



Fiscal Year 2015-16 Second Quarter Financial Status Report

County of San Luis Obispo

Introduction

In accordance with the Board's adopted policy related to Ongoing Budget Administration, this Second Quarter Financial Status Report provides an overview of the County's financial position at the end of the second quarter of Fiscal Year (FY) 2015-16. The second quarter timeframe is October 1 through December 31, 2015.

The Report is divided into five sections:

- **Section 1-** 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-** an update on the status of funds, contingencies and reserves;
- **Section 3-** a listing of all personnel changes approved by the Board of Supervisors, or made administratively by the Human Resources Department during the second 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 projects and maintenance projects managed or reported on by the Public Works Department.

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
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The table below compares revenue and expenditure patterns for the second quarter of FY 2015-16 compared to the same period last year for All Funds and the General Fund. At the end of the second quarter, \$207 million or 34% of estimated revenues were realized compared to 36% in the prior year. Taxes and government aid do not follow even monthly flows. It is important to note that revenue realization percentages are typically low in the second quarter due to the time lag involved in billing cycles and receipt of reimbursements, and because some of the largest revenue sources, property taxes for example, are historically realized closer to 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.

Expense & Revenue All Funds Comparison		
	Second Quarter FY 2014-15	Second Quarter FY 2015-16
Expenditures	38%	39%
Revenue Realized	36%	34%
Expense & Revenue General Fund Comparison		
	Second Quarter FY 2014-15	Second Quarter FY 2015-16
Expenditures	45%	43%
Revenue Realized	38%	36%

Based on the evaluation of the financial information provided by departments for the second quarter, the majority of departments report that their budgets are on track and expect to remain within their budgeted level of General Fund support at year end. However, there are some issues of note, which are described below. A status report on Golf and Camp Mabel French is also provided, as well as the regular status report on the Airports budget and enplanement levels, consistent with prior quarterly reports.

<p>Department: Social Services - Administration Fund Center: 180 Issue: Anticipated revenue shortfall of over \$700,000 Impact to General Fund: None</p>

At the end of the second quarter, the Department of Social Services is projecting a year-end revenue shortfall of over \$700,000. This is due to projected 1991 Realignment Vehicle License Fees (VLF) receipts coming in under budget by \$1.4 million. The department anticipates that this shortfall will be partially offset by projected

Realignment Sales Tax receipts coming in over budget by approximately \$691,000. The department anticipates a budget adjustment will be needed in the third quarter to move Realignment Trust funds to the Social Services operating budget to cover this revenue shortfall. The reasons for the 1991 Realignment revenue variances are not clear at this point, but staff expects to have more information about this by the third quarter report.

Department: Social Services - Foster Care & Adoptions
Fund Center: 181
Issue: Unanticipated expenditures of \$900,000
Impact to General Fund: None

At the end of the second quarter, the Department of Social Services is reporting that expenditures for Foster Care/Adoptions are projected to exceed budgeted levels by \$900,000 at year end (an estimated \$102,000 increase to the County's share of costs). This anticipated overage is due to

several different factors that are beyond the department's control.

First, while Foster Care caseloads have decreased 1.9% in FY 2015-16 compared to FY 2014-15, adoptions caseloads have increased from an average of 613 in FY 2014-15 to an average of 633 in FY 2015-16 (a 3.3% increase).

Second, caseloads paid solely by the County have increased from an average of 40 cases in FY 2014-15 to an average of 61 cases in FY 2015-16 (a 52% increase). These cases include costs paid to foster homes while waiting for families to become certified through the Resource Family Approval (RFA) process as well as costs for out-of-state or special care homes for high needs foster children. The RFA process standardizes the rules and processes for certifying foster and adoptive parents. The department began implementation of the RFA program in FY 2013-14 and it will be implemented statewide in the coming year.

The department anticipates a budget adjustment will be needed in the third quarter due to the projected increase in expenditures. The additional \$102,000 of the County's share of costs for these expenditures may be offset by savings in other department fund centers; to the extent that savings cannot cover the overages, Realignment Trust funds will be used to cover these additional costs.

Department: Public Works - Roads
Fund Center: 245
Issue: Anticipated \$1.7 million revenue shortfall
Impact to General Fund: None

There is a significant issue relating to two important sources of revenue for road maintenance that the Department of Public Works is closely monitoring. The actual Transportation Development Act (TDA) revenue received to date in FY 2015-16 is

\$615,000 per quarter, about 33% less than the expected \$925,000. If this trend continues, TDA revenue will be about \$1.2 million less than what was budgeted for this source for the fiscal year. In addition, State revenue from highway user taxes (HUTA) is being received at \$661,000 per month, about 6% less than the expected \$700,000.

Together, these revenue shortfalls could result in a reduction of about \$1.7 million for FY 2015-16. The department will continue to monitor the situation, but if the trend continues, the impact will be an approximate 11-mile reduction in thin overlay road maintenance work. In April of each fiscal year, the department assesses how much of this type of maintenance work it can undertake before year-end with its own work forces, depending on the status of these funding sources, and adjusts the amount of thin overlay road maintenance work performed as necessary.

Department: Parks and Recreation - 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 second quarter, the total number of rounds played decreased by 2.9% (1,610 rounds) compared to the second quarter of FY 2014-15. The decrease is primarily due to a decline of rounds played at Dairy Creek Golf Course (rounds at Dairy Creek decreased by 23.2% compared to the second quarter of FY 2014-15) as a result of a lack of rain during the first quarter, followed by fewer playable days in the second quarter due to inclement weather. Chalk Mountain and Morro Bay each experienced an increase in play compared to the second quarter of FY 2014-15.

At end of the first quarter, Golf expected that expenditures would exceed revenues by \$212,726 at year end. The second quarter year-end projection is for expenditures to exceed revenues by \$622,257. This is mainly due to lower-than-anticipated revenues. While total revenue was projected to end the year at 99% in the first quarter, this has been revised to 88% due to the impact of the dry conditions. 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. The current cash balance, as of December 30, 2015, was \$669,678. Staff will continue to closely monitor Golf's budget and provide updates in future quarterly reports. The department expects to present a Dairy Creek Golf Course status report before the end of the fiscal year.

Department: Parks and Recreation
Fund Center: 305
Issue: Update on Camp French
Impact to General Fund: None

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.

In the second year, 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 and second quarter of year two, total operational costs were \$2,700 and total revenue was \$28,854, for a profit of \$26,554. Several improvements have been completed to date including improvements to the access road and ranger residence. In addition, ADA improvements to the showers and bathrooms and repairs to a sewer lift station are in progress. 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 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 Airports 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 seven-year 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 second quarter of FY 2015-16, Airports is projecting it will end the year with revenue in excess of operating expense totaling \$126,036 which is \$116,771 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.

Fiscal Year	Q1	Q2	Q3	Q4	Cumulative	% Change
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	40,295	TBD	TBD	75,912	-3.5%*

*Compares FY 2015-16 Q2 Cumulative to FY 2014-15 Q2 Cumulative.

The number of commercial air service passenger enplanements is a major driver of Airports revenues. Enplanements 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 transitioned from

Attachment 1

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. As expected at the end of the first quarter, this decline appears 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) flight and a fourth round trip Los Angeles (LAX) flight from the San Luis Obispo County Regional Airport. Although there was a temporary reduction in service from April to September of 2015 preceding this change, these two additional flights are contributing to the expectation for current year enplanements to exceed prior year numbers.

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 \$604.8 million. At the end of the second quarter \$207.0 million or 34% of estimated revenues were realized, compared to 36% in the prior year. Taxes and government aid do not follow even monthly flows.

B. Specific Comments - Revenue Status by Type

Licenses and Permits: The amount realized in the current year is 39% of budget compared to 46% in the prior year. Animal Services revenue is about a third of prior year due to timing differences. Some information for the second quarter was not received from the third party processor in time to be posted. The department expects to be on budget for the fiscal year. Planning Department revenue in this object level is only 12% of prior year due to the completion of the solar plants in California Valley last year and the timing of invoicing and the collection of Administrative Fees.

Fines, Forfeitures and Penalties: The amount realized is 32% compared to last year's realization rate of 39%. This is because the required annual revenue transfer to the Courts was smaller 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 second quarter. If those transactions are subtracted from the receipts in both

years, the realization rates would have been comparable, at 42% of budget in the current fiscal year compared to 41% in the prior fiscal year.

Revenue – Money and Property Use: Realized revenue in this class is 136% compared to the 64% realization rate in the prior year. The percentage increase is because the total General Fund interest revenue included \$1,099,892 received from the California State Controller's Office for interest earned on prior years unpaid Mandated Program reimbursements (SB90). Total interest revenue earned by the General Fund from Treasury investments was \$133,567 compared to \$137,900 in the same quarter prior year. The average rate of return during the second quarter was .5015% compared to .4741% in the prior year.

Other Financing Sources: The amount realized for this quarter was 39% compared to 44% 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 14% of revenues through the second quarter compared to 11% 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 second quarter was 15% in the current year to date compared to 23% 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: The Public Facility Fee Fund realized 53% of budgeted revenue in the current fiscal year, compared to 71% in the prior year. Amounts budgeted for this year are higher due to expected growth in single family residential building permits, but the amounts collected have been about the same, \$981,816 in the current year vs. \$1.037 million in the prior year (\$55,215 difference). 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.

General Government Building Replacement Fund: This fund's revenue through the second quarter was 56% in the current year to date compared to 77% in the prior year. The difference from the prior year is one of timing as this revenue is realized as projects are completed.

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 FY 2014-15, \$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 FY 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.

Organizational Development: This fund recognized 50% of budgeted revenues in the current year compared to 64% 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.

Medically Indigent Services Program: This fund's revenue through the second quarter was 20% in the current year compared to 35% 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, 50% of the budgeted revenue from the Tax Reduction Fund was recognized in the first half of the year. 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.

III. 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. Changes to Designations and Other Reserves during the second quarter were as follows:

(\$60,000) GENERAL FUND: Transfer from the Internal Financing Designation to increase appropriations for a cash flow loan to CSA 23 Water Fund.

(\$1,199,787) CAPITAL PROJECTS FUND: Transfer from the Solar/Energy Projects Designation to increase appropriations to use for Energy Efficiency Projects.

(\$541,117) PUBLIC FACILITY FEES: Transfer from the Library Designation to the Library Fund to make the final payment to the General Government Building Replacement Fund for the Cambria Library Project loan.

(\$20,000) PARKS FUND: Transfer from the Parks Project Designation to fund the replacement burner/boiler at Hardie Park pool.

\$853,013 GENERAL GOVERNMENT BUILDING REPLACE FUND: Added to the Library-Cambria Designation. This was received from the Library Fund to repay the loan for the Cambria Library Project.

(\$311,896) LIBRARY FUND: Transfer from the Library-Cambria Designation to make the final payment on the Cambria Library 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.

\$50,000 Planning and Building: Transferred from the Salaries and Benefits object level to the Other Charges object level to provide funding to participate in a regional Community Choice Aggregation feasibility study.

\$25,000 Maintenance Projects: Transferred from Project 350104, Repaint SLO Veterans Hall to Project 350120, Sheriff Wet Wall Repair.

\$75,000 Roads Fund: Transferred from Project 300508, Install Centerline Rumble Strip to Project 300464, Price Canyon Road Widening.

\$65,000 Roads Fund: Transferred from Project 300520, El Camino Real Left Turn Lane to Project 300510, Traffic Signal at Willow and Pomeroy.

\$41,434 Library Fund: Transferred from the Salaries and Benefits object level to the Other Charges object level to provide funding to repay the Atascadero Friends of the Library for savings in the Atascadero New Library Building Project.

Attachment 1

COMPARATIVE STATEMENT OF COUNTY FUNDS- REVENUE STATUS
For the Six Month Period Ended December 31, 2015 and 2014

Schedule 1

Revenue Status by Class	2015-16			2014-15		
	Amount Budgeted	Amount Realized 12/31/15	%	Amount Budgeted	Amount Realized 12/31/14	%
TAXES - CURRENT PROPERTY	\$ 118,275,411	\$ 70,100,021	59 %	\$ 108,045,639	\$ 66,543,321	62 %
TAXES - OTHER THAN CURRENT PROPERTY	54,415,553	12,988,515	24 %	51,840,930	13,390,235	26 %
LICENSES AND PERMITS	9,603,680	3,755,100	39 %	9,350,258	4,265,132	46 %
FINES, FORFEITURES AND PENALTIES	5,779,068	1,856,804	32 %	5,660,717	2,212,230	39 %
REVENUE - MONEY AND PROPERTY USE	1,934,293	2,633,812**	136 %	1,854,082	1,184,287	64 %
AID FROM GOVERNMENT AGENCIES	299,406,460	70,486,640	24 %	309,628,433	82,635,964	27 %
CHARGES FOR CURRENT SERVICES	30,435,282	13,320,883	44 %	30,596,896	12,176,639	40 %
OTHER REVENUES	29,726,711	11,698,131	39 %	30,656,296	11,001,538	36 %
OTHER FINANCING SOURCES	55,226,420	20,281,646	39 %	49,556,792	21,818,119	44 %
TOTAL REVENUES	\$ 604,802,878	\$ 207,121,552	34 %	\$ 597,190,043	\$ 215,227,465	36 %

Revenue Status by Fund	2015-16			2014-15		
	Amount Budgeted	Amount Realized 12/31/15	%	Amount Budgeted	Amount Realized 12/31/14	%
1000000000 General Fund	\$ 442,418,575	\$ 158,268,282**	36 %	\$ 419,160,602	\$ 160,721,170	38 %
1100000000 Capital Projects	43,160,446	6,053,941**	14 %	58,039,741	6,300,925	11 %
1200000000 Road Fund	55,587,469	14,122,491	25 %	53,012,963	13,896,456	26 %
1200500000 Community Devel Pgm	8,626,522	1,273,458	15 %	9,087,457	2,109,448	23 %
1201000000 Public Facility Fees	1,851,815	981,816	53 %	1,468,500	1,037,031	71 %
1201500000 Parks	10,132,217	4,325,134	43 %	11,633,588	5,816,983	50 %
1202000000 Co-Wide Automation Replacement	6,633,343	2,963,465	45 %	6,700,770	3,037,335	45 %
1202500000 Gen Gov Building Replacement	7,463,890	4,183,268	56 %	5,850,498	4,508,740	77 %
1203000000 Tax Reduction Resrv	0	11,679	%	4,550,000	2,904,147	64 %
1203500000 Impact Fee-Traffic	0	853,855	%	853,800	599,391	70 %
1204000000 Wildlife And Grazing	3,548	23	1 %	3,500	13	0 %
1204500000 Driving Under the Influence	1,341,158	599,486	45 %	1,483,649	620,520	42 %
1205000000 Library	9,430,022	5,763,490	61 %	8,911,545	5,430,046	61 %
1205500000 Fish And Game	20,000	5,418	27 %	20,000	7,005	35 %
1206000000 Organizational Development	612,039	308,801	50 %	904,000	576,741	64 %
1206500000 Medically Indigent Services Progra	1,580,768	323,058	20 %	2,531,938	888,308	35 %
1207000000 Emergency Med Svcs	846,000	341,166	40 %	801,000	350,588	44 %
1208000000 Debt Service-Cert of Participation	2,090,151	1,416,438	68 %	2,080,047	1,398,984	67 %
1801000000 Pension Obligation Bond DSF	10,037,420	5,316,283	53 %	10,096,445	5,023,634	50 %
TOTAL REVENUES	\$ 604,802,878	\$ 207,121,552	34 %	\$ 597,190,043	\$ 215,227,465	36 %

**Includes second quarter interest posted 1/12/2016

General Fund: 133,567
 Capital Projects Fund: 28,194
161,761

Attachment 1

Schedule 2

COMPARATIVE STATEMENT OF CONTINGENCIES AND RESERVES
By Fund as of December 31, 2015

	2014-15 Final Budget	2015-16 Final Budget	As of 12/31/15	2015-16 Increase (Decrease)
<u>Contingencies</u>				
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
Library	452,750	470,821	470,821	0
<u>TOTAL CONTINGENCIES</u>	<u>\$ 20,160,176</u>	<u>\$ 22,414,064</u>	<u>\$ 22,414,064</u>	<u>\$ 0</u>
<u>Designations and Other Reserves</u>				
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	1,628,990	(60,000)
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	0	(1,199,787)
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	(323,713)	(541,117)
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	1,024,537	(165,000)
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	1,698,552	853,013
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)

Attachment 1

Schedule 2

COMPARATIVE STATEMENT OF CONTINGENCIES AND RESERVES
By Fund as of December 31, 2015

	2014-15 Final Budget	2015-16 Final Budget	As of 12/31/15	2015-16 Increase (Decrease)
Impact Fee-Traffic				
Improvement Fees	4,578,109	4,109,323	4,109,323	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	0	(311,896)
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
TOTAL DESIGNATIONS AND RESERVES	<u>\$ 134,471,207</u>	<u>\$ 150,532,995</u>	<u>\$ 147,941,390</u>	<u>(2,591,605)</u>

Attachment 1

Schedule 3

REVENUES AND EXPENDITURES BY FUNCTIONAL AREA
For the Six Month Period Ended December 31, 2015

Budget Units by Functional Area	2015-16			2015-16		
	Budgeted Expenditures	Amount Expended 12/31/15	%	Budgeted Revenues	Amount Realized 12/31/15	%
General Government						
100 BOARD OF SUPERVISORS	\$ 1,690,446	\$ 795,615	47 %	\$ 0	\$ 0	0 %
101 NON-DEPARTMENTAL REVENUES	5	1	20 %	169,128,226	80,422,396	48 %
103 NON-DEPT OTHER EXPENDITURES	389,000	256,388	66 %	71,000	18,000	25 %
104 ADMINISTRATIVE OFFICE	1,995,893	922,377	46 %	172,929	46,770	27 %
105 RISK MANAGEMENT	1,693,301	1,032,453	61 %	1,039,764	323,712	31 %
107 AUDITOR-CONTROLLER	5,285,545	2,382,221	45 %	1,042,614	491,962	47 %
108 TREAS-TAX COLL-PUBLIC ADM	2,892,029	1,327,280	46 %	1,254,773	548,083	44 %
109 ASSESSOR	10,114,841	4,169,030	41 %	626,240	83,784	13 %
110 CLERK/RECORDER	3,741,781	1,563,185	42 %	2,933,408	1,369,544	47 %
111 COUNTY COUNSEL	3,875,029	1,715,793	44 %	180,925	30,521	17 %
112 HUMAN RESOURCES	3,285,108	1,506,665	46 %	163,950	92,514	56 %
113 FACILITIES MANAGEMENT	10,306,906	4,776,579	46 %	3,273,742	1,483,130	45 %
114 INFORMATION TECHNOLOGY DEPARTMENT	11,291,103	5,328,246	47 %	1,905,512	900,265	47 %
201 PUBLIC WORKS SPECIAL SERVICES	3,246,682	967,097	30 %	1,590,814	389,694	24 %
266 COUNTYWIDE AUTOMATION REPLACEMENT	7,940,026	1,838,283	23 %	6,633,343	2,963,465	45 %
267 GEN GOVT BUILDING REPLACEMENT	3,864,921	11,120	0 %	7,463,890	4,183,268	56 %
268 TAX REDUCTION RESERVE	349,656	0	0 %	0	11,679	0 %
275 ORGANIZATIONAL DEVELOPMENT	970,126	328,899	34 %	612,039	308,801	50 %
290 COMMUNITY DEVELOPMENT PROGRAM	8,626,522	1,296,789	15 %	8,626,522	1,273,458	15 %
TOTAL General Government	\$ 81,558,920	\$ 30,218,021	37 %	\$ 206,719,691	\$ 94,941,046	46 %
Public Protection						
130 WASTE MANAGEMNT	\$ 1,055,908	\$ 276,790	26 %	\$ 27,420	\$ 103	0 %
131 GRAND JURY	136,436	56,260	41 %	0	0	0 %
132 DISTRICT ATTORNEY	15,077,933	6,829,635	45 %	5,785,071	1,937,712	33 %
134 CHILD SUPPORT SERVICES	4,643,632	2,097,613	45 %	4,643,632	1,734,076	37 %
135 PUBLIC DEFENDER	6,054,021	2,949,841	49 %	581,354	213,026	37 %
136 SHERIFF-CORONER	67,234,464	31,762,599	47 %	28,872,979	10,356,870	36 %
137 ANIMAL SERVICES	2,760,943	1,045,577	38 %	1,927,727	485,228	25 %
138 EMERGENCY SERVICES	2,013,689	575,425	29 %	1,851,293	493,512	27 %
139 PROBATION DEPARTMENT	20,437,285	9,250,054	45 %	10,504,878	3,509,463	33 %
140 COUNTY FIRE	22,482,978	5,131,954	23 %	6,951,783	2,051,485	30 %
141 AGRICULTURAL COMMISSIONER	5,489,607	2,630,055	48 %	3,256,003	370,856	11 %
142 PLANNING & BUILDING DEPARTMENT	14,989,470	5,859,559	39 %	7,435,584	3,234,694	44 %
143 COURT OPERATIONS	2,426,973	1,300,773	54 %	2,980,959	947,539	32 %
330 WILDLIFE AND GRAZING	3,548	33	1 %	3,548	23	1 %
331 FISH AND GAME	46,222	14,343	31 %	20,000	5,418	27 %
TOTAL Public Protection	\$ 164,853,109	\$ 69,780,511	42 %	\$ 74,842,231	\$ 25,340,005	34 %
Public Ways & Facilities						
245 ROADS	\$ 67,508,274	\$ 16,186,190	24 %	\$ 55,587,469	\$ 14,122,491	25 %
247 PUBLIC FACILITIES FEES	6,322,561	890,198	14 %	1,851,815	981,816	53 %
248 ROADS - IMPACT FEES	3,729,433	346,045	9 %	0	853,855	0 %
TOTAL Public Ways & Facilities	\$ 77,560,268	\$ 17,422,433	22 %	\$ 57,439,284	\$ 15,958,162	28 %

Attachment 1

Schedule 3

REVENUES AND EXPENDITURES BY FUNCTIONAL AREA
For the Six Month Period Ended December 31, 2015

Budget Units by Functional Area	2015-16 Budgeted Expenditures	Amount Expended 12/31/15	%	2015-16 Budgeted Revenues	Amount Realized 12/31/15	%
Health & Sanitation						
160 PUBLIC HEALTH	\$ 28,345,404	\$ 10,187,500	36 %	\$ 22,913,701	\$ 6,257,397	27 %
166 BEHAVIORAL HEALTH	59,861,642	27,072,259	45 %	50,254,355	12,270,571	24 %
TOTAL Health & Sanitation	\$ 88,207,046	\$ 37,259,759	42 %	\$ 73,168,056	\$ 18,527,968	25 %
Public Assistance						
106 CONTRIBUTIONS TO OTHER AGENCIES	\$ 1,934,027	\$ 1,706,728	88 %	\$ 624,000	\$ 0	0 %
180 SOCIAL SERVICES ADMINISTRATION	73,817,659	32,604,837	44 %	69,510,088	12,160,946	17 %
181 FOSTER CARE-SOCIAL SERVICES	22,498,016	11,454,724	51 %	21,383,864	9,480,171	44 %
182 CALWORKS	12,815,703	6,040,153	47 %	12,490,895	4,179,407	33 %
184 LAW ENFORCEMENT MED CARE	3,523,482	1,471,645	42 %	1,442,636	468,495	32 %
185 GENERAL ASSISTANCE	1,143,662	583,761	51 %	277,284	148,728	54 %
186 VETERANS SERVICES	947,508	364,178	38 %	202,370	100,507	50 %
350 Medically Indigent Services Program	2,513,657	765,027	30 %	1,580,768	323,058	20 %
351 EMERGENCY MEDICAL SRVS FUND	1,250,102	547,170	44 %	846,000	341,166	40 %
TOTAL Public Assistance	\$ 120,443,816	\$ 55,538,223	46 %	\$ 108,357,905	\$ 27,202,478	25 %
Education						
215 FARM ADVISOR	\$ 533,309	\$ 232,655	44 %	\$ 6,310	\$ 315	5 %
375 DRIVING UNDER THE INFLUENCE	1,346,035	629,836	47 %	1,341,158	599,486	45 %
377 LIBRARY	10,341,462	5,072,029	49 %	9,430,022	5,763,490	61 %
TOTAL Education	\$ 12,220,806	\$ 5,934,520	49 %	\$ 10,777,490	\$ 6,363,291	59 %
Recreation & Cultural Services						
305 PARKS and RECREATION	\$ 11,769,071	\$ 4,353,069	37 %	\$ 10,132,217	\$ 4,325,134	43 %
TOTAL Recreation & Cultural Services	\$ 11,769,071	\$ 4,353,069	37 %	\$ 10,132,217	\$ 4,325,134	43 %
Debt Service						
277 DEBT SERVICE	\$ 2,100,671	\$ 1,416,438	67 %	\$ 2,090,151	\$ 1,416,438	68 %
392 PENSION OBLIGATION BOND DSF	9,662,205	7,753,328	80 %	10,037,420	5,316,283	53 %
TOTAL Debt Service	\$ 11,762,876	\$ 9,169,766	78 %	\$ 12,127,571	\$ 6,732,721	56 %
Financing Uses						
102 NON-DEPTL-OTHR FINCNG USE	\$ 28,978,398	\$ 13,785,500	48 %	\$ 3,077,354	\$ 1,559,057	51 %
TOTAL Financing Uses	\$ 28,978,398	\$ 13,785,500	48 %	\$ 3,077,354	\$ 1,559,057	51 %
CAPITAL PROJECTS						
200 MAINTENANCE PROJECTS	\$ 14,885,183	\$ 1,118,977	8 %	\$ 3,713,470	\$ (25,818)	0 %
230 CAPITAL PROJECTS FUND	54,941,460	12,411,052	23 %	44,447,609	6,035,747	14 %
TOTAL CAPITAL PROJECTS	\$ 69,826,643	\$ 13,530,029	19 %	\$ 48,161,079	\$ 6,009,929	12 %

Attachment 1

Schedule 3

REVENUES AND EXPENDITURES BY FUNCTIONAL AREA
For the Six Month Period Ended December 31, 2015

Budget Units by Functional Area	2015-16			2015-16		
	Budgeted	Amount Expended	%	Budgeted	Amount Realized	%
Expenditures	12/31/15	%	Revenues	12/31/15	%	
COUNTY TOTAL	<u>\$ 667,180,953</u>	<u>\$ 256,991,831</u>	<u>39 %</u>	<u>\$ 604,802,878</u>	<u>\$ 206,959,791</u>	<u>34 %</u>
GENERAL FUND TOTAL	<u>\$ 473,895,001</u>	<u>\$ 203,131,982</u>	<u>43 %</u>	<u>\$ 444,098,907</u>	<u>\$ 158,134,715</u>	<u>36 %</u>

Section 3: Position Changes

During the second quarter, October 1, 2015 through December 31, 2015, the following reclassification/reorganization changes were approved by the Board of Supervisors. This report also includes a list of all administrative changes approved by the Human Resources Director under the authority of the Board of Supervisors, and the current vacancy statistics.

POSITION ALLOCATION CHANGES MADE BY THE BOARD OF SUPERVISORS:

Fund Center 112 – Human Resources - Allocation Change Approved 10/6/15

Add 2.00 FTE – 00875/08952 Principal Human Resources Analyst

Fund Center 166 – Behavioral Health - Allocation Change Approved 10/20/15

Add 1.00 FTE – 08623 Drug & Alcohol Specialist I, II, III, or IV-Limited Term

Fund Center 405 – Public Works - Allocation Changes Approved 10/20/15

Add 1.00 FTE – 02203 Administrative Assistant Aide, I, II or III

Add 1.00 FTE – 00633 Engineer IV

Add 1.00 FTE – 00666 Deputy Director-Public Works

Fund Center 116 – Central Services - Allocation Change Approved 10/20/15, Effective 12/20/15

Add 1.00 FTE – 00281 Central Services Director

Add 0.50 FTE – 00911 Account Clerk

Add 1.00 FTE – 00906 Accountant I or II

Add 3.00 FTE – 02203 Administrative Assistant Aide, I, II or III

Add 1.00 FTE – 00622 Property Management Aide or Asst Real Property Manager

Add 2.00 FTE – 00623 Associate Real Property Manager

Add 1.00 FTE – 00928 Supervising Administrative Clerk II

Add 2.00 FTE – 02182 Buyer I or II

Add 1.00 FTE – 00280 Department Administrator

Add 1.00 FTE – 00614 Property Manager

Add 1.00 FTE – 00909 Sr. Account Clerk

Add 1.00 FTE – 02183 Senior Buyer

Fund Center 113 – General Services – Allocation Changes Approved 10/20/15, Effective 12/20/15

Delete 0.50 FTE – 00911 Account Clerk

Delete 1.00 FTE – 00906 Accountant I or II

Delete 2.00 FTE – 02202 Administrative Assistant Aide, I or II

Delete 1.00 FTE – 02203 Administrative Assistant Aide, I, II or III

Delete 1.00 FTE – 00622 Property Management Aide or Asst Real Property Manager

Delete 2.00 FTE – 00623 Associate Real Property Manager

Delete 2.00 FTE – 02182 Buyer I or II

Delete 1.00 FTE – 01353 Capital Planning/Facilities Manager

Delete 1.00 FTE – 00280 Department Administrator

Attachment 1

Delete 1.00 FTE – 00261 Deputy Director General Services
Delete 1.00 FTE – 00238 Director General Services
Delete 1.00 FTE – 00614 Property Manager
Delete 1.00 FTE – 00909 Sr. Account Clerk
Delete 1.00 FTE – 02183 Senior Buyer
Delete 1.00 FTE – 00928 Supervising Administrative Clerk II

Fund Center 142 – Planning & Building - Allocation Change Approved 10/27/15

Extended 1.00 FTE – 002802 Planner I, II, or II-Limited Term

Fund Center 166 – Behavioral Health – Limited Term Expired 10/31/15

Delete 1.00 FTE – 08795 Administrative Services Manager

Fund Center 112 – Human Resources - Allocation Change Approved 11/24/15

Delete 1.00 FTE – 02110 HR Analyst Aide Confidential
Add 1.00 FTE – 00864 Personnel Analyst I, II or III

Fund Center 166 – Behavioral Health - Allocation Change Approved 11/24/15

Delete 1.00 FTE – 00525 Psychologist
Add 1.00 FTE – 08526 MH Therapist I, II, III or IV-1/2 time

Fund Center 180 – Social Services - Allocation Change Approved 11/24/15

Delete 1.00 FTE – 02266 Software Engineer I, II or III
Add 1.00 FTE – 02255 Senior Software Engineer

Fund Center 112 – Human Resources – Bargaining Unit Change Approved 11/24/15

Reassign 09691 Waste Water Systems Worker IV job classification from bargaining unit 02 to bargaining unit 05

Fund Center 142 – Planning Department - Allocation Change Approved 12/15/15

Add 1.00 FTE – 00603 Senior Planner - Limited Term
Delete 1.00 FTE – 01707 Supervising Planner – Limited Term
Add 1.00 FTE – 01603 Building Inspector I, II, or III - Limited Term
Delete 1.00 FTE – 02802 Planner I, II or III-Limited Term
Extend 1.00 FTE – 02203 Administrative Assistant Aide, I, II, or III - Limited Term end date to 12/31/16

Fund Center 180 – Social Services - Allocation Change Approved 12/15/15

Delete 0.75 FTE – 01519 Social Worker I, II, III or IV – 3/4 time
Add 2.00 FTE – 01519 Social Worker I, II, III or IV
Add 1.00 FTE – 02203 Administrative Assistant Aide, I, II or III
Add 3.00 FTE – 01560 Personal Care Aide
Add 1.00 FTE – 01555 Social Services Program Review Specialist
Add 6.00 FTE – 01546 Employment/Resource Specialist I, II or III
Add 1.00 FTE – 01547 Employment/Resource Specialist IV

Fund Center 405 – Public Works - Allocation Changes Approved 12/15/15

Delete 1.00 FTE – 00652 Civil Engineering Tech Aide, I, II or III

Add 2.00 FTE – 00634 Engineer I, II or III

Add 1.00 FTE – 02203 Administrative Assistant Aide, I, II or III

SUMMARY OF POSITION ALLOCATION CHANGES

FY 15-16	Q1	Q2	Q3	Q4
Quarter Start	2,638.25	2,638		
FTE Additions	22.50	43.50		
FTE Deletions	22.75	25.25		
Quarter End	2,638	2,656.25		
Net Change	-0.25	+18.25		
% Change	-0.0095	+0.00692		

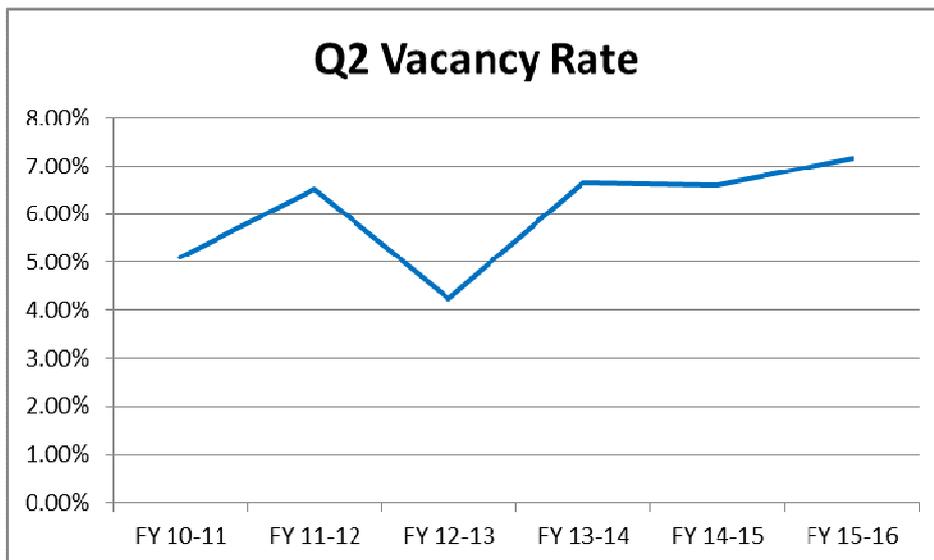
ADMINISTRATIVE CHANGES MADE BY THE HUMAN RESOURCES DEPARTMENT:

Fund Center 166 – Behavioral Health

Combined two 0.50 FTE to create a 1.00 FTE – 08572 Mental Health Nurse Trainee, Aide, I, II or III

EMPLOYEE VACANCY RATE

The County employee vacancy rate was 7.16%. This equates to 190.25 vacant positions.



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 \$140,271.71 on behalf of the following County Departments, as noted below:

- Accept gift funds in the amount of \$11,420 on behalf of FC 137 – Animal Services;
- Accept gift funds in the amount of \$1,000 on behalf of FC 425 – Airports related to Airport Day Sponsorships;
- Accept gift funds in the amount of \$34,780 and authorize a budget adjustment in the amount of \$30,000 from FC 305 - Parks to FC 230- Capital Projects for the Cayucos Pier Project;
- Accept gift funds and authorize a budget adjustment in the amount of \$27,835.71 from the Library’s gift trust fund to FC 377 – Library operating budget;
- Accept gift funds in the amount of \$236 and authorize a budget adjustment to move the funds from the Social Services Gift Trust Fund to the FC 180- Social Services Administrative operating budget; and
- Accept gift funds and authorize a budget adjustment in the amount of \$65,000 for FC 230 – Capital Projects for the Creston Fire Station Solar project

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

Relief from Accountability:

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 following requests for relief from accountability have been submitted for Board consideration:

- It is requested that the Board discharge \$3,148.45 on behalf of FC 201 - Public Works due to a local non-profit housing developer requesting all charges related to a prior owner be removed from their balance due.
- It is requested that the Board discharge \$38,159.97 on behalf of FC 180 - Social Services for overpayments/over-issuances in the CalWORKS, CalFresh, and General Assistance programs that have been determined to be non-collectible.

Memos from the departments are included in Attachment 3.

Miscellaneous Adjustments:

The following request have been submitted to the Board for consideration:

- Authorize a budget adjustment in the amount of \$141,028 using Library Maintenance Funds to augment the Public Works Library Maintenance Project;
- Authorize a budget adjustment in the amount of \$12,891 to transfer unanticipated revenue from the California State Library to support the San Luis Obispo Literacy Council Program;
- Authorize a budget adjustment in the amount of \$71,986 from FC 230 – Capital Projects to FC 200 – Maintenance Projects to consolidate an older Courtroom ADA Remediation project into the current Courthouse ADA Repairs project;
- Authorize a budget adjustment in the amount of \$330,610 from FC 230 – Capital Projects to FC 200 – Maintenance Projects to transfer funding from an older New Government Center project to the current Government Center Repairs project.

Memos from the requesting departments are included in Attachment 4.

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.

For the second quarter, there are no surplus vehicles to declare.

Section 5: Capital And Maintenance Projects Managed or Reported on by the Public Works Department

The Second Quarter Financial Status Report on capital and maintenance projects can be found in Attachment 5. This information is provided to keep the Board apprised of the status of various capital and maintenance projects managed or reported on by the Public Works Departments.