

DATE: December 19, 2007

TO: Children and Families Commission of Orange County

FROM: Michael M. Ruane, Executive Director



SUBJECT: Mid-Year Budget and Financial Update

SUMMARY:

The primary focus of this agenda item will be the Commission investment program. A timeline for the review of the current FY 07/08 budget and upcoming budget for FY 08/09 is also presented.

FY 2007-08 Mid-Year Budget Review Process

A mid-year review of the FY 2007-08 Budget was conducted during December 2007. The process included a financial analysis of revenues and expenditures, from July 1, 2007 through December 31, 2007, and review of all Commission approved funding actions from July 1, 2007 through December 5, 2007. These results will be incorporated into the mid-year budget adjustments that will be presented at the Commission meeting on February 6, 2008. The agenda item will include:

- Revenue Budget Adjustments, including the Prop 99 backfill amounts
- Budget Appropriations Adjustments for expanded program requirements
- Budget Carryovers from the FY 2006-07 Adopted Budget
- Budget Transfer Policy overview
- Authorized Position Control for administrative requirements.

In addition, the Commission's updated Policies & Procedures will be presented for approval at the meeting on February 6, 2008. These policies will include best practices for several financial and budget processes performed by the Commission.

FY 2008-09 Budget Process

The focus of the budget process for FY 2008-09 is to develop a more deliberative and comprehensive practice for building the annual budget. The budget process will include budget workshops with Commission staff, in addition to several levels of administrative reviews.

A planning calendar has been developed to highlight key components and milestones for the FY 2008-09 Budget preparation and adoption process (see Attachment 1).

Investment Program Update

At your September meeting, the Commission received a staff report which provided information on Commission actions during 2007 regarding monitoring and oversight of the Commission's investment program. Commission actions included appointment of an Investment Oversight Committee (IOC); retaining an independent financial advisor; and a briefing by Anne Kinney, Director, Research and Consulting, Government Finance Officers Association (GFOA) on best practices for investing public funds.

Since September, staff and the Commission's independent financial advisor, Sperry Capital, have continued their on-going monitoring of the Commission's investment program, management of the program by the County Treasurer's office, and developments related to the proposal to revise the County's Investment Policy Statement. To keep the Commission informed as new developments occurred, status updates were provided to the Commission from October through December, with a presentation by Jim Martling, Sperry Capital scheduled for the January 2, 2008 Commission meeting. A presentation outline and background material are included in Attachment 2.

To keep the Commission informed as new developments occurred, status updates were provided to the Commission from October through December. A comprehensive presentation covering the Commission's investment program, will be delivered by Jim Martling, Sperry Capital, at the January 2, 2008 Commission meeting. A general outline of Mr. Martling's presentation is included in Attachment 2.

STRATEGIC PLAN & FISCAL SUMMARY:

The FY 2006-07 Financial Summary and the adjustments to the FY 2007-08 Budget presented in this staff report have been reviewed in relation to the Commission's Strategic Plan are consistent with applicable outcome goals.

RECOMMENDED ACTION(S):

1. Receive financial report.
2. Receive update on Commission Investment Program
3. Provide policy direction to staff.

ATTACHMENTS(S):

1. FY 2008-09 Budget Planning Calendar
2. Outline of Sperry Capital Presentation

Contact: Steve Kozak, Chief Operations Officer

**Planning Calendar for
FY 2008-09 Budget Process**

Date	Task
January/ February 2008	<ul style="list-style-type: none"> • Establish budget assumptions and begin projections of FY 2008-09 revenues and total program requirements. • Revise Ten Year Financial Plan projection and policy assumptions.
February 2008 Commission Meeting	<ul style="list-style-type: none"> • Present FY 2007-08 Mid-Year Budget Adjustments to Commission for approval. • Present updated Policy & Procedures to Commission for approval.
February 25, 2008	<p>First FY 2008-09 Budget Planning Workshop with CFCOC Managers.</p> <ul style="list-style-type: none"> - Meeting will include review of budget assumptions, preliminary information and program requirements for FY 2008-09.
March 2008	<ul style="list-style-type: none"> • Meet with Ad-hoc Subcommittee to review budget assumptions. • Prepare FY 2008-09 Budget draft based on Budget Planning Workshop and sub-committee meeting.
March 5, 2008 Commission Meeting	Present FY 2008-09 Budget Process Update to Commission.
March 24, 2008	<p>Second FY 2008-09 Budget Planning Workshop with CFCOC Managers.</p> <ul style="list-style-type: none"> - Meeting will include review of draft budget and identifying new program requirements.
April 2008	<ul style="list-style-type: none"> • Finalize FY 2007-08 Budget Adjustments • Meet with Executive Director and Chief Operations Officer to review FY 2008-09 Budget draft.
April 2, 2008 Commission Meeting	Present FY 2008-09 Budget Process Update to Commission.
April 14, 2008	Review Final FY 2008-09 Budget with CFCOC Managers
April 25, 2008	FY 2008-09 Budget Process completed for final review by Executive Director.
May 7, 2008 Commission Meeting	<ul style="list-style-type: none"> • Present FY 2007-08 Final Budget Adjustments to Commission for approval. • Present FY 2008-09 Final Budget to Commission for approval.



Children & Families
Commission of Orange County

Commission Investment Program Presentation Outline
Jim Martling, Sperry Capital
January 2, 2008 Commission meeting

1. Overview of Events
2. Permitted Investments
3. Risk Assessment
4. Potential Developments
5. Key Issues
6. Commission Alternatives
7. Next Steps