



Fiscal Year 2016-2017 Q1 Financial Status Report & Update on Pension Increases

11/15/2016

Issued by the County Executive Office and Auditor-Controller



First Quarter Financial Status Report

- General Fund (Attachment A) **-\$332K**
Two reportable variances
- Special Revenue & Other Funds (Attachment B)
-\$2.9M
- 65 of 68 Departments and Funds are positive or at budget



General Fund (Attachment A) **-\$332K**

- General Fund has two reportable variances;
- Sheriff's Department **-\$695K**
- General Revenues **-\$1.078M**
- Most other departments are tracking on or ahead of budget



Sheriff Operations (Variance **-\$695k**)

Staffing & Overtime

- Salaries and Benefits (S&B) estimated **-\$980k**
 - **-\$2.7M** in Overtime
 - **+\$1.7M** in all other S&B accounts
- Increased monitoring of OT between CEO and Sheriff offices in both Custody and Law Enforcement
- As sworn vacancies are filled salary savings will likely diminish and OT may increase during the extensive training periods
- Transitional NBJ staffing targeted to start in Q2; should reduce OT once staff is trained

General Revenues

Discretionary General Revenue Summary (in thousands):				
Source	Adopted FY 2016-17	Adjusted FY 2016-17	Projected FY 2016-17	Variance Proj. vs. Adjusted
Significant Property Taxes	\$ 198,128	\$ 198,128	\$ 196,932	\$ (1,196)
RDA Dissolution Proceeds - One time	-	-	-	-
RDA Prop. Tax - Ongoing	5,720	5,720	5,720	-
Subtotal Property Taxes	\$ 203,848	\$ 203,848	\$ 202,652	\$ (1,196)
Cost Allocation Services	11,152	11,152	11,152	0
Local Sales Tax	10,216	10,216	10,320	104
Transient Occupancy Tax	9,429	9,429	9,150	(279)
Payments in Lieu of Tax	18	18	18	-
All Other Revenues	5,197	5,197	5,367	170
Total Discretionary Revenues	\$ 239,860	\$ 239,860	\$ 238,659	\$ (1,201)
Use of Funds - Other Financing Uses	\$ 30,031	\$ 30,031	\$ 29,917	\$ 114
Projected Fiscal Year End Variance				\$ (1,087)



Significant Prop. Tax Variances

Budgeted Assessed Value Growth 4.5% vs. Actual 4.25%

- -\$472 thousand - Secured Property Tax
- -\$311 thousand - Current Unsecured Property Tax
- -\$250 thousand - Supplemental Property Tax
- -\$250 thousand - Property Tax In-Lieu of VLF
- -\$123 thousand - Property Transfer Tax
- +\$210 thousand - Unitary Property Tax

Increase in TOT not reflected in projections; approval would add an estimated \$1.8M in new revenues annually



First Quarter Financial Status Report

Special Revenue & Other Funds (Attachment B) **-\$2.9M**

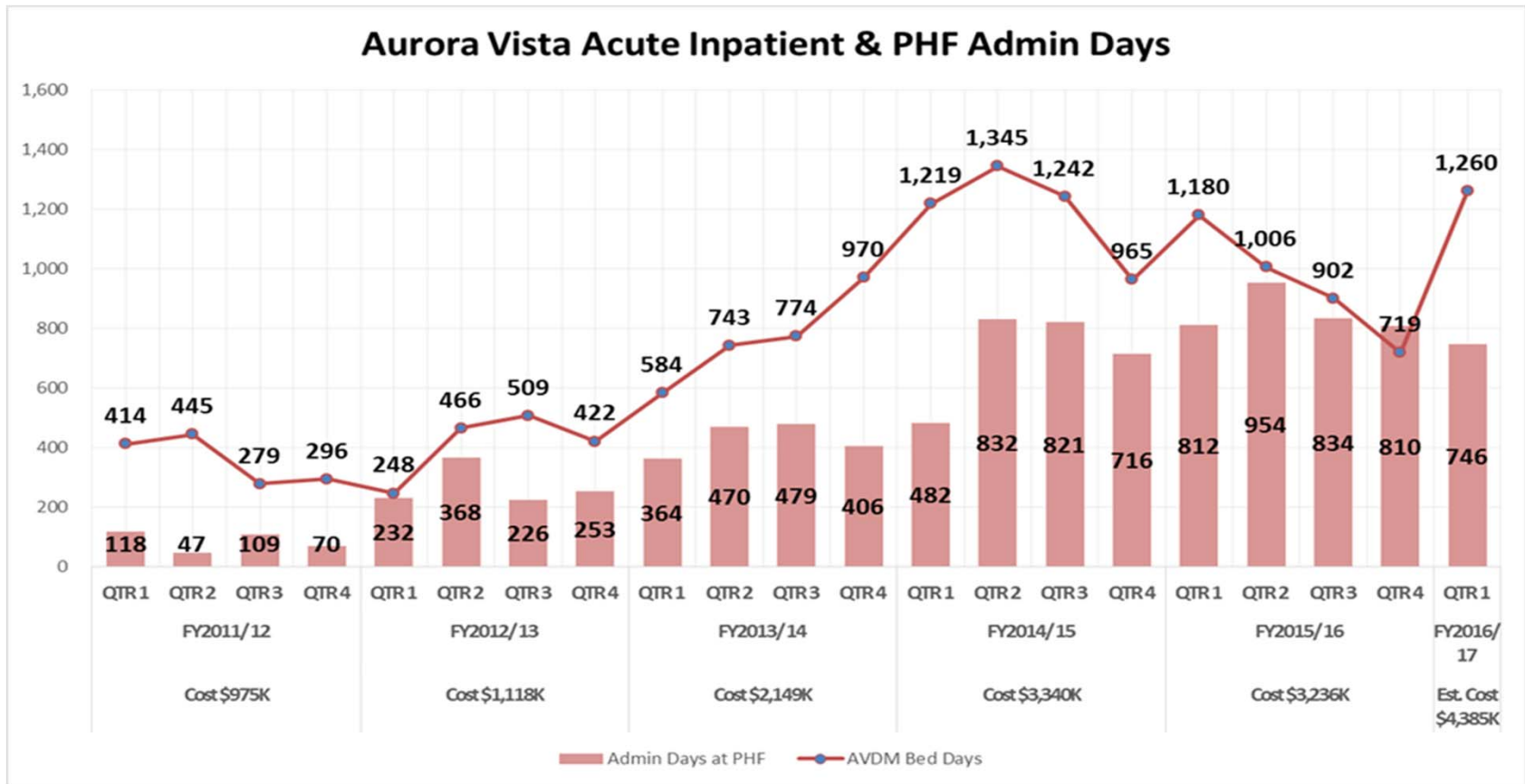
- Special Revenue reportable variances;
 - **-\$5.9M** Dept. of Behavioral Wellness - Mental Health Fund (0044) related to inpatient services
 - Favorable variances in other departments partially offset the negative in the Mental Health Fund



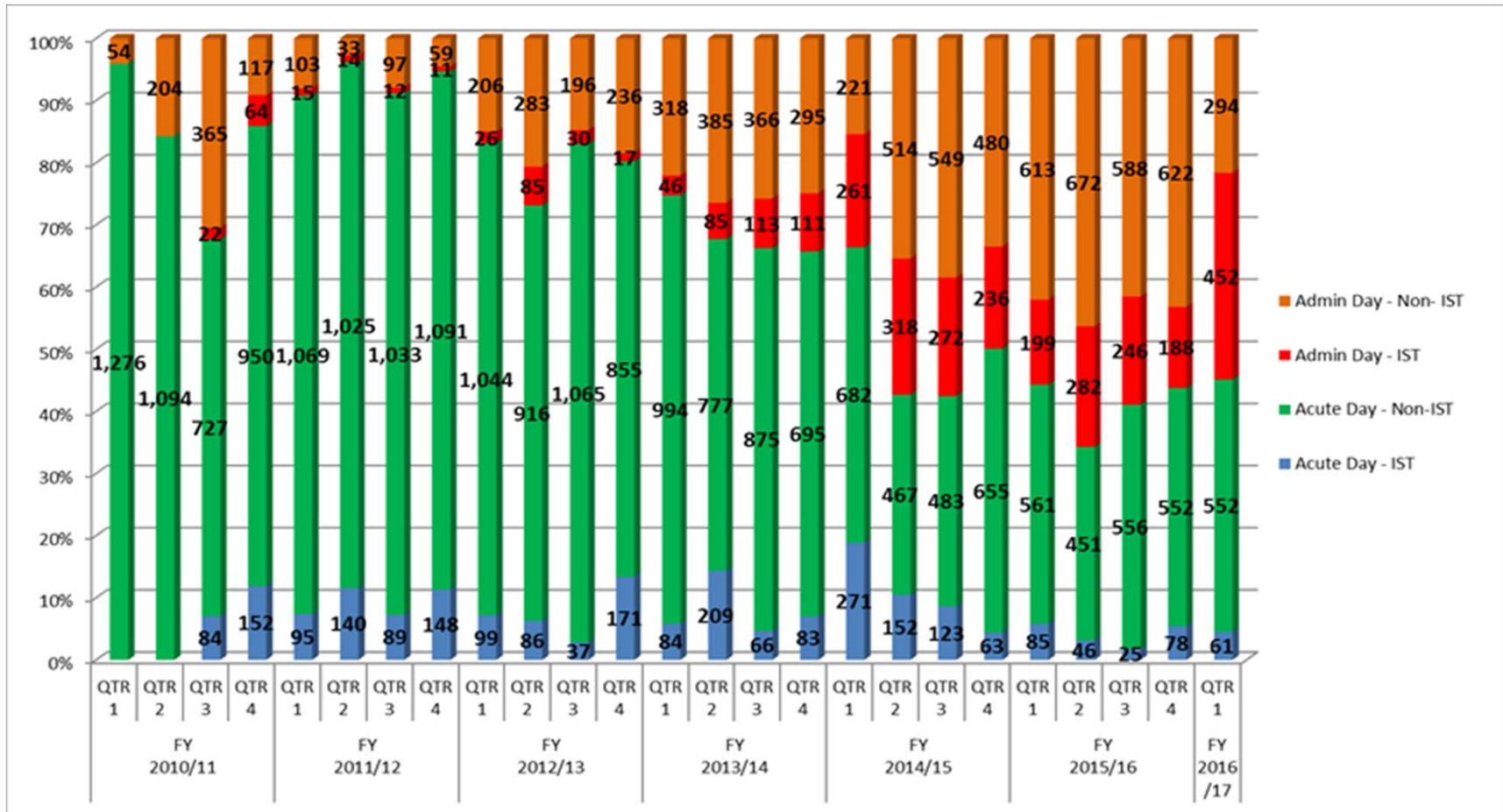
Behavioral Wellness

- The Mental Health Services Fund (0044) is projecting a negative variance of **-\$5.9 million**. The main drivers of the variance are:
 - Psychiatric Health Facility (PHF) audit compliance required unbudgeted expenditures of **-\$2.4 million** (\$2.0M in 1x costs).
 - PHF revenue is down **-\$2.1 million** due to IST/ADM days (non-billable)
 - Utilization at Aurora Vista Del Mar trend exceeding budget by **-\$2.2 million**.
 - Partially offset by a positive audit settlement, for FY 08-09, in the amount of \$730 thousand.

Behavioral Wellness



PHF Bed Days (Acute vs. Admin)



Summary

- Signal Chart: 65 of 68 on or above target
- General Fund variance -\$332K
 - Sheriff Department overtime
 - General Revenues down – actual assessed value vs. budget
- Special Revenue variance -\$2.9M
 - Mental Health Services Fund projects expenditures \$5.9M over budget due to inpatient costs and audit findings

Quarterly Financial Update Signal Chart

For Quarter ending September 30, 2016

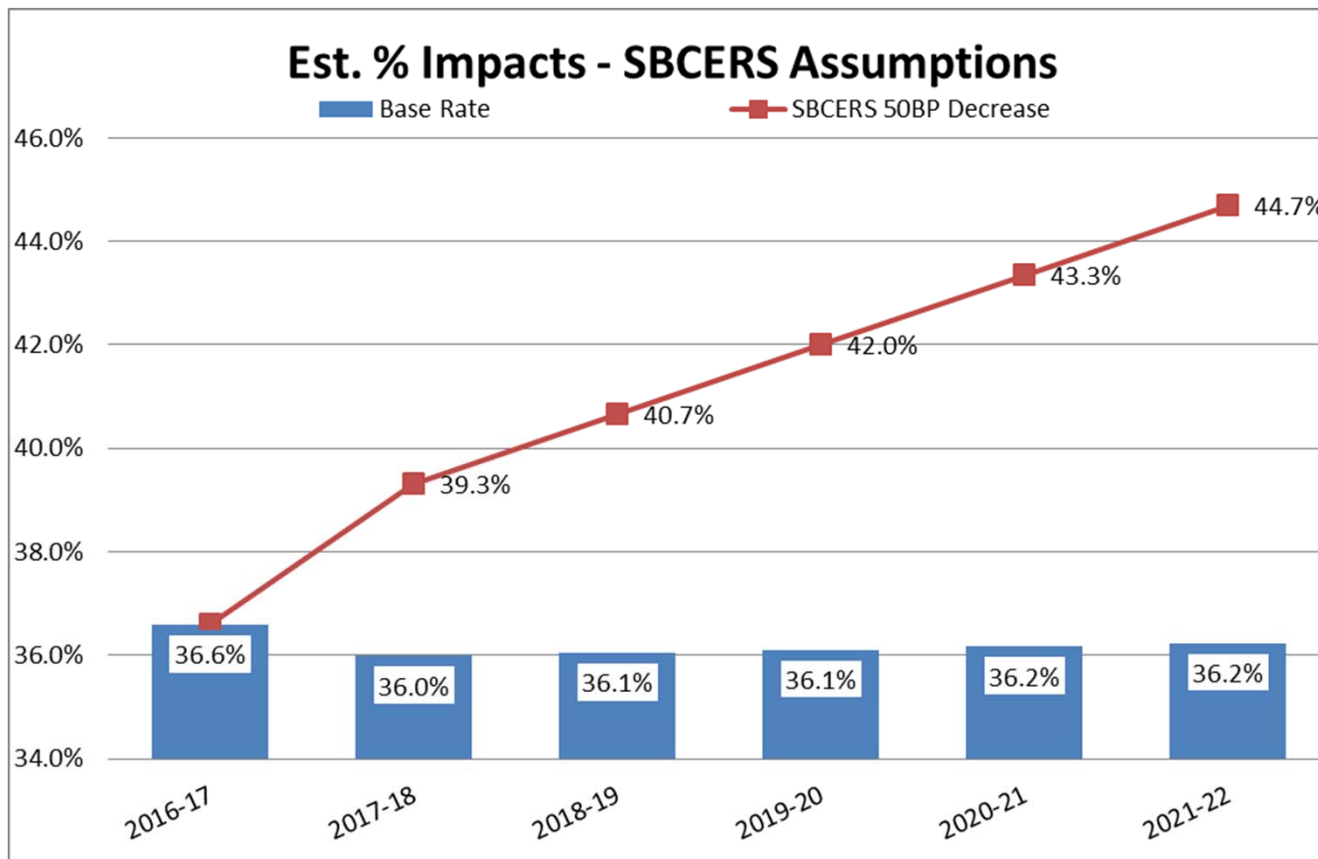
●	Actuals Are Generally Tracking Budget
▲	Actuals Materially Vary from Budget-Positive
▼	Actuals Materially Vary from Budget-Negative
■	Actuals Expected to End Year in Deficit

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 & Comnty. Devmnt.	● North County Lighting
● Community Services Dept.	● Laguna Sanitation
● Auditor Controller	● Water Agency
● Clerk-Recorder-Assessor	Housing & Comnty. Devmnt.
● General Services	● CDBG
● Human Resources	● Affordable Housing
● Treasurer-Tax Collector	● HOME
● General County Programs	● Municipal Energy Financing
▼ General Revenues	● Orcutt CFD
	General Services
Other Funds	● Capital
Fire	● Special Aviation
● Fire Protection	● Vehicles
Sheriff	● Information Technology
● Inmate Welfare	● Communications
Public Health	● Utilities
● Health Care	CEO-Human Resources
● Tobacco Settlement	● County Unemployment Insurance
Behavioral Wellness	● Dental Insurance
■ Mental Health Services	● Medical Malpractice Insurance
● Mental Health Services Act	● Workers' Comp Insurance
● Alcohol and Drug Programs	● County Liability Insurance
Social Services	Treasurer-Tax Collector
● Social Services	● Debt Service
● IHSS Public Authority	General County Programs
	● Public and Educational Access
Child Support	● Criminal Justice Facility Const.
● Child Support Services	● Courthouse Construction
Sheriff	First Five
● Capital Projects - Jail	● First Five Child & Families Comm.
	RDA Successor Agency
	● Successor Agency Housing

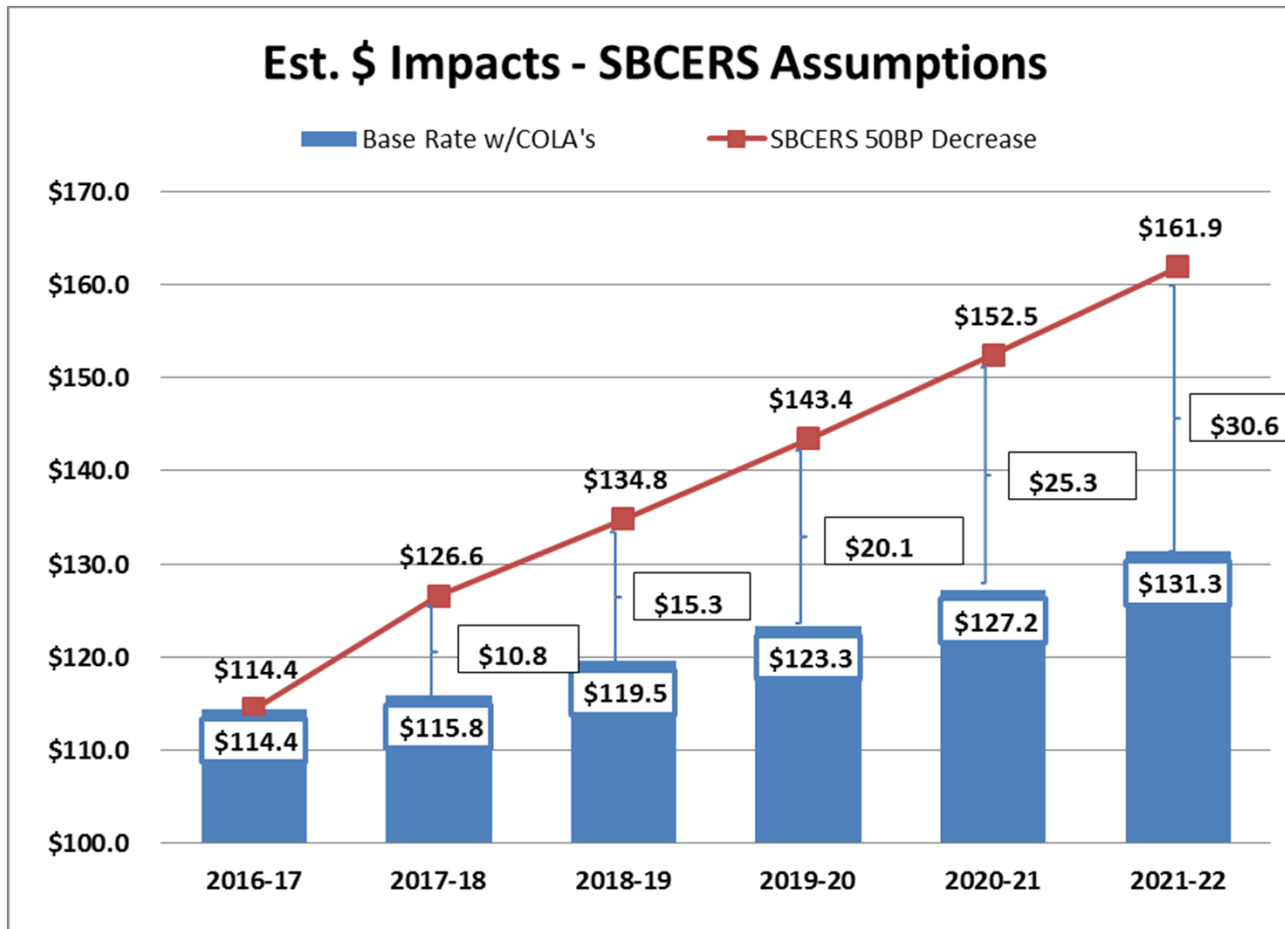
Pension Impacts Update

- BOS requested more time to evaluate impact of change and gradual adjustment to rates if necessary
- Board of Retirement (5-3 vote) approved assumption changes, including 50BP reduction in assumed (ROR)
 - ROR was 7.5%; reduced to 7.0%
 - Rates to be smoothed in over 5 years
 - 2016 invest loss largely offset by PEPRA benefits
- Impact: Estimated additional \$10.8M next year (from \$115.8M to \$126.6M); or from 36.0% to 39.3% of pensionable payroll
- Expected to grow to \$30.6M in the fifth year, FY 2021-22 (from \$115.8M to \$161.9M); or to 44.7%

Estimated Increase in Rates as a % of Pensionable Payroll



Estimated Increase in Costs



Anticipated Impacts & Re-balancing

- Federal, state & local funding will partially offset increased pension costs; most departments are not expected to absorb costs without changes to current service levels. Impact will vary by department.
- Staff preparing “early estimate” of budget gap; will bring update to Board in December (Fiscal Outlook)
- Typical budget process starts in December; CEO staff now communicating with departments on solutions (immediate and longer term)
- Meeting with Department Directors and Unions in November
- Target to bring immediate actions to Board in December
- Regular updates to Board in coming months



QUESTIONS?