



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: CEO
Department No.: 012
For Agenda Of: September 10, 2019
Placement: Administrative
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department: Mona Miyasato, County Executive Officer
Director(s)
Contact Info: Jeff Frantwell, Budget Director

SUBJECT: Fiscal Year 2018-2019 Fourth Quarter Budget Update

County Counsel Concurrence

As to form: NA

Auditor-Controller Concurrence

As to form: NA

Recommended Actions:

That the Board of Supervisors

- a) Receive and file the Fiscal Year 2018-2019 Year-End Budget and Financial Status Report as of June 30, 2019, showing the status of appropriations and financing for departmental budgets adopted by the Board of Supervisors.

Summary Text:

The Fiscal Year 2018-2019 Budget and Financial Update for the fourth quarter ending June 30, 2019, provides a look at the County's year-end financial position relative to the FY 2018-19 adjusted budget. The County ended with a net positive available \$8.0 million financial position relative to the budget in the General Fund.

Special Revenue Funds are required to end the year balanced, so those funds are not included in this update. However, Courts Special Services (Fund 0069) required additional funding from the General Fund of \$1.3 million during the fiscal year due to continued decline in fine, fee and penalties revenues and increased County-responsible costs for indigent defense, particularly the Matador multi-defendant trial.

The General Fund ended the Fiscal Year with an \$8.0 million net positive available variance when compared to the adjusted budget. This variance is due to positive variances in almost all General Fund departments, including: a reportable net positive variance of \$3.1 million in General Revenues (\$4.2 million gross, with \$1.1 million of this going into fund balance, as discussed below); \$2.8 million in

Probation; \$833k in Planning & Development; \$735k in Auditor-Controller; \$477k in Treasurer-Tax Collector and \$427k in General Services. These positive variances are primarily due to staff vacancies or higher than anticipated revenues. The positive variances are partially offset by a negative variance of \$1.1 million in the Sheriff's Department.

Background:

FOURTH QUARTER REPORT

In this report, the year-end financial results for the fiscal year-end are compared to the annual adjusted budget. The major differences (variances) between budgeted and actual amounts through June 2019, are discussed below.

This report highlights General Fund departments (including Discretionary General Revenues) with variances greater than \$300k per department, shown in the Financial Summary Report (Attachment A). As mentioned above, this report does not discuss Special Revenue Funds, which are all required to end the year with a balanced budget.

Attachment A uses actual revenues and expenditures for the fiscal year compared to Adjusted Budgets for both Sources and Uses to produce a "Net Financial Projected Variance" for the end of the fiscal year (shown in the far right column of the Attachment A).

GENERAL FUND SUMMARY (Attachment A)

The General Fund had a year-end net positive variance of \$8.0 million. This is the result of favorable results in all General Fund departments, except for a negative variance in the Office of the Sheriff.

Probation (Department 022) had a positive variance of \$2.8 million, 4.4% on a total \$63.1 million adjusted budget, primarily as the result of \$2.3 million in salary savings due to staffing vacancies, \$230k in expenditure savings related to institutions and \$176k less than budgeted in various services and supplies and Other Charges expenditures. In addition to the salary savings, Probation received \$147k of unanticipated SB90 reimbursement and an increase of \$192k in charges for services revenues which added to the positive net financial impact.

The Office of the Sheriff (Department 032) ended the fiscal year with a negative variance of \$1.1 million, 0.7% on a total \$149.7 million budget, due in part to some revenues coming in lower than budgeted, overtime costs exceeding salary savings generated by vacancies within the Department, and cost overruns in services and supplies in the Air Support Unit. Of this amount, the 2019 storm preparations cost \$168k in overtime for evacuations and patrols in the Thomas Fire/Debris Flow area, although some of this cost may be reimbursed in future years. Additionally, \$101k in overtime was due to the Holiday Fire, the majority of which is expected to be reimbursed but due to the length of the CalOES claims process, the funds were not anticipated to be received in time to be included in FY 2018-19. An additional \$595k in overtime was a result of unbudgeted investigations and other law enforcement activities. There was also a \$300k overage in services and supplies for the Air Support Unit, as the annual inspection of one of the helicopters was completed early to insure that it would be available during the fire season, although \$150k was covered by County fire, which helped bring down the year-end deficit.

Planning and Development (Department 053) had a positive variance of \$833k, 3.8% on a total \$22.1 million budget due largely to underspending its salary and benefits budget. Several positions, including

management- and journey-level positions and those requiring technical expertise, were vacant at various times during the year.

Auditor-Controller (Department 061) had a positive variance of \$735k, 8.1% on a total budget of \$9.1 million, mostly due to salary savings as a result of positions not being filled.

General Services (Department 063) had a positive variance of \$427k, 2.3% on a total budget of \$18.3 million, due as the result of \$575k in salary savings due to staffing vacancies, \$80k in less than budgeted Other Charges, \$165k more in various revenues than budgeted offset by less than budgeted decreases in fund balances.

Treasurer-Tax Collector (Department 065) had a positive variance of \$477k, 5.2% on a total budget \$9.1 million budget, due mainly to salary savings (\$367k) and less than budgeted Services and Supplies expenditures.

General Revenues (Department 991) had a gross positive year-end variance of \$4.2 million, 1.6% on a \$270 million budget, shown in detail in the table below. This variance was due primarily to higher than budgeted Secured and VLF In-Lieu Property Taxes, RDA Distributions, Cannabis Tax Revenue, Use of Money and Property, and a Settlement from Plains All American Pipeline relating to the Refugio Oil Spill, offset by lower than budgeted Supplemental Property Taxes and Transient Occupancy Taxes, as well as lower than budgeted Property Tax Backfill from the State. However, Cannabis Tax Revenue for the fiscal year came in \$1.1 million above budget and staff will be returning to the Board with a budget revision to put that money in the Cannabis Tax fund balance. Therefore, the net available positive variance for General Revenues was \$3.1 million.

The Property Tax Backfill amount was developed based on preliminary assessed valuation impact information provided by the Assessor during the FY 2018-19 budget development process to cover projected property tax losses in both FYs 2017-18 and 2018-19 due to the Thomas Fire and 1/9 Debris Flow. However, when the Assessor filed the final assessed valuation roll after Budget Hearings, the impact on assessed value due to the Thomas Fire and 1/9 Debris Flow events were lower than originally estimated, meaning that while the State reimbursement amount will be lower than budgeted, it remains commensurate with the actual amount of Property Tax loss related to these two events.

Discretionary General Revenue Summary (in thousands):			
Source	Adjusted FY 2018-19	Actuals FY 2018-19	Variance Actuals vs. Adopted
Property Tax - Secured and In-lieu of VLF	\$ 190,603	\$ 193,570	\$ 2,967
Property Tax - Supplemental	3,375	2,933	(442)
RDA RPTTF Resid Distributions	6,626	7,936	1,310
Transient Occupancy Tax	11,218	10,320	(898)
Use of Money and Property	1,577	4,751	3,174
Property Tax Backfill	4,400	1,128	(3,272)
Cannabis Tax	5,710	6,761	1,051
All Other Revenues	47,463	47,653	190
Total Discretionary Revenues	\$ 270,972	\$ 275,052	\$ 4,080
Transfer to Non-GF Departments	\$ 33,032	\$ 33,032	\$ -
Intrafund Transfer Out (GFC)	236,167	236,068	(99)
All Other Expenditures	1,773	1,773	0
Gross Fiscal Year End Variance	\$ -	\$ 4,179	\$ 4,179
Transfer to Cannabis Tax Fund Balance			(1,051)
Net Available Fiscal Year End Variance			\$ 3,128

Fiscal and Facilities Impacts:

Impacts are stated above in this Board letter.

Attachments:

A – Financial Summary Report – General Fund

Authored by:

Richard Morgantini, Fiscal & Policy Analyst