

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

(1) DEPARTMENT Administrative Office	(2) MEETING DATE 3/10/2015	(3) CONTACT/PHONE Geoff O'Quest, 781-5011	
(4) SUBJECT Submittal of the Fiscal Year 2014-15 Second Quarter Financial Status Report and request to approve various financial actions as detailed in Section 4 of the 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 2014-15 Second Quarter Financial Status Report; 2. Accept cash donations in the amount of \$13,677.21 on behalf of FC 137 - Animal Services; 3. Accept cash donations and authorize a budget adjustment in the amount of \$29,733.23 from the Library Gift Trust Fund to FC 377- Library operating budget; 4. Accept cash donations in the amount of \$4,899 made to FC 305 - Parks; 5. Accept gift funds in the amount of \$40.74 and approve a budget adjustment to move the funds from the Social Services Gift Trust Fund to the FC 180- Social Services Administrative operating budget; 6. Accept gift funds in the amount of \$700.00 in FC 425 – Airports related to Airport Day Sponsorships; 7. Approve a relief of accountability from debt totaling \$3,548.00 on behalf of FC 160 - Public Health for Public Health Laboratory accounts that have been determined to be non-collectible; 8. Approve a relief of accountability from debt totaling \$16,014.52 on behalf of FC 180 - Department of Social Services for overpayments/over-issuances in the CalWORKS, CalFresh, and General Assistance programs that have been determined to be non-collectible; 9. Approve a budget adjustment in FC 186 - Veterans' Services in the amount of \$26,964 to recognize unanticipated revenue from a State Awarded Grant to increase veteran outreach efforts; 10. Approve a budget adjustment in the amount of \$33,105.66 from the Library's Atascadero Building Expansion Reserve to FC 377 - Library operating budget to reimburse the Library for costs associated with the Atascadero Library project; 11. Approve a budget adjustment from General Fund contingencies authorizing a line of credit for Cayucos Fire Protection District in an amount not to exceed \$250,000 pursuant to the five year agreement approved by your Board on February 26, 2013; 12. Approve a budget adjustment in the amount of \$120,000 to move funds from Capital Project 320078 Arroyo Grande-Install Fiber Optic to Capital Project 320044 to augment the Grover Beach – Install Fiber Lateral project; 13. Approve a budget adjustment from contingencies in FC 290 - Community Development in the amount of \$21,048; \$15,000 for the 2015 homeless enumeration and \$6,048 for Rapid Re-Housing and Homeless Prevention programs; 14. Approve a request from FC 407 - General Services-Fleet to declare 11 vehicles as surplus, authorize their removal from the County fleet, and authorize their sale to recover salvage value in accordance with County Code Section 2.36.030(5). <p>Items 1-13 require 4/5 approval of the Board.</p>			
(6) FUNDING SOURCE(S) Gift funds/donations	(7) CURRENT YEAR FINANCIAL IMPACT \$49,050.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? No
(10) AGENDA PLACEMENT { } Consent { } Presentation { } Hearing (Time Est. _) { x } Board Business (Time Est. 30)			
(11) EXECUTED DOCUMENTS { } Resolutions { } Contracts { } Ordinances { x } N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A	(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: 1415074, 1415077, 1415078, 1415075, 1415003, 1415057, 1415076 { x } 4/5 Vote Required { } N/A		
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY { } N/A Date: _____	

(17) ADMINISTRATIVE OFFICE REVIEW

This item was prepared by the County Administrative Office.

(18) SUPERVISOR DISTRICT(S)

All Districts

County of San Luis Obispo



TO: Board of Supervisors

FROM: Administrative Office / Geoff O'Quest, 781-5011

DATE: 3/10/2015

SUBJECT: Submittal of the Fiscal Year 2014-15 Second Quarter Financial Status Report. All Districts.

RECOMMENDATION

It is recommended that the Board of Supervisors:

1. Receive, review, and file the Fiscal Year 2014-15 Second Quarter Financial Status Report;
2. Accept cash donations in the amount of \$13,677.21 on behalf of FC 137 - Animal Services;
3. Accept cash donations and authorize a budget adjustment in the amount of \$29,733.23 from the Library Gift Trust Fund to FC 377- Library operating budget;
4. Accept cash donations in the amount of \$4,899 made to FC 305 - Parks;
5. Accept gift funds in the amount of \$40.74 and approve a budget adjustment to move the funds from the Social Services Gift Trust Fund to the FC 180- Social Services Administrative operating budget;
6. Accept gift funds in the amount of \$700.00 in FC 425 – Airports related to Airport Day Sponsorships;
7. Approve a relief of accountability from debt totaling \$3,548.00 on behalf of FC 160 - Public Health for Public Health Laboratory accounts that have been determined to be non-collectible;
8. Approve a relief of accountability from debt totaling \$16,014.52 on behalf of FC 180 - Department of Social Services for overpayments/over-issuances in the CalWORKS, CalFresh, and General Assistance programs that have been determined to be non-collectible;
9. Approve a budget adjustment in FC 186 - Veterans' Services in the amount of \$26,964 to recognize unanticipated revenue from a State Awarded Grant to increase veteran outreach efforts;
10. Approve a budget adjustment in the amount of \$33,105.66 from the Library's Atascadero Building Expansion Reserve to FC 377 - Library operating budget to reimburse the Library for costs associated with the Atascadero Library project;
11. Approve a budget adjustment from General Fund contingencies authorizing a line of credit for Cayucos Fire Protection District in an amount not to exceed \$250,000 pursuant to the five year agreement approved by your Board on February 26, 2013;
12. Approve a budget adjustment in the amount of \$120,000 to move funds from Capital Project 320078 Arroyo Grande-Install Fiber Optic to Capital Project 320044 to augment the Grover Beach – Install Fiber Lateral project;
13. Approve a budget adjustment from contingencies in FC 290 - Community Development in the amount of \$21,048; \$15,000 for the 2015 homeless enumeration and \$6,048 for Rapid Re-Housing and Homeless Prevention programs;

14. Approve a request from FC 407 - General Services-Fleet to declare 11 vehicles as surplus, authorize their removal from the County fleet, and authorize their sale to recover salvage value in accordance with County Code Section 2.36.030(5).

Items 2-13 require 4/5 vote of the Board.

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 second quarter of Fiscal Year 2014-15. 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 second quarter time frame of October 1, 2014 through December 31, 2014.

The report is divided into five sections:

- **Section 1** - provides an overview of the County's financial position at the end of the second quarter, as well as brief summaries of noteworthy departmental fiscal and operational issues.
- **Section 2** - provides a big picture analysis of second quarter revenue receipts by category (e.g., taxes, charges for services, etc.) and fund (e.g., General Fund, Road Fund, etc.) as well as a review of contingency, designation and reserve activity.
- **Section 3** - provides a summary of all personnel changes approved by the Board of Supervisors, or made administratively by the Human Resources Department during the second quarter.
- **Section 4** - provides a summary of 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 miscellaneous budget adjustments (details are provided in Attachments 2, 3, 4, and 5).
- **Section 5** - provides an update on the capital improvement projects and maintenance projects managed by the General Services and Public Works departments (details are provided in Attachment 6).

Executive Summary

The overall spending levels and revenue patterns for All Funds in the second quarter are similar to those from the second quarter of FY 2013-14. General Fund expenditure levels are slightly higher than at the same time in the prior fiscal year (45% vs. 42%). However, revenues were also realized at a higher rate in the second quarter of FY 2014-15 (38% vs. 37%). While revenues have so far been realized at a lower rate than expenditures, it is important to note that this is typical for this point in the fiscal year, due to the time lag involved in billing cycles and the receipt of reimbursements. Additionally, some of the largest revenue sources, such as property taxes, are historically realized later in the fiscal year.

Items of note in the second quarter:

Issues that have emerged as of the second quarter are noted below:

Clerk-Recorder

At the end of the second quarter, recording revenues are 11% below the first half of FY 2013-14, though they have risen 4% from the first quarter of this year. If current recording trends continue, the Clerk-Recorder projects a \$120,000 recording revenue shortfall by year end. However, the Clerk-Recorder will be able to mitigate the revenue shortfall with unanticipated revenues and decreased expenditures and avoid any impact to the General Fund.

County Fire

As reported in the first quarter, recent changes to the compensation rates charged by Cal Fire, a State agency, will result in an unanticipated increase of approximately \$763,700 in expenditures for staffing costs in the FY 2014-15 County Fire budget. As of the end of the Second Quarter, County Fire reports that it will be able to offset this unanticipated expense with savings in other expenditure areas and still end the year with \$257,000 of General Fund savings.

Health Agency

Overall, the Health Agency expects to end the year with a General Fund savings of \$212,000, primarily due to the significant savings in the Medically Indigent Services Program (MISP), which is estimated to require almost \$780,000 less General Fund support than budgeted. Animal Services and Public Health also expect to end the year with General Fund savings, for a projected combined Health Agency General Fund savings of \$982,000. However, the Health Agency is also projecting that the Behavioral Health Department and Law Enforcement Medical Care are expected to exceed their budgeted level of General Fund support by at year end by a combined total of \$770,000, for net savings of \$212,000.

Golf Courses

The County's three golf courses are struggling. The total number of rounds played has declined 12% (7,547 rounds) through December 2014, compared to the same period last year. The decline is primarily due to fewer rounds being played at Dairy creek, which is suffering from the dry conditions and the impact of the recent bankruptcy declaration of the concessionaire that ran Dairy Creek on behalf of the County. Golf's FY 14-15 adopted budget projected that revenues would exceed expenditures by \$59,000 at year end. As of the end of the second quarter, Golf now projects that expenditures will exceed revenues by \$284,900 at year end. Because Golf is an enterprise fund, the department will use its existing cash balance to cover any potential budgetary gap at year end, with no impact to the General Fund.

In addition to the items noted above, the attached report presents status updates on the performance of Camp Mabel French and Airports.

Additional detail on the items of note in the second quarter, as well as the status updates notes above are included in Section 1 of the attached report (Attachment 1).

OTHER AGENCY INVOLVEMENT/IMPACT

All departments contributed to the development of this report. The Administrative Office, Human Resources Department, and the Auditor-Controller's Office compiled data from departments and other sources for the report. The General Services Department and the Public Works Department prepared the attached updates on capital and maintenance projects.

FINANCIAL CONSIDERATIONS

Approval of the recommendations will allow for a total of \$49,050.18 in gift funds and donations to be accepted on behalf of Animal Services, Library, Parks, Social Services, and Airports. The Board is asked to approve a transfer of gift funds received by the Library and Social Services to their respective FY 2014-15 operating budgets. In addition, the Board is asked to approve various budget adjustments.

Only one of the recommended budget adjustments, the adjustment for the Cayucos Fire Protection District line of credit, will have an impact on the General Fund. This adjustment will allow the District to borrow up to \$250,000 from the General Fund in FY 14-15 to ensure it can meet its operating budget. By law, any funds

borrowed must be repaid at the end of the fiscal year from revenues received by the District. By prior agreement with the District, the County Tax Collector will withhold the repayment amount from the assessment revenue collected on behalf of the District. The line of credit for Cayucos Fire was approved by the Board of Supervisors on February 26, 2013.

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 second quarter of Fiscal Year 2014-15.

c - Department Heads

ATTACHMENTS

1. FY 2014-15 Second Quarter Financial Status Report, Sections 1-5
2. Section 4 Attachments- Receipt of Gift Funds
3. Section 4 Attachments- Relief from Accountability
4. Section 4 Attachments- Miscellaneous Adjustments
5. Section 4 Attachments- Declaration of Surplus Vehicles
6. Section 5 Attachments- Capital and Maintenance Project Updates