

The County Administrative Office Presents:

MANAGEMENT AND LEADERSHIP TRAINING

Budget Management and Administration

Introductions:

- Instructor
- Course logistics
 - ◆ Breaks
 - ◆ Lunch
 - ◆ Cell phones
 - ◆ Restrooms



Self Introductions

- Background, department, position, etc.
- Level of budget experience
- Why are you taking the class

Course Objectives

- Provide some general direction regarding the day-to-day administration of your budget
- Provide an understanding of the factors that impact your budget
- Provide some basic budget administration tools and skills to help in the administration of departmental budgets

Overview

Ok, so now you have a budget, now what are you going to do with it?

Guess what, life's happened, the budget's wrong, and now you need to change it!

How Did We Get Here ?

- Departments prepared requested budgets and submitted them to the CAO
- CAO analyzed requested departmental budgets and compiled a countywide Recommended Budget
- Board of Supervisors conducted budget hearings and adopted the budget
- Adopted Budget submitted to Auditor-Controller for upload into the FMS system

What is Your Budget ?

- Document that conforms to State Controller guidelines
- Agreement between the Board of Supervisors and your department head
- Describes your department's operations, function, and service levels
- Method to establish fiscal control
- Guide for program and project administration
- Statement of policy implementation

Review of Departmental Budget Structure

- Appropriations (See Tab 1)
 - ◆ Divided Into Expenditure Objects Comprised of Related Expenses
- Revenues (See Tab 2)
 - ◆ Also Divided Into Revenue Objects Comprised of Related Revenue Sources

Responsibility to Manage

- Net County Cost (net expenditures, less revenues, less allocation of special purpose funds)
- Changes and Amendments to Budget Controlled By Government Code (See Tab 3)
- Department head financially responsible for any over-expenditure of budget (Govt. Code Section 29121)
- Fiscal performance part of appointed department head's annual evaluation

Chapter 9 – Budget Administration

- Basis for Today's Class
- Contains Direction on: (See Tab 4)
 - ◆ Budget Monitoring and Reporting
 - ◆ Requests for Budget Transfers
 - ◆ Current Year Appropriation Increases
 - ◆ Transferring Existing Appropriations
 - ◆ Encumbrances
 - ◆ Inter-Departmental Charges
 - ◆ Journal Vouchers

Budget Monitoring and Reporting

- Daily Reports Available Through the Auditor's COLD System – County Intranet
- Daily Reports Also Available Through the Mainframe FMS System
- Reports Available Include: (See Tab 5)
 - ◆ Expenditure Status and Transaction Reports
 - ◆ Revenue Status and Transactions Reports
 - ◆ Outstanding Encumbrances, General Ledger, etc.

Appropriation of Unanticipated Revenue

- Why Appropriate the Revenue?
 - ◆ Need Additional Expenditure Authority
- What Revenue Can be Appropriated?
 - ◆ New Revenue Source (ie. Grant or New Contract)
 - ◆ Revenue in Excess of Budgeted Estimate
- Process:
 - ◆ Letter to Board of Supervisors (See Tab 6)
 - ◆ Preparation of Request for Budget Transfer

Budget Transfers

- What's the process?
 - ◆ Department, through the CAO, to Board for Approval
- Entered on Auditor's Journal Voucher System
 - ◆ 4 Basic Types of Transfers
 - ◆ Current Year to Current Year
 - ◆ Current Year to Prior Year
 - ◆ Prior Year to Current Year
 - ◆ Unanticipated Revenue

Budget Transfers (continued)

- Current Year to Current Year
 - ◆ Transfer Between Objects
 - ◆ Establishing New Fixed Asset
 - ◆ Can't be Used for Unanticipated Revenue
- Current Year to Prior Year
 - ◆ Unexpected Increase to Prior Year Expense

Budget Transfers (continued)

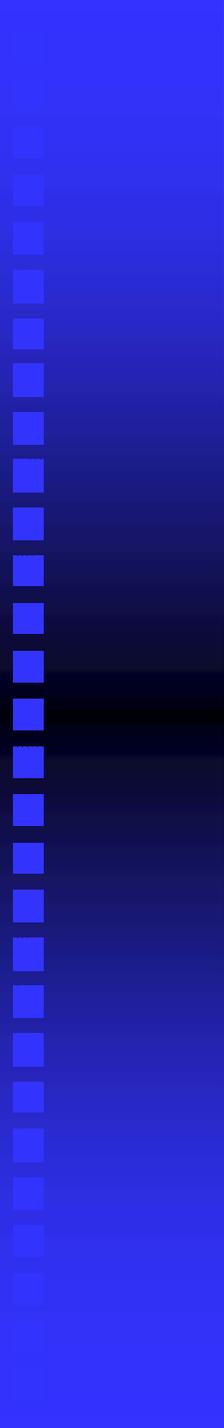
- Prior Year to Current Year
 - ◆ Reimburse Current Year Budget for Prior Year Expense
 - ◆ Must be Transferred Through Contingencies (BU 1970, Account 6040)
 - ◆ May Not be Used to Simply Transfer Surplus Prior Year Funds into Current Year Budget

Budget Transfers (continued)

- Appropriation of Unanticipated Revenue
 - ◆ Must Pass-through Contingencies Budget
 - ◆ Use Special Account (BU 1970, Acct. 6045)
 - ◆ Coordinate With Your Budget Analyst
 - ◆ Board Letter Required
- Unexpected Emergency Needs
 - ◆ Account #6040
 - ◆ Requires Prior Approval from County Administrative Office

Budget Transfers (continued)

- Other Typical Needs for Budget Transfers
 - ◆ Creation of Fixed Asset Accounts
 - ◆ End-of-Year Balancing
 - ◆ Correction of Over-Drawn Exp. Objects
 - Due to Payroll Accruals
 - Year-End Charges from Other Departments
 - ◆ Use of Budget Savings Incentive
 - ◆ Use of Over-collected Expenditure Reimbursements (See Tab 8)



A Look at the Auditor's JV System

JOURNAL VOUCHER PROGRAM

- A. Journal Vouchers
- lpt1-H B. Change Printer Port & Printer
- C.
- D.
- E.
- F. Supervisor Menu
- X. Exit Program

Enter Choice ====>

JOURNAL VOUCHERS

- A. Cost Applied - Form 114
 - B. Interfund - Form 115
 - C. Intrafund - Form 116
 - D. Warrant Cancellation - Form 117
 - E. General Journal - Form 118
 - F. Revenue Estimate - Form REU
 - G. Debit Memo - Form 218
 - H. Budget Transfer - Form 059
 - R. Return To Main Menu
- Enter Choice ====>

BUDGET TRANSFER - FORM 059

HISTORY AVAILABLE

- A. Add Entries - Sequence # = 0
 - B. Edit Entries
 - C. Add/Edit Description
 - D. Display Total
 - E. Print Journal
 - F. Save JV As Boiler Plate or Temporary Storage
 - G. Retrieve Boiler Plate or Temporarily Stored JV
 - L. Approval Menu
 - H. Move Journal To Holding -
 - I. Retrieve Journal From Holding
 - J. Delete Journal
 - K. View/Print Journal From History Base
 - R. Return To Previous Menu
- Enter Choice ====>

What type of Budget Transfer will you create?

1 - Current Year to Current Year

2 - Current Year to Prior Year

3 - Prior Year to Current Year

4 - Unanticipated Revenue

5 - Don't create Budget Transfer

6 - Sweep JV for CAO

Enter choice (1,2,3,4 or 5) ==> █

MS
DOS JV Program



Current Year to Current Year

You may NOT have a 'P' in the PY field

You may NOT use Expenditure Code 6045

You may use Expenditure Code 6040

Press any key to continue _

MS
US JV Program



Current Year to Prior Year

You may NOT have a 'P' on the FROM side PY field

You MUST use a 'P' in the TO side PY field

You may NOT use Expenditure Code 6045

You may use expenditure code 6040

Press any key to continue

Prior Year to Current Year

In most cases, you **MUST** use a 'P' on the FROM side PY field.

You **MUST** have one entry on the FROM and one entry on the TO side that has Expenditure Code 6040.

The amount on the 6040 entry **MUST** equal the combined amounts of the Prior Year entries.

Do **NOT** use P on the FROM side PY field for Expenditure Code 6040.

You may **NOT** use Expenditure Code 6045.

FROM	Office Expense	1110	7450	500.00	P
	Rents & Leases, Equipment	1110	7630	600.00	P
	Appropriation for Contingencies	1970	6040	1100.00	
TO	Comm-Telephone & Telegraph	1110	6841	1100.00	
	Appropriation for Contingencies	1970	6040	1100.00	

Press any key to continue _

Unanticipated Revenue

You may NOT have a 'P' in the PY field any
where on the form.

You may only use Expenditure Code 6045 on
FROM side. No other entries are permitted.

You must enter Revenue Codes on the Description Screen

If moving money to a Fixed Asset, the key for
this Fixed Asset must be established on the
FMS System. Contact Auditor's office.

Press any key to continue _

Reserves and Designations

- What are they and how they differ ?
- How do I access designations during the year ?
 - ◆ Requires CAO Concurrence
 - ◆ Requires Board Letter and Approval (See Tab 9)
 - ◆ Requires Budget Transfer to Increase Appropriations

Year-end Payroll Accruals

- What is an accrual and why do we have them?
 - ◆ Prepared by the Auditor-Controller
 - ◆ Calculated in Order to Reflect Payroll Costs Incurred, but Not Paid, in the Same Fiscal Period in Which They Were Incurred
- Anomalies
 - ◆ Holidays
 - ◆ Excessive overtime
 - ◆ Retirement payoffs
 - ◆ One-time expenditures
 - ◆ Retroactive salary increases

Payroll Accruals (continued)

- How is the Accrual Calculated?
 - ◆ Based on Last Paid Payroll Period
 - ◆ Uses Number of Days in the Month Where Employees Worked but Not Been Paid
 - ◆ Expressed as a Factor of a 14 Day Pay Period
 - ◆ Examples: 12/14 or 17/14
 - ◆ Refer to Example Under (See Tab 10)
- Month-End Accruals
 - ◆ Reflected in Month-end FMS Reports
 - ◆ Reversed at Beginning of Month (See Tab 11)

Year-end Revenue Accruals

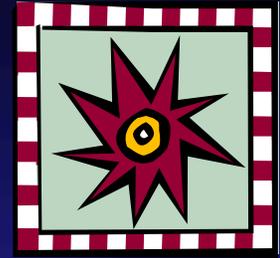
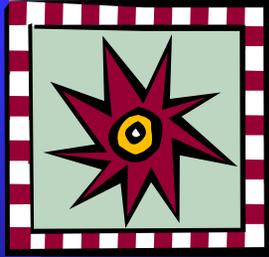
- Why Accrue Revenue?
- End-of-year (See Tab 12)
- Receipt within 90 days
 - ◆ Usually amounts over \$1,000
- Reversed at beginning of July
- Include in Budget Forecast
- Calculation of Request for Accrual

Expenditure Accruals

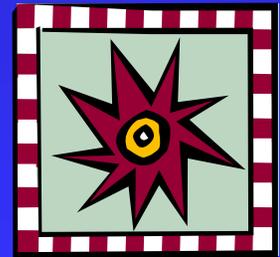
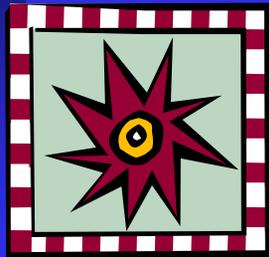
- PO's and Agreements (See Tab 13)
 - ◆ Expenses Incurred, but not yet paid
 - ◆ Expenses expected to be paid within first 90 days of new fiscal year
- Carryover at End-of-Year as Negative Expenses
- Miscellaneous Encumbrances (Limited application for capital projects – being phased out by the Auditor-Controller)

Expenditure Projections

- Modeling
 - ◆ Quarterly/semi-annual/annual payments
- Forecasting salary expenditures
 - ◆ New Hires
 - ◆ Retirement payoffs
 - ◆ Holidays



Payroll Forecasting Exercise



Payroll Forecasting Exercise – Step 1

Compute Salary and Related Benefits for Remainder of the Fiscal Year

	Most Recent Pay Period	Times 4 Pay Periods	Final Accrual 17/14	Total Cost for Remainder of Fiscal Year
Regular Salary	\$150,000	\$600,000	\$182,143	\$782,143
FICA	\$11,475	\$45,900	\$13,934	\$59,834
Retirement	\$45,780	\$183,120	\$55,590	\$238,710
Group Health	\$29,200	\$116,800	\$35,457	\$152,257
Retiree Health	\$1,040	\$4,160	\$1,263	\$5,423
Flexible Benefits	\$1,046	\$4,184	\$1,270	\$5,454
	<u>\$238,541</u>	<u>\$954,164</u>	<u>\$289,657</u>	<u>\$1,243,821</u>

Payroll Forecasting Exercise – Step 2

Calculate Salary Savings from Retirement of Assistant Director

	Most Recent Pay Period	Times 2 Pay Periods	Final Accrual 17/14	Total Savings for Remainder of Fiscal Year
Regular Salary	\$3,107.51	\$6,215.02	\$3,773.41	\$9,988.43
FICA	\$237.72	\$475.45	\$288.67	\$764.11
Retirement	\$948.41	\$1,896.82	\$1,151.64	\$3,048.47
Group Health	\$365.00	\$730.00	\$443.21	\$1,173.21
Retiree Health	\$13.00	\$26.00	\$15.79	\$41.79
Flexible Benefits	\$310.75	\$621.50	\$377.34	\$998.84
	<u>\$4,982.40</u>	<u>\$9,964.80</u>	<u>\$6,050.05</u>	<u>\$16,014.85</u>

Payroll Forecasting Exercise – Step 3

Calculate Sick Leave and Vacation Pay-off Amount

Bi-Weekly Salary	\$3,107.51	
Hourly Rate	\$38.84	
Vacation Payoff	\$26,103.08	(Hourly Rate x 672 Hours)
Sick Leave Payoff	\$44,748.14	(Hourly Rate x 1,152 Hours)
Sub-Total	\$70,851.23	
FICA 1	\$1,148.69	(\$90,000 cap less 23 pp already paid x .062)
FICA 2	\$1,027.34	(Sub-Total of Salaries x .0145)
Flexible Benefits	\$7,085.12	(Sub-Total of Salaries x .10)
Total Cost	\$80,112.38	

Payroll Forecasting Exercise – Step 4

Calculate the Cost of the New Positions

	Bi-Weekly Cost of Both Positions	Pay Period 12 17/14	Final Accrual 17/14	Total Cost for Remainder of Fiscal Year
Regular Salary	\$3,555.04	\$3,555.04	\$4,316.83	\$7,871.87
FICA	\$271.96	\$271.96	\$330.24	\$602.20
Retirement	\$1,085.00	\$1,085.00	\$1,317.50	\$2,402.50
Group Health	\$730.00	\$730.00	\$886.43	\$1,616.43
Retiree Health	\$26.00	\$26.00	\$31.57	\$57.57
Flexible Benefits	\$0.00	\$0.00	\$0.00	\$0.00
	\$5,668.00	\$5,668.00	\$6,882.57	\$12,550.57

Payroll Forecasting Exercise – Step 5

Bring it All Together

Step One Cost	\$1,243,821
Step Two Savings	(\$16,015)
Step Three Cost	\$80,112
Step Four Cost	\$12,551
Payroll Cost for Remainder of Year	<hr/> \$1,320,469

Grant Budget Development

- Salaries and Benefits
 - ◆ Increments
 - ◆ Rising Health Insurance and Retirement Costs
 - ◆ Extra Help vs. Permanent vs. Temporary
- Inflationary Pressure (CPI)
- Matching Funds from Other Grants, Propositions, and Local Sources
- Consider the Impact on Other County Departments



Grant Application Exercise



USDOJ Grant Exercise

	Year 1	Year 2	Year 3	Total
Salary for 10 Positions	\$359,585	\$426,039	\$447,826	\$1,233,449
FICA	\$27,508	\$32,592	\$34,259	\$94,359
Retirement	\$163,827	\$194,103	\$204,029	\$561,959
Health Benefits	\$95,225	\$95,225	\$95,225	\$285,675
Retiree Group Health	\$3,392	\$3,392	\$3,392	\$10,175
	<hr/>	<hr/>	<hr/>	<hr/>
	\$649,536	\$751,350	\$784,730	\$2,185,616
Requested Grant Funds	\$487,152	\$500,000	\$500,000	\$1,487,152
County Share	\$162,384	\$251,350	\$284,730	\$698,464
Grant Percentage	75.0%	66.5%	63.7%	68.0%
County Percentage	25.0%	33.5%	36.3%	32.0%

Changes in Authorized Positions

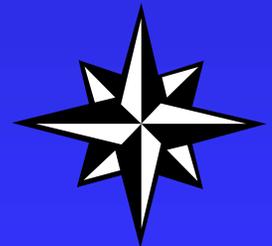
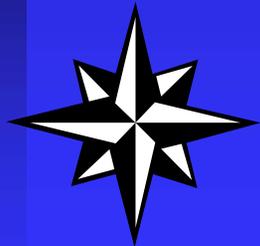
- All Changes to Authorized Positions Requires Board Approval
- Addition of New Positions
- Addition/Deletion of Positions
 - ◆ Calculating Cost Difference
- Departmental Reorganizations
- Lay-Offs
- Golden Handshakes
- Vacancies

Changes in Authorized Positions (cont.)

- Justifications for Adds/Deletes
 - ◆ Must be Done for Organizational Reasons
 - ◆ Not to Keep Employee from Leaving
 - ◆ Not to Give an Employee a Raise
 - ◆ Letter to Board (See Tab 18)
- Prefer to Address Changes to Authorized Positions During Budget Development



Change in Position Exercise



Change in Positions Exercise – Step 1

Compute Salary of Fiscal Support Spec. for Remainder of the Fiscal Year

	Most Recent Pay Period	Times 10 Pay Periods	Final Accrual 17/14	Total Cost for Remainder of Fiscal Year
Regular Salary	\$1,180.85	\$11,808.50	\$1,433.89	\$13,242.39
FICA	\$90.34	\$903.35	\$109.69	\$1,013.04
Retirement	\$360.40	\$3,603.95	\$437.62	\$4,041.58
Group Health	\$365.00	\$3,650.00	\$443.21	\$4,093.21
Retiree Health	\$13.00	\$130.00	\$15.79	\$145.79
Flexible Benefits	\$0.00	\$0.00	\$0.00	\$0.00
	<u>\$2,009.58</u>	<u>\$20,095.80</u>	<u>\$2,440.20</u>	<u>\$22,536.01</u>

Change in Positions Exercise – Step 2

Compute Salary of Fiscal Support Tech. for Remainder of the Fiscal Year

	Most Recent Pay Period	Times 10 Pay Periods	Final Accrual 17/14	Total Cost for Remainder of Fiscal Year
Regular Salary	\$991.71	\$9,917.10	\$1,204.22	\$11,121.32
FICA	\$75.87	\$758.66	\$92.12	\$850.78
Retirement	\$302.67	\$3,026.70	\$367.53	\$3,394.23
Group Health	\$365.00	\$3,650.00	\$443.21	\$4,093.21
Retiree Health	\$13.00	\$130.00	\$15.79	\$145.79
Flexible Benefits	\$0.00	\$0.00	\$0.00	\$0.00
	\$1,748.25	\$17,482.46	\$2,122.87	\$19,605.33

Change in Positions Exercise – Step 3

Step One Cost	\$22,536.01
Step Two Savings	<u>(\$19,605.33)</u>
Difference (higher cost)	<u><u>\$2,930.68</u></u>

Review of Topics Discussed

- Appropriation of Unanticipated Revenue
 - ◆ Requires Board Approval
 - ◆ Must Flow through Contingencies
- Budget Transfers – 4 Types
- Reserves and Designations
 - ◆ Funds Set-Aside for Specific Purpose
 - ◆ Designations Generally Available During the Year with Board Approval

Review of Topics Discussed (cont.)

- Payroll Accruals
 - ◆ Calculated by the Auditor-Controller
 - ◆ Based on Last Pay Period Actually Paid
 - ◆ Watch Out for Anomalies
- Encumbrances
 - ◆ Purchase Orders
 - ◆ Board Approved Contracts
 - ◆ Miscellaneous Encumbrances

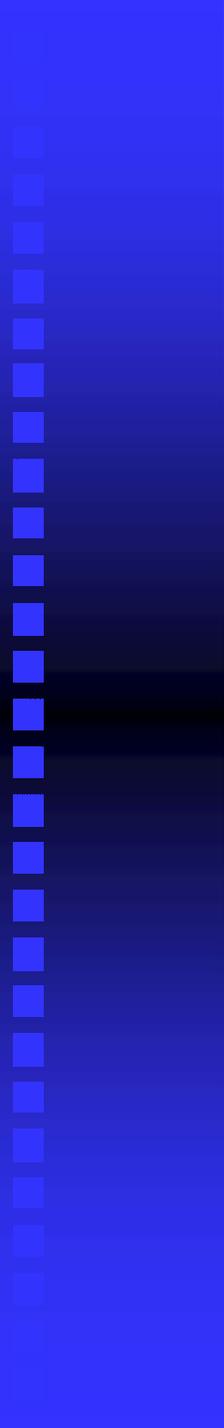
Review of Topics Discussed (cont.)

■ Grant Budgeting

- ◆ Include All Costs, Direct and Indirect
- ◆ Factor Impact of Inflation, Salary Increases and Related Costs
- ◆ Factor in Impact on Other County Depts.

■ Expenditure Forecasting

■ Changes in Authorized Positions



Evaluation . . .