



# Fiscal Year 2015-16 First Quarter Financial Status Report

County of San Luis Obispo

## Introduction

In accordance with the Board's adopted policy related to ongoing budget administration, this First Quarter Financial Report provides an overview of the County's financial position at the end of the first quarter of Fiscal Year 2015-16. The first quarter timeframe is July 1 through September 30, 2015.

The report is divided into five sections:

- **Section 1** - an overview of the County's financial position at the end of the first quarter of FY 2015-16, 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 first 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, various budget adjustments and surplus of aged Fleet vehicles;
- **Section 5** - an update on the capital improvement and maintenance projects managed by General Services and Public Works Department (See Attachment 3).

### Board Policy: Ongoing Budget Administration

It shall be the responsibility of the County Administrative Officer to submit Quarterly Financial Status Reports to the Board of Supervisors. These reports shall provide a projection of expenditures and revenues, identifying projected variances. They may also include recommendations and proposed corrective actions which may include mid-year reductions.

## Section 1: Overview of Financial Position

The table below compares revenue and expenditure patterns for the first quarter of FY 2015-16 compared to the same period last year for All Funds and the General Fund. Revenue and expenditure patterns for the first quarter of this year are on par with the prior year. Revenue realized for All Funds in the first quarter is slightly lower than in the prior year. This is due primarily to the timing of various large projects, as budgeted revenues are realized in each project during the course of the year, as appropriate, without regard to the quarterly financial calendar. These projects are currently expected to be on budget through the end of the fiscal year. Section 2 of this report provides information on variations in revenue receipts by type compared to the prior year, as well as the status of contingencies and reserves and the status of revenues and expenditures compared to the budget for all fund centers.

**Table 1.**

<b>Expense &amp; Revenue All Funds Comparison</b>		
	<b>First Quarter 2014-15</b>	<b>First Quarter 2015-16</b>
Expenditures	18%	18%
Revenue Realized	10%	8%
<b>Expense &amp; Revenue General Fund Comparison</b>		
	<b>First Quarter 2014-15</b>	<b>First Quarter 2015-16</b>
Expenditures	21%	20%
Revenue Realized	7%	7%

It is important to note that revenue realization rates are typically low in the first quarter due to the time lag involved in billing cycles and the receipt of reimbursements, and because some of the largest revenue sources--property taxes, for example--are historically realized near the end of the fiscal year.

Based on the evaluation of the financial information provided by departments for the first quarter, all departments report that they anticipate remaining within their budgeted General Fund level for the year. There are some issues of note however, which are described below. A status report on Golf and Camp Mabel French is provided, as well as the regular status report on the Airport budget and enplanement levels, consistent with prior quarterly reports.

**Department:** Golf  
**Fund Center:** 427  
**Issue:** Decrease in rounds played at Dairy Creek  
**Impact to General Fund:** None

As an enterprise fund, Golf relies on the revenues generated by the County's three golf courses (Dairy Creek Golf Course, Chalk Mountain Golf Course and Morro Bay) to fund its operational and capital expenses. The number of rounds played is a key indicator of Golf's fiscal health and outlook.

As of the end of the first quarter, the total number of rounds played decreased by 2.5% (816 rounds) compared to the first quarter of FY 2014-15. The decrease is due to dry conditions at Dairy Creek Golf Course (rounds at Dairy Creek decreased by 29.6% compared to the first quarter of FY 2014-15) as a result of drought conditions, as well as a decrease in the amount of effluent water that is transferred from California Men's Colony (CMC) to Dairy Creek to

water the course. The decrease in effluent water from CMC is a result of a decreased prison population, as well as water conservation measures at the facility. The reduced availability of water has forced Golf to limit its watering to only the course greens. Chalk Mountain and Morro Bay each experienced an increase in play compared to the first quarter of FY 2014-15.

In addition to the water shortage, the previous concessionaire at Dairy Creek filed bankruptcy at the end of September in 2014, ceasing to provide concession services at the course, including food and beverage service, reservations, golf cart rentals, and operation of the pro shop. In an effort to mitigate the impacts to Golf's customers and revenues, County Golf staff ran the course on a temporary basis until a new concessionaire was identified in September 2015. Golf has also made repairs to the clubhouse following the previous concessionaire's bankruptcy proceedings. Staff is continuing to work with concession partners to incentivize play at County courses by utilizing promotional offers to golfers.

During budget preparation, Golf expected that expenditures would exceed revenues by \$90,191 at year end FY 2015-16. Due to the issues noted above as well to an increase in salary costs due to unbudgeted prevailing wage increases and increased capital outlay costs, it is currently projected that Golf will end the year with expenditures exceeding revenues by \$212,726 at year end. Since Golf is an enterprise fund, it is expected that Golf will use its cash balance to cover any potential budgetary gap at year end, with no impact to the General Fund. Staff will continue to closely monitor Golf's budget and provide updates in future quarterly reports.

<p><b>Department:</b> Parks and Recreation <b>Fund Center(s):</b> 305 <b>Issue:</b> Update on Camp French <b>Impact to General Fund:</b> None</p>
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On May 1, 2014, the County assumed responsibility for Camp Mabel French, a 100 acre group camp facility, formerly run by the Boy Scouts of America, in the Lopez Lake Recreation Area. Operation of the Camp is projected to bring

in additional revenue, since the Camp adds seven campsites and facilities for events such as weddings, corporate team building and festivals, for rental by the County.

On March 11, 2014 the Board approved the use of \$51,000 of Lopez Lake Project Reserves for various campground and ADA upgrades, including improvements to an access road and to existing restroom and shower buildings, improvements to a mobile home (ranger residence), and other smaller infrastructure work. Several improvements have been completed to date including improvements to the access road and to the ranger residence. Improvements to the showers and bathrooms and repairs to a sewer lift station are also planned in FY 2015-16.

At the time that the County took responsibility for Camp French, it was expected that total operational costs would be \$22,650 in the initial year (not including the \$51,000 in infrastructure costs) and that the revenue generated by the Camp would be \$94,101, for a profit of \$71,451 in the first year of County operation. For the period of May 1, 2014 through June 30, 2015, operational costs were \$9,500 and the total revenue received was \$48,668, for a profit of \$39,168.

In the second year (FY 2015-16), it was expected that total operational costs would be \$45,300 and the revenue generated would be \$188,202, for a profit of \$142,902. In the first quarter of year two, total operational costs were \$2,500 and total revenue was \$27,682, for a profit of

\$25,182. The department anticipates that revenue and profit will increase as marketing efforts continue and additional improvements are made.

**Department:** Airports  
**Fund Center:** 425  
**Issue:** Budget status and enplanement levels  
**Impact to General Fund:** None

As an enterprise fund, Airports relies on the revenues generated by the San Luis Obispo County Regional Airport and Oceano Airport to fund operations and capital expenses. Revenue from passenger enplanements on commercial air carriers is a key indicator of the Airports' fiscal

health and outlook. For this reason Quarterly Financial Status Reports include regular updates on the status of the Airports' budget with an emphasis on the number of passenger enplanements.

Beginning in 2007 with changes to air carrier service and rising fuel prices, and compounded by the great recession of 2008, many airports saw a decline in the number of commercial flights and an overall drop in enplanements. During this period the San Luis Obispo County Regional Airport saw a 31% drop in enplanements over two years, from a high of 182,285 in FY 2007-08 to a low of 125,152 in FY 2009-10. Annual Airports revenue declined as a result and expenditures for operations largely exceeded revenues, causing Airports to rely on the cash balance in the Airport Fund to cover operating expenses.

Fortunately, the fiscal condition of Airports is improving as general economic conditions have improved. After two years of decreasing enplanements during the recession, enplanements have grown 19% over the last five years, hitting a high of 149,558 in FY 2014-15. As a result, revenue exceeded operational expenditures in each of the last three fiscal years. As of the end of the first quarter of FY 2015-16, Airports is projecting it will end the year with revenue in excess of operating expense totaling \$103,539 which is \$26,219 more than was projected in the FY 2015-16 budget.

The following table shows enplanement numbers from FY 2007-08 to present, along with annual percentage change in enplanements:

**Table 2.**

<b>Fiscal Year</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Cumulative</b>	<b>% Change</b>
2007-08	51,343	48,784	38,794	43,364	182,285	
2008-09	42,697	32,566	26,866	30,619	132,748	-27%
2009-10	32,968	30,873	27,645	33,666	125,152	-6%
2010-11	36,301	36,128	30,496	36,984	139,909	11%
2011-12	35,631	34,493	30,185	33,935	134,244	-4%
2012-13	35,457	31,850	30,354	34,654	132,315	-1%
2013-14	36,753	36,224	34,528	39,600	147,105	11.2%
2014-15	40,345	38,356	35,567	35,290	149,558	1.7%
2015-16	35,617				35,617	-11.7%*

\*Compares FY 2015-16 first quarter enplanements to FY 2014-15 first quarter enplanements.

The number of commercial air service passenger enplanements is a major driver of Airports revenues. Enplanement in the first quarter were down 4,728 or 11.7% compared to the same period in the prior year. This was mainly due to a reduction in the number of flights at end of FY 2014-15, from 11 to 5, as the airlines transition from turboprops to jets. Although this change actually added seat capacity, increasing from approximately 28 seats to 50 seats per plane, there was a net decrease in enplanements as customers adjusted to the change in schedule. This decline is expected to be temporary, in large part because, as of September 1, 2015, United Express operated by SkyWest Airlines has begun a third round trip San Francisco (SFO) frequency and a fourth round trip Los Angeles (LAX) frequency from the San Luis Obispo County Regional Airport.

## Section 2: Status of Funds, Contingencies and Reserves

### I. GENERAL:

The Auditor-Controller's Office has prepared the following Schedules that are attached following this narrative.

- Schedule 1: Comparative Statement of County Funds - Revenue Status
- Schedule 2: Comparative Statement of Contingencies and Reserves
- Schedule 3: Revenues and Expenditures by Functional Area

Schedules 1 and 2 are the focus of the following discussion. **Generally, specific comments are limited to material deviations from the prior year or from what would appear to be normal performance.** Schedule 3 is for information only.

### II. SCHEDULE 1: Comparative Statement of County Funds - Revenue Status

#### A. Summary

Total budgeted revenues for all funds are \$598.4 million. At the end of the first quarter \$50.9 million or 9% of estimated revenues were realized, compared to 10% in the prior year. Taxes and government aid do not follow even monthly flows. (Schedule 3 shows first quarter revenue for all funds realized at 8% because this schedule does not include revenue earned from interest totaling \$164,186. The interest amount is shown immediately following Schedule 1.)

#### B. Specific Comments - Revenue Status by Type

Fines, Forfeitures and Penalties: The amount realized is 8% compared to last year's realization rate of 16%. This is due to the required annual revenue transfer to the Courts being larger in the previous year.

The financial arrangement that resulted from the Trial Court Funding Act established a Maintenance of Effort (MOE) expense that requires the County to pay a specified amount to the State of California, based on a formula, to support Court Operations. The formula is calculated based on revenues collected in the prior fiscal year and therefore varies from year to year. In FY 2013-14 revenues in this classification were below the historical norm. As a result, revenue transferred to the State for Court operations in FY 2014-15 was only \$72,623. However, in FY 2014-15 revenue receipts in this classification returned to historical norms, resulting in a transfer of \$415,918 in the current year. The difference between these two amounts results in the skewed percentage of revenue recognized in the first quarter. If those transactions are subtracted from the receipts in both years, the realization rates would have been comparable, at 16.9% of budget in the current fiscal year compared to 17.5% in the prior fiscal year.

Revenue – Money and Property Use: Realized revenue in this class is 43% compared to the 13% realization rate in the prior year. Total interest revenue earned by the General Fund from Treasury investments was \$137,900 compared to \$83,356 in the same quarter prior year. The average rate of return during the first quarter was .4741% compared to .3031% in the prior

year. The total General Fund interest revenue included \$580,352 received from the California State Controller's Office for interest earned on prior years unpaid Mandated Program reimbursements (SB90).

Other Financing Sources: The amount realized for this quarter was 21% compared to 31% in the prior year. This is due to transfers for capital projects; this revenue is recognized as projects progress.

### C. Specific Comments - Revenue by Fund

Capital Projects Fund: This fund recognized 12% of revenues through the first quarter compared to 8% in the prior year. This is mainly a timing issue as revenue is recognized as projects progress.

Community Development Program Fund: This fund's revenue through the first quarter was 5% in the current year to date compared to 16% in the prior year. The difference from the prior year is a timing issue as this revenue is realized as projects are completed.

Public Facility Fees: Public Facility Fee Fund realized 23% of budgeted revenue in the current fiscal year, compared to 33% in the prior year. Budgeted amounts are higher for this fiscal year due to expected growth in single family residential building permits.

Parks: Parks revenue through the first quarter was 24% in the current year to date compared to 36% in the prior year. The difference from the prior year is mainly due to \$1,500,000 in one time transfers from other funds for the Parks' purchase of the Pismo Preserve land purchase in the prior year.

County Wide Automation Replacement Fund: This fund's revenue through the first quarter was 19% in the current year to date compared to 28% in the prior year. The difference from the prior year is one of timing as this revenue is realized as projects are completed.

General Government Building Replacement Fund: This fund's revenue through the first quarter was 24% in the current year to date compared to 65% in the prior year. The difference from the prior year is one of timing as this revenue is realized as projects are completed.

Library: This fund's revenue through the first quarter was 3% compared to 9% in the prior year. The difference is due to a large one time contribution in the prior year from the Friends of the Morro Bay Library.

Organizational Development: This fund recognized 25% of budgeted revenues in the current year compared to 46% in the prior year. This is due to a large one time transfer in from the General Fund in the amount of \$250,000 to increase the Designation for Countywide Training.

Tax Reduction Reserve: This fund was established a number of years ago when PG&E changed the depreciation method for the Diablo Canyon Power Plant, which resulted in lower property tax revenue for the County. In order to help offset this change in methodology, the County was allocated additional funds. These funds were placed into this reserve fund for future use. The

intention was to use this reserve to help balance the budget during economic downturns. During the recent economic downturn, several million dollars of Tax Reduction Reserve funds were used between Fiscal Year 2009-2010 and Fiscal Year 2011-2012 as a short-term budget balancing solution. In Fiscal Year 2014-2015, \$4.5 million was added to the reserve, which reflected improving economic conditions. No additional funding is being added to the reserve in the current fiscal year.

Traffic Impact Fees: Beginning in Fiscal Year 2015-16, the Department of Public Works is funding expenses for improvement projects by cancelling reserves. This ensures that adequate funding is available for multi-year projects regardless of shortfalls in fees for a given Road Fee area.

Medically Indigent Services Program: This fund's revenue through the first quarter was 10% in the current year compared to 17% in the prior year. The disparity is due to the reduction in budget revenue from the Tax Reduction Fund in the current fiscal year compared to the prior fiscal year. In FY 2014-15 revenue from the Tax Reduction Fund accounted for two-thirds of the revenue in Medically Indigent Services Program. In FY 2015-16 this has been reduced to one-third (due to a reduction in projected expenditures). In both years 25% of the budgeted revenue from the Tax Reduction Fund was recognized in the first quarter. However, due to the reduction in the proportion of revenue budgeted from this source in the current year, the rate of receipts gives the appearance of being skewed.

Debt Service: The lack of revenue in this fund compared to the prior year is due to the timing of a debt service payment. The payment and the offsetting revenue were made in the second quarter in the current year.

## ***SCHEDULE 2: Comparative Statement of Contingencies and Reserves***

### **A. Contingencies**

No changes were made to contingency balances during the quarter.

The General Fund contingency balance at the end of the quarter was \$21,678,095.

### **B. General Reserves**

The Government Code provides that General Reserves may not be used during the operating year unless the Board of Supervisors deems that there is a state of emergency. Since no emergency has existed to date, all balances of reserves are as adopted.

### **C. Designations and Other Reserves**

The Board of Supervisors may choose to designate portions of available funding for a specific future purpose. Such designations reflect tentative plans, which are subject to change. It is this flexibility that distinguishes designations from reserves.

(\$155,763) ROAD FUND: To increase appropriations for the South Bay Boulevard at Los Osos Creek Bridge Replacement Project.

(\$240,781) ROAD FUND: To increase appropriations for the San Miguel Gateway and Pedestrian Enhancements Project.

(\$145,000) PARKS OPERATION FUND: To increase appropriations for:

- The Santa Margarita Lake Existing Camps Upgrade Project - \$20,000
- The Santa Margarita Lake New Camps Upgrade Project - \$50,000
- The Santa Margarita Lake Paving, Fish Cleaning Station, and Electrical Upgrades Project-\$75,000

(\$770,274) COUNTYWIDE AUTOMATION FUND: To fund the Budget Preparation Replacement Project.

TAX REDUCTION RESERVE FUND: \$11,687,490 was transferred from the Tax Reduction Reserve Designation to the newly created Airport Terminal Designation in the same fund. The new designation and transfer were required as a condition of the receipt of outside funding for the construction of the new Airport Terminal Replacement Project.

### ***III. Schedule of Appropriation Transfers under the Auditor's Authority***

By resolution the Board of Supervisors authorized the Auditor-Controller to approve appropriation transfers between all object levels within the same budget unit. The resolution also directed that such transfers be reported to the Board on a quarterly basis.

\$6,000 GRAND JURY: Transferred from the capital outlay object level to the services and supplies object level for the purchase of a copier under \$5,000.

\$25,740 PLANNING AND BUILDING: Transferred from the salaries and benefits object level to the Other Charges object level to provide funding for an additional inspection vehicle. This vehicle was approved as a budget augmentation request and was accounted for in Fleet Services, but was inadvertently not funded as part of the Adopted Budget.

\$2,436,845 PUBLIC HEALTH: Transferred between various revenue accounts to reflect source of funding. During the budget process, the final source of funding was not known, e.g., State vs. Federal funding.

\$3,500 NIPOMO LIGHTING DISTRICT: Budget account correction between services and supplies object level and other transfers out to fund unexpected costs.



COMPARATIVE STATEMENT OF CONTINGENCIES AND RESERVES  
By Fund as of September 30, 2015

<u>Contingencies</u>	2014-15 Final Budget	2015-16 Final Budget	As of 09/30/15	2015-16 Increase (Decrease)
General Fund	\$ 19,111,875	\$ 21,678,095	\$ 21,678,095	\$ 0
Community Devel Pgm	44,840	40,148	40,148	0
Parks	510,711	200,000	200,000	0
Driving Under the Influence	40,000	25,000	25,000	0
<u>Library</u>	<u>452,750</u>	<u>470,821</u>	<u>470,821</u>	<u>0</u>
<b>TOTAL CONTINGENCIES</b>	<b><u>\$ 20,160,176</u></b>	<b><u>\$ 22,414,064</u></b>	<b><u>\$ 22,414,064</u></b>	<b><u>\$ 0</u></b>

<u>Designations and Other Reserves</u>	2014-15 Final Budget	2015-16 Final Budget	As of 09/30/15	2015-16 Increase (Decrease)
General Fund				
Co. Fire Equip. Replace	\$ 154,383	\$ 550,253	\$ 550,253	\$ 0
Designated FB-2020 POB	8,688,657	9,688,657	9,688,657	0
General Reserve	9,000,000	9,000,000	9,000,000	0
Internal Financing	4,163,459	1,688,990	1,688,990	0
Prop 172 Solar	0	6,319,832	6,319,832	0
Solar Plant Mitigation	11,851,427	14,951,940	14,951,940	0
Capital Projects				
Facilities Planning	8,042,704	11,944,273	11,944,273	0
Juvenile Hall Bldg	326,496	0	0	0
New Govt Buildin Rep	1,986,400	1,986,400	1,986,400	0
Solar/Energy Projects	1,199,787	1,199,787	1,199,787	0
Road Fund				
Future Road Projects	6,137,475	1,979,505	1,582,961	(396,544)
Maria Vista Estates	641,299	641,299	641,299	0
N. River Mine Reserve	83,000	83,000	83,000	0
Public Facility Fees				
Reserve for County Fire	2,827,101	3,880,745	3,880,745	0
Reserve for General Gov't	465,828	432,601	432,601	0
Reserve for Law Enforcmnt	981,908	1,188,581	1,188,581	0
Reserve for Library	185,587	217,404	217,404	0
Reserve for Parks	2,026,268	1,396,649	1,396,649	0
Parks				
Lopez Park's Projects	270,500	490,500	490,500	0
Parks Projects	630,849	1,189,537	1,044,537	(145,000)
Co-Wide Automation Replacement				
Automation Replacement	12,539,676	14,029,255	14,029,255	0
Budget System Developm	770,274	770,274	0	(770,274)
Gen Gov Building Replacement				
Gov. Building Rpl	25,088,123	28,931,442	28,931,442	0
Library - Cambria	675,893	845,539	845,539	0

	2014-15	2015-16		2015-16
	Final	Final	As of	Increase
<u>Designations and Other Reserves</u>	<u>Budget</u>	<u>Budget</u>	<u>09/30/15</u>	<u>(Decrease)</u>
Tax Reduction Resrv				
Desig-Airport Terminal	0	0	11,687,490	11,687,490
Desig-Prop Tax Litigation	797,952	797,952	797,952	0
Tax Reduction Reserves	17,418,645	17,459,144	5,771,654	(11,687,490)
Impact Fee-Traffic	4,578,109	4,109,323	4,109,323	0
Road Improvement Fees	0	0	0	0
Wildlife And Grazing				
General Reserve	2,684	4,671	4,671	0
Wildlife Projects	14,907	14,907	14,907	0
Driving Under the Influence				
General Reserve	137,609	95,000	95,000	0
Systems Development	398,346	393,359	393,359	0
Library				
Atascadero Building Expan	94,611	44,337	44,337	0
Facilities Planning	901,791	1,854,035	1,854,035	0
General Reserve	49,690	49,690	49,690	0
Library-Cambria	0	311,896	311,896	0
Fish And Game				
Environmental Settlemt	28,142	4,513	4,513	0
Fish and Game Projects	116,619	111,400	111,400	0
General Reserve	54,583	54,583	54,583	0
Organizational Development				
Countywide Training	1,729,776	1,564,826	1,564,826	0
General Reserve	496,042	496,042	496,042	0
Debt Service-Cert of Participation				
Loan Payment Reserve	16,383	83	83	0
Pension Obligation Bond DSF				
Desig - POB Debt Service	8,898,224	9,760,771	9,760,771	0
<b>TOTAL DESIGNATIONS AND RESERVES</b>	<b><u>\$ 134,471,207</u></b>	<b><u>\$ 150,961,988</u></b>	<b><u>\$ 157,504,728</u></b>	<b><u>\$ 6,542,740</u></b>

REVENUES AND EXPENDITURES BY FUNCTIONAL AREA  
For the Three Month Period Ended September 30, 2015

Budget Units by Functional Area	2015-16			2015-16		
	Budgeted Expenditures	Amount Expended 09/30/15	%	Budgeted Revenues	Amount Realized 09/30/15	%
<b>General Government</b>						
100 BOARD OF SUPERVISORS	\$ 1,690,446	\$ 370,835	22 %	\$ 0	\$ 0	0 %
101 NON-DEPARTMENTAL REVENUES	5	1	20 %	169,128,226	6,980,062	4 %
103 NON-DEPT OTHER EXPENDITURES	389,000	217,188	56 %	71,000	0	0 %
104 ADMINISTRATIVE OFFICE	1,995,893	379,310	19 %	172,929	22,808	13 %
105 RISK MANAGEMENT	1,693,301	779,903	46 %	1,039,764	0	0 %
107 AUDITOR-CONTROLLER	5,285,545	1,049,453	20 %	1,042,614	190,384	18 %
108 TREAS-TAX COLL-PUBLIC ADM	2,892,029	556,775	19 %	1,254,773	257,723	21 %
109 ASSESSOR	10,114,841	1,927,418	19 %	626,240	62,493	10 %
110 CLERK/RECORDER	3,741,781	770,870	21 %	2,933,408	711,935	24 %
111 COUNTY COUNSEL	3,875,029	763,821	20 %	180,925	67	0 %
112 HUMAN RESOURCES	3,285,108	614,472	19 %	163,950	30,315	18 %
113 GENERAL SERVICES	10,306,906	2,200,724	21 %	3,273,742	703,889	22 %
114 INFORMATION TECHNOLOGY DEPARTMENT	11,291,103	2,906,713	26 %	1,905,512	95,061	5 %
201 PUBLIC WORKS SPECIAL SERVICES	3,196,258	525,834	16 %	1,540,390	193,662	13 %
266 COUNTYWIDE AUTOMATION REPLACEMENT	8,240,026	760,700	9 %	6,933,343	1,294,135	19 %
267 GEN GOVT BUILDING REPLACEMENT	3,864,921	0	0 %	6,922,773	1,652,719	24 %
268 TAX REDUCTION RESERVE	349,656	0	0 %	0	0	0 %
275 ORGANIZATIONAL DEVELOPMENT	970,126	90,506	9 %	612,039	151,210	25 %
290 COMMUNITY DEVELOPMENT PROGRAM	8,626,522	260,926	3 %	8,626,522	459,747	5 %
<b>TOTAL General Government</b>	<b>\$ 81,808,496</b>	<b>\$ 14,175,449</b>	<b>17 %</b>	<b>\$ 206,428,150</b>	<b>\$ 12,806,210</b>	<b>6 %</b>
<b>Public Protection</b>						
130 WASTE MANAGEMNT	\$ 1,055,908	\$ 107,983	10 %	\$ 27,420	\$ 103	0 %
131 GRAND JURY	136,436	35,224	26 %	0	0	0 %
132 DISTRICT ATTORNEY	15,077,933	2,911,033	19 %	5,785,071	658,666	11 %
134 CHILD SUPPORT SERVICES	4,643,632	941,412	20 %	4,643,632	575,712	12 %
135 PUBLIC DEFENDER	6,054,021	1,525,951	25 %	581,354	144,123	25 %
136 SHERIFF-CORONER	66,962,864	13,851,260	21 %	28,601,379	2,526,554	9 %
137 ANIMAL SERVICES	2,760,943	443,833	16 %	1,927,727	343,101	18 %
138 EMERGENCY SERVICES	1,982,503	228,973	12 %	1,820,107	236,385	13 %
139 PROBATION DEPARTMENT	20,437,285	3,993,284	20 %	10,504,878	1,261,248	12 %
140 COUNTY FIRE	22,482,978	854,008	4 %	6,951,783	896,742	13 %
141 AGRICULTURAL COMMISSIONER	5,489,607	1,098,118	20 %	3,256,003	72,215	2 %
142 PLANNING & BUILDING DEPARTMENT	14,989,470	2,468,368	16 %	7,435,584	1,720,325	23 %
143 COURT OPERATIONS	2,426,973	703,474	29 %	2,980,959	158,541	5 %
330 WILDLIFE AND GRAZING	3,548	12	0 %	3,548	0	0 %
331 FISH AND GAME	46,222	12,602	27 %	20,000	3,014	15 %
<b>TOTAL Public Protection</b>	<b>\$ 164,550,323</b>	<b>\$ 29,175,535</b>	<b>18 %</b>	<b>\$ 74,539,445</b>	<b>\$ 8,596,729</b>	<b>12 %</b>
<b>Public Ways &amp; Facilities</b>						
245 ROADS	\$ 67,374,741	\$ 6,391,710	9 %	\$ 55,453,936	\$ 5,447,209	10 %
247 PUBLIC FACILITIES FEES	5,781,444	0	0 %	1,851,815	430,514	23 %
248 ROADS - IMPACT FEES	3,729,433	64,919	2 %	0	188,455	0 %
<b>TOTAL Public Ways &amp; Facilities</b>	<b>\$ 76,885,618</b>	<b>\$ 6,456,629</b>	<b>8 %</b>	<b>\$ 57,305,751</b>	<b>\$ 6,066,178</b>	<b>11 %</b>

REVENUES AND EXPENDITURES BY FUNCTIONAL AREA  
For the Three Month Period Ended September 30, 2015

Budget Units by Functional Area	2015-16 Budgeted Expenditures	Amount Expended 09/30/15	%	2015-16 Budgeted Revenues	Amount Realized 09/30/15	%
<b>Health &amp; Sanitation</b>						
160 PUBLIC HEALTH	\$ 28,345,404	\$ 4,353,071	15 %	\$ 22,913,701	\$ 1,620,708	7 %
<u>166 BEHAVIORAL HEALTH</u>	<u>59,767,892</u>	<u>12,612,615</u>	<u>21 %</u>	<u>50,160,605</u>	<u>3,247,594</u>	<u>6 %</u>
TOTAL Health & Sanitation	<u>\$ 88,113,296</u>	<u>\$ 16,965,686</u>	<u>19 %</u>	<u>\$ 73,074,306</u>	<u>\$ 4,868,302</u>	<u>7 %</u>
<b>Public Assistance</b>						
106 CONTRIBUTIONS TO OTHER AGENCIES	\$ 1,934,027	\$ 1,568,720	81 %	\$ 624,000	\$ 0	0 %
180 SOCIAL SERVICES ADMINISTRATION	72,224,277	14,309,067	20 %	67,916,706	936,113	1 %
181 FOSTER CARE-SOCIAL SERVICES	22,498,016	5,720,079	25 %	21,383,864	4,057,491	19 %
182 CALWORKS	12,815,703	3,046,107	24 %	12,490,895	2,011,562	16 %
184 LAW ENFORCEMENT MED CARE	3,523,482	579,228	16 %	1,442,636	151,930	11 %
185 GENERAL ASSISTANCE	1,143,662	306,140	27 %	277,284	99,082	36 %
186 VETERANS SERVICES	947,508	205,572	22 %	202,370	28,373	14 %
350 Medically Indigent Services Program	2,426,111	405,919	17 %	1,493,222	155,204	10 %
<u>351 EMERGENCY MEDICAL SRVS FUND</u>	<u>1,250,102</u>	<u>435,036</u>	<u>35 %</u>	<u>846,000</u>	<u>140,386</u>	<u>17 %</u>
TOTAL Public Assistance	<u>\$ 118,762,888</u>	<u>\$ 26,575,868</u>	<u>22 %</u>	<u>\$ 106,676,977</u>	<u>\$ 7,580,141</u>	<u>7 %</u>
<b>Education</b>						
215 FARM ADVISOR	\$ 533,309	\$ 112,200	21 %	\$ 6,310	\$ 315	5 %
375 DRIVING UNDER THE INFLUENCE	1,346,035	279,585	21 %	1,341,158	300,358	22 %
<u>377 LIBRARY</u>	<u>9,705,247</u>	<u>1,471,822</u>	<u>15 %</u>	<u>8,793,807</u>	<u>280,075</u>	<u>3 %</u>
TOTAL Education	<u>\$ 11,584,591</u>	<u>\$ 1,863,607</u>	<u>16 %</u>	<u>\$ 10,141,275</u>	<u>\$ 580,748</u>	<u>6 %</u>
<b>Recreation &amp; Cultural Services</b>						
<u>305 PARKS and RECREATION</u>	<u>\$ 11,749,071</u>	<u>\$ 2,034,612</u>	<u>17 %</u>	<u>\$ 10,132,217</u>	<u>\$ 2,412,401</u>	<u>24 %</u>
TOTAL Recreation & Cultural Services	<u>\$ 11,749,071</u>	<u>\$ 2,034,612</u>	<u>17 %</u>	<u>\$ 10,132,217</u>	<u>\$ 2,412,401</u>	<u>24 %</u>
<b>Debt Service</b>						
277 DEBT SERVICE	\$ 2,100,671	\$ 0	0 %	\$ 2,090,151	\$ 0	0 %
<u>392 PENSION OBLIGATION BOND DSF</u>	<u>9,662,205</u>	<u>7,745,828</u>	<u>80 %</u>	<u>10,037,420</u>	<u>2,444,611</u>	<u>24 %</u>
TOTAL Debt Service	<u>\$ 11,762,876</u>	<u>\$ 7,745,828</u>	<u>66 %</u>	<u>\$ 12,127,571</u>	<u>\$ 2,444,611</u>	<u>20 %</u>
<b>Financing Uses</b>						
<u>102 NON-DEPTL-OTHR FINCNG USE</u>	<u>\$ 28,918,398</u>	<u>\$ 8,161,847</u>	<u>28 %</u>	<u>\$ 3,077,354</u>	<u>\$ 421,060</u>	<u>14 %</u>
TOTAL Financing Uses	<u>\$ 28,918,398</u>	<u>\$ 8,161,847</u>	<u>28 %</u>	<u>\$ 3,077,354</u>	<u>\$ 421,060</u>	<u>14 %</u>
<b>CAPITAL PROJECTS</b>						
200 MAINTENANCE PROJECTS	\$ 13,204,851	\$ 469,826	4 %	\$ 2,033,138	\$ (47,042)	(1) %
<u>230 CAPITAL PROJECTS FUND</u>	<u>52,150,104</u>	<u>5,069,760</u>	<u>10 %</u>	<u>42,856,040</u>	<u>5,003,813</u>	<u>12 %</u>
TOTAL CAPITAL PROJECTS	<u>\$ 65,354,955</u>	<u>\$ 5,539,586</u>	<u>8 %</u>	<u>\$ 44,889,178</u>	<u>\$ 4,956,771</u>	<u>11 %</u>

REVENUES AND EXPENDITURES BY FUNCTIONAL AREA  
For the Three Month Period Ended September 30, 2015

Budget Units by Functional Area	2015-16			2015-16		
	Budgeted	Amount Expended	%	Budgeted	Amount Realized	%
	Expenditures	09/30/15		Revenues	09/30/15	
COUNTY TOTAL*	\$ 659,490,512	\$ 118,694,647	18 %	\$ 598,392,224	\$ 50,733,151	8 %
GENERAL FUND TOTAL*	\$ 470,114,327	\$ 93,670,710	20 %	\$ 440,378,233	\$ 30,369,300	7 %

\* Does not include 1<sup>st</sup> Quarter interest posted in October.

### Section 3: Position Changes

During the first quarter, July 1, 2015 through September 30, 2015, the following position allocation changes were approved by the Board of Supervisors. Also include in this section are administrative changes approved by the Human Resources (HR) Director under the authority of the Board, current vacancy statistics, and reclassification requests based on position studies performed by HR.

#### **POSITION ALLOCATION CHANGES MADE BY THE BOARD OF SUPERVISORS:**

##### **Fund Center 166 – Behavioral Health - Allocation Changes Approved 7/21/15**

- Add 1.00 FTE – 08528 MH Therapist II – Limited Term
- Add 0.50 FTE – 08527 MH Therapist III ½ time – Limited Term
- Add 0.50 FTE – 08527 MH Therapist IV ½ time – Limited Term

##### **Fund Center 142 – Planning & Building - Allocation Change Approved 8/11/15**

- Add 1.00 FTE – 01707 Supervising Planner – Limited Term
- Add 1.00 FTE – 00603 Senior Planner – Limited Term
- Delete 2.00 FTE – 02802 Planner I, II, or III - Limited Term

##### **Fund Center 166 – Behavioral Health - Allocation Change Approved 8/11/15 (1 of 2)**

- Delete 1.00 FTE – 08526 Mental Health Therapist I, II, III, or IV

##### **Fund Center 166 – Behavioral Health - Allocation Change Approved 8/11/15 (2 of 2)**

- Delete 2.00 FTE – 08526 Mental Health Therapist I, II, III, or IV

##### **Fund Center 113 – General Services - Allocation Change Approved 8/18/15**

- Delete 2.00 FTE – 01317 Locksmith-Maintenance Worker
- Add 2.00 FTE – 01311 Locksmith I or II

##### **Fund Center 405 – Public Works - Allocation Change Approved 8/18/15**

- Delete 4.00 FTE – 09686 Wastewater Systems Worker (placeholder)
- Add 3.00 FTE – 09690 Wastewater Systems Worker Aide, I, II or III
- Add 1.00 FTE – 09691 Wastewater Systems Worker IV

##### **Multiple Fund Centers for GIS Analyst Series changes (listed below) - Sponsored by Fund Center 112 – Human Resources — Allocation Changes Approved 8/25/15**

###### **Fund Center 141 – Agricultural Commissioner**

- Delete 1.00 FTE – 01622 Mapping/Graphics Systems Specialist I, II, or III
- Add 1.00 FTE – 00148 Geographic Information Systems Analyst I, II, or III

###### **Fund Center 109 – Assessor**

- Delete 4.00 FTE – 00673 Cadastral Mapping Systems Specialist I, II, or III
- Add 4.00 FTE – 00148 Geographic Information Systems Analyst I, II, or III
- Delete 1.00 FTE – 00675 Cadastral Mapping Systems Supervisor
- Add 1.00 FTE – 00149 Senior Geographic Information Systems Analyst

**Fund Center 142 – Planning & Building**

Delete 2.00 FTE – 01622 Mapping/Graphics Systems Specialist I, II, or III  
Add 2.00 FTE – 00148 Geographic Information Systems Analyst I, II, or III

**Fund Center 160 – Public Health**

Delete 0.75 FTE – 01622 Mapping/Graphics Systems Specialist I, II, or III – ¾ time  
Add 0.75 FTE – 00148 Geographic Information Systems Analyst I, II, or III – ¾ time

**Fund Center 405 – Public Works**

Delete 1.00 FTE – 00652 Civil Engineering Technician Aide, I, II, or III  
Add 1.00 FTE – 00149 Senior Geographic Information Systems Analyst

**Fund Center 160 – Public Health - Allocation Change Approved 8/25/15**

Delete 1.00 FTE – 00446 Laboratory Assistant I or II  
Delete 0.50 FTE – 02203 Administrative Assistant Aide, I, II, or III – ½ time  
Add 1.00 FTE – 02203 Administrative Assistant Aide, I, II, or III  
Add 0.75 FTE – 02203 Administrative Assistant Aide, I, II, or III – ¾ time

**Fund Center 141 – Agricultural Commissioner - Allocation Change Approved 9/22/15**

Delete 0.50 FTE – 08906 Departmental Automation Specialist I, II, or III – ½ time  
Add 1.00 FTE – 02203 Administrative Assistant Aide, I, II, or III

**SUMMARY OF POSITION ALLOCATION CHANGES**

FY 14-15	Q1	Q2	Q3	Q4
Quarter Start	2,638.25			
FTE Additions	22.50			
FTE Deletions	22.75			
Quarter End	2,638			
Net Change	-0.25			
% Change	-0.0095			

**ADMINISTRATIVE CHANGES MADE BY THE HUMAN RESOURCES DEPARTMENT:**

**Fund Center 105 – Risk Management**

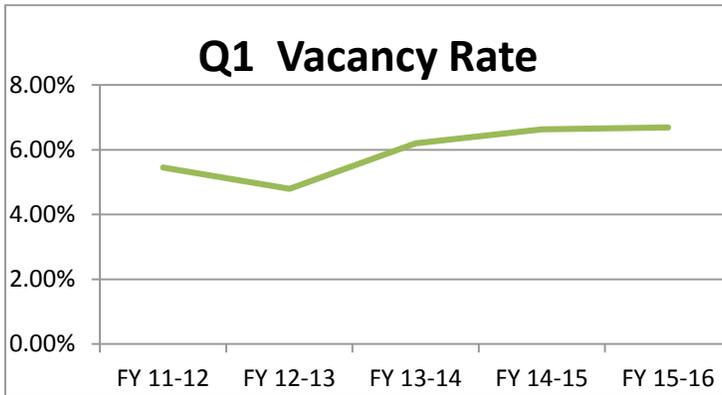
Removed budget blocking of Admin Assistant Aide-Confidential and replaced with Administrative Assistant Aide-Confidential through Administrative Assistant III-Confidential Series.

**Fund Center 377 – Library**

Combined 0.25 FTE with 0.75 FTE to create a 1.00 FTE – 02203 Administrative Assistant Aide, I, II, or III

**EMPLOYEE VACANCY RATE**

The County employee vacancy rate was 6.69%. This equates to 176.50 vacant positions.



**RECLASSIFICATION REQUESTS**

The Human Resources Department oversees the County’s Classification Plan pursuant to Civil Service Commission Rule 5. At times, changes in regulations, business requirements, etc. may result in significant change to duties assigned to individual positions. These may include changes to level of complexity, decision-making authority, and/or scope of the work to be performed. When an employee, department or labor union believes the duties they are permanently assigned outside the scope of their position, a reclassification process may be initiated.

This process involves a series of steps that may result in HR performing a position study. Based on the study results, HR may determine that the employee is in the correct job classification and that no change is required; that the duties performed more accurately fit a different, existing classification; or that a new classification should be created. Any resulting reclassification recommendations are brought to the Board in the first or fourth quarter financial reports or as part of the recommended budget.

During the first quarter, the Human Resources Department completed three position studies which resulted in a recommendation to reclassify the incumbents. HR is therefore requesting that the Board of Supervisors approve a resolution amending the Position Allocation List (PAL) for FC 112 – Human Resources, FC 160 – Behavioral Health and FC 180 – Department of Social Services, to reflect changes in the classification of three positions (a PAL change resolution is included as Attachment 4). The incremental cost increase associated with these three reclassifications is approximately \$13,900.

Department	Existing Classification	Findings	HR Department Recommendation
Social Services	Software Engineer III	Reclassification	Senior Software Engineer
Human Resources	Human Resources Analyst Aide-Confidential	Reclassification	HR Analyst
Health Agency	Psychologist	Reclassification	Mental Health Therapist IV

Any additional studies concluded in FY 2015-16 that result in reclassification will be included in the fourth quarter financial report or the FY 2016-17 Proposed Budget.

## Section 4: Miscellaneous Financial Issues

### **Acceptance of Donated Gift Funds:**

Donations made by individuals and community organizations are accepted by the Board and appropriated into the proper departmental budgets on an as needed basis. These donations are used to enhance programs and meet special needs throughout the County. It is recommended that the Board accept donations totaling \$111,031.38 on behalf of the following County departments, as noted below:

- \$1,300 for FC 425 - Airports
- \$95,097.52 for FC 277 - Library
- \$173.86 for FC 180 - Social Services
- \$14,460 for FC 305 - Parks

Memos from each department are included in Attachment 2.

### **Discharge of Bad Debt:**

Requests to discharge bad debt are presented to the Board in accordance with Government Code requirements. The action relieves the requesting department from active pursuit of receivables, but does not release the responsible parties from the debt owed. Requests to discharge bad debt are only submitted to the Board for action after an extensive investigation has taken place and the department has reached the conclusion that the debt will not be collected. If a department's collection efforts are unsuccessful, cases are often turned over to the County's contract collection agency. The Department of Social Services is requesting Relief of Accountability in the amount of \$30,634.01 for uncollectable debt for the CalWORKs and CalFresh programs.

A memo from the Department of Social Services is included in Attachment 2.

### **Miscellaneous:**

The following requests have been submitted to the Board for consideration.

- Request to authorize a budget adjustment in the amount of \$40,000 to increase expenditure appropriation for project #330022-San Luis Obispo Airport Layout Plan to cover additional project costs.
- Request to approve a budget adjustment using funds from the County Office of Education, and increase appropriation in capital outlay for the Juvenile Hall Expansion project in the amount of \$24,405.
- Request to authorize a budget adjustment transferring \$87,546 from unanticipated revenue to FC 350 – Medically Indigent Services Program, to provide grant funded Medi-Cal outreach and enrollment services to eligible, targeted populations.
- Request to authorize a budget adjustment in the amount of \$541,117 using the remaining balance of Library Public Facility Fee revenue budgeted in the Atascadero Library project to FC 377 – Library to make a final loan payment for the Cambria Library project and 2) increase the Cambria Library designation in the General Government Building fund by \$541,117, the amount of the loan repayment.

- Request to amend the FY 2015-16 Fixed Asset list for FC 142- to add a replacement copier in the amount of \$9,540.
- Request to approve an amendment to the Fixed Asset List for FC 160 – Public Health to replace various equipment used in the Public Health Laboratory with a total cost of \$75,000.

Memos from each of the requesting departments are included in Attachment 2.

### **Surplus Vehicles:**

Requests to declare County vehicles surplus and authorize their disposal are presented to the Board for consideration. County Code Section 2.36.030(5) provides the authority to sell, destroy or otherwise dispose of any personal property belonging to the County and found by the Board of Supervisors not to be required for public use. General Services requests that the Board declare 26 vehicles surplus and authorize their removal from the County fleet and sale to recover salvage value.

**Section 5: Capital and Maintenance Projects Managed by  
General Services and the Public Works Department**

The first quarter status reports on capital and maintenance projects can be found in Attachment 3. This information is provided to keep the Board apprised of the status of various capital and maintenance projects managed by General Services and the Public Works Department.