2016-2018 BUDGET WORKSHOP

Theodore A. Fallati, CPA
Auditor-Controller

Administration & Support
Audit Services
Accounting Services
Financial Reporting
Overarching Business Trends

• External forces and internal demands such as new legislation, new Federal & State programs, and Board requests
• Aging and maintenance of financial systems and technology changes require upgrades and enhancements
• Maintain staffing service levels in the department and throughout the County through timely recruitment and training of new staff
• Continue to rebuild staffing levels created by cuts during the economic downturn
• Demand for our fiscal expertise by other departments or projects
Summary

- Operating $8,922,000
- Capital $15,000
- General Fund $7,573,400
- FTE’s 49.25
- Use of One Time For On-going Operations $333,200
- Expansion Requests $94,000
- A-C General Revenue Cost Allocation increased $537,000 to $3,420,000
FY 16-17 Source of Funds

- Charges for Services; $930,400; 10%
- Miscellaneous Revenue; $30,000; 0%
- Intergovernmental Revenue; $50,000; 1%
- Decreases to Fund Balances; $338,200; 4%

General Fund Contribution; $7,573,400; 85%
FY 16-17 Use of Operating Funds

- Administration & Support, $880,496; 10%
- Audit Services, $912,320; 10%
- Financial Reporting, $1,129,350; 13%
- Accounting Services, $5,984,834; 67%
Staffing Summary

- 49.2 FTE FY 15-16 Adopted
- 49.25 FTE FY 16-17 Recommended; FY 17-18 Proposed
GFC 5 Year Summary

- 2012-2013: $6.13
- 2013-2014: $6.86
- 2014-2015: $7.03
- 2015-2016: $7.37
- 2016-2017: $7.57

Millions

- GFC Funding
FY 2015-16 Anticipated Accomplishments

• Maintained a commitment to keep the public informed on matters concerning public finances by providing and distributing concise, reader-friendly publications.
• Finishing Phase 2 of new Property Tax System.
• Completed development and deployment of a web based Countywide time capture system in February 2016.
• Generated, reconciled, and managed the expense reimbursement process for the Refugio Oil Spill.
FY 2016-18 Objectives

• Transition leadership resulting from the retirement of Auditor-Controller with 25 years of service as the elected Auditor.
• Complete Phase 3 of the implementation of the Property Tax System in order to optimize the vendor product.
• Plan for the administration of the consolidated RDA Oversight Board (7/1/2018) and the RDA dissolution process.
• Distribute an estimated $850 to $875 million in property taxes to local agencies annually.
FY 2016-18 Objectives

- Provide accounting and grant compliance oversight for the Northern Branch Jail project.
- Maintain and enhance the 65 applications in the A-C that serve multiple departments and County agencies.
- Manage biweekly payroll process for approximately 4,500 employees.
- Validate and record 105,000 transactional documents, an average of almost 500 per day, which include claim payments, vendor changes, general ledger accounting transactions, budget entries, deposit entries, and journal entries.
## Performance Measures

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<tr>
<td>Percentage of A-C mandatory audits completed by legal due date</td>
<td>85% 11/13</td>
<td>100% 5/5</td>
<td>100% 4/4</td>
<td>100% 5/5</td>
<td>100% 5/5</td>
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<td>Percentage of annual payroll disbursements to employees through Direct Deposit</td>
<td>98% 4,149/4,229</td>
<td>98% 4,310/4,392</td>
<td>98% 4,403/4,472</td>
<td>100% 4,500/4,500</td>
<td>100% 4,500/4,500</td>
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<td>Percentage of employees using automated time entry system</td>
<td>86% 3,622/4,210</td>
<td>88% 3,837/4,376</td>
<td>92% 4,069/4,441</td>
<td>95% 4,275/4,500</td>
<td>95% 4,275/4,500</td>
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<td>Complete the County’s Comprehensive Annual Financial Report within 60 days and receive the GFOA Certificate of Excellence in Financial Reporting</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<td>Percentage of annual disbursements to County vendors through direct deposit (ACH), rather than Warrant</td>
<td>55.7% 64K/115K</td>
<td>59.5% 66K/112K</td>
<td>60.4% 69K/115K</td>
<td>61% 70K/115K</td>
<td>62% 71K/115K</td>
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### Performance Measures (Continued)

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<td>Percentage of total dollar disbursements to County vendors paid through direct deposit (ACH), rather than Warrant</td>
<td>80% $449K/$561K</td>
<td>82% $480K/$587K</td>
<td>83% $486K/$586K</td>
<td>84% $492K/$586K</td>
<td>85% $498K/$586K</td>
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<td>Number of financial reports viewable by interested parties (Public/County employees) that will increase transparency of the County's fiscal position and availability of financial information</td>
<td>65</td>
<td>68</td>
<td>88</td>
<td>88</td>
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<td>Number of popular annual financial highlight reports produced timely</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>5</td>
<td>5</td>
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<td>Percentage of department budget expended on training</td>
<td>1% $77K/$7.7M</td>
<td>1% $82K/$8.2M</td>
<td>1% $86K/$8.6M</td>
<td>1% $89K/$8.9M</td>
<td>1% $93K/$9.3M</td>
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<td>Percentage of staff with one or more professional licenses or designations</td>
<td>49% 22/45</td>
<td>50% 24/48</td>
<td>56% 27/48</td>
<td>59% 29/49</td>
<td>61% 30/49</td>
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FY 16-17 Efficiencies

- The new time capture system includes many new front-end edits which significantly reduce the number of errors and rework in the payroll system. The edits are applied while the employee enters their time versus back-end editing by the payroll application.

- Incremental cost savings as we increase the number of vendor payments paid by electronic ACH transactions as opposed to printed warrants (checks).

- Implement new departmental micro purchase limits and credit card limits for individual transactions up to $3,500 per transaction to align with Federal Super Circular.
Service Level Reductions

NONE
Key Challenges and Emerging Issues

- Phase 3 implementation of new vendor Property Tax System
  - Secured taxes, unsecured taxes, supplemental taxes, bonds, & assessments
  - Refunds, corrections & distributions
- Implementation of compensation provisions for Bargaining Unit Memorandums of Understanding
- Contract Monitoring and Management Project
- Departments/County implement new programs or projects which require fiscal abilities not readily available at the Department level
  - ex. AB109, various realignment programs, home energy improvement loans, RDA, HR programs
- Loss of key staff members
- Provide instructors to the Employee University for 3 levels of governmental accounting classes
Budget Enhancement Requests

- Budget Enhancement Request: $94,000
- We are requesting to restore funding for one Accountant-Auditor through an on-going increase of GFC related to A-C cost allocation revenue recovered in General Revenues.
- The General Fund General Revenues for Cost Allocation generated by the Auditor-Controller Department’s recovery of cost mainly from Federal and State programs grew by $675,000 from the FYE 2014-15 to the FYE 2015-16 and $537,000 from the FYE 2015-16 to the FYE 2016-17.
- Although not included with this year’s Auditor request, we believe to get to optimal staffing of 52.0 FTEs, we would need to hire a Financial Accounting Analyst and an additional Accountant-Auditor I.
Summary

• To ensure the financial integrity of the County of Santa Barbara by providing superior financial services, maintaining the public trust, and promoting governmental efficiency, effectiveness, and accountability

• The Department is the leading financial management resource of the County and its long term vision includes a well-run, financially sound County, an informed public, and a model County Department with a knowledgeable and effective staff. The Department is governed by the overriding principles of fiscal integrity, objectivity, customer service, and continuous improvement.
Summary

• With adequate staffing, we can maintain constancy of purpose, consistency of effort, and further implement the Deming philosophy that results in –

“Better Thinking, Extraordinary Results, and Everybody Wins!”