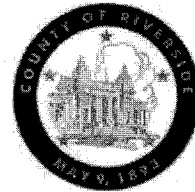


SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



ITEM
3.79
(ID # 7811)

MEETING DATE:

Tuesday, August 28, 2018

FROM : EXECUTIVE OFFICE:

SUBJECT: EXECUTIVE OFFICE: FY 17-18 Year-end Clean-up Budget Adjustments, All Districts. [\$21,937,321 - 81% Various, 19% - General Fund Contingency] (4/5 Vote Required)

RECOMMENDED MOTION: That the Board of Supervisors approve and direct the Auditor-Controller to make the FY 17/18 year-end adjustments as recommended in Attachment A.


ACTION: (4/5 Vote Required) Policy


Denise Harden, EO Principal Budget Analyst 8/23/2018

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Tavaglione, Washington, Perez and Ashley
Nays: None
Absent: None
Date: August 28, 2018
xc: EO, 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	\$21,937,321	\$0	\$21,937,321	\$0
NET COUNTY COST	\$4,261,231	\$0	\$4,261,231	\$0
SOURCE OF FUNDS: 81% Various, 19% General Fund Contingency			Budget Adjustment: Yes	
			For Fiscal Year: 17/18	

C.E.O. RECOMMENDATION: APPROVE

BACKGROUND:

During year-end, Board approval is required when budgeted appropriations were not sufficient to cover total expenses incurred or accruable by county departments during the year. For FY 17/18, several budget units require Board approval of such budget adjustments. In most cases, these adjustments are necessary because payroll expenditures for salaries and benefits exceeded budgeted appropriations. In a few cases, this occurred for services and supplies or other expenditures. In nearly all cases, these adjustments to appropriations are offset by increases in departmental revenue. However, the District Attorney requests a \$1.76 million draw from General Fund Contingency to cover the balance of his overage not covered by departmental revenue.

The Executive Office continues to focus on addressing with departments the need to identify and remediate such issues early in the fiscal year. In many cases, these issues can be addressed 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 year-end closing process this fall.

Agricultural Commissioner

For FY 17/18, the Agricultural Commissioner's Office was able to increase staffing and efficiencies which led to an ability to complete a greater number of inspections, generating state contract revenue of approximately \$125,000 above the original budget. These additional funds will be used to offset the subsequent increase in regular salaries.

District Attorney

The District Attorney requires \$2.4 million in appropriations increases to cover a structural shortfall in salaries and benefits, as well as services and supplies. Departmental revenue can offset \$638,769 of the overage. However, \$1.76 million from General Fund Contingency is required to backfill the remainder.

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Riverside County Information Technology (RCIT)

In the FY 13/14 first quarter budget report (November 5, 2013, Item 3-65), a \$2.5 million general fund loan was granted to RCIT for implementation of certain countywide initiatives to avoid negatively impacting rates. In the FY 14/15 midyear budget report (February 10, 2015, Item 3-6), the Executive Office (EO) recommended and the Board approved General Fund reimbursement for specific initiatives with countywide benefit. The EO and RCIT finalized a list of unfunded countywide project expenses totaling \$3,110,627 which will completely satisfy reimbursement of this general fund loan. This agenda item will allow the Executive Office to implement the previously approved board action.

Riverside University Health System (RUHS)

Medical Center and Federally Qualified Health Centers (FQHC's)

The FQHC's are requesting \$11.25 million in adjustments to cure their operating deficit for FY 17/18. The RUHS Medical Center reported a positive end year operating balance allowing for a transfer of funds from the Medical Center to the FQHC's for this purpose.

In the FY 17/18 Third Quarter Report, it stated the transfer of the RUHS - FQHC fund from a special revenue fund to an enterprise fund. Over the past four years, special focus was placed on stabilizing the Medical Center's financial position and as that stabilization has progressed, some of those resources have been reallocated to the challenge of stabilizing the FQHC's, which has a year-end operating loss. As with the Medical Center, the stabilization of the FQHC's will occur over the next several years. Part of that process includes a plan to gain market share with the expansion to the Corona, Jurupa Valley and Moreno Valley locations. RUHS is evaluating clinic operations in the current fiscal and regulatory environment to address the issue. The analysis will be submitted to the Executive Office for review. However, the expectation is that it will take some time for the FQHC organization to optimize its operational performance to achieve balanced budgets as volume grows and operating efficiencies improve.

The Medical Center and FQHC's have worked together to control expenses and maximize revenues where available. The transition of the FQHC's to an enterprise fund will be complete with the approval of this adjustment.

Medically Indigent Services Program (MISP)

The RUHS-MISP requires \$650,000 in appropriations increases to cover shortfalls in salaries, physician and hospital services. These cost increases are covered entirely by an intra-fund transfer. No additional discretionary support is necessary.

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Sheriff

The Sheriff requires \$12.93 million in appropriations increases to cover shortfalls in salaries and benefits across a number of budget units principally in Corrections. These cost increases are covered entirely by a combination of departmental revenue increases and decreases in appropriations in other areas, primarily Patrol. No additional discretionary support is necessary.

Conclusion

The Executive Office will continue to work with departments to identify budgetary issues early and remediate them in the timeliest 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.

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ATTACHMENT A. BUDGET ADJUSTMENTS

For convenience, this section repeats the recommendations contained in the main report. There is no new information in Attachment A.

Recommendation 1: *That the Board of Supervisors approve and direct the Auditor- Controller to make budget adjustments increasing appropriations and estimated revenue for Agricultural Commissioner by \$125,000, as follows:*

Increase estimated revenue:		
10000-2800100000-752000	CA - Ag commission - salary reimbursement	\$125,000
Increase appropriations:		
10000-2800100000-510040	Regular salaries	125,000

Recommendation 2: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations by \$2,400,000 and estimated revenue by \$638,769 for the District Attorney, and decreasing appropriations for contingency by \$1,761,231, as follows:*

Increase estimated revenue:		
10000-2200100000-732140	Other forfeitures and penalties	\$350,000
10000-2200100000-755120	CA – public safety sales tax	<u>288,769</u>
	Total	638,769

Increase appropriations:		
10000-2200100000-510200	Payoff permanent-seasonal	200,000
10000-2200100000-510320	Temporary salaries	700,000
10000-2200100000-510500	Standby pay	200,000
10000-2200100000-513000	Retirement miscellaneous	500,000
10000-2200100000-513040	Retirement safety	300,000
10000-2200100000-521100	Expert witness fees	150,000
10000-2200100000-522310	Maintenance – building and improvement	250,000
10000-2200100000-528920	Car pool expense	<u>100,000</u>
	Total	2,400,000

Anticipated use of unassigned fund balance:		
10000-2200100000-370100	Unassigned fund balance	1,761,231

Decrease appropriations:		
10000-1109000000-581000	Appropriations for contingencies	1,761,231

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Anticipated increase of unassigned fund balance:

10000-1109000000-370100	Unassigned fund balance	1,761,231
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Recommendation 3: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments decreasing appropriations for contingency, increasing appropriations for the Contributions to Other Funds and increasing estimated revenue for RCIT by \$2,500,000 as follows:*

Decrease appropriations:

10000-1109000000-581000	Appropriation for contingencies	\$2,500,000
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Anticipated increase in unassigned fund balance:

10000-1109000000-370100	Unassigned fund balance	2,500,000
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Increase appropriations:

10000-1101000000-551100	Contributions to other funds	2,500,000
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Anticipated use of unassigned fund balance:

10000-1101000000-370100	Unassigned fund balance	2,500,000
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Increase estimated revenue:

45500-7400100000-790600	Contributions from other county funds	2,500,000
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Anticipated increase in unrestricted net assets:

45500-7400100000-380100	Unrestricted net assets	2,500,000
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Recommendation 4: *That the Board of Supervisors approve and direct the Auditor- Controller to make budget adjustments to appropriations and unrestricted net assets for RUHS Medical Center and increase estimated revenue and unrestricted net assets for the RUHS FQHC Ambulatory Care Clinics by \$11,250,000, as follows:*

Increase appropriations:

40050-4300100000-551100	Contributions to other funds	\$11,250,000
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Anticipate use of unrestricted net assets:

40050-4300100000-380100	Unrestricted net assets	11,250,000
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Increase estimated revenue:

40090-4300600000-790600	Contributions fr other county funds	11,250,000
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Anticipated increase in unrestricted net assets:

40090-4300600000-380100	Unrestricted net assets	11,250,000
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Recommendation 5: *That the Board of Supervisors approve and direct the Auditor- Controller to make budget adjustments to appropriations for RUHS FQHC Ambulatory Care Clinics by \$9,250,000, as follows:*

Increase appropriations:

40090-4300600000-510040	Regular salaries	\$2,500,000
40090-4300600000-521640	Maintenance - software	525,000
40090-4300600000-522860	Medical - dental supplies	550,000
40090-4300600000-522890	Pharmaceuticals	500,000
40090-4300600000-523640	Computer equipment - non fixed asset	260,000
40090-4300600000-525100	Medical - lab services	650,000
40090-4300600000-525440	Professional services	450,000
40090-4300600000-526700	Rent - lease buildings	400,000
40090-4300600000-526900	Instrument - minor medic equipment	115,000
40090-4300600000-529540	Utilities	300,000
40090-4300600000-537120	Interfund expense - professional & special services	<u>3,000,000</u>
	Total	9,250,000

Decrease estimated revenue:

40090-4300600000-751210	CA - medi-cal	(2,000,000)
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Anticipated use of unrestricted net assets:

40090-4300600000-380100	Unrestricted net assets	11,250,000
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Recommendation 6: *That the Board of Supervisors approve and direct the Auditor- Controller to make budget adjustments to appropriations for RUHS MISP by \$650,000, as follows:*

Increase appropriations:

10000-4300200000-510040	Regular salaries	\$ 15,000
10000-4300200000-530320	Physician care services	335,000
10000-4300200000-530340	Hospital care services	<u>300,000</u>
	Total	650,000

Increase appropriations:

10000-4300200000-574100	Intra-detention health - inmate	(650,000)
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Recommendation 7: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations and unassigned fund balance for the Sheriff, as follows:*

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Sheriff Administration

Decrease appropriations:

10000-2500100000-528920	Car pool expense	\$40,000
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Increase appropriations:

10000-2500100000-510200	Payoff permanent – seasonal	1,016,262
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Anticipated use of unassigned fund balance:

10000-2500100000-370100	Unassigned fund balance	976,262
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Sheriff Patrol

Decrease appropriations:

10000-2500300000-510040	Regular Salaries	6,122,590
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Anticipated increase to unassigned fund balance:

10000-2500300000-370100	Unassigned fund balance	6,122,590
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Sheriff Corrections

Increase estimated revenue:

10000-2500400000-755120	CA-Public Safety Sales Tax	487,298
10000-2500400000-755900	CA-AB118 local revenue	1,763,013
10000-2500400000-781480	Program revenue	1,170,734
10000-2500400000-781260	Budget reimbursement	<u>1,398,803</u>
	Total	4,819,848

Increase appropriations:

10000-2500400000-510040	Regular salaries	8,668,382
10000-2500400000-510200	Payoff permanent – seasonal	<u>2,322,207</u>
	Total	10,990,589

Decrease appropriations:

10000-2500400000-525440	Professional services	1,800,000
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Anticipated use of unassigned fund balance:

10000-2500400000-370100	Unassigned fund balance	4,370,741
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Sheriff Court Services

Decrease appropriations:

10000-2500500000-525340	Temporary help services	30,116
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Increase appropriations:

10000-2500500000-510200	Payoff permanent – seasonal	356,452
10000-2500500000-510420	Overtime	<u>270,959</u>
	Total	627,411

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Anticipated use of unassigned fund balance:

10000-2500500000-370100	Unassigned fund balance	597,295
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Sheriff Coroner

Increase estimated revenue:

10000-2501000000-777090	Collection Program	56,922
10000-2501000000-755120	CA-Public Safety Sales Tax	36,096
10000-2501000000-777420	Reimbursement for coroners services	11,597
10000-2501000000-777780	Subpoena fees	<u>10,320</u>
	Total	114,935

Increase appropriations:

10000-2501000000-510200	Payoff permanent – seasonal	293,227
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Anticipated use of unassigned fund balance:

10000-2501000000-370100	Unassigned fund balance	178,292
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Mistry Wang, Supervising Accountant 8/23/2018