

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Administrative Office	(2) MEETING DATE 11/20/2012	(3) CONTACT/PHONE Nikki J. Schmidt 805/781-5496	
(4) SUBJECT Submittal of the Fiscal Year 2012-13 First Quarter Financial Report. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board of Supervisors: <ol style="list-style-type: none"> 1. Receive, review, and file the Fiscal Year 2012-13 First Quarter Financial Report; 2. Accept cash donations and approve a budget adjustment in the amount of \$1,532 from the Parks gift trust fund to the FC 305- Parks operating budget; 3. Accept cash donations and approve a budget adjustment in the amount of \$20,617.56 from the Library Gift Trust Fund to the FC 377- Library operating budget; 4. Accept cash donations and approve a budget adjustment in the amount of \$1,585.25 from the Social Services Gift Trust Fund to the FC 180 - Social Services administrative operating budget; 5. Approve a budget adjustment in the amount of \$375,000 from the new County Government Center construction settlement funds to the FC 111 – County Counsel’s operating budget to be used to pay outstanding expert fees and fund the remaining construction lawsuit case through trial; 6. Approve a budget adjustment in the amount of \$221,329 from General Fund contingencies to the FC 111 – County Counsel’s operating budget to continue to pay for outside legal counsel to represent the County in various litigation matters; 7. Approve a budget adjustment in the amount of \$3,819 from the PEG Trust Fund to FC 275 – Organizational Development to purchase equipment for enhancement of the countywide Government Channel 21; 8. Accept Airport Day cash donations in the amount of \$700 for FC 425 – Airports; 9. Accept Building Healthy Communities 2012 HEAL-SLO Summit cash donations in the amount of \$17,000 for the Public Health/Health Promotion division; 10. Accept cash donations in the amount of \$6,260 from the Animal Services Gift Trust Fund; 11. Approve a request by Fleet Services to declare 51 vehicles as surplus and authorize the subsequent sale to recover salvage value in accordance with County Code section. 2.36.030(5); Recommendations 3 through 7 require a 4/5 th vote.			
(6) FUNDING SOURCE(S) Various gift funds/General Fund Contingencies	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? No
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Board Business (Time Est. _____)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A	(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: Various <input checked="" type="checkbox"/> 4/5th's Vote Required <input type="checkbox"/> N/A		
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> N/A Date _____	
(17) ADMINISTRATIVE OFFICE REVIEW			

(18) SUPERVISOR DISTRICT(S)

All Districts -

County of San Luis Obispo



TO: Board of Supervisors

FROM: Nikki J. Schmidt, Administrative Analyst

DATE: 11/20/2012

SUBJECT: Submittal of the Fiscal Year 2012-13 First Quarter Financial Report. All Districts.

RECOMMENDATION

It is recommended that the Board of Supervisors:

1. Receive, review, and file the Fiscal Year 2012-13 First Quarter Financial Report;
2. Accept cash donations and approve a budget adjustment in the amount of \$1,532 from the Parks gift trust fund to the FC 305- Parks operating budget;
3. Accept cash donations and approve a budget adjustment in the amount of \$20,617.56 from the Library Gift Trust Fund to the FC 377- Library operating budget;
4. Accept cash donations and approve a budget adjustment in the amount of \$1,585.25 from the Social Services Gift Trust Fund to the FC 180 - Social Services administrative operating budget;
5. Approve a budget adjustment in the amount of \$375,000 from the new County Government Center construction settlement funds to the FC 111 – County Counsel’s operating budget to be used to pay outstanding expert fees and fund the remaining construction lawsuit case through trial;
6. Approve a budget adjustment in the amount of \$221,329 from General Fund contingencies to the FC 111 – County Counsel’s operating budget to continue to pay for outside legal counsel to represent the County in various litigation matters;
7. Approve a budget adjustment in the amount of \$3,819 from the PEG Trust Fund to FC 275 – Organizational Development to purchase equipment for enhancement of the countywide Government Channel 21;
8. Accept Airport Day cash donations in the amount of \$700 for FC 425 – Airports;

9. Accept Building Healthy Communities 2012 HEAL-SLO Summit cash donations in the amount of \$17,000 for the Public Health/Health Promotion division;
10. Accept cash donations in the amount of \$6,260 from the Animal Services Gift Trust Fund;
11. Approve a request by Fleet Services to declare 51 vehicles as surplus and authorize the subsequent sale to recover salvage value in accordance with County Code section. 2.36.030(5);

Recommendations 3 through 7 require a 4/5th vote.

DISCUSSION

Overview

This report is intended to provide the Board of Supervisors and the public with an overview of the County's financial performance through the First Quarter of Fiscal Year 2012-13. The financial report presented to the Board contains exception reporting (i.e. no mention is made if the financial status of the fund center is within expected parameters). This Financial Report contains an overview of the drivers behind the significant variance between budgeted and actual use of general fund dollars in the first quarter time frame of July 1, 2012 through September 30, 2012.

The report is divided into five sections:

- **Section 1-** an overview of the County's financial position at the end of the fiscal year, as well as brief summaries of noteworthy departmental fiscal and operational issues.
- **Section 2-** an update on the Status of Funds, Contingencies and Reserves.
- **Section 3-** a listing of all personnel changes approved by the Board of Supervisors during the fourth quarter.
- **Section 4-** miscellaneous financial items for the Board's consideration, such as requests from departments for acceptance of gift funds and donations, discharge of bad debt and other budget adjustments (Attachment #2).
- **Section 5-** an update on the capital improvement and maintenance projects managed by the General Services Agency and Public Works Department (Attachments #3 and #4).

Executive Summary

The overall spending levels and revenue receipts at the end of the first quarter for FY 2012-13 were generally consistent with prior years. General Fund expenditures were 20% of budget, while General Fund revenues were realized at 8% of budget. This level of realization of revenue is typical for the first quarter due to the time lag involved in billing cycles and the receipt of reimbursements. Some of the largest revenue sources, such as property taxes, are historically realized later in the fiscal year.

Items of note in the first quarter:

Given that only three months have elapsed in the fiscal year, it is typical that few significant variances have emerged. Issues that have emerged are identified below and discussed in greater detail in the FY 2012-13 First Quarter Financial Status Report (Attachment #1).

Public Defender

Public Defender's expenditures are over budget by approximately \$149,000. This is due to the impact of the multiple defendant murder case currently scheduled to begin trial phase in January 2013. As in past years, expenditures for this case have not been included in the adopted budget and a budget adjustment will be requested from contingencies later in the year to offset these costs. As a result of these unbudgeted costs, it is projected that the Public Defender's budget will be approximately \$600,000 over budget by year end.

County Counsel

County Counsel is requesting two budget adjustments totaling \$596,329, to pay for outside counsel that has been hired to represent the County in various litigation matters. With the first adjustment, the department is requesting to bring \$375,000 worth of settlement funds received as a result of litigation related to construction defects identified in the New County Government Center into their budget to continue to fund ongoing litigation on this matter.

The second budget adjustment request is for \$221,329 from General Fund contingencies. These requested funds will also be used to pay for outside counsel to represent the County in various litigation matters. \$200,000 will be used to cover the costs of outside counsel hired to defend the County against litigation initiated by the Deputy County Counsel Association (DCCA) and San Luis Obispo Government Attorney's Union (SLOGAU). \$18,329 will be used to cover costs associated with litigation related to *Edna Valley Watch v. County of San Luis Obispo* and the remaining \$3,000 will be used to cover costs associated with *Manufactured Home Communities Inc. v. County of San Luis Obispo et al.*

The hiring of outside counsel for these matters was previously approved the Board in closed session. More information related to these budget adjustment requests can be found in Section 4 - Miscellaneous Financial Information of the FY 2012-13 First Quarter Report.

OTHER AGENCY INVOLVEMENT/IMPACT

All departments contributed to the development of this report. The Administrative Office, Human Resources, and the Auditor-Controller's Office compiled data from departments and other sources for the report.

FINANCIAL CONSIDERATIONS

In sum, as of the end of the first quarter, it is projected that the potential total impact to the General Fund could be \$821,329 as the result of the capital murder trial currently scheduled to begin in January 2013 (\$600,000) and for the hiring of outside legal counsel for various litigation matters (\$221,329) previously approved by your Board.

Approval of the recommendations will allow for a total of \$47,694.81 in gift funds and donations to be

accepted on behalf of Parks, Library, Social Services, Animal Services and Public Health. The Board is asked to approve a transfer of gift funds received by the Parks, Library, and Social Services to their respective FY 2012-13 operating budgets.

In addition, Public Works is requesting a budget adjustment in the amount \$3,819 from Public, Education and Government (PEG) trust funds. County Counsel is requesting two budget adjustments for a total amount of \$596,329; however, as noted above, only \$221,329 of that amount is being requested from General Fund contingencies.

RESULTS

This report provides the Board of Supervisors and the public with an overview of the County's financial position at the end of the first quarter for Fiscal Year 2012-13.

c - Department Heads

ATTACHMENTS

1. FY 2012-13 First Quarter Financial Status Report (Sections 1-5)
2. FY 2012-13 First Quarter gift and miscellaneous financial letters
3. General Services Capital Project and Maintenance ce status update report
4. Public Works Capitol Project status update report