



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

(1) DEPARTMENT Administrative Office	(2) MEETING DATE 9/17/2019	(3) CONTACT/PHONE Lisa Howe/781-5011	
(4) SUBJECT Submittal of the Fiscal Year 2018-19 Year-End 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 Fiscal Year 2018-19 Year-End Financial Status Report; 2. Approve a request to accept donations in the amount of \$14,383 for FC 137- Animal Services for medical care, humane services, and to offset adoption fees for selected sheltered animals to encourage re-homing; 3. Approve a request to accept cash donations in the amount of \$9,056.69 on behalf of Social Services to purchase special services for children and adults; 4. Approve a request to accept cash donations in the amount of \$739.24 on behalf of Parks and Recreation to continue expected services to the public; 5. Approve a request for relief from accountability for FC 180 – Social Services for uncollectable debt in the amount of \$46,629.03 CALWORKS, CalFresh, and General Assistance debts; 6. Receive and file the annual report of fees waived by the Planning and Building Department; 7. Receive and file the quarterly report of right of way conveyances approved by the Director of Public Works pursuant to Resolution 2019-042; 8. Receive and file the Fleet Selection Criteria Policy Annual Progress Report; and 9. Approve a resolution amending the Position Allocation List (PAL) for FC 166 – Behavioral Health to delete 1.00 FTE Behavioral Health Worker and add 1.00 FTE Behavioral Health Specialist and for FC 160 – Public Health to delete 1.00 FTE Administrative Services Manager and add 1.00 FTE Department Administrator. 			
(6) FUNDING SOURCE(S) Various	(7) CURRENT YEAR FINANCIAL IMPACT \$24,178.93 Donations \$46,629.03 Relief from Accountability \$7,584 (due to PAL changes)	(8) ANNUAL FINANCIAL IMPACT \$55,532 (due to PAL changes)	(9) BUDGETED? No
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input checked="" type="checkbox"/> Board Business (Time Est. _____)			
(11) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> 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: 9/17/2019

SUBJECT: Submittal of the Fiscal Year 2018-19 Year-End Financial Status Report. All Districts.

RECOMMENDATION

It is recommended that the Board:

1. Receive, review, and file the Fiscal Year 2018-19 Year-End Financial Status Report;
2. Approve a request to accept donations in the amount of \$14,383 for FC 137- Animal Services for medical care, humane services, and to offset adoption fees for selected sheltered animals to encourage re-homing;
3. Approve a request to accept cash donations in the amount of \$9,056.69 on behalf of Social Services to purchase special services for children and adults;
4. Approve a request to accept cash donations in the amount of \$739.24 on behalf of Parks and Recreation to continue expected services to the public;
5. Approve a request for relief from accountability for FC 180 – Social Services for uncollectable debt in the amount of \$46,629.03 CALWORKS, CalFresh, and General Assistance debts;
6. Receive and file the annual report of fees waived by the Planning and Building Department;
7. Receive and file the quarterly report of right of way conveyances approved by the Director of Public Works pursuant to Resolution 2019-042;
8. Receive and file the Fleet Selection Criteria Policy Annual Progress Report; and
9. Approve a resolution amending the Position Allocation List (PAL) for FC 166 – Behavioral Health to delete 1.00 FTE Behavioral Health Worker and add 1.00 FTE Behavioral Health Specialist and for FC 160 – Public Health to delete 1.00 FTE Administrative Services Manager and add 1.00 FTE Department Administrator.

DISCUSSION

Overview

The Year-End Financial Status Report (Attachment 1) is intended to provide the Board of Supervisors and the public with an overview of the County's financial performance through the end of Fiscal Year (FY) 2018-19. The financial reports presented to the Board for the first three quarters of the fiscal year contained exception reporting only (i.e. no mention was made if the financial status of the fund center remained unchanged at that time). The Year-End Financial Status Report also contains exception only reporting. In addition, this report contains an overview of the

drivers behind the significant variance between budgeted and actual use of General Fund dollars. Also provided is information about fund centers for which significant issues were reported in prior quarterly reports.

The Year-End Financial Status Report is divided into six sections:

Section 1 – an overview of the County’s financial position at the end of FY 2018-19, as well as brief summaries of noteworthy departmental fiscal and operational issues;

Section 2 – a listing of all appropriation transfers made under the Auditor’s authority during the fourth quarter;

Section 3 – a listing of all personnel changes approved by the Board of Supervisors during the fourth quarter and reclassification requests;

Section 4 – miscellaneous financial items for the Board’s consideration, such as requests from departments for the discharge of bad debt;

Section 5 – an update on the capital improvement and maintenance projects managed by Public Works, Parks and Recreation, Airports, and Central Services that were completed in FY 2018-19; and

Section 6 – an overview of departmental goals and performance measures, including results for FY 2018-19.

Financial Status

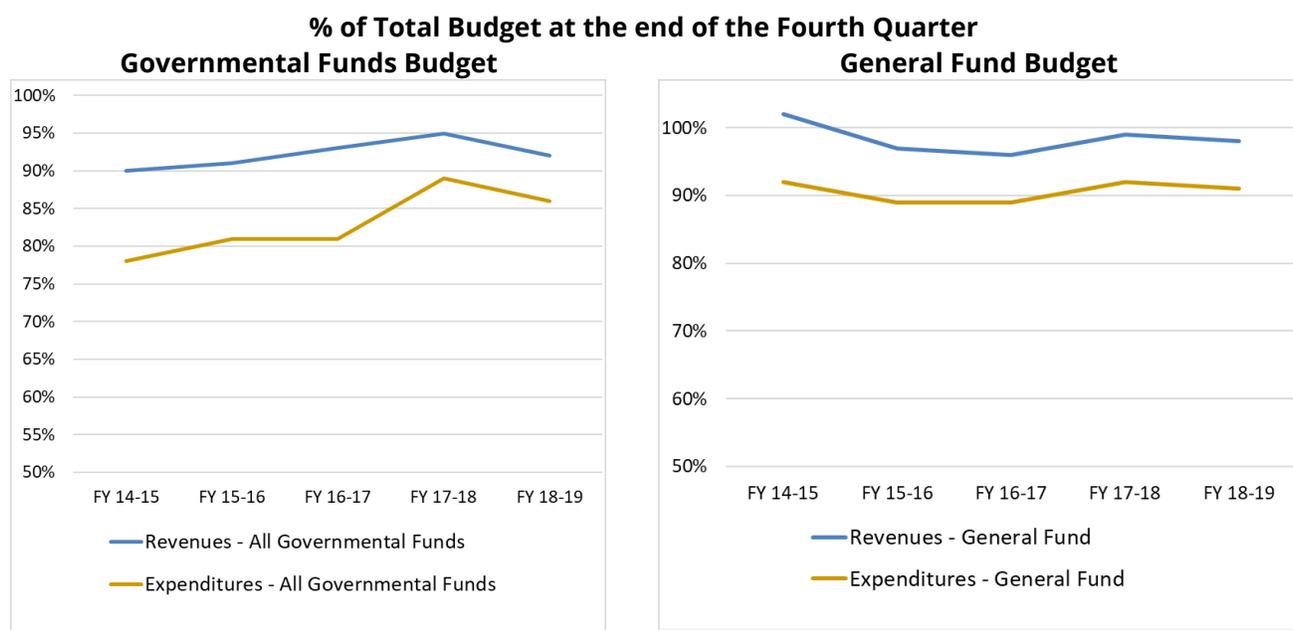
At year-end, FY 2018-19 revenues for Governmental funds were 92% realized and expenditures totaled 86% of the adjusted budget. A large factor in the difference between what was budgeted and actual revenues and expenditures realized is the budgeting of multi-year capital projects which extend into the next fiscal year.

FY 2018-19 revenues for the General Fund were at 98% or 2% below the adjusted budget amount and expenditures were 91% of the adjusted budget. Although the General Fund received higher than anticipated non-departmental (discretionary) revenue, a combination of lower health and human services-related program revenues and departmental expenditure savings were realized, which resulted in both lower revenues and expenditures than budgeted. More information regarding the net impact to the General Fund is in the attached report.

Table 1

Expense & Revenue Governmental Funds Comparison		
	FY 2017-18	FY 2018-19
Expenditures	89%	86%
Revenue Realized	95%	92%
Expense & Revenue General Fund Comparison		
	FY 2017-18	FY 2018-19
Expenditures	92%	91%
Revenue Realized	99%	98%

The charts below show the percentage of budgeted expenditures made and revenue realized as of the end of the fourth quarter over the last five fiscal years for both the Governmental Funds Budget and the General Fund Budget.



The Auditor-Controller-Treasurer-Tax Collector’s Office reported that the actual year-end Fund Balance Available (FBA) for the General Fund was \$32.62 million. This was \$2.03 million higher than the \$30.59 million projected in March 2019 and included as a funding source in the FY 2019-20 budget. The variables that drive FBA are actual revenues and expenditures compared to budgeted amounts, and are comprised of unused contingencies, higher-than-estimated non-departmental revenue, and departmental expenditure savings.

FY 2018-19 non-departmental revenues ended the year \$8.8 million over projected levels. The additional non-departmental revenue received represents mostly tax-related revenue sources such as property, sales, transient occupancy, and unitary taxes. All County operating departments except for Emergency Services ended the year at or below their adjusted level of General Fund support. This contributed approximately \$11.7 million in savings to the General Fund. Fourteen County departments finished the year \$200,000 or more below their budgeted level of General Fund support.

General Fund Department Contributions – Year End Status

As shown in General Fund Department Contributions – Year End Status Table in Attachment 1, two fund centers, FC 106 – Contributions to other Agencies and FC 138 – Emergency Services, exceeded the adjusted budgeted level of General Fund support and FC 143 – Court Operations provided less contribution to the General Fund than what was budgeted. Contributions to other Agencies ended the year \$15,540 over budgeted level of General Fund support due to an accounting error which was not discovered until after the FY 2018-19 financial books were closed. The error was corrected in the first quarter of FY 2019-20 and will result in a decrease in expenditures of the same amount in FY 2019-20. Emergency Services ended the year \$11,675 over General Fund support due to underrealized revenue for the Local Hazard Mitigation plan and ReadySLO website projects. It is anticipated that the underrealized revenue will be received in FY 2019-20 resulting in over realization of revenue in FY 2019-20. The Court Operations budget ended the fiscal year with a \$176,678 contribution to the General Fund which is \$255,837 less than what was budgeted. The deficit is due to a shortfall in revenue received for fines, forfeitures, and penalties as the amount of revenue received each year is dependent on judicial decisions, the number and types of cases, and legislative changes (none of which

are in the County's control). Additional information on these budgets is provided in Attachment 1 under the Notable Issues Sections.

General Fund Contingencies

General Fund contingencies were budgeted at \$24,834,343 in FY 2018-19, and as of the end of the fiscal year the balance of General Fund contingencies was \$19,401,324. A total of \$695,023 or 2.8% of the \$24,834,343 originally budgeted, was approved to be used during the First Quarter Financial Status Report for unanticipated legal expenses, and costs related to the Women's' Jail Expansion Project. As part of the Second Quarter Financial Status Report, the Board approved a budget adjustment in the amount of \$560,738 from General Fund contingencies to FC 305 – Parks and Recreation to maintain service levels. As part of the Third Quarter Financial Status Report, the Board approved various budget adjustments in the amount of \$4,177,258 from General Fund contingencies, the majority of which was for the Sheriff-Coroner for unbudgeted overtime expenses and salary and benefit increases. The table below provides a detailed list of the approved usage of General Fund contingencies.

Table 2: Approved Usage of General Fund Contingencies

Board Approval Date	FC	Department	Detail	Amount
Approved - 12/4/2019 First Quarter Financial Status Report	111	County Counsel	Unbudgeted expenditures for legal services	\$395,023
	405	Public Works	Sheriff-Women's Jail Expansion	\$300,000
Approved - 3/12/2019 Second Quarter Financial Status Report	305	Parks and Recreation	Parks Operational Shortfall – Parks New Cost Recovery Policy	\$560,738
Approved - 5/14/2019 Third Quarter Financial Status Report Request	136	Sheriff-Coroner	Unbudgeted overtime expenses and salary and benefit increases	\$3,550,352
	427	Parks and Recreation – Golf Courses	General Fund subsidy needed to make debt service payment for Dairy Creek Golf Course	\$479,799*
	116	Central Services	Unbudgeted expenditures due to renegotiated lease agreement for the Department of Social Services	\$14,636
	143	Court Operations	Additional payment required for MOE contract with the State for Court maintenance	\$132,471
Total change to budgeted level of General Fund contingencies				\$5,433,019

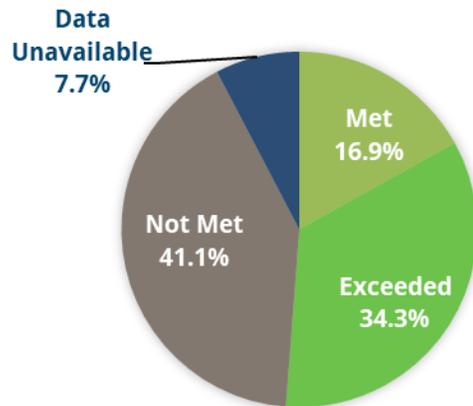
*Note: During the fourth quarter the Auditor made a transfer of \$479,799 from General Fund contingencies for the anticipated amount to make debt service payment for Dairy Creek Golf Course to FC 102 - Non-Departmental - Other Financing Uses. FC 102 is the fund center used to provide General Fund support to fund centers outside of the General Fund. At year end, only \$383,078 was transferred to FC 427 – Parks and Recreation as this was the actual amount needed to make the debt service payment. The remaining \$96,721 remained in FC 102 and fell back to Fund Balance Available for the General Fund.

Year end status updates for the departments listed above are included in Section 1 of the attached report.

Performance Measures

The County's "Results Based Decision Making" initiative is the tool used to monitor performance measurements, which link local government activities and spending to results that benefit the community. In total, the County tracked 248 performance measures through its budget process. FY 2018-19 performance measure results are generally consistent with results from prior years. Out of a total of 248 measures, 42 (17%) were met, 85 (34%) exceeded their target, and 102 (41%) did not meet their targets. There is no data available to report on 19 (8%) of the measures, which is largely due to comparative data not yet being available from the State or comparator counties. There was a decrease in the number of performance measures met or exceeded in FY 2018-19 (51%) down from 59% in FY 2017-18. It is important to note that results for measures "not met" does not necessarily indicate a performance issue as some departments use stretch targets and some measures are indicators that are influenced by external factors. Of the 102 of performance measures not met 29 or 28% were almost met and were within 5% of the target.

ALL PERFORMANCE MEASURES



There are several factors that contribute to actual performance meeting or exceeding targets including the use of technology, staffing changes (e.g. a shift in focus of staff on different priorities or vacancies), departments finding new ways to provide services, new regulations that change the way services are provided, and public outreach programs that educate the public about County services. It is also important to keep in mind that some measures serve as indicators that the department may or may not have any influence on. A more detailed summary of departmental performance can be found in Section 6 of the attached report.

The performance measures for each County department and their FY 2018-19 results can be found in Attachment 4.

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 position study may be initiated.

During the fourth quarter, the Human Resources Department completed two position studies of which both resulted in reclassifications of incumbents. It is recommended that the Board of Supervisors approve the two reclassifications as part of the fourth quarter report.

Department	Fund Center	Previous Classification	Findings	Human Resources Recommendation
Health Agency - Behavioral Health	166	Behavioral Health Worker II	Working Out of Class	Behavioral Health Specialist I
Health Agency - Public Health	160	Administrative Services Manager	Working Out of Class	Department Administrator

OTHER AGENCY INVOLVEMENT/IMPACT

All departments contributed to the development of this report. The Auditor’s Office prepared the listing of all appropriation transfers made under the Auditor’s authority during the fourth quarter. HR Department completed the classification studies that resulted in the recommendation to reclassify seven positions. Public Works prepared the update on completed capital and maintenance projects.

FINANCIAL CONSIDERATIONS

Approval of the recommendations in this report will allow for the discharge of \$46,629.03 of bad debt, and the acceptance of \$24,178.93 in donations on behalf of County departments.

The approval of the resolution amending the Position Allocation List (PAL) for Fund Center 166 and Fund Center 160 will impact the fund centers’ budgets as follows:

FC 166 – Health Agency – Behavioral Health

The reclassification of a Behavioral Health Worker II to a Behavioral Health Specialist I is revenue offset and will have no impact to the General Fund. The current FY 2019-20 increase in salary and benefit cost for the recommended PAL change is \$1,195. The FY 2020-21 estimated increase is \$4,771 and the estimated increase at the maximum salary step at the highest level in the series for the positions is \$31,310. The department will be able to absorb this cost using AB109 Realignment revenue currently budgeted with no impact to the General Fund. In future years, the increased cost will be included as part of the department’s requested budget. There are no additional indirect costs anticipated as a result of this PAL change. The table below shows the estimated FY 2019-20 increase cost, the FY 2020-21 estimated expense, and the estimated expense at the maximum step (step 5 of 5). It is important to note that calculations may vary depending on salary step and any future negotiated salary and benefit increases. In addition, while costing is shown at the maximum level and maximum step in the career series, the allocation will not exceed the funds available by AB109. Therefore, this position would not be filled beyond the Behavioral Health Specialist II level without requesting additional AB 109 revenue. The below numbers are estimates based on the current job class salary listing.

FY 2019-20 Estimated Expense for Remaining 9 Months						
Action	Classification	FTE	Salary	Benefits	Total	Step Estimate
Add	Behavioral Health Specialist I	1.00	\$ 37,352	\$ 22,590	\$ 59,942	Step 1 for 6 months Step 2 for 3 months
Delete	Behavioral Health Worker II	-1.00	(\$ 36,504)	(\$ 22,243)	(\$ 58,747)	Step 5 of 5 for 9 months
	Net Change FY 2019-20	0.00	\$ 848	\$ 347	\$1,195	

FY 2020-21 Estimated Annual Expense						
Action	Classification	FTE	Salary	Benefits	Total	Step Estimate
Add	Behavioral Health Specialist I	1.00	\$ 52,083	\$ 31,017	\$83,100	Step 2 for 9 months Step 3 for 3 months
Delete	Behavioral Health Worker II	-1.00	(\$ 48,672)	(\$ 29,657)	(\$ 78,329)	Step 5 of 5 for 12 months
	Net Change FY 2020-21	0.00	\$ 3,411	\$1,360	\$4,771	
Estimated Annual Expense at Maximum Step (Step 5 of 5)						
Action	Classification	FTE	Salary	Benefits	Total	Step Estimate
Add	Behavioral Health Specialist III	1.00	\$ 75,920	\$ 40,381	\$ 116,301	Step 5 of 5 for 12 months
Delete	Behavioral Health Worker III	-1.00	(\$ 53,456)	(\$ 31,535)	(\$ 84,991)	Step 5 of 5 for 12 months
	Net Change at Max. Step	0.00	\$ 22,464	\$ 8,846	\$ 31,310	

Fund Center 160 – Health Agency – Public Health

The reclassification of an Administrative Services Manager to a Department Administrator is revenue offset and will have no impact to the General Fund. The current estimated FY 2019-20 increase in salary and benefit cost for the recommended PAL change is \$6,389. The FY 2020-21 estimated increase is \$14,269 and the estimated increase at the maximum salary step for the positions is \$24,222. The cost of the PAL change was not included in the FY 2019-20 adopted budget; however, the department will be able to absorb this cost by claiming additional Medi-Cal Administrative Activity (MAA) revenue associated with the position. In future years, the increased cost will be included as part of the department's requested budget. As with the current year, the anticipated increase in MAA revenue will offset the impact of this PAL change with no impact to the General Fund. There are no additional indirect costs anticipated as a result of this PAL change. The table below shows the estimated FY 2019-20 increased cost for the remaining 9 months, FY 2020-21 estimated expense, and the estimated expense at the maximum step (step 5 of 5). It is important to note that calculations may vary depending on salary step and any future negotiated salary and benefit increases. The below numbers are estimates based on the current job class salary listing.

FY 2019-20 Estimated Expense for Remaining 9 Months						
Action	Classification	FTE	Salary	Benefits	Total	Step Estimate
Add	Department Administrator	1.00	\$84,209	\$40,276	\$124,485	Step 3 for 9 months
Delete	Administrative Services Manager	-1.00	(\$79,529)	(\$38,567)	(\$118,096)	Step 5 for 9 months
	Net Change FY 2019-20	0.00	\$4,680	\$1,709	\$6,389	
FY 2020-21 Estimated Annual Expense						
Action	Classification	FTE	Salary	Benefits	Total	Step Estimate
Add	Department Administrator	1.00	\$116,490	\$55,240	\$171,730	Step 3 for 3 months Step 4 for 9 months
Delete	Administrative Services Manager	-1.00	(\$106,038)	(\$51,423)	(\$157,461)	Step 5 for 12 months
	Net Change FY 2020-21	0.00	\$10,452	\$3,817	\$14,269	
Estimated Annual Expense at Maximum Step (Step 5 of 5)						
Action	Classification	FTE	Salary	Benefits	Total	Step Estimate
Add	Department Administrator	1.00	\$123,781	\$57,902	\$181,683	Step 5 for 12 months
Delete	Administrative Services Manager	-1.00	(\$106,038)	(\$51,423)	(\$157,461)	Step 5 for 12 months
	Net Change at Max. Step	0.00	\$17,743	\$6,479	\$24,222	

Impact of Mid-Year Position Allocation List Changes

As of the end of the fourth quarter, there have been 91.75 FTE additions and 93.50 FTE deletions in FY 2018-19 for a net decrease of 1.75 FTE positions. It is estimated that these position changes had an increased budgetary impact of \$1,082,506 for FY 2018-19 and an impact of \$2,526,765 moving into FY 2019-20. The General Fund support impact for FY 2018-19 is estimated at -\$43,527 for FY 2018-19 and -\$22,657 for FY 2019-20.

RESULTS

This report provides the Board of Supervisors and the public with an overview of the County's financial position at the end of FY 2018-19, contributing to a well-governed community.

ATTACHMENTS

- 1 Attachment 1 - FY 2018-19 Year-End Financial Status Report.pdf
- 2 Attachment 2 - Department Memos.pdf
- 3 Attachment 3 - Quarterly Report of Right of Way Conveyances.pdf
- 4 Attachment 4 - Fleet Selection Criteria Policy Annual Progress Report.pdf
- 5 Attachment 5 - Updates on Maintenance and Capital Projects.pdf
- 6 Attachment 6 - Resolution to Amend to Position Allocation List.pdf
- 7 Attachment 7 - FY 2018-19 Performance Measures (Actual Results).pdf
- 8 Attachment 8 - PowerPoint Presentation.pdf