ACO BUDGETS
Form 11 Preparation/Review

Paul Angulo, CPA, MA
County Auditor-Controller

Overview of Form 11 Preparation – Fiscal Matters

• Guidelines for preparing the Financial Data on Form 11’s
• ACO Budget Review Process
• Common Mistakes
• Examples
• Checklist
• ACO Budgets Team
Guidelines for Preparing the Financial Data on Form 11’s

• Board of Supervisors Policy A-5 provides all the information required for:
  – Completing a Form 11
  – Submittal Instructions and Deadlines
  – Required Approvals

Guidelines for Preparing the Financial Data on Form 11s

• Agenda Deadlines
  – County Executive Office
    • Noon on Thursday, 12 days prior to the Board’s Tuesday Agenda
  – Clerk of the Board
    • 1:00 PM on Wednesday of the week prior to the Board’s Tuesday Agenda
  – Auditor-Controller – require 24 hours to review
    • Noon on Wednesday, the day prior to the County Executive Office deadline
Guidelines for Preparing the Financial Data on Form 11’s

- All Form 11’s that involve a fiscal matter MUST be approved by the Auditor-Controller’s Office.
  (per BOS Policy A-5, Page 13)

  - This includes all items involving:
    - Financial Data
    - Adjustments of estimated revenues or appropriations
    - Establishing revolving funds
    - New or revised rates and fees
    - Contracts, agreements, and grants that involve financial matters
ACO Budgets Review Process

• Subject:
  – This description will be printed in the Board Agenda.
  – The action to be taken must be clear to the public.

• Recommended Motion:
  – The request or recommendation must be specific.
  – It should take the form of a legislative motion.
  – The clarity and completeness of this section is extremely important.
  – For budget adjustments, there MUST be a motion to “Approve and direct the Auditor-Controller to make the budget adjustments shown on Schedule A, attached.”
ACO Budgets Review Process

• Background:
  – The information in this section should be brief and concise, yet consistent with a clear explanation of the request.
  – Include pertinent background information on previous Board actions related to the issues.
  – All ongoing costs should be clearly stated in the Background.

• Financial Data:
  – Financial data must be completed for all fiscal matters and relate only to the motion.
  – Amendments to contracts should address only the difference between the originally approved contract and the amended amount.
ACO Budgets Review Process

• Financial Data:
  – Current Fiscal Year Total Cost
    • The expense that will be incurred in the current fiscal year
  – Current Fiscal Year Net County Cost
    • The net cost to the county general fund that will be incurred in the current fiscal year
  – Annual Net County Cost
    • The net cost (impact on the general fund) that will be incurred annually in future fiscal years

ACO Budgets Review Process

• Financial Data:
  – In Current Year Budget
    • Indicates whether the costs are already included in current year appropriations.
  – Budget Adjustment
    • Indicates whether the costs require budget adjustments to amend appropriations. Adjusting entries must be attached on Schedule A.
  – For Fiscal Year
    • Indicates to which fiscal year the costs apply.
ACO Budgets Review Process

• Financial Data:
  – Source of Funds
    • Describes or names the funding sources that will cover the costs. Examples include references to the following:
      – Specific revenue sources
      – Grants
      – State and Federal resources
      – Bond issues
      – Net Assets (Retained Earnings)
      – Contingency
      – Fund Balance

• When multiple sources are listed, the percentage of the cost must be included for each source.

• The total of the percentages MUST equal 100%.

• When describing a fund, only list the formal fund name. It is not necessary to list the fund number.
ACO Budgets Review Process

• Schedule A:
  – Departments are recommended to prepare Schedule A in a spreadsheet to ensure the accuracy of totals and balances.
  – All budget adjustments referenced for approval in the motion must be listed on the schedule in a journal entry format.
  – The entries should be complete and self-balancing.

• Schedule A:
  – Entries should be grouped by the following:
    • Fund
    • Type of Action (Example: “Increase Estimated Revenues” or “Decrease Appropriations”)
    • Dept ID
    • Account
  – If a set of budget adjustments arranges for a transfer of funds, all adjusting entries for one fund are grouped together followed by all adjusting entries for the other fund.
ACO Budgets Review Process

• Schedule A Examples:
  – Adjusting Estimated Revenues and Appropriations:
    Increase Estimated Revenues:
    XXXXX-XXXXXXXXXXXX-7XXXXX  Descr. of Revenue Acct  $50,000

    Increase Appropriations:
    XXXXX-XXXXXXXXXXXX-5XXXXX  Descr. of Expense Acct  $50,000

  – Adjusting entries involving Contingency:
    Decrease Estimated Revenues:
    XXXXX-XXXXXXXXXXXX-7XXXXX  Descr. of Revenue Acct  $500,000
    XXXXX-XXXXXXXXXXXX-7XXXXX  Descr. of Revenue Acct  155,000
    XXXXX-XXXXXXXXXXXX-7XXXXX  Descr. of Revenue Acct  45,000
    XXXXX-XXXXXXXXXXXX-7XXXXX  Descr. of Revenue Acct  700,000

    Increase Appropriations:
    XXXXX-XXXXXXXXXXXX-5XXXXX  Descr. of Expense Acct  $100,000
    XXXXX-XXXXXXXXXXXX-5XXXXX  Descr. of Expense Acct  200,000
    XXXXX-XXXXXXXXXXXX-5XXXXX  Descr. of Expense Acct  300,000

    Decrease Appropriations:
    10000-1109000000-581000  Approp for Contingency  $1,000,000
ACO Budgets Review Process

– Adjusting appropriations between funds:

Decrease Appropriations:
10000-2500200000-510040 Regular Salaries $1,000,000

Increase Appropriations:
10000-1101000000-551100 Contribution to Other Funds $1,000,000

Increase Estimated Revenues:
4xxxx-xxxxxx-xxxxxx-790600 Contrib Fr Other County Funds $1,000,000

Increase Appropriations:
4xxxx-xxxxxx-xxxxxx-5xxxxx Descr. of Expense Account $1,000,000

– Adjusting appropriations utilizing fund balance:

Increase Appropriations:
10000-1000100000-536200 Contrib to Other Non-Co Agcy $10,000

Decrease Committed Fund Balance:
10000-1000100000-330135 CFB-Community Improvement $10,000

Increase Appropriations:
10000-xxxxxx-xxxxxx-5xxxxx Descr. of Expense Account $200,000

Use of Subfund Fund Balance:
1xxxx-xxxxxx-3301xx Committed FB-Account Descr. $200,000
ACO Budgets Review Process
– GASB 54 Fund Balance Crosswalk

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<th>Old Code</th>
<th>New Code</th>
<th>New Description</th>
<th>Old Description</th>
<th>Old Code</th>
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</table>

ACO Budgets Review Process

• Adjusting entries using Appropriation 7:
– The Natural Balance for Appropriation 7 is a Debit

Increase Appropriations:

XXXXX-XXXXX-XXXXX-529540 Utilities $1,000,000

XXXXX-XXXXX-XXXXX-573800 Intra-Utilities <$1,000,000>

=================================================================================================

Decrease Appropriations:

XXXXX-XXXXX-XXXXX-529540 Utilities $1,000,000

XXXXX-XXXXX-XXXXX-573800 Intra-Utilities <$1,000,000>

*Note: These are separate transactions.*
ACO Budgets Review Process

- Fund, Department, and Account numbers must be valid.
- Fund, Department, and Account numbers must be at Budget Level (Level 4) except for equity accounts.
- Fund/Department combo must be valid.
- Amounts must be rounded to whole dollars.

Account description must match description on Chart of Accounts.
ACO Budgets Review Process

• Accounts being decreased must have available balance at the APPROP Level.

<table>
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<tr>
<th>Budget Overview Results</th>
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• Accounts being decreased must have available balance at the ORG Level.

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Common Mistakes

• Background section does not include concise information (i.e., important dates and partial distributions)
• Requires 4/5 Vote box not checked
• Source of Funds does not equal 100%
• Accounting string not rolled up to budget level (level 4)
• Amounts not rounded to whole dollars
• Description of type of action incomplete (i.e., “Increase Revenue” should be “Increase Estimated Revenue”)

County of Riverside ■ Office of the Auditor-Controller
Common Mistakes

**SCHEDULE A**
MOU with United Way of the Inland Valleys (United Way)
Budget Adjustment
Fiscal Year 2007/2008

- **INCREASE IN APPROPRIATIONS**
  - 528420 54300
  - 781360 64300

- **INCREASE IN REVENUE**
  - 781360 64300

1. Type of action should be “Increase Estimated Revenue:”.
2. Program numbers are unnecessary.
3. Account description is incorrect.

Common Mistakes

- Missing ACO approval when form 11 requires a budget adjustment.
- Unable to verify costs under the Financial Data section because:
  a. Background information does not include information about previous Board actions related to the issue. What was the original contract amount?
  b. Missing PREV. AGN. REF.
- Schedule A is missing the account number and/or description.
- Fund/Dept ID/Account is inactive or incorrectly keyed.
Examples

- Amendments to contracts must only address the difference between the originally approved contract and the amended amounts.

Examples

BACKGROUND:
On April 15, 2008 (Agenda #3.20), the Board approved Agreement #08B-5481 establishing the 2008 LIHEAP program to: 1) assist low-income consumers with high energy bills, 2) repair or replace heating and cooling devices that contribute to high energy consumption, and 3) weatherize homes.

On October 21, 2008 (Agenda #3.14), the Board approved Amendment #1 to Agreement 08B-5481 which: 1) increased the 2008 LIHEAP allocation by $87,105; 2) increased the Weatherization reimbursement for labor rates, fuel and materials costs; and 3) extended the end of the term of the agreement from December 31, 2008 to June 30, 2009.

In Amendment #2, CSD released Emergency Contingency Funds, increasing the 2008 LIHEAP allocation by $91,540. All other terms and conditions remain unchanged.

Therefore, the Board to approve the Amendment #2 to Agreement #08B-5481, for $2,241,415, covering the term January 1, 2008 through June 30, 2009.

SCHEDULE A
Budget Adjustment
Fiscal Year 2008/2009

INCREASE IN APPROPRIATIONS:
530020 Board Other $91,540

INCREASE IN EST. REVENUE:
767220 Fed Other Operating Grants $91,540
Examples

• Annual Net County Costs

Checklist

• See Form 11 Checklist
ACO Budgets Team

- Tanya Harris, CPA, Principal Accountant  
  - (951) 955-8375
- Samuel Wong, Sr. Accountant  
  - (951) 955-0335

ACOBudgets@co.riverside.ca.us

Questions
The End