

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

(1) DEPARTMENT Administrative Office	(2) MEETING DATE 3/8/2016	(3) CONTACT/PHONE Lisa Howe / 781-5011	
(4) SUBJECT Submittal of the FY 2015-16 Second Quarter Financial Status Report. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board: <ol style="list-style-type: none"> 1. Receive, review, and file the FY 2015-16 Second Quarter Financial Status Report; 2. Accept gift funds in the amount of \$11,420 on behalf of FC 137 – Animal Services; 3. Accept gift funds in the amount of \$1,000 on behalf of FC 425 – Airports related to Airport Day Sponsorships; 4. 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; 5. 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; 6. 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; 7. 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; 8. Approve a request to 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; 9. Approve a request to 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; 10. Authorize a budget adjustment in the amount of \$141,028 using Library Maintenance Funds to augment the Public Works Library Maintenance Project; 11. Authorize a budget adjustment in the amount of \$12,891 to transfer unanticipated revenue from the California State Library transferring to support the San Luis Obispo Literacy Council Program; 12. 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; 13. 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. <p>Recommendations 4 through 13 require a 4/5 vote.</p>			
(6) FUNDING SOURCE(S) Various; No impact to General Fund	(7) CURRENT YEAR FINANCIAL IMPACT \$140,271 Gift funds \$556,515 Misc. (see staff report)	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? No
(10) AGENDA PLACEMENT { } Consent { } Presentation { } Hearing (Time Est. ___) {X} Board Business (Time Est. <u>20 Minutes</u>)			
(11) EXECUTED DOCUMENTS { } Resolutions { } Contracts { } Ordinances { } N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <u>1516075, 1516074, 1516064, 1516067, 1516066, 1516068, 1516069, 1516070</u> {X} 4/5 Vote Required { } N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY {X} N/A Date: _____	
(17) ADMINISTRATIVE OFFICE REVIEW This item was prepared by the Administrative Office.			
(18) SUPERVISOR DISTRICT(S) All Districts			

County of San Luis Obispo



TO: Board of Supervisors
FROM: Administrative Office / Lisa Howe / 781-5011
DATE: 3/8/2016
SUBJECT: Submittal of the FY 2015-16 Second Quarter Financial Status Report. All Districts.

RECOMMENDATION

It is recommended that the Board:

1. Receive, review, and file the FY 2015-16 Second Quarter Financial Status Report;
2. Accept gift funds in the amount of \$11,420 on behalf of FC 137 – Animal Services;
3. Accept gift funds in the amount of \$1,000 on behalf of FC 425 – Airports related to Airport Day Sponsorships;
4. 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;
5. 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;
6. 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;
7. 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;
8. Approve a request to 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;
9. Approve a request to 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;
10. Authorize a budget adjustment in the amount of \$141,028 using Library Maintenance Funds to augment the Public Works Library Maintenance Project;
11. Authorize a budget adjustment in the amount of \$12,891 to transfer unanticipated revenue from the California State Library transferring to support the San Luis Obispo Literacy Council Program;
12. 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;
13. 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.

Recommendations 4 through 13 require a 4/5 vote.

DISCUSSION:

Overview

This report is intended to provide the Board of Supervisors and the public with an overview of the County’s financial performance through the second quarter of FY 2015-16. The second quarter spans from October 1 through December 31, 2015. The Second Quarter Financial Status Report (see Attachment 1) presented to the Board primarily contains exception reporting; in other words, in most cases no mention is made if the financial status of the fund center is within

expected parameters. There are a few departmental fiscal issues of note that are included in this report even though the departments expect to fully mitigate any impacts these issues may have on the General Fund.

The report (found in Attachment 1) is divided into five sections:

- **Section 1** - an overview of the County's financial position at the end of the second 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 and administrative personnel changes approved by the Human Resources Director 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 and maintenance projects managed or reported on by the Public Works Department (See Attachment 3).

Executive Summary

Overall spending levels and revenue receipts at the end of the second quarter were generally on track and consistent with the prior year. Revenue receipt totals for All Funds were 34% and Expenditures were 39% of budget. General Fund expenditures were 43% of budget, while General Fund revenues were realized at 36% of budget. 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 the 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.

Items of note in the second quarter:

The majority of departments are reporting that their budgets are on track and expect to remain within their budgeted level of General Fund support at the end of the year. However, there are some issues of note, which are described below. Section 1 of the report includes more detail on these specific issues and status updates. In addition, similar to the first quarter financial status report, status reports on Golf, Camp Mabel French, and Airports are included in the attached report.

FC 180 - Social Services - Administration

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.

FC 181 - Social Services - Foster Care & Adoptions

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 including an increase in adoption caseloads and an increase of caseloads paid solely by the County. 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 or with a transfer of Realignment Trust funds.

FC 245 - Public Works - Roads

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 is \$615,000 per quarter, about 33% less than the expected \$925,000. This trend would yield TDA revenue that is 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 adjusting as necessary.

OTHER AGENCY INVOLVEMENT/IMPACT:

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

FINANCIAL CONSIDERATIONS:

Approval of the recommendations will allow for a total of \$140,271.71 in gift funds and donations to be accepted on behalf of the Library, Social Services, Animal Services, Parks, and Airports. The Board is asked to approve a transfer of gift funds received by Library and Social Services to their respective FY 2015-16 operating budgets and approve a transfer of gift funds received by Parks to FC 230- Capital Projects for the Cayucos Pier Project. In addition, the Board is asked to relieve accountability for uncollectable debt in the amount of \$41,308.42 for Social Services and Public Works and approve various budget adjustments totaling \$556,515 that will have no impact on the General Fund.

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 for Fiscal Year 2015-16.

ATTACHMENTS

1. Attachment 1 - FY 2015-16 Second Quarter Financial Status Report
2. Attachment 2 - Memos from Departments for Acceptance of Donated Gift Funds
3. Attachment 3 - Memos from Departments Relief from Accountability
4. Attachment 4 - Memos from Departments Misc. Budget Adjustments
5. Attachment 5 - Updates on Maintenance and Capital Projects from Public Works