



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: 14-338, Version: 1

Receive and accept the Fiscal Year 2013-14 Year-end Estimate and Annual Three-Year Financial Forecast from ITD for the period of Fiscal Year (FY) 2014-15 through FY 2016-17.

RECOMMENDATIONS:

It is recommended that the Board of Supervisors receive and accept the FY 2013-14 Year-end Estimate and Annual Three-Year Financial Forecast from ITD for the period of Fiscal Year (FY) 2014-15 through FY 2016-17.

SUMMARY/DISCUSSION:

The submitted forecast was received and accepted by the Budget Committee on April 3, 2014. The Information Technology Department (ITD) currently includes three general fund appropriation units - Information Technology, Telecommunications, and Records Retention. Beginning in FY 2014-15, ITD will have a completely different organizational structure. ITD will operate as a single general fund appropriation unit. Within the single appropriation unit, there will be seven (7) Units - ITD, Administration, Applications, Customer Support, Enterprise Operations, Infrastructure, and Security. Within these seven Units, there will be an additional breakout of twenty three (23) Sub-Units. The changes to ITD's organizational structure were necessary to allow for better tracking of revenue and expenses by functional area, and reporting out of Advantage - the County system of record. The change in accounting structure made it difficult to enter the three year forecast information into the County Performance Budgeting system, as the forecast is set-up to reflect the information under the prior ITD structure. ITD's FY 2014-15 budget information (which acts as a spring board for the future fiscal year forecasts), was captured, structured and now entered into the County system under the proposed new structure.

In addition to the above, ITD proposed an IT Capital replacement program. This required approval to move forward, and approval of funding source. Direction and approval was not determined until after the deadline for system entry of the three year forecast. The final decision was to allocate all costs of ITD infrastructure projects to respective ITD customers. This is now included in the revised ITD three year forecast. ITD is a zero Net County Contribution department, and all funding comes through our charges to both County and external customers.

Current FY 2013-14 forecast for ITD reflects Expenditures of \$19,289,966 and Inter / Intra Fund Reimbursements of \$18,085,806 resulting in Total Expenditures of \$1,204,160. Revenue is forecasted at \$1,204,160 for a General Fund contribution of zero.

FY 2014-15 forecast for ITD reflects Expenditures of \$19,530,082 and Inter / Intra Fund Reimbursement of \$18,516,937 resulting in Total Expenditures of \$1,013,145. Planned Capital Improvement expenditures are included in both Expenditures and Inter / Intra Fund Reimbursement figures. For FY 2014-15, this represents a total of \$1,220,845. While there is a large increase to Expenditures due to the Capital Improvement costs, this is offset by internal ITD charges previously reflected in FY 2013-14. Through FY 2013-14, ITD had separate Appropriation Units in place that resulted in inter-Departmental Appropriation charges totaling \$1,545,488. With ITD becoming a single Appropriation Unit as of FY 2014-15, these inter-Departmental Appropriation

charges no longer apply. Revenue is forecasted at \$1,013,145 for a General Fund contribution of zero. The change from FY 2013-14 to FY 2014-15 represents an overall decrease in Total Expenditures and an increase in Revenue of \$191,015. This figure is a compilation of many General Ledger accounts.

FY 2015-16 forecast for ITD reflects Expenditures of \$20,829,791 and Inter / Intra Fund Reimbursement of \$19,816,646 resulting in Total Expenditures of \$1,013,145. Planned Capital Improvement expenditures are included in both Expenditures and Inter / Intra Fund Reimbursement figures. For FY 2015-16, this represents a total of \$2,288,776. There is no anticipated change in Total Expenditures. Revenue is forecasted at \$1,013,145 for a General Fund contribution of zero. The change from FY 2014-15 to FY 2015-16 represents no change in Total Expenditures and Revenue.

FY 2016-17 forecast for ITD reflects Expenditures of \$20,066,652 and Inter / Intra Fund Reimbursement of \$19,053,507 resulting in Total Expenditures of \$1,013,145. Planned Capital Improvement expenditures are included in both Expenditures and Inter / Intra Fund Reimbursement figures. For FY 2016-17, this represents a total of \$1,442,523. There is no anticipated change in Total Expenditures. Revenue is forecasted at \$1,013,145 for a General Fund contribution of zero. The change from FY 2015-16 to FY 2016-17 represents no change in Total Expenditures and Revenue.

OTHER AGENCY INVOLVEMENT:

All County departments, CAO and Auditor were involved with the decision of the ITD infrastructure projects and associated reimbursement. FY 2014-15 budget information, (to include both standard operations as well as the infrastructure reimbursement), was shared with all County departments. The submitted forecast was received and accepted by the Budget Committee on April 3, 2014.

FINANCING:

There is no fiscal impact related to receiving this report.

Prepared by: Kathy Wells, Finance Manager II, 796-1490

Approved by:

Dianah Neff, Director of Information Technology

Dated: April 9, 2014

Attachment: 2013-14 YE Estimate and Annual 3-Yr Forecast