

SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



ITEM
3.120
(ID # 5178)

MEETING DATE:

Tuesday, August 29, 2017

FROM : EXECUTIVE OFFICE:

SUBJECT: EXECUTIVE OFFICE: FY 16/17 Year-end Clean-up Budget Adjustments, All Districts. [\$15,848,741 - 95% Various, 5% - General Fund Contingency] (4/5 Vote Required)

RECOMMENDED MOTION: That the Board of Supervisors approve and direct the Auditor-Controller to make the FY 16/17 year-end adjustments as recommended in Attachment A.


ACTION: (4/5 Vote Required) Policy


Denise Harden, EO Principal Budget Analyst 8/23/2017

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Ashley, seconded by Supervisor Perez and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Washington, Perez and Ashley
Nays: None
Absent: Tavaglione
Date: August 29, 2017
xc: E.O., Auditor

Kecia Harper-Ihem
Clerk of the Board
By: 
Deputy

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FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$15,848,741	\$0	\$15,848,741	\$0
NET COUNTY COST	\$715,000	\$0	\$715,000	\$0
SOURCE OF FUNDS: 95% Various, 5% General Fund Contingency			Budget Adjustment: Yes	
			For Fiscal Year: 16/17	

C.E.O. RECOMMENDATION: APPROVE.

BACKGROUND:

During year-end, Board approval is sometimes required when budgeted appropriations were not sufficient to cover the total expenses incurred or accruable by county departments during the year. For FY 16/17, several budget units require Board approval of such budget adjustments. In most cases, these adjustments are necessary where payroll expenditures for salaries and benefits exceeded budgeted appropriations, the greatest portion of which is for the Sheriff. There are a few cases where this occurred for services and supplies or other expenditures. In nearly all cases, these adjustments to appropriations are offset by increased departmental revenue. However, the District Attorney requests a \$715,000 draw from general fund contingency to cover the balance of his overage not covered by grant revenue and departmental reserves.

This spring, my office made changes to certain internal controls with a focus on elevating scrutiny on this issue generally to encourage identifying and addressing with departments the need for such remediation much earlier. In many cases, we were able to address these issues administratively. In other cases, departments themselves have already brought needed adjustments to the Board for approval to ensure their year-end processing could proceed smoothly. However, there remain a few budget units for which year-end adjustments are necessary at this time. Details on the need for these adjustments are outlined below, and the recommended actions are contained in Attachment A. Some further adjustments may be necessary as the Auditor-Controller's Office continues the closing process this fall.

County Counsel

The department requests a \$229,000 budget adjustment due to a budget appropriation error not discovered until the end of the fiscal year, and the unforeseen medical leave and ultimate retirement of a staff member. The department received more revenue from client departments than estimated, which offsets these added costs. In light of their year-end position, the department will assess their FY 17/18 budget and bring forward any necessary appropriations adjustments in the first quarter report.

Executive Office

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The Board of Supervisors approved the recommendation by the Pension Advisory Review Committee to transfer \$2 million in excess Other Post Employment Benefits (OPEB) trust assets to the Section 115 Pension Trust. The Executive Office needs budget adjustments at this time to complete this transfer of assets to the fiscal agent for the Section 115 Trust.

Annual obligations of the Habitat Fund includes the Western Riverside County Regional Conservation Authority for the Western Riverside County Multi-Species Habitat Conservation Plan other obligations are met. Out-of-county tonnage collections came in higher than anticipated in the fourth quarter, resulting in a larger disbursement to the Western Riverside County Regional Conservation Authority that requires an increase in appropriations to complete.

Records Management and Archives Program

Due to the implementation of GASB Statement No. 68, unanticipated pension liability expenses resulted in a deficit of \$15,112 in salaries and benefits. Warehouse break-ins and copper theft at one of RMAP's locations also resulted in higher facilities expenses. In addition, it was necessary to purchase a new records management system compatible with trusted system requirements, and other assets outlined on board agenda item 3-7 on September 13, 2016. These elements resulted in increased expenditures of \$120,012 in services and supplies. Corrective measures in the future include more timely increases to budgeted appropriations when the need is initially identified.

Regional Parks and Open Space District

The district initiated the purchase of a truck through County Fleet Services in FY 15/16 to be used in maintaining the habitat and open-space areas of the county. The purchase was expected to be complete within that same fiscal year; however, due to vendor delays, the truck was not received until well into FY 16/17, and appropriations budgeted for that fiscal year were insufficient to cover the purchase. Additionally, the district incurred unanticipated expenses for a malfunctioning well providing water to a district public facility. Consultants were hired to troubleshoot the well's software system to find a solution to restore well operations and water service to the public.

The district managed the maintenance and operations of several county service area parks and community centers from FY 13/14 through December 31, 2016, for which the district opened specific budget units to account for these activities. In closing these budget units, the district identified several revenues and expenditures posted incorrectly, and budget adjustments are needed to record the corrections necessary to close out those units.

Animal Services

Animal Services incurred unplanned expenses for medical supplies and pharmaceuticals resulting from increased spay/neuter surgeries and shot clinics, and unexpected retirements

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requiring use of temporary help. These cost increases can be offset by unanticipated revenue received through a combination of spay/neuter clinic fees, a successful collections program, payment received for provision of training courses and grant funds from a charitable organization, use of restricted fund balance, and reallocation of miscellaneous interfund expense.

District Attorney

The District Attorney requires \$2.365 million in appropriations increases to cover a structural shortfall in salaries and benefits. Unanticipated grant revenue and departmental reserves can offset \$1.65 million of the overage. However, \$715,000 from general fund contingency is required to backfill the remainder.

Sheriff

The Sheriff requires \$13.55 million in appropriations increases to cover shortfalls in salaries and benefits across a number of budget units. These cost increases are covered entirely by a combination of revenue increases and decreases in appropriations in other areas. No additional discretionary support is necessary. Going forward, the department is open to addressing such shortfalls formally by third quarter.

Conclusion

My staff will continue to work with departments to identify budgetary issues early and remediate them in the most timely way to assure adequate appropriations are in place when needed. We continue watching the year-end revenue receipts and accruals, and will report to the Board at first quarter on any emerging trends of concern. Additional adjustments may be brought forward as necessary to address further issues that may arise during the year-end closing process.

ATTACHMENT A. BUDGET ADJUSTMENTS

Recommendation 1: *That the Board approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for County Counsel by \$229,000, as follows:*

Increase estimated revenues:		
10000-1500100000-771440	Liability insurance	\$229,000
Increase appropriations:		
10000-1500100000-513000	Retirement miscellaneous	229,000

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Recommendation 2: *That the Board approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue in the Pension Obligation Bonds Fund by \$100,000, as follows:*

Increase estimated revenue:		
35000-1104000000-750340	State revenue	\$100,000
Increase appropriations:		
35000-1104000000-513000	Retirement - miscellaneous	100,000

Recommendation 3: *That the Board approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue, and decreasing restricted fund balance for the WC Multi-Species Habitat Conservation Plan, as follows:*

Increase estimated revenue:		
22450-1103600000-775900	Disposal fees	\$825,481
Increase appropriations:		
22450-1103600000-525440	Professional services	1,118,885
Use of restricted money:		
22450-1103600000-321101	Restricted program money	293,404

Recommendation 4: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of unrestricted net assets for RMAP by \$135,124, as follows:*

Increase appropriations:		
45100-1200300000-513160	Pension expense	\$15,112
45100-1200300000-523350	Administrative expense	<u>120,012</u>
	Total	135,124
Use unrestricted net asset:		
45100-1200300000-380100	Unrestricted net assets	135,124

Recommendation 5: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of unassigned fund balance for the Regional Park and Open Space District by \$49,000, as follows:*

Increase appropriations:

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25430-931170-528920	Carpool expense	\$36,000
25430-931170-522400	Maintenance - improve water	<u>13,000</u>
	Total	49,000

Anticipated use of unassigned fund balance:

25430-931170-370100	Unassigned fund balance	49,000
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Recommendation 6: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the Regional Park and Open Space District by \$3,908,210, as follows:*

Increase estimated revenue:

25600-931156-776740	Recreation Fees	\$2,512,240
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Increase appropriations:

25600-931156-510040	Regular salaries	947,310
25600-931156-523230	Miscellaneous expense	1,540,790
25600-931156-537080	Interfund expense - miscellaneous	<u>24,140</u>
	Total	2,512,240

Increase estimated revenue:

25610-931156-776740	Recreation fees	1,395,970
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Increase appropriations:

25610-931156-510040	Regular salaries	585,375
25610-931156-523230	Miscellaneous expense	792,675
25610-931156-537080	Interfund expense - miscellaneous	<u>17,920</u>
	Total	1,395,970

Recommendation 7: *That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations, estimated revenues and use of restricted fund balance for Animal Services by \$132,874, as follows:*

Increase estimated revenues:

10000-4200600000-773250	Spay & neuter clinic fees	\$8,000
10000-4200600000-777090	Collections program	46,453
10000-4200600000-781850	Grants-nongovernmental agencies	<u>7,000</u>
	Total	61,453

Decrease appropriations:

10000-4200600000-537080	Interfund expense – miscellaneous	2,064
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Increase appropriations:

10000-4200600000-510200	Payoff permanent-seasonal	49,173
10000-4200600000-510320	Temporary salaries	26,928
10000-4200600000-522860	Medical-dental supplies	44,493
10000-4200600000-522890	Pharmaceuticals	15,000
10000-4200600000-573500	Intra-fund expense – training	<u>(656)</u>
	Total	134,938

Use of restricted fund balance:

11102-4200600000-321160	Restricted for animal control	71,421
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Recommendation 8: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations by \$2,365,000 and estimated revenue by \$1,650,000 for the District Attorney, and decreasing appropriations for contingency by \$715,000, as follows:*

Increase estimated revenue:

10000-2200100000-732140	Other forfeitures and penalties	\$ 650,000
10000-2200100000-755740	CA - Indian gaming grants	<u>1,000,000</u>
	Total	1,650,000

Increase appropriations:

10000-2200100000-510040	Regular salaries	628,000
10000-2200100000-510200	Payoff permanent - seasonal	587,000
10000-2200100000-510320	Temporary salaries	610,000
10000-2200100000-513040	Retirement - safety	<u>540,000</u>
	Total	2,365,000

Anticipated use of unassigned fund balance:

10000-2200100000-370100	Unassigned fund balance	715,000
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Decrease appropriations:

10000-1109000000-581000	Appropriations for contingency	715,000
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Anticipated increase of unassigned fund balance:

10000-1109000000-370100	Unassigned fund balance	715,000
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Recommendation 9: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations, estimated revenues, and unassigned fund balance for the Sheriff by a net amount of \$8,525,648, as follows:*

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Sheriff Administration

Increase estimated revenue:

10000-2500100000-773520	Contract city law enforcement	\$ 43,831
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Decrease appropriations:

10000-2500100000-528920	Car pool expense	82,335
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Increase appropriations:

10000-2500100000-510040	Regular salaries	988,609
10000-2500100000-510200	Payoff permanent - seasonal	<u>364,546</u>
	Total	1,353,155

Anticipated use of unassigned fund balance:

10000-2500100000-370100	Unassigned fund balance	1,226,989
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Sheriff Support

Increase estimated revenue:

10000-2500200000-773520	Contract city law enforcement	841,831
10000-2500200000-773560	RCRMC security law enforcement	28,424
10000-2500200000-773570	School services law enforcement	51,426
10000-2500200000-773590	Sheriff extra duty (GC 53069.8)	<u>141,142</u>
	Total	1,062,823

Decrease appropriations:

10000-2500200000-525220	Pre-employment services	297,043
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Increase appropriations:

10000-2500200000-510040	Regular salaries	1,359,866
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Sheriff Patrol

Increase estimated revenue:

10000-2500300000-773520	Contract city law enforcement	6,028,234
10000-2500300000-773570	School services law enforcement	956,552
10000-2500300000-773590	Sheriff extra duty (GC 53069.8)	<u>399,438</u>
	Total	7,384,224

Decrease appropriations:

10000-2500300000-528920	Car pool expense	1,530,011
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Increase appropriations:

10000-2500300000-510040	Regular salaries	7,384,224
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Anticipated increase to unassigned fund balance:

10000-2500300000-370100	Unassigned fund balance	1,530,011
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Sheriff Corrections

Increase appropriations:

10000-2500400000-510040	Regular salaries	1,896,210
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Decrease appropriations:

10000-2500400000-525440	Professional services	2,418,865
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Anticipated increase to unassigned fund balance:

10000-2500400000-370100	Unassigned fund balance	522,655
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CAC Security

Increase appropriations:

10000-2500600000-510040	Regular salaries	84,778
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Anticipated use of unassigned fund balance:

10000-2500600000-370100	Unassigned fund balance	84,778
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Ben Clark Training Center

Increase appropriations:

10000-2500700000-510040	Regular salaries	587,700
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Decrease appropriations:

10000-2500700000-520705	Food	87,613
10000-2500700000-524940	Instructors-Trainers	186,255
10000-2500700000-527840	Training - education/tuition	183,784
10000-2500700000-523800	Printing - binding	67,928
10000-2500700000-529540	Utilities	<u>62,120</u>
	Total	587,700

Sheriff Coroner

Increase estimated revenue:

10000-2501000000-777090	Collections program	34,770
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Increase appropriations:

10000-2501000000-510040	Regular salaries	655,410
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Decrease appropriations:

10000-2501000000-525100	Medical/lab services	15,382
10000-2501000000-525440	Professional services	27,620
10000-2501000000-529120	Transportation	<u>65,489</u>
	Total	108,491

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Anticipated use of unassigned fund balance:

10000-2501000000-370100	Unassigned fund balance	512,149
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Public Administrator

Increase appropriations:

10000-2501100000-510040	Regular salaries	228,750
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Anticipated use of unassigned fund balance:

10000-2501100000-370100	Unassigned fund balance	228,750
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Misley Wang 8/23/2017