property tax)
  - Investment market (pension costs)
  - State and Federal budget reductions
- Aside from changes in federal and state funding, the County has time to make strategic adjustments
  - Structural shortfalls begin in 2018
- We have made progress in several key areas
  - Unfunded liabilities
  - Road infrastructure
  - Mental health services

## RISKS AND UNCERTAINTIES REMAIN

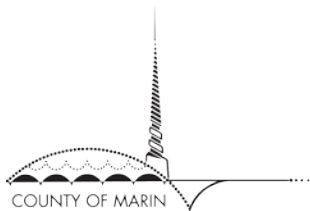
Slide 21

- Economic Downturn
  - State budget is largely funded by income tax, sales tax and corporate tax
  - Pension costs are highly correlated to investment markets
- State and Federal Funding
  - Over 40% of County services are funded by state and federal revenues
    - Primarily safety net and law enforcement services
      - Health and Human Services
      - Sheriff, District Attorney, Probation
- Pension costs
  - Other retirement plans are reducing long-term earnings assumptions

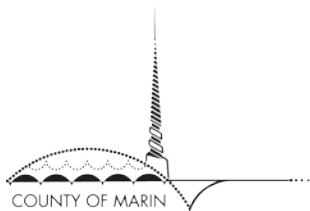
## HIRING REVIEW PROCESS

- Approved by the Board on Jan 31<sup>st</sup>
- The County will continue to fill vacant positions
- The new process is designed to:
  - Ensure recruitment decisions are made with a clear understanding of long-term objectives
  - Ensure the funding sources that support the position and program are stable and ongoing
  - Ensure departments are prepared for an economic downturn

Slide 22



Slide 23



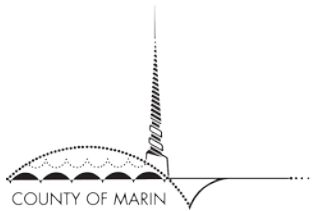
## KEY TAKEAWAYS

- The budget sets department expenditure limits and FTE
  - Board approval required for most changes
- The budget process begins in November
  - March/April planning workshops; June approval
  - Adjusted throughout the year with Board letters
- CAO analysts and/or department fiscal officers should be your first point of contact – start early and plan ahead
- Your budget and MFR documents are on the CAO MINE and on the CAO public website
- The County budget is balanced, but not likely to have significant growth
  - Slow-growth county due to property tax limits
    - Prop 13, limited new development, low turnover
- Recession is likely coming in 2-3 years

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February 2017



THANK YOU

Photo Credit: Jeff Wong