

Attachment 2

COUNTY OF MONTEREY



GENERAL FINANCIAL POLICIES FY 2014-15 Updates

Page 2: 2-2.1.f (General Financial Philosophy)

Regularly review programs and operational methods, to improve processes that result in higher productivity, elimination of repetitive and duplicative functions, promote collaboration with other government entities and the private sector ~~that where cost and risk is minimized~~ the cost and risk to in the delivery of services within the community;

Page 2: 2-2.2.d (General Financial Policies)

Through the Board's Legislative Committee, the County will work with the California State Association of Counties (CSAC), State representatives, legislative advocates in the State Capitol and other local government organizations to assure ~~that~~ any State Programs administered by the County are adequately funded and ~~that~~ any realignment of State and County responsibilities are expenditure/revenue neutral.

Page 2: 2-2.2.e (General Financial Policies)

The County Administrative Office and Auditor-Controller will ~~continue implementation of maintain~~ a financial training program for Board Members

Page 6: 5.5 (Creation and Closing of Funds and Budgets To Be Documented)

The creation and/or closure of funds and budget units shall be documented by order from the Board.

Page 7: 6.3 (Ongoing Maintenance and Operational Needs)

The County ~~will shall~~ adequately fund ongoing maintenance and operational needs with ongoing annual revenue without prejudice. Without prior direction and approval by the Board and support by its Budget Committee, the use of one-time revenues or short-term borrowing ~~shall be discouraged is not allowed~~ as a resource to finance ongoing maintenance and operational needs.

Page 8: 6.10 (Establish Countywide Priorities)

The Board has ~~begun a continuous the~~ process of establishing Countywide priorities for ensuing years and has ~~begun developing and implement~~ ing the process of incorporating these priorities in the budget within the framework of the law. Understanding that Elected Officials and Department Heads are charged with the actual provision of services to the community, the Board shall set broad priorities to ensure flexibility to departments to concentrate on these priorities. In setting these priorities, the Board and County Administrative Office recognize that countywide elected officials have constitutional and/or statutorily created mandates and are answerable to the electorate.

Page 13: 7.10 (Outside Organization Contributions)-Emergency Communications

Emergency Communications Users' Offset

In April 2012, the County met with user agencies of the County's 911 dispatch services to negotiate a new funding agreement. This agreement fixed the funding for user agencies at 5.0% of the County's total Proposition 172 revenues for the most recently audited fiscal year (e.g., the FY 2012-13 allocation will be 5% of FY 2010-11 audited actuals). ~~Under the new formula, funding for user agencies (applied as an offset against their charges) will increase by \$67,700 to \$1,224,879 in FY 2012-13.~~ The new formula ties future allocations to audited actuals, creating greater predictability for budgeting purposes for both the County and user agencies.

Page 14: 7.10 (Outside Organization Contributions)-Users' Offset

Fire Agencies' Distribution

In June 2011, the County Administrative Office and the Association of Firefighters and Volunteer Fire Companies (the Association) agreed to a new disbursement model for Proposition 172 revenues. Beginning in FY 2011-12, the County will share with the Association 9.13% (the historic funding level dating back to FY 2001-02) of the County's Proposition 172 revenues for the most recently audited fiscal year (e.g., the FY 2012-13 allocation will be 9.13% of FY 2010-11 audited actuals). Similar to the new agreement with emergency communications user agencies, this agreement ties future allocations to audited actuals, resulting in greater predictability for budgeting purposes, and eliminating the need for year-end reconciliations and payment "true-ups".

Page 14: Transient Occupancy Tax Revenue Contributions ~~are currently allocated as follows:~~

The County has agreed to annual contributions to The Monterey County Convention and Visitors Bureau, Film Commission and Arts Council respecting the value these organizations add to the community and their role as related to the County's Transient Occupancy Taxes. This contribution is based on a shared percentage of total Transient Occupancy Tax from the previously audited fiscal year. The Convention and Visitors Bureau receives a contribution equal to 6.00%, the Film Commission receives a.....

Page 15: TOT Contributions-add paragraph

In June 2013, the Board in recognition of the contributing value well maintained roads provide for the overall economic vitality of the County and the County Transient Occupancy Taxes, the Board approved including the Road Fund in the County Transient Occupancy Tax contribution formula for FY 2013-14. The contribution is based on a shared percentage of the total Transient Occupancy Tax from the previously audited fiscal year. The Road Fund will receive a contribution percentage that starts in FY 2013-14 equal to 20%.

Page 15-16: 7.11 (Appropriations/Expenditures)

The County departments ~~will shall~~ continually strive and demonstrate the review of program effectiveness to ensure maximum return on limited resources. Appropriations approved by the Board in the annual budget define the County's spending limits for the upcoming fiscal year. Beyond the requirements of law, the County ~~will shall~~ maintain an operating philosophy of cost control and responsible financial management. The County ~~will shall~~ pay current expenditures with current revenue. Departments should only propose ongoing operating expenditures that can be supported with ongoing operating revenues. Prior to the County undertaking any agreements that would create fixed ongoing expenditures, the cost implications of such agreements ~~will shall~~ be fully determined for current and future years with the aid of strategic financial planning models. The goal is to deliver maximum services in a sustainable cost effective and efficient manner, which includes:

- a. Department Heads are responsible for managing their budgets within the total appropriation for their department. Expenditures shall not exceed appropriation, and expenditures of discretionary General Fund dollars will not exceed the amount approved in the department budget, except upon approval by the Board.
- b. Departments ~~will shall~~ continually review program effectiveness to ensure maximum return.
- g. High priority ~~will shall~~ be given to expenditures that will reduce future operating costs, such as increased utilization of technology, equipment and efficient business practices.
- j. When augmenting or decreasing the budget, consideration ~~will shall~~ be given to the strategic plan initiatives.

Page 17: 7.14 (Performance Measures)

County Departments have begun developing performance measurements for each Department where applicable. Performance measures ~~will shall~~ address best practices, desired outcomes, strategic planning initiatives of the Board, annual goals, and measurable key indicators in order to assure that maximum productivity (outcomes) are being achieved for the resources utilized.

Page 18: 8.9 (Departmental Financial Monitoring and Reporting)

The County Administrative Office and departments shall monitor revenues and expenses throughout the year to ensure conformity to adopted budgets. Enterprise Funds ~~will shall~~ provide the Board monthly financial status reports. Monthly financial reports ~~will shall~~ provide a year-to-date summary of expenses, revenues and cash positions, including significant variances and comparisons to previous fiscal years' activity, trending for the current fiscal year and General Fund impact.

Page 19: 9.1 (Fund and Reserve Levels)

All funds ~~will shall~~ utilize restricted resources before unrestricted resources, as appropriate, when both are available for expenditure. Further, unrestricted resources shall be used in the following order: committed, assigned, unassigned.

Page 19: 9.2 (Committed Fund Balance-Strategic Reserve Fund)

If the Strategic Reserve is utilized to provide for temporary funding of unforeseen needs, the County ~~will shall~~ take measures necessary to prevent its use in the following fiscal year by increasing General Fund revenues and/or decreasing expenditures to regain structural balance.

Page 21: 10.3 (Actuarial Studies)

The Risk Management Division shall complete two annual actuarial studies. The first study will be completed using data through June 30th and a second ("true up") actuarial study shall be completed with data through December 31st. ~~The Budget and Analysis Division will use T~~he June 30th study ~~will be used~~ to set department allocations for the upcoming fiscal year, while ~~Risk Management will use~~ the December 31st study ~~will be used~~ for meeting its operational needs, such as purchasing excess insurance coverage.

Page 23: 11.6 (Capital Project Reports)

The Resource Management Agency (RMA) ~~and the applicable Natividad Medical Center (NMC) capital projects~~ shall provide the following reports:

a. ~~Monthly updates to the Capital Improvement and Budget Committees on implemented capital projects, which include, in part, the initial approved budget, budget modifications, expenditures to date, remaining budget and expenditures, original completion date and if applicable, revised completion date and the phase (in a percentage) the project is toward completion.~~

~~ba.~~ Monthly update of the draw down schedule for debt financed projects to the County Debt Manager.

~~b. Quarterly updates to the Capital Improvement and Budget Committees on implemented capital projects, which include, in part, the initial approved budget, budget modifications, expenditures to date, remaining budget and expenditures, original completion date and if applicable, revised completion date and the phase (in a percentage) the project is toward completion.~~

Page 24: 12.1 (Grant Management-Funding)

The County recognizes ~~that~~ grant funding provides significant resources to enhance the County's ability to provide services and activities not otherwise available. The County willshall seek grant funding for activities that are determined to further core County functions or that provide for activities which are in the best interests of our citizens. The County will shall examine the benefits of grant funding prior to application and decline funding determined not to meet the above criteria.

Page 24: 13.1 (State and Federal Programs)

The County will shall operate State and Federal programs based on the level of State Funding provided and will shall not backfill any State cuts with County General Fund except when local priorities dictate a need for continuance.