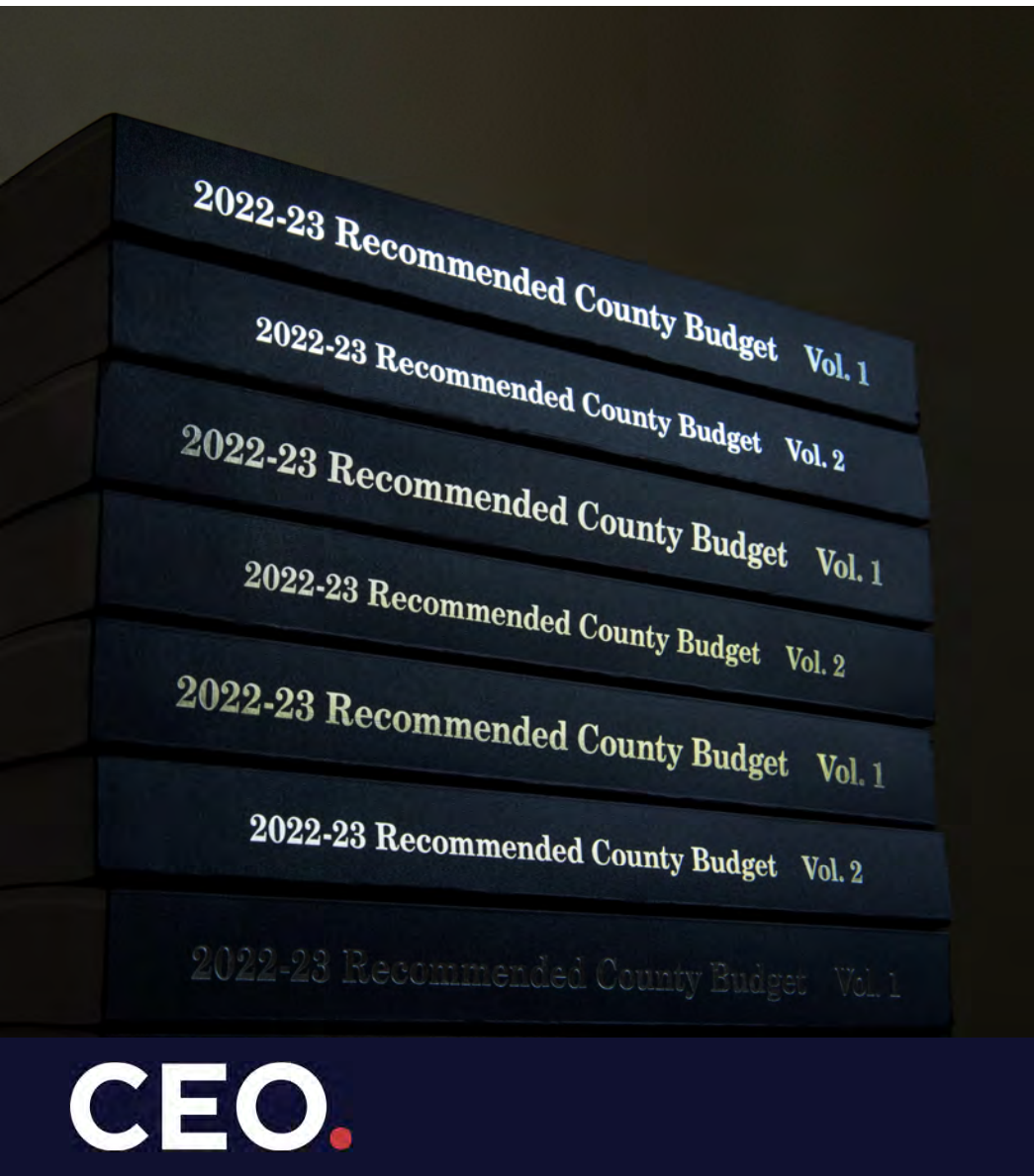


County Budget Overview

CEO.

**Budget and Operations
Management Branch**

January 19, 2023



What is a Budget?

- The County Budget is a Legal Document Approved by the Board of Supervisors.
- The County Budget is the Financial and Operating Plan of the County.
- Two Basic Elements of a Budget: Revenues and Expenditures.



The County's Budget

Provides funding to help move policy ideas from concept to reality.

Reflects priorities that are set in Sacramento and Washington, DC.

- As agents of the State, counties provide an array of services that are supported with State and federal dollars governed by State and federal law.

Reflects the policy and funding priorities (values) of local residents and policymakers.

- Counties use a portion of their locally generated revenues to fund key local services and improvements.



A budget should serve as a:

- Policy Statement - Values and Priorities
- Strategic Plan
- Communications Device
- Financial and Operation Plan

CEO.

Budget as a Planning Tool



A **budget**:

- Identifies what resources are available for managers to take the necessary actions to implement the vision, mission and goals of the organization which should be linked to the organizations strategic plan.



Types of Budgets

Program Budget

- A method of budgeting to meet programmatic objectives. Specific performance measures are used in formulating costs for all related functions.

Line-Item Budget

- A method of budgeting that focuses primarily on the listing of the total expenditures and revenues by item.



Budget Formula

Net Appropriation – Revenue = Net County Cost

- Salaries and Employee Benefits (Wages, Overtime, Bonuses, Retirement, Insurance, etc.)
- + Services and Supplies (Communication, Computers, Prof. Services, Rents, Utilities, Travel, etc.)
- + Other Charges (Payments to Other Governmental Agencies, Interests, Judgments and Damages, etc.)
- + Capital Assets (Equipment greater than \$5,000, Land, and Buildings)
- + Other Financing Uses (Operating Transfers Out – Between different Funds)
-
- = **Gross Appropriation**
- Intrafund Transfers (Transfers between budget units within the same fund)
-
- = **Net Appropriation**
- Revenues (State, Federal, Property Taxes, Charges for Services, Fines, Forfeitures and Penalties, etc.)
-
- = **Net County Cost (Financed with Locally Generated Revenues)**

- Salaries & Employee Benefits
- Services and Supplies
- Other Charges
- Capital Assets
- Other Financing Uses
- Intrafund Transfers



Salaries

- Wages
- Overtime
- Sick Buy Back
- Bilingual Bonus
- Uniform Allowance
- Stand-By Pay
- Salary Savings



Employee Benefits

- Retirement (Employer Contribution)
- Other Post Employment Benefits (Retiree Health)
- Insurance (Health/Dental/Life/Disability/Leave)
- Workers' Compensation
- Options, Choices for represented employees; Flex and MegaFlex for non-represented employees.
- Deferred Compensation Benefits [401(k) and 457]





Services and Supplies

- Communication
- Computers
- Professional Services
- Contracted Program Services
- Rents & Leases
- Utilities
- Travel & Training
- Equipment (Less than \$5,000)



CEO. Other Charges Appropriation



Support & Care of Persons



Interest Expense



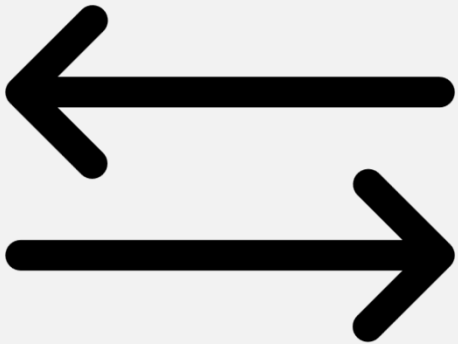
Payments to Other Governmental
Agencies



Judgments & Damages

- Equipment (Greater than \$5,000)
- Land
- Buildings and Improvements





- Operating Transfers Out
- Transfers between different funds
(i.e., General Fund and Special Revenue Funds)



Intrafund Transfers (IFT)

- A **transfer** of expenditures from one budget unit to another budget unit **within the same fund** as a result of services being rendered.

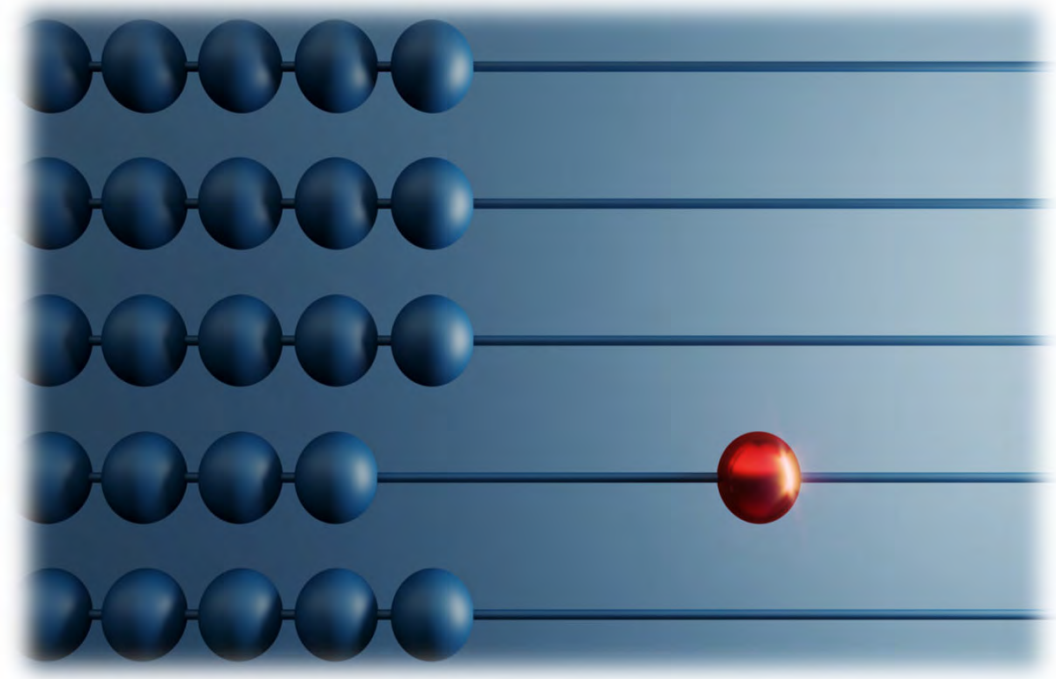
Departmental Services Orders (DSO)

- Service Provider – IFT
 - Receiver of Services – S&S
- If not in the same fund (i.e., Library, Fire, DHS, Special Revenue Fund, governmental entity) then funding received is reflected as revenue.



Revenues

- **State Revenues**
- **Federal Revenues**
- **Fines, Forfeitures and Penalties**
- **Licenses, Permits and Franchises**
- **Property Taxes**
- **Charges for Services**



Net County Cost

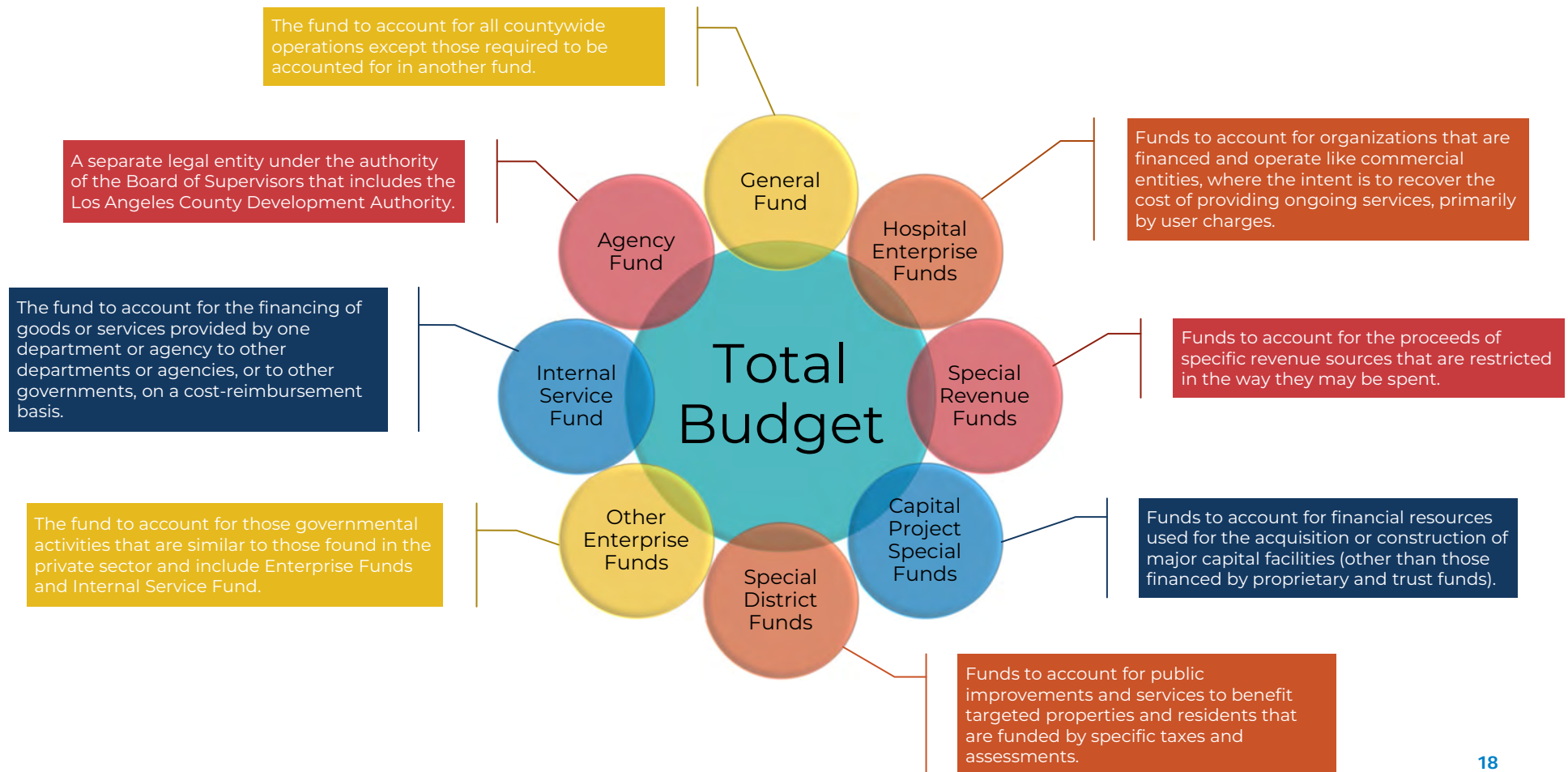
Appropriation (Expenditures)

– Revenues

= Net County Cost

Net County Cost is Financed with Locally Generated Revenues.

County Budget Funds

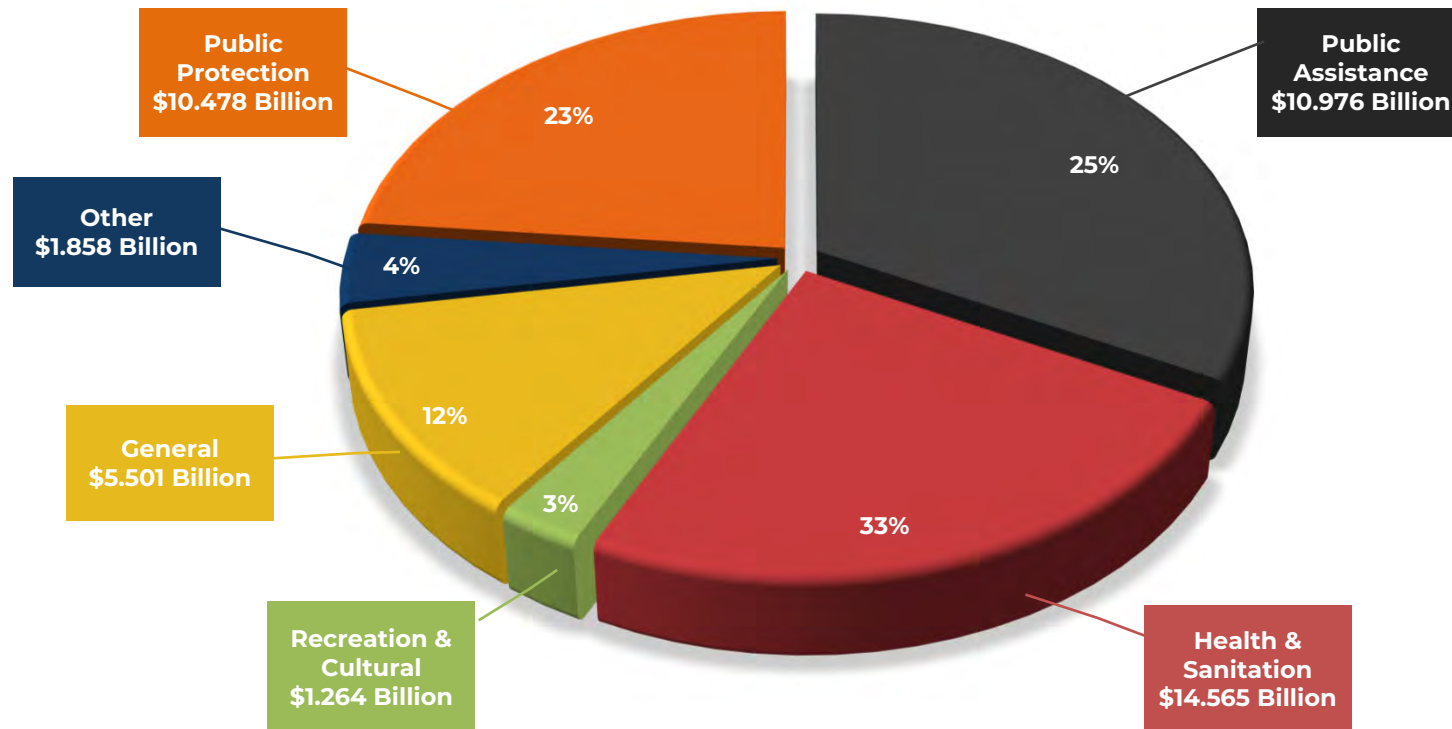




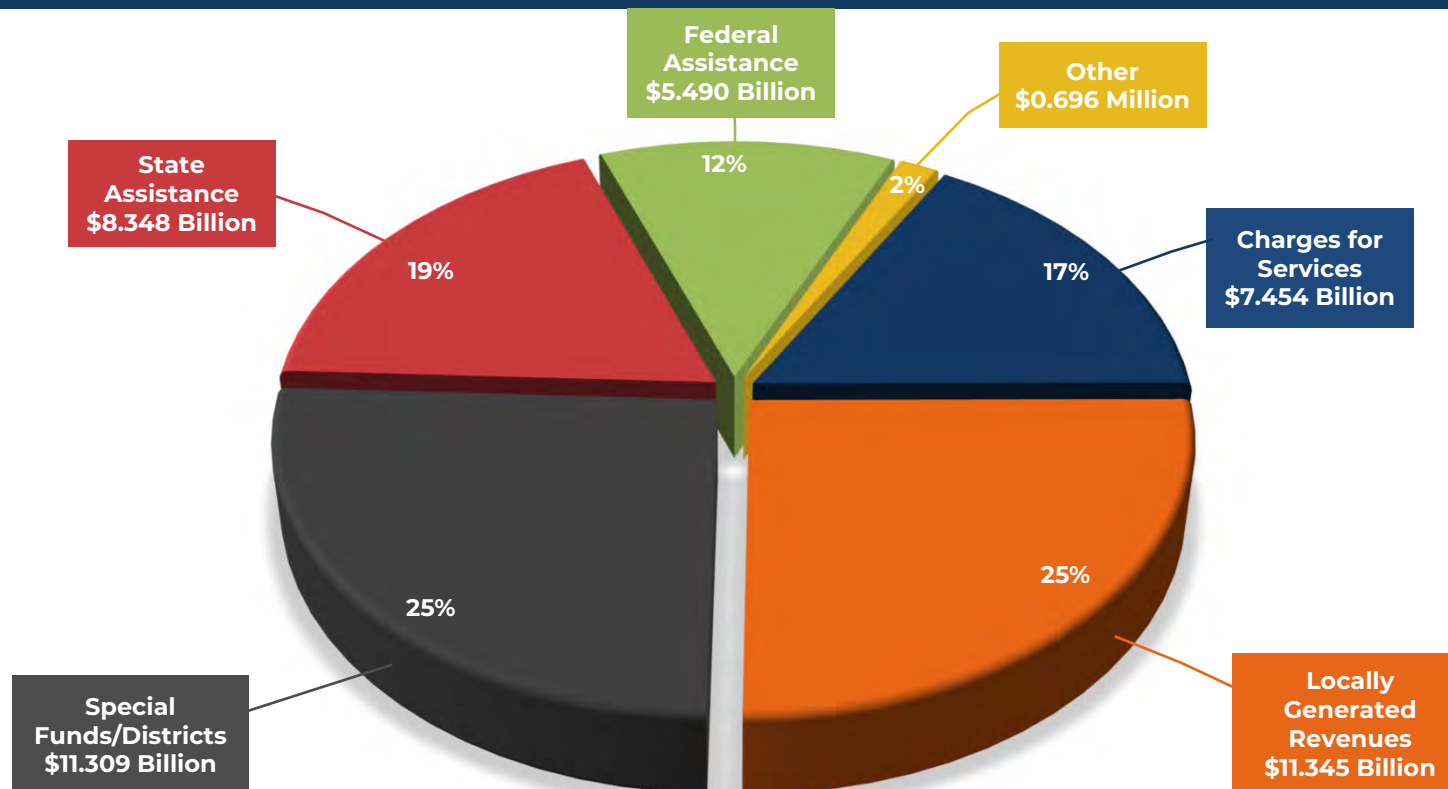
2022-23 Final Adopted Budget (\$ in Billions)

Fund	FY 2022-23 Adopted	FY 2022-23 Final Adopted	Change From Budget	% Change From Budget
Total General County	\$ 30.208	\$ 33.333	\$ 3.125	10.3%
Special Funds/ Districts	9.467	11.309	1.842	19.5%
Total Budget	\$ 39.675	\$ 44.642	\$ 4.967	12.5%
Budgeted Positions	112,614	113,592	978	0.9%

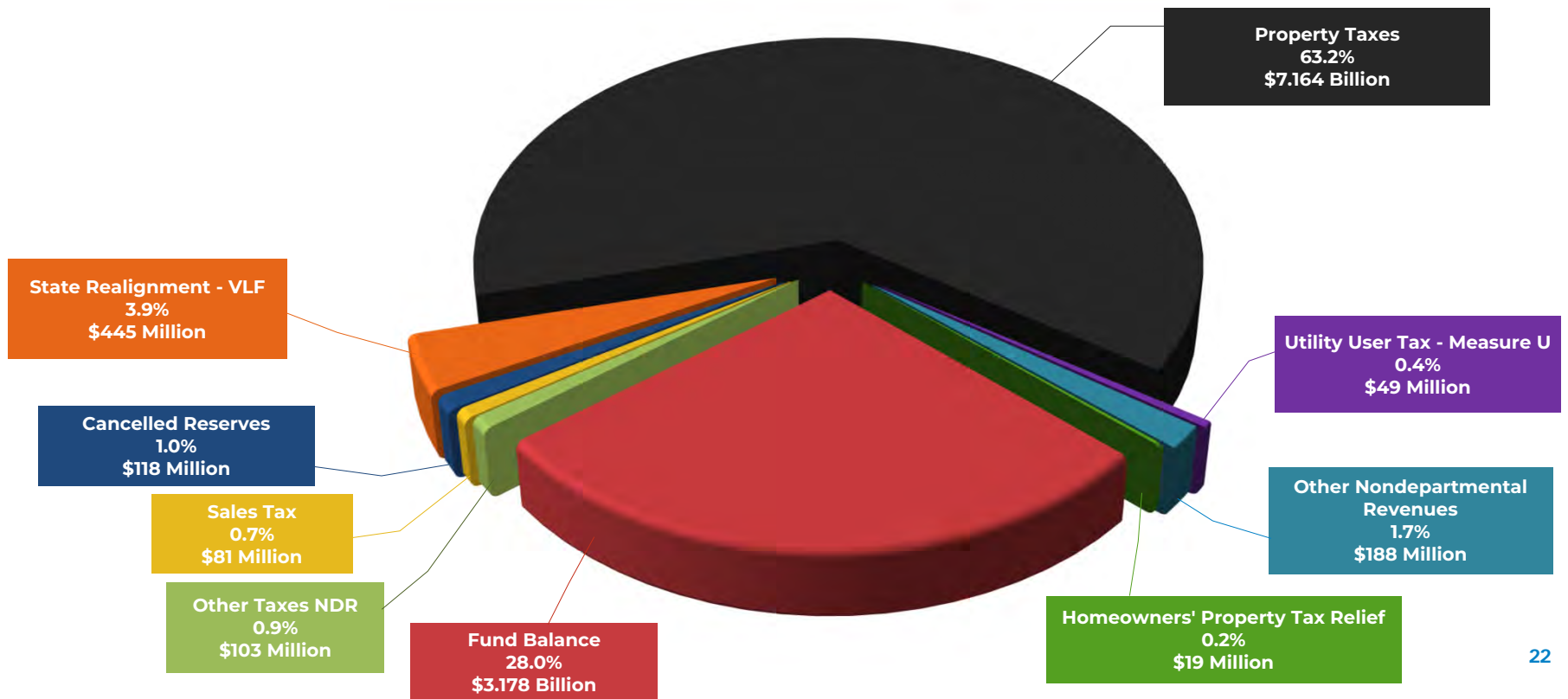
Total Cost By Function \$44.642 Billion



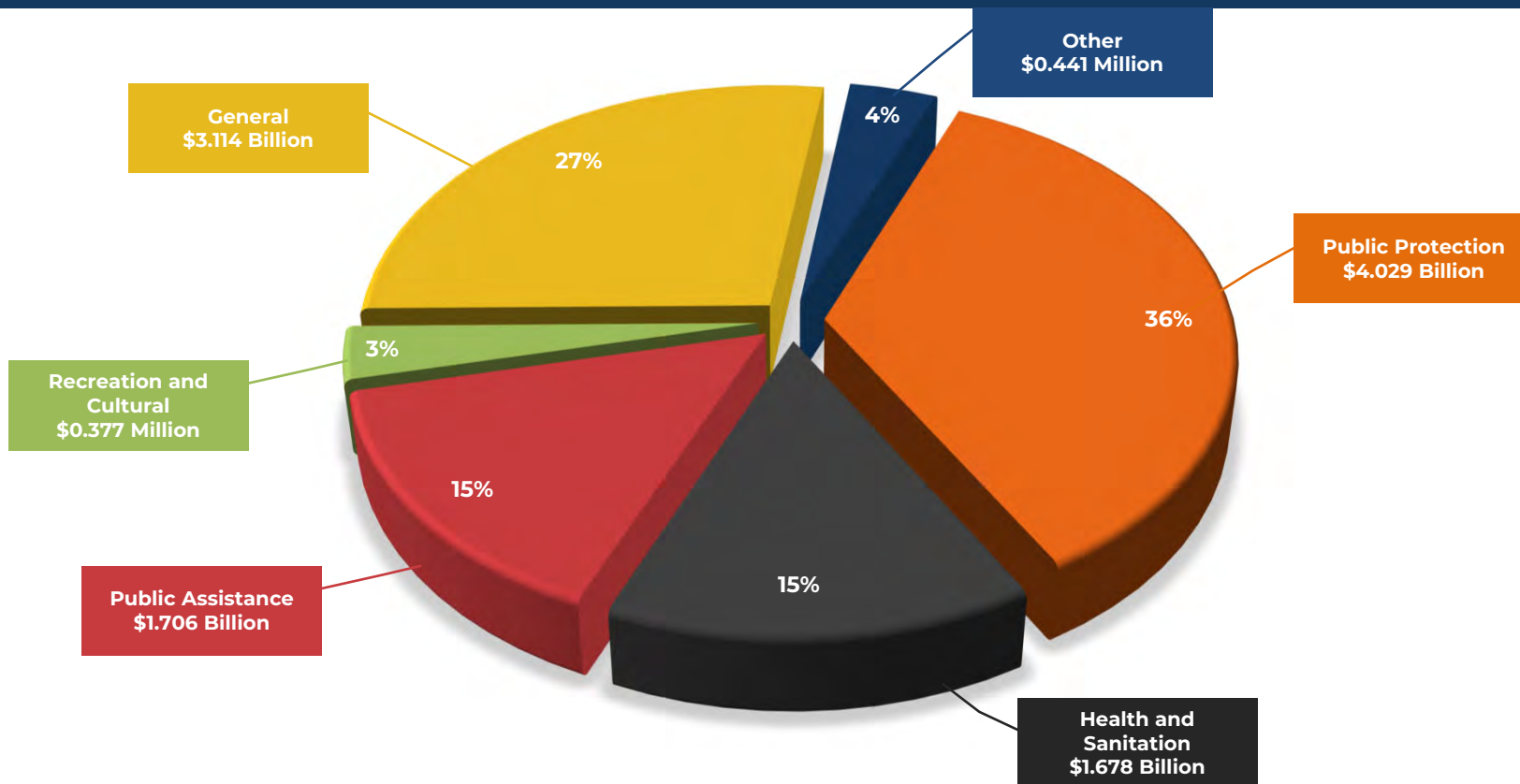
Total Revenue \$44.642 Billion



Locally Generated Revenues \$11.345 Billion

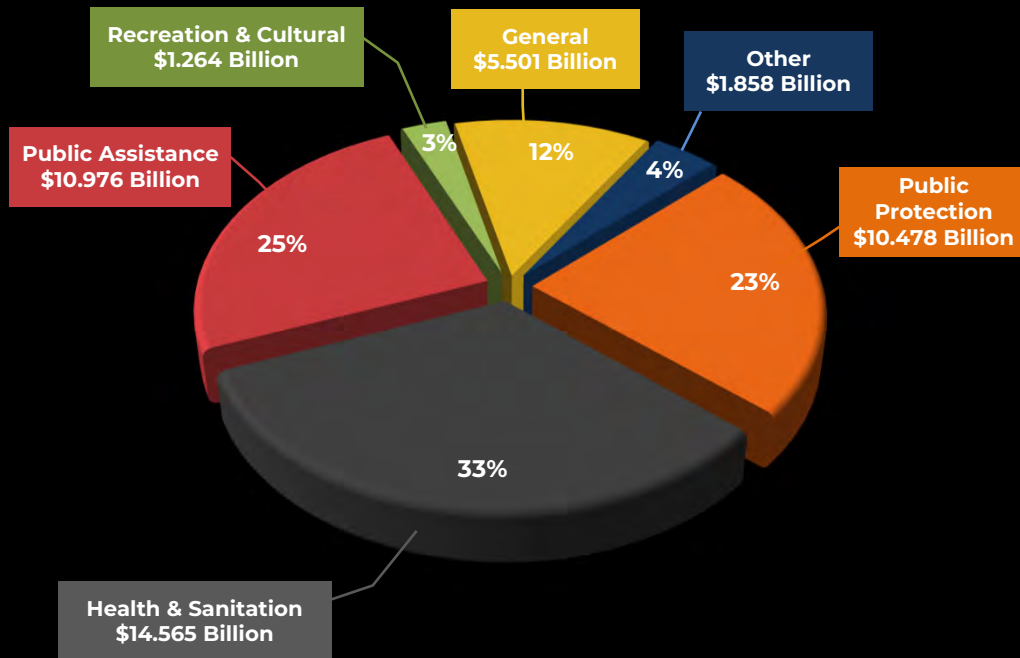


Net County Cost By Function \$11.345 Billion

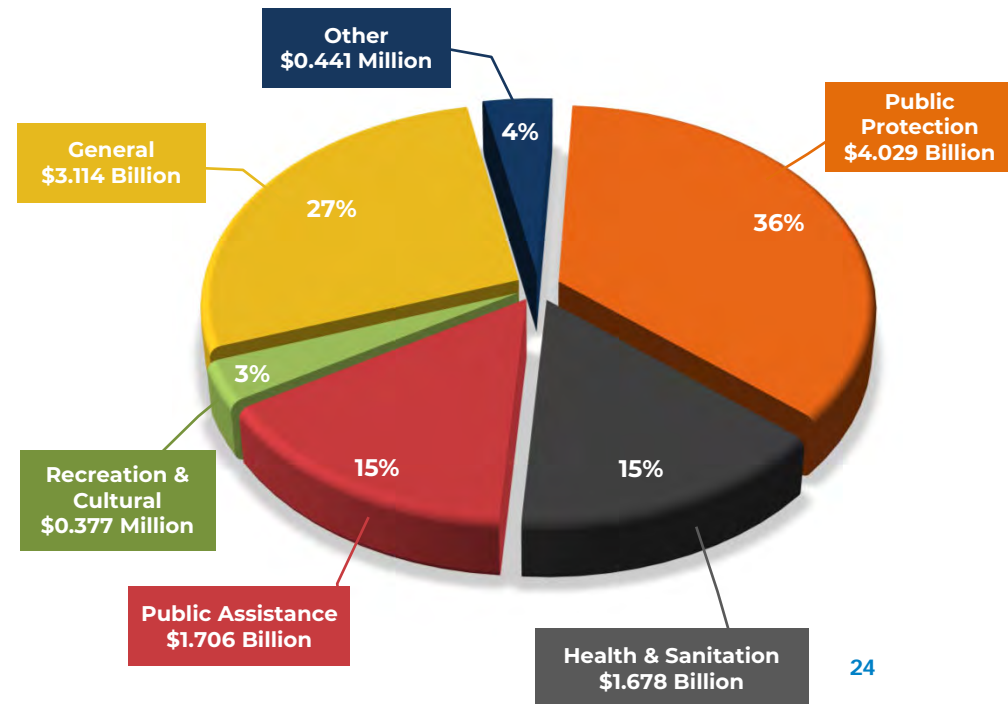


Cost Comparison By Function

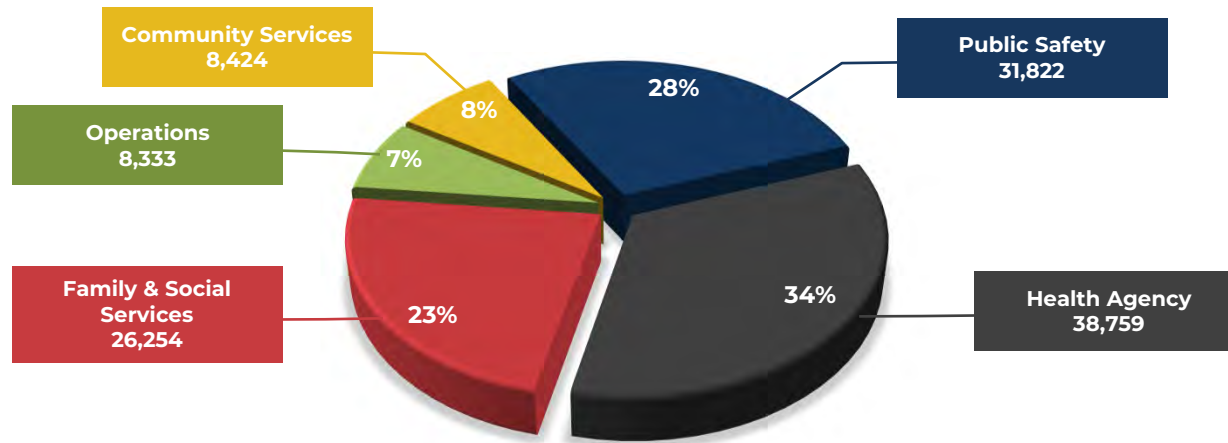
Total Cost \$44.642 Billion



Net County Cost \$11.345 Billion



2022-23 Final Adopted Budget Positions: 113,592



Public Safety	
Alternate Public Defender	378
District Attorney	2,160
Fire Department	4,744
Grand Jury	5
Justice, Care & Opportunities	31
Medical Examiner-Coroner	261
Probation - Summary	5,520
Public Defender	1,231
Sheriff - Summary	17,442
Trial Court Operations	50
Total	31,822

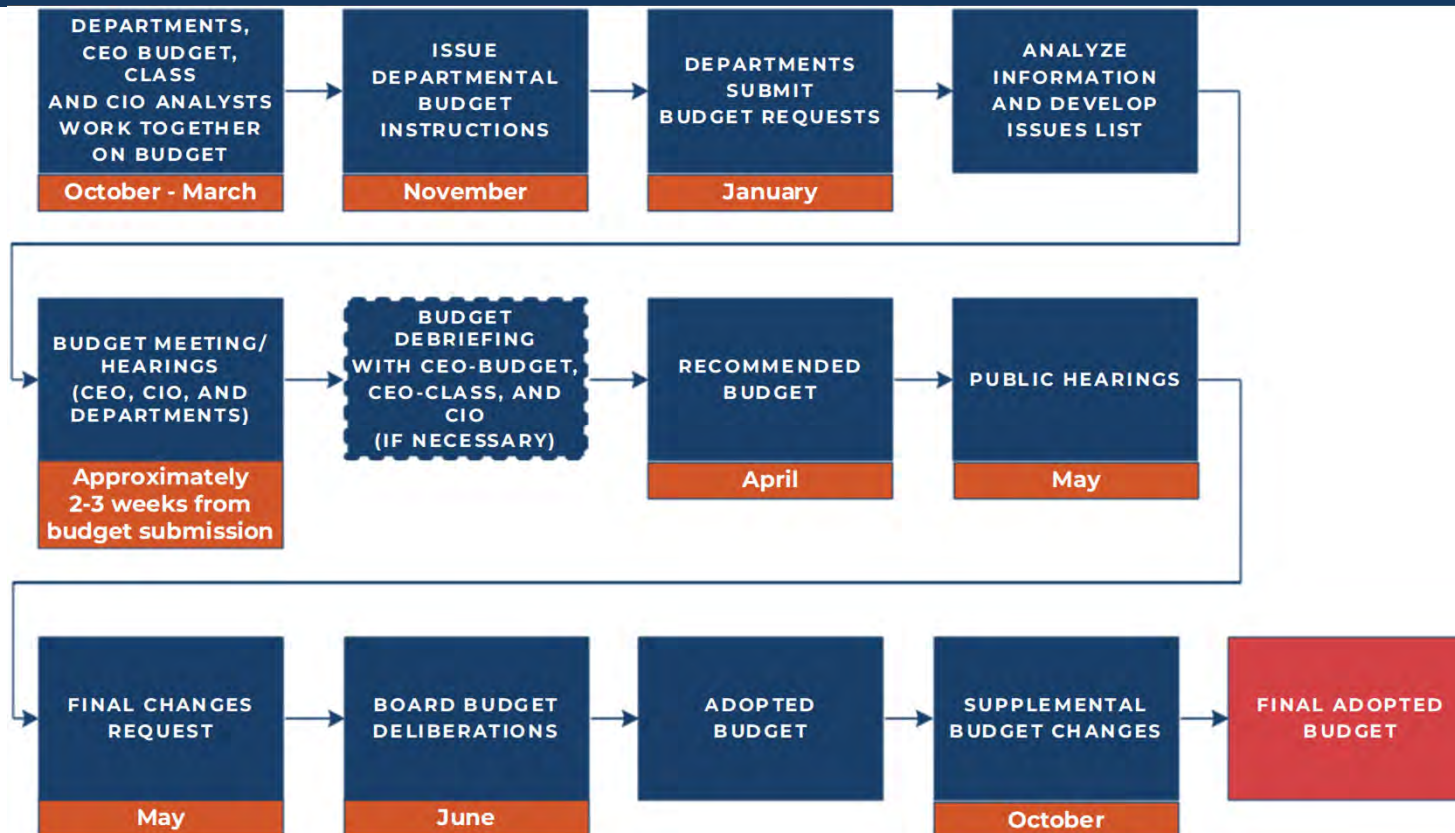
Health Agency	
Health Services	7,637
Hospital Enterprise	19,148
Mental Health	6,509
Public Health - Summary	5,426
Youth Development	39
Total	38,759

Family and Social Services	
Aging & Disabilities	543
Child Support Services	1,467
Children & Family Services	9,677
Economic Opportunity	190
Military & Veterans Affairs	45
Public Social Services	14,332
Total	26,254

Operations	
Arts and Culture	51
Assessor	1,381
Auditor-Controller	626
Board of Supervisors	484
Chief Executive Officer	519
Consumer & Business Affairs	156
County Counsel	701
Human Resources	585
Internal Services	2,140
Museum of Art	19
Museum of Natural History	8
Registrar-Recorder/CC	1,169
Treasurer and Tax Collector	494
Total	8,333

Community Services	
Agricultural Commissioner	432
Animal Care and Control	390
Beaches and Harbors	352
LA County Library	1,298
Parks and Recreation	1,529
Public Works Internal Svs	4,220
Regional Planning	203
Total	8,424

Budget Process Flow Chart





County Budget Cycle

Preparation of the County budget is a significant event in the fiscal year. Highlighted below are budget activities and their implementation times:

1) Chief Executive Office Preliminary Multi-Year Forecast/Target Allocation

- The CEO updates the multi-year forecast, with emphasis on the coming year's planned expenditures and projected revenues.
- Budget instructions are distributed in mid-November.
- Departmental target allocations are developed continuously for the upcoming budget year and are typically distributed by the end of November.

Time Period: October — December

County Budget Cycle

2) Departments Prepare Budget Requests

Departments submit two (2) budget requests: Base and Official.

- The Base Budget request must meet CEO's target allocation.
- The Official Budget reflects funding for what the department believes are its total unmet needs.

TARGET ALLOCATION

- + Mission Critical Needs
- + Unmet Needs

= OFFICIAL BUDGET

Time Period: November – January

BASE BUDGET

Ongoing Funding

One-Time Funding

BY 2021-22 Final Adopted Budget (Supplemental)

Less Prior-year One-Time Funding

+ Centrally Funded Costs
(e.g., COLAs)

+ Mid-Year Budget Adjustments (approved ytd)

TARGET ALLOCATION

BASE BUDGET REQUEST

County Budget Cycle

3) Governor's Budget/Final Forecast/Target Allocation

- ✓ Released on January 10th of each year.
- ✓ Analyzed for impact on the County.

Time Period: January



County Budget Cycle

4) CEO Analyzes Departmental Budget Request

CEO analysts review and analyze department's budget submissions and develop recommendations for program and administrative funding.

Recommendations may not reflect the concurrence of the Department.

Time Period: January – March



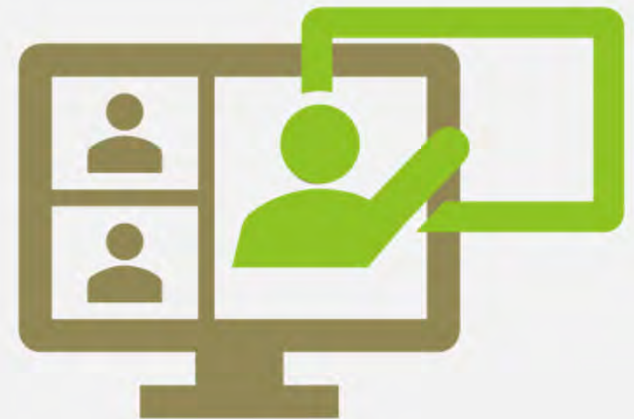
County Budget Cycle

5) CEO and Department Head Hearings

Hearings with departments are held to discuss budget issues.

The hearing allows the Department Head to discuss their budget priorities with the CEO.

Time Period: February



County Budget Cycle

6) CEO Presents Recommended Budget

The CEO Recommended Budget is presented to the Board on the third Tuesday in April.

Time Period: April



County Budget Cycle

7) Governor's May Revise

The State issues May revisions to the budget. These revisions may necessitate adjustments to the upcoming budget due to unanticipated revenue and expenditure changes.

Time Period: May



County Budget Cycle

8) Public Hearings

Public hearings permit members of the public and departments to address the Board on the Recommended Budget. Testimony during public hearings may be either oral or written.

Time Period: May



County Budget Cycle

9) Final Changes Budget

The CEO submits a Final Changes Budget to the Board to update the Recommended Budget previously approved in April.

The Final Changes Budget generally reflects only ministerial changes and updates the fund balance estimate.

Time Period: End of June



County Budget Cycle

10) Budget Deliberations

The Board deliberates the Recommended Budget and Final Changes recommendations, along with oral or written testimony from the public hearings.

A Supervisor may also introduce a motion that affects the County budget.

Time Period: End of June



County Budget Cycle

11) Adoption of Budget

After deliberations are completed, the Board adopts a budget for the coming fiscal year, known as the Adopted Budget.

Time Period: End of June



County Budget Cycle

12) Final State Budget

The State legislature completes its' Final Budget, which contains expenditures and revenue levels for the upcoming year. The budget is then sent to the Governor for signature. The Governor has line-item authority over the final budget.

Time Period: July – August



County Budget Cycle

13) Supplemental Budget

After the prior year's accounting records are closed and the final fund balance is determined, the CEO submits the Supplemental Budget to the Board. The Supplemental Budget incorporates the prior year's ending fund balance, as the current year's beginning budgeted fund balance, aligns the County's Adopted Budget to the State's Final Budget, and amends the Adopted Budget for various ministerial changes.

Time Period: End of September



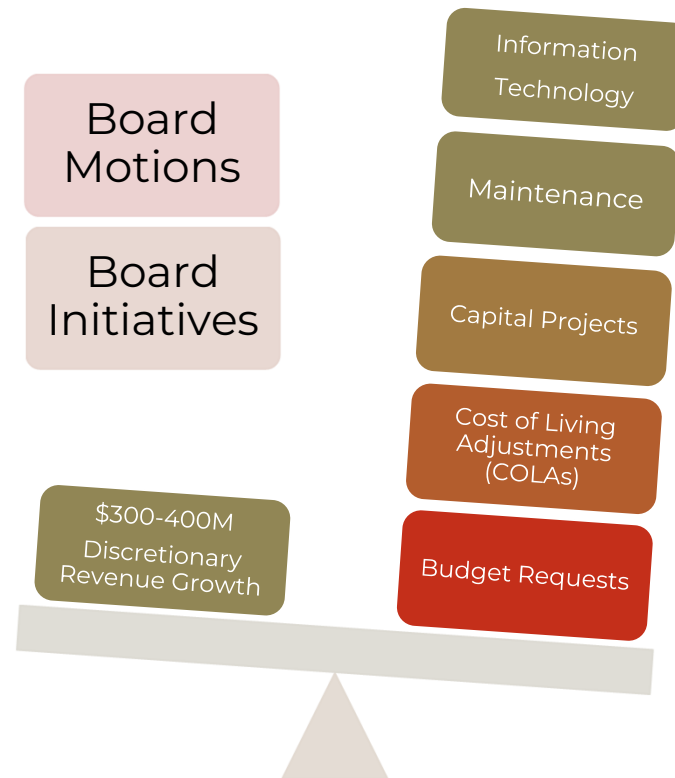
County Budget Cycle

14) Final County Budget

Upon approval of the Supplemental Budget, the Board adopts the Final County Budget.

Time Period: End of September





Amending The County Budget

The County Budget can be amended through budget adjustments (BA) after it has been adopted.

This is a formal change to the budget.

Budget adjustments must be approved by the CEO and Auditor-Controller.





Action Budget Adjustment

- Action BA does not require Board approval; Authority delegated to CEO.
- Must be less than \$250,000 per quarter (\$1.0 million for DHS).
No new spending authority.
- Must involve the same budget unit.

Budget Adjustments

- Reallocation among or between budget units requires Board approval – 3 Votes.
- Budget Adjustments that increase overall appropriation authority or use Reserved or Obligated Fund Balance require Board approval – 4 Votes.



- Regular monitoring of budgetary performance to the adopted budget provides an early warning of potential problems.
- Gives decision makers time to consider actions that may be needed if major deviations in budget-to-actual results become evident.
- It is also an essential part of demonstrating accountability.





Amending The County Budget

Monitoring the Budget

- Is important to ensure that the financial, operational and capital plans that were developed and approved for implementation as part of the budget processes are being implemented.
- Is crucial for an organization to be able to enforce accountability related to spending.
- Provides an early warning of potential problems and gives decision makers time to consider actions that may be needed if major deviations in budget-to-actuals become evident.



Measuring Budget Performance

Regular, comprehensive monitoring of the budget allows us to evaluate:

- Service levels;
- Ensure new initiatives are making expected progress towards goals/expectations; and
- Identify trends and other deviations that may impact future operations.

Demonstrates transparency by sharing findings.



Financial health of an organization is critical to its ability to meet the needs of stakeholders.



Financial conditions should be evaluated to identify potential problems and any changes that may be needed to improve performance over both the short and long-terms.



Budget Status Reports

Financial health of an organization is critical to its ability to meet the needs of stakeholders.

- Method to Monitor and Report Budget Performance
- Reporting Periods: 5th, 7th, 9th, and 11th Months

Departments	CEO
<ul style="list-style-type: none">• Monitor and report expenditures and revenues	<ul style="list-style-type: none">• Monitor and validate departments' budget performance
<ul style="list-style-type: none">• Ensure NCC does not exceed budget	
<ul style="list-style-type: none">• Report to CEO on its budgetary standing	<ul style="list-style-type: none">• Report to Board on departments' budgetary performance and overall County standing

Government Code §29121

Except as otherwise provided by law, obligations incurred or paid in excess of the amounts authorized in the budget unit appropriations are not a liability of the county or dependent special district, but a personal liability of the official authorizing the obligation.

CEO.

External Factors Impact the Budget

Many factors cannot be controlled or sometimes even predicted.

Monitoring these areas can help to evaluate and respond to the effect of these external factors on goals, programs and financial plans.

Contingency planning can help address negative impacts or allow us take better advantage of positive factors caused by external events.



External Factors Impact the Budget





Role of the Board of Supervisors

Set Budget Policies and Priorities

Provide Direction to the CEO in Developing the Proposed Budgets

Provide a Context to Help Guide Board Decision Making Consistent with Deliberations on the Final Budget



Role of the CEO

Develop Recommendations on Fiscal Matters for the Board of Supervisors

Provide Leadership of the County Organization in Carrying Out the Board's policy

Ensure Financial Stability



Questions?