



Fiscal Year 2016-2017 Q3 Financial Status Report

5/16/2017

Issued by the County Executive Office and Auditor-Controller

Q3 Financial Status Report

- General Fund (Attachment A) **+\$750K**
6 reportable variances
- Special Revenue & Other Funds (Attachment B) **+\$1.8M**
2 reportable variances
- 65 of 68 Departments and Funds are positive or at budget

General Fund +\$750K (Attachment A)

- 6 reportable variances:
 - General Revenues +\$478K
 - Sheriff's Department **-\$1.4M**
 - General County Programs **-\$736K**
 - County Counsel +\$443K
 - Auditor-Controller +\$399K
 - Public Defender +\$350K
- Other departments are tracking on or ahead of budget

Significant Property Tax Variances

Property Tax Summary (in thousands):			
Source	Adjusted FY 2016-17	Projected FY 2016-17	Variance Proj. vs. Adjusted
Property Tax - Current Secured	\$ 126,445	\$ 126,481	36
Property Tax In-Lieu of VLF	\$ 51,736	\$ 51,485	(251)
Property Tax: Fines, Penalties	\$ 3,482	\$ 3,549	67
Property Tax - Unsecured	\$ 5,130	\$ 4,808	(322)
Property Tax - Unitary	\$ 2,713	\$ 2,845	132
Property Tax - Supplemental	\$ 3,867	\$ 2,717	(1,150)
Property Transfer Tax	\$ 4,755	\$ 3,605	(1,150)
Significant Prop Taxes	\$ 198,128	\$ 195,490	\$ (2,638)

General Revenues

Discretionary General Revenue Summary (in thousands):			
Source	Adjusted FY 2016-17	Projected FY 2016-17	Variance Proj. vs. Adjusted
Significant Property Taxes	\$ 198,128	\$ 195,490	\$ (2,638)
Secured Prop Tax Escapes - One-time	\$ (392)	\$ 989	1,381
RDA Prop. Tax - Ongoing	5,720	6,346	626
Subtotal Property Taxes	\$ 203,456	\$ 202,825	\$ (631)
Cost Allocation Services	11,152	11,152	0
Local Sales Tax	10,216	10,461	245
Transient Occupancy Tax	9,429	10,075	646
Payments in Lieu of Tax	18	18	-
All Other Revenues	5,589	5,761	172
Total Discretionary Revenues	\$ 239,860	\$ 240,291	\$ 431
Use of Funds - Other Financing Uses	\$ 30,031	\$ 29,984	\$ 47
Projected Fiscal Year End Variance			\$ 478

Sheriff's Office **-\$1.4M**

Staffing & Overtime

- Salaries and Benefits (S&B) estimated **-\$953K**
 - **-\$6.4M** in Overtime
 - **+\$5.4M** in all other S&B accounts
- As sworn vacancies are filled, salary savings will likely diminish
- Strategies implemented to address overtime problem
- Projected year-end negative net financial impact will necessitate use of savings from other General Fund Departments to balance
 - Already factored into projected year-end net positive variance of **+\$750K** in the General Fund

General County Programs **-\$736K**

- Auditor-Controller impounding \$1.0M in FY 2016-17 property tax revenues
- Impound partially offset by positive variances in other fund balances
- Projected year-end negative net financial impact will be offset by savings in other General Fund Departments
 - Already factored into projected year-end net positive variance of +\$750K in the General Fund

Other General Fund Departments

- **County Counsel +\$443K**

Positive variance is due mostly to:

- Increased work in risk litigation and Behavioral Wellness issues
- Salaries & benefits savings

- **Auditor-Controller +\$399K**

Positive variance is due mostly to salary savings

- **Public Defender +\$350K**

Positive variance is due mostly to salary savings

Special Revenue & Other Funds +\$1.8M (Attachment B)

- 2 reportable variances:
 - Mental Health Services Fund (0044) **-\$3.7M**
 - Fire Protection District Fund (2280) **+\$2.7M**
- All other Special Revenue Funds tracking close to budget

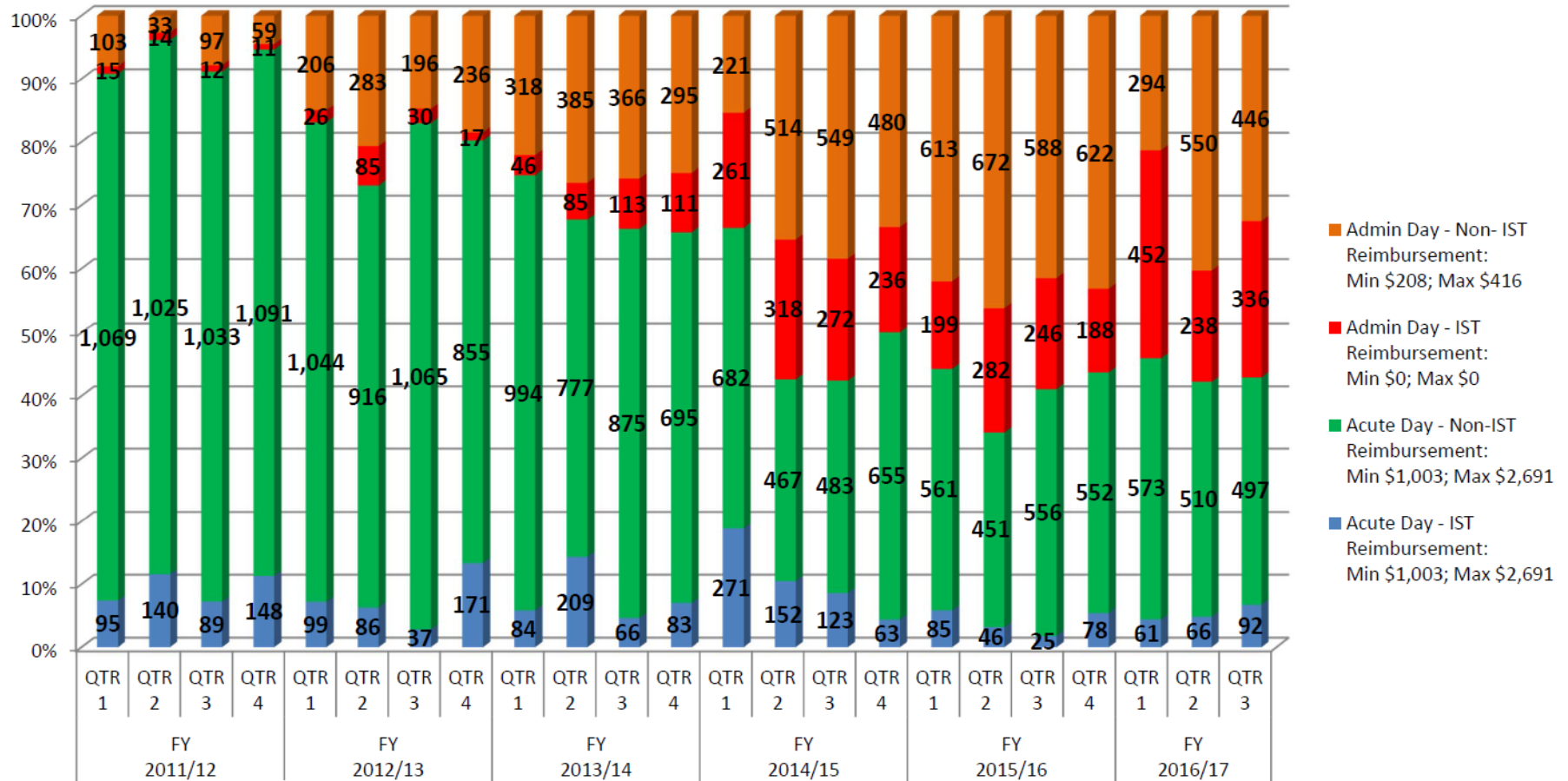
Mental Health Services Fund **-\$3.7M**

- Main drivers of the variance:
 - Psychiatric Health Facility (PHF) audit compliance required unbudgeted expenditures of **-\$1.5M**
 - PHF revenue is down **-\$2.2M** due to IST/ADM days (non-billable)
 - Utilization at Aurora Vista Del Mar in excess of adopted budget
 - Out of County use of IMD beds trend exceeding originally adopted budget

Mental Health Services Fund *(Continued)*

- Negative variances partially offset by:
 - +\$730K from a positive audit settlement for FY 2008-09
 - +\$411K from unanticipated VLF growth
- Behavioral Wellness requesting one-time general funds of \$3.7M to cover PHF audit remediation costs and revenue shortfalls related to admin days
(Budget Revision Request No. 0004789 - Attachment C)

PHF Bed Days (Acute vs. Admin)



Fire Protection District Fund +\$2.7M

- Main drivers of the variance:
 - Additional Charges for Services of \$5.6M received for incident reimbursements
 - Reduction of \$5.0M in capital expenditures resulting from putting the Fire Station 41 rebuild project on hold
 - Savings partially offset with reduction of **-\$8.2M** in planned fund balance draw

- Actuals Are Generally Tracking Budget
- ▲ Actuals Materially Vary from Budget-Positive
- ▼ Actuals Materially Vary from Budget-Negative
- Actuals Expected to End Year in Deficit

Summary

- Signal Chart: 65 of 68 on or above target
- General Fund variance +\$750K
 - Sheriff's Office overtime
 - Tax impounds
 - General Revenues, County Counsel, Auditor-Controller, and Public Defender positive variances
- Special Revenue variance +\$1.8M
 - Mental health inpatient costs and PHF audit findings
 - Fire Protection District Fund positive variance

General Fund	Other Funds
● Board of Supervisors	Parks
● County Executive Office	● Capital
▲ County Counsel	● Providence Landing CFD
● District Attorney	Planning and Development
● Probation	● Fish and Game
▲ Public Defender	● Petroleum
● Courts	● CREF
■ Sheriff	● RDA Successor Agency
● Public Health - EHS, AS, HazMat	Public Works
● Agriculture Commissioner	● Roads: Funds 0015, 0016, 0017, 0019
● Parks	● Resource Recovery and Waste Mgt.
● Planning and Development	● CSA
● Public Works	● Flood Control
● Housing & Commty. Devmnt.	● North County Lighting
● Community Services Dept.	● Laguna Sanitation
▲ Auditor Controller	● Water Agency
● Clerk-Recorder-Assessor	Housing & Commty. Devmnt.
● General Services	● CDBG
● Human Resources	● Affordable Housing
● Treasurer-Tax Collector	● HOME
■ General County Programs	● Municipal Energy Financing
▲ General Revenues	● Orcutt CFD
	General Services
	● Capital
	● Special Aviation
Other Funds	● Vehicles
Fire	● Information Technology
▲ Fire Protection	● Communications
Sheriff	● Utilities
● Inmate Welfare	CEO-Human Resources
Public Health	● County Unemployment Insurance
● Health Care	● Dental Insurance
● Tobacco Settlement	● Medical Malpractice Insurance
Behavioral Wellness	● Workers' Comp Insurance
■ Mental Health Services	● County Liability Insurance
● Mental Health Services Act	Treasurer-Tax Collector
● Alcohol and Drug Programs	● Debt Service
Social Services	General County Programs
● Social Services	● Public and Educational Access
● IHSS Public Authority	● Criminal Justice Facility Const.
	● Courthouse Construction
Child Support	First Five
● Child Support Services	● First Five Child & Families Comm.
Sheriff	RDA Sucessor Agency
● Capital Projects - Jail	● Sucessor Agency Housing



Update on Governor's May Revision to 2017-18 Budget

Governor's January Budget

- Revenue Forecast
 - Modest reduction in FY 2016-17 forecast impacts FY 2017-18 (0.2% decrease)
 - FY 2017-18 Proposed \$122 billion budget
- Potential changes in federal programs impacting funding to state and local governments unknown
- In-Home Supportive Services (IHSS) funding shift to counties
- Increased transportation funding through fees and taxes
 - Avoids impacts to State General Fund

Governor's May Revise

- Revenue Forecast
 - Revised revenue expectations increased by \$2.5B
 - Still estimated to be \$3.3B below current year
 - Personal Income and Corporate Tax receipts up 7%
 - Sales and Use tax down slightly – Prop 172 & both realignments impacted
- Potential changes in federal programs impacting funding to state and local governments unknown
 - “Ongoing pressure from Washington”
 - “The economic recovery is not going to last forever.”
- Further reductions to CalWORKs and CalFresh funding. Impacts to the County not yet known.

Governor's May Revise

- In-Home Supportive Services (IHSS) funding shift to counties
 - Partially mitigated ~\$600M impact to counties
 - No more 65/35 split of non-federal; back to MOE
 - Using state General Fund and redirection of 1991 realignment growth to mitigate costs for five years
 - Actual impact to County is still being determined
 - State Health & Human Services spending is budgeted 2.9% below last year's budget
- Increased transportation funding through fees and taxes
 - SB 1 will raise \$5.2B annually when fully implemented
 - \$445M allocated to counties & cities in FY2017-18

Recommended Actions

- A. Accept and file the FY 2016-17 Budget and Financial Status Report as of March 31, 2017; and
- B. Approve Budget Revision Request No. 4789 to transfer \$3.7M from the General Fund to Behavioral Wellness, Mental Health Services Fund; and
- C. Receive an update from staff on the Governor's FY 2017-18 State Budget May Revise



QUESTIONS?