

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

(1) DEPARTMENT Auditor - Controller	(2) MEETING DATE 9/17/2013	(3) CONTACT/PHONE Teresa Andrews-Hurliman 781-5038	
(4) SUBJECT Submittal of a resolution approving FY 2013-2014 Final Budget Actions.			
(5) RECOMMENDED ACTION It is recommended that your Board approve, by 4/5 vote, the attached resolution which:  Adopts final appropriations, reserves, designations and contingencies for the FY 2013-2014 fiscal year pursuant to direction given in Board Resolution No. 2013-148 relative to the determination of the June 30, 2013 final fund balances.			
(6) FUNDING SOURCE(S) Various	(7) CURRENT YEAR FINANCIAL IMPACT \$ 8.0 million for a total Final Budget of \$505 million	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT { x } Consent    { } Presentation                    { } Hearing (Time Est. ___)    { } Board Business (Time Est. ___)			
(11) EXECUTED DOCUMENTS { x } Resolutions    { } Contracts    { } Ordinances    { } N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A { } 4/5th's Vote Required    { x } N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY { } N/A Date: <u>September 18, 2012</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Please refer to the memo from the County Administrative Office included as a part of this staff report for additional information.			
(18) SUPERVISOR DISTRICT(S) All Districts -			

# County of San Luis Obispo



TO: Board of Supervisors  
FROM: James P. Erb  
Auditor - Controller  
DATE: 9/17/2013  
SUBJECT: Submittal of a resolution approving FY 2013-2014 Final Budget Actions.

## **RECOMMENDATION**

It is recommended that your Board approve, by 4/5 vote, the attached resolution which:

Adopts final appropriations, reserves, designations and contingencies for the FY 2013-2014 fiscal year pursuant to direction given in Board Resolution No. 2013-148 relative to the determination of the June 30, 2013 final fund balances.

## **DISCUSSION**

Fund Balance Available is affected by increases to budgeted expenditures and revenue, increases and decreases in encumbrances, repayment of internal financing loans, adjustments for receivables not guaranteed to be collected and actual expenditures and revenues.

### **General Fund: Fund Balance Available (FBA)**

Estimated Fund Balance Available (FBA) of \$26 million was used to provide funding for the 2013/2014 fiscal year budget. However, final actual FBA exceeded estimates by a total of \$4.1 million. The net increase included \$12.2 million from operations, increasing a designation for sales tax related to solar plant projects of \$(7.6) million, adjusting receivables by (\$.7) million, and internal financing repayment of \$.2 million.

### **Recommendation for excess Fund Balance Available:**

Recommended additional FBA is intended to be one-time and not a commitment to ongoing, additional allocations due to the one-time nature of the additional FBA.

The \$4.1 million difference is recommended to be added to designations, contingencies and appropriations as follows:

General Fund:	Pension Obligation Repayment Designation	\$1,000,000
General Fund:	Trust for Behavioral Health Revenue Liability	500,000
Capital Projects Fund	Facilities Planning Reserve-Juvenile Hall	400,000
Capital Projects Fund	Facilities Planning Reserve-Women's Jail	2,163,652
Community Development:	Appropriation-Professional Services	<u>50,000</u>
Total adjustments:		<u>\$4,113,652</u>

See the memo below from the Administrative Office for additional details on the recommendations.

**Differences in estimated and actual FBA:**

The list below highlights the main differences between estimated FBA and actual ending\_FBA (note: this schedule compares what was originally estimated for FBA and actual or ending FBA). The comparison between budget and actual will be presented to the Board in the fourth quarter report scheduled for September 17, 2013.

Differences in estimated and actual FBA:

Expenditure savings:	\$12.4	million
Non-Departmental revenue:	10.6	million
Department revenue shortfall:	(10.2)	million
Contingency difference:	(.6)	million
Internal financing	.2	million
Adjustment for receivables	(.7)	million
Increase Solar Plant Sales Tax designation	<u>(7.6)</u>	million
Differences in estimated and actual from operations:	<u>\$4.1</u>	million

**General Fund Contingencies:**

- General Fund Contingencies ended the year at \$14.2 million or approximately \$.6 million lower than estimated.

**Non-Departmental revenue:**

- Non-Departmental revenue: was estimated to be \$147.2 million – actual Non-Departmental revenue was \$158.6 million. This schedule details what was estimated from what was realized. (Actual Non-Departmental revenue was approximately \$11.9 million greater than budget). The increase in Property Tax from estimate is because the delinquency rate continues to be low. Each 1% of delinquencies equals approximately \$1 million in general fund revenue. Sales tax revenue was higher than estimates due to several one-time projects that were not anticipated including solar plant sales tax, reallocation of sales tax from prior periods, and higher than estimated payments related to utility projects. For details of major revenue accounts in Non-Departmental revenue see chart below.

**Non-Departmental Revenue**

	<i>Estimated</i>	<i>Actual</i>	<i>Difference</i>
Property Taxes - Secured	84,541,381	85,849,449	1,308,068
Property Taxes - Unitary	7,750,000	7,838,110	88,110
Supplemental Current Secured	750,000	1,067,548	317,548
Sales and Use Tax	7,344,139	13,769,517	6,425,378
Property Transfer Tax	1,600,000	2,177,595	577,595
Transient Occupancy Tax	6,700,000	7,710,936	1,010,936
Property Taxes in lieu of Sales Tax and VLF	29,519,679	29,519,870	191
Interest Revenue	220,000	225,327	5,327
Franchise Fees	2,799,649	2,685,406	(114,243)
Supplemental Roll 5% Admin	280,000	602,029	322,029

Federal Aid – In-Lieu BLM	1,050,000	1,045,095	(4,905)
Others	4,621,081	6,079,594	1,458,513
Total Non-Departmental Revenue	147,175,929	158,570,476	11,394,547

**Other Funds: Fund Balance Available (FBA)**

See Exhibit 1 for the original estimated and final FBA for all funds. See Exhibit 2 for final 2013/14 balances of reserves, designations and contingencies.

**Other AGENCY INVOLVEMENT/IMPACT**

The Auditor-Controller’s Office and the Administrative Office have coordinated changes in contingencies, designations/reserves or appropriations with affected departments.

**Financial Considerations**

The final budget document reflects balanced financing sources and requirements of approximately \$505 million.

**Results**

Intended results are to meet County Budget Act requirements for filing the San Luis Obispo County final budget with the State Controller’s Office no later than December 1, 2013.

## **ATTACHMENTS**

1. FY 2013/2014 Final Budget Resolution
2. Exhibit : Proposed vs. Actual Fund Balances and Reserves and Designations for FY 2013/2014

# County of San Luis Obispo

COUNTY GOVERNMENT CENTER, RM. D430 • SAN LUIS OBISPO, CALIFORNIA 93408 • (805) 781-5011



TO: Board of Supervisors  
FROM: Dan Buckshi, County Administrator  
DATE: September 17, 2013  
SUBJECT: 2013-14 Final Budget Actions

The Auditor-Controller's Office is responsible for estimating Fund Balance Available (FBA) as part of the proposed budget process and for calculating the actual FBA after the books close at the end of the fiscal year. An estimated FBA of \$26 million was used in calculating the FY 2013-14 proposed General Fund budget. When the County's books closed in August, actual FBA for the General Fund was \$4.1 million higher than estimated. Please refer to the Auditor's Office staff report for an explanation of how estimated and actual FBA is calculated and why the variance occurred.

The Administrative Office has the responsibility for making recommendations to your Board regarding the use of any additional General Fund FBA. As noted above and in the Auditor's Office staff report, FBA was \$4.1 million higher than budgeted. The additional FBA is recommended to be allocated as follows:

- \$400,000 allocated to the Facilities Planning designation for potential cost increases associated with the juvenile hall expansion project.
- \$2,163,652 allocated to the Facilities Planning designation for expected cost increases associated with the new women's jail capital project. While exact dollar figures are not yet known, current estimates are that the base project will cost \$5 million more than currently budgeted. This additional \$2.1 million will help offset this anticipated increase.
- \$50,000 to the Community Development fund center to help fund the Countywide Economic Strategy. The Economic Vitality Corporation (EVC) requested an additional \$100,000 to provide additional project management in order to implement the strategy. The County offered to provide 50% of this request if the EVC could raise the other 50%. The EVC was successful in raising the \$50,000. Note that a future contract amendment with the EVC would be required to allocate this money. The contract would provide the scope of work and detailed results.
- \$500,000 to be placed in a Trust account for Behavioral Health to help pay back amounts owed to the State for Medi-Cal reimbursements as noted in the third and fourth quarter financial reports.
- \$1,000,000 to the Pension Obligation Bond (POB) repayment designation in to help pay down pension debt

The allocation of the additional FBA is intended to be one-time and not a commitment to ongoing, additional allocations due to the one-time nature of FBA.