

## Notes to the Quarterly Financial Report to the Board for the 2017/18 Fiscal Year

Compiled Revenue and Expense year to date, thru April 30, 2018, compared to the Adopted Budget.

The stated current year budget includes recommendations accepted with Adopted Budget and Budget Transfers approved by the Board after approval of the Adopted Budget.

Current year 2017/18 actual revenue and expense are compared to the average of three (3) prior fiscal years, percentages and dollar amounts, at the same point in time.

Some observations & comments:

### **GENERAL FUND – 101**

**Overall – General Fund revenues are less than \$300,000 higher than the prior year's average for this period, and only slightly higher than last year. Total expenses are \$853,000 higher than the average but \$1 million less than last year. This is net of a substantial increase in Salary & Benefits, offset by a decrease in nearly every other category. The bulk of the increase in Salary & Benefits can be attributed to the lump sum payment of \$738,065 for the General Fund share of the unfunded PERS liability charge for 2017/18.**

Revenue: Revenues continue to run above average in some categories, while slipping behind in others.

TAXES – tax revenue reflects the April 10<sup>th</sup> collections and, in total, is up slightly from last year (\$277,000), and also \$331,000 higher than average. Current year Secured Property Taxes are up over last year, as are Property Tax in Lieu of VLF, Property Transfer Tax and Aircraft Tax. Sales & Use Tax is still less than last year at this point, but higher than the other two prior years.

LICENSE & PERMITS – revenue in this category has dropped below the prior years due to a reduction in the PG&E Franchise fee.

FINES & FORTFEITURES – Vehicle Code and Other Court fines collections started the year out well and remain well ahead of last year, and nearly back to 14/15 levels. Penalty & Cost on Delinquent tax payments is nearly double last year and Marijuana Code Violation Fines & Fees are well ahead of last year.

FROM MONEY and PROPERTY – interest of money in the pooled treasury is now equal to what we saw last year. Interest on the PERS Prepayment is new revenue of \$43,220 and the rent on the Corning Courthouse and various park reservation fees continue to bolster this category.

AID FROM OTHER GOV'T AGENCIES – while this revenue category is practically the same as the prior year average, there is a decrease in State Agriculture revenue and a substantial increase of CALEMA grant money received by the Victim Witness programs along with a one-time \$60,000 grant to the Library.

Facilities Maintenance was also a recipient of an Air Pollution grant for the purchase of a mower tractor.

CHARGE FOR CURRENT SERVICES – this category remains down slightly (\$226,000) from last year at this time, and to a lesser degree only \$120,000 below average. Current year shortfalls for this period compared to last year are seen in Assessment (Property) Tax Collection, Vehicle Abatement, Election Services (anticipated), Legal Fees (County Counsel), Ag Services, Public Admin Estate Fees, Code Enforcement and Property Tax Collection Fees. Accounts running ahead of last year are, Nuisance Assessment (new), Planning/Engineering and Public Guardian Probate. Court Fees and Cost revenue is nearly equal to last year, but still well behind the other two prior years.

OTHER REVENUE – the Miscellaneous revenue account is running far behind prior years largely due to the cessation of Hotel & Motel occupancy payments and the annual \$300,000 donation by Rolling Hills. We budgeted for 2 (\$600,000) years anticipating they would make up their late/delayed payments. There was also a large deposit last year for the Soil Remediation rebate (\$756,013) that skewed the prior year average.

Expense:

SALARY & BENEFITS – the Salary & Wage accounts (Salary & Wages, Extra Help and Overtime) are \$497,871 higher than the prior year average, but only \$358,778 higher than 16/17. The largest change is in PERS retirement payments, mostly due to the \$738,065 lump sum General Fund payment on the current year Unfunded Liability, with a net increase to PERS funding for this period of \$293,334.

SERVICE & SUPPLIES – in total this category remains slightly lower than last year and nearly equal to the prior year average.

OTHER CHARGES – this category is still running slightly ahead of prior year average, and is now also slightly higher than last year with an increase in payments to the Sheriff for Code Enforcement services, Court Facilities payments, Support and Care, Vehicle Abatement and Contribution to the City of Red Bluff for the operating deficit on the Red Bluff Community Center.

FIXED ASSETS – expenditures are less than ½ what they were at this point last year with a decrease in Computer purchases and Special Department Equipment. Coincidentally the expenditures are exactly equal to the prior year average.

#### Contingencies:

The General Contingency and Fuel Cost Contingency were funded the same as last year.

For the Recommended Budget, Special Contingency for Vacation/Sick Leave/Retirement payouts in the General Fund was set at \$135,741. In the Adopted Budget, the Special Contingency in the General Fund was eliminated. The General Contingency remained at \$1,460,000 and the Fuel Cost Contingency was adjusted down to \$17,476. So far, \$305,084 of General Contingency budget has been used for various purposes as listed.

#### HEALTH SERVICES FUND – 112

**Overall revenue for this period is \$519,000 higher than the prior year and only \$256,000 higher than average. Expenses overall are \$940,000 higher than the prior year, and \$1,971,000 higher than the prior year average.**

#### Revenue:

AID FROM OTHER GOV'T AGENCIES – total revenues in this category are \$762,000 less than last year and slightly less than average, with a shift in specific types of revenue received.

CHARGES FOR SERVICES – this category is substantially higher than any of the prior years in this period due to a large amount of Mental Health Medi-Cal revenue recorded in the 1<sup>st</sup> quarter. Medicare fees are higher than last year as is Inter-fund revenue.

#### Expense:

SALARY/BENEFITS – the Salary & Wages component of this category increased just \$323,856 over last year. Other contributing factors to the increase are the Unfunded Liability component of PERS, increased Pay In Lieu of Vacation and higher Worker's Comp charges.

SERVICE & SUPPLES – costs are now nearly equal to last year, but considerably higher than the average. Increases compared to average were noted in Professional Services, A-87 Overhead, Utilities and Employee Travel & Training.

OTHER CHARGES –with an overall rise in this category of \$562,152 over last year, Support & Care costs are \$739,874 higher than the average for this period and \$716,637 higher than last year. Savings are being seen in the Institute Mental Disease account.

FIXED ASSETS – a limited amount has been spent on Fixed Assets, consisting of Computers and Special Department Equipment (an enclosed trailer) and some Improvements to Structure (Deer Creek Heating & Air)

TRANSFER – costs are above average due to contributions toward their portion of the debt service payment on the 2014 Certificate of Participation.

#### PUBLIC SAFETY – 106

This year, in the Recommended Budget, the General Fund was anticipating a contribution of \$18,074,575 to the Public Safety Fund. That amount was adjusted down by \$1,829,526 to \$16,245,049 in the Adopted Budget. The Expenditures in the Public Safety Fund in total are running \$889,000 ahead of revenue, with General Fund Contributions to date of \$14,098,000. Our office is in the process of reviewing all other Public Safety revenue streams to make sure they are being maximized.

## Revenue:

PSAF – (Public Safety Augmentation Fund) this sales tax based revenue continues to run just slightly ahead of last year, but well below the prior two years and the average.

COUNTY CONTRIBUTION – in the Recommended Budget, the County contribution to Public Safety was budgeted \$644,038 higher than last year, and \$1,250,800 higher than the prior year average. The General Fund is currently contributing \$1,300,000 per month to Public Safety.

DA CRIMINAL – revenue continues higher than last year for this period due, in part, to the late arrival of Safe Grant money from 2016/17. It is, however, less than the prior years on average.

DA AUTO FRAUD – this is a grant funded program that will pay for itself.

DA FRAUD WORKER'S COMP – this is also a grant funded program.

BAILIFF – this budget is steadily increasing as labor costs go up, but remains fully funded with dedicated 2011 Realignment funds. Transfers are made monthly to cover the previous month's expense.

PUBLIC DEFENDER – this revenue appears earlier than normal, and actually exceeds budget expectations.

SHERIFF – revenue is lagging last year slightly, but higher than average for this period

AUTO SHOP – the revenue is about equal to the average and 50% higher than last year. The supervisor's salary is funded by a 2011 Realignment allocation from the CCP Committee. The other revenue is invoices for service parts and labor which seems to be on track to meet the current year budget. The General Fund supports this operation budget with \$292,000.

COURT SECURITY – the funding stream from 2011 Realignment is proving insufficient to cover the share of cost that is supposed to be paid by that source. General Fund is therefore picking up the balance.

JAIL – the Jail revenue has caught up and is now substantially higher than this time last year and also well above average.

JAIL HEALTH SERVICES – the \$100,000 revenue budget is for transfers approved by the Community Corrections Partnership Committee. \$50,000 has been transferred so far and the balance has been for medical and dental services.

DAY REPORTING CENTER – this activity is also funded mostly by Transfers from the Community Corrections Partnership Committee Funds. Transfers have been recorded for the first 2 quarters.

JUVENILE HALL – the increased revenue in the Hall is from bed rent to contract counties.

PROBATION 1<sup>ST</sup> OFFENDER – this budget unit is fully funded with transfers from dedicated trust funds.

## Expense:

Expenses are \$2.8 million over the prior year average, but up only \$1million from last year with the largest gains seen in the Jail, Juvenile Hall and Probation and Court Security. Expenses decreased substantially in budget units for the Jail Health Services and Sheriff.

Public Safety Payroll is currently \$773,129 per pay period.

DA – costs increased over last year for the one time lump sum charge for PERS Unfunded Liability and an increase in Professional Services.

BAILIFF – the costs are up due to increases in Salary & Benefits. This budget is fully supported by 2011 Realignment.

PUBLIC DEFENDER – there has been a slight increase in contract expense over last year, but the other costs for court appointed services are far higher than anticipated.

SHERIFF – overall expenses are down considerably from last year and only slightly higher than the average. Salary & Wages are actually less than last year with Salary & Benefits overall practically the same. Service and Supply costs are also less than last year. There was a significant drop in Fixed Asset expense from \$472,000 last year to \$45,000 this year.

COURT SECURITY – this budget has been increased substantially for additional 4 FTE (added at mid-year 15/16) resulting in an increase in cost. Salary & Benefit costs have nearly doubled. As mentioned earlier, the funding stream for this budget has been insufficient for funding the additional costs. The General Fund is picking up these extra costs.

JAIL – costs are up \$243,000 over last year and slightly more against the average. Salaries are up only slightly, while overtime costs have dropped. PERS costs are \$91,000 higher, Group insurance is up while workers comp is down. Service & Supplies are less than last year while fixed asset costs are nearly double with the purchase of computers equipment and vehicles.

JAIL HEALTH SERVICES –Overall, expenses are \$94,000 less than what they were at this time last year, but \$23,000 more than prior year average. The Pharmacy costs continue to lag recent years, but \$10,000 higher than prior year average. The Outside Medical Provider account is \$77,000 less than last year, while Hospital Costs are \$25,000 higher.

DAY REPORTING CENTER – Salary & Benefit costs are up, as are Service & Supply costs in this period. Specifically Utilities, Professional Services, Rent and Lease of Building, Travel & Training and Transportation as programs expand. It has been recommended by this Auditor that the Lodge be moved into a separate budget unit, as well as the Woodworking & Welding Program(s). This budget unit is fully funded without General Fund contributions.

JUVENILE HALL – while Salaries are down, Extra Help costs are up and over-all Salary & Benefit costs are up, again largely due to the PERS rates which has added \$105,000 of cost in this period. Other Service & Supply costs have increased due to the increased population. These costs are being offset somewhat with bed rates charged to other counties and reimbursements for other costs related to those occupants. Employee Travel & Training is 5 times higher than last year, and currently \$10,000 over budget.

PROBATION – costs are up overall by \$207,000 over last year and \$330,000 over average. Salary & Benefit costs are up \$274,000, Service & Supply costs are down \$60,000 and Fixed Asset costs are also down.

PROBATION 1<sup>ST</sup> OFFENDER - this is a fully funded program.

#### **ROAD – 102**

**Road Department revenue amounts are still well below average, but the current year revenue budget is also \$3 million less than the average. Both prior year average and current year are running in the 50% range.**

**The expenditure budget was grossly exaggerated in the Recommended budget, to include work on the Jelly's Ferry Bridge project, and was adjusted down by \$10 million with the mid-year budget. Expenses overall are substantially less than last year and also less than average.**

#### **Revenue:**

Overall, revenue is less than average largely due to the amount of Federal money coming in. The Federal Reimbursement account budget is low this year.

TAXES – the transfer in of ¼ % Sales & Use was approximately \$300,000 higher than prior years.

AID FROM OTHER GOVERNMENTS – the revenue in this category is \$2 million less than average. The amount and timing of State Highway User funds and State and Federal reimbursements affect this category, with Federal reimbursements being the largest factor. There have only been \$1.9 million in Federal Reimbursements recorded in this period compared to a \$3.9 million average.

OTHER REVENUE – this category is higher due to the sale of some fixed assets

#### **Expense:**

Overall expenditures are \$1,555,000 more than last year, and \$1,700,000 less than average.

SALARY & BENEFITS – Salary & Wages are up slightly (up \$186,463) as are PERS costs (up \$119,178).

SERVICE & SUPPLIES - project expenditures (the largest account in this category) are \$1,525,192 YTD, compared to \$3,694,058 prior year average for the same period.

FIXED ASSETS – outlay higher than average due to expenditures for computer equipment and engineering for the remodel of the Red Bluff offices and shop.

CONTINGENCIES - the Road Department traditionally budgets \$100,000 for Contingencies.

#### **SOCIAL SERVICES – 108**

**Revenue is about \$1 million ahead of last year and \$2.2 million above average.**

**Expenses are slightly higher (\$222,853) than last year, and \$625,000 higher than average.**

#### **Revenue:**

GENERAL – the General Fund was originally contributing \$88,000 per month to the Social Service Fund. That amount has been reduced to \$75,000 per month up to \$900,000, with a true-up at year end.

ADMINISTRATION – Administration revenue is substantially \$740,000 less than last year in this period but \$739,000 higher than prior year average.

PUBLIC ASSISTANCE – revenue is \$1,886,000 higher than last year and \$1,652,000 higher than average.

GENERAL ASSISTANCE – the Public Assistance Repayment revenue remains substantially less than any of the three prior years.

Expense:

GENERAL – the past funding mechanism for the CMSP payment has ended. There is no longer an expense appropriation in this budget unit.

ADMINISTRATION – the Adopted expense budget was very similar to last year, but actual expenses are currently \$514,000 higher than last year and \$922,000 over average. The administration costs as % of budget mirror prior years.

PUBLIC ASSISTANCE – the current year expenses have decreased slightly <\$287,284> from prior year, and are also less than average, but the % of budget used is equal to prior year average.

GENERAL ASSISTANCE – costs for this period remain less than any of the three prior years.

**VETERAN'S HALLS**

The Red Bluff and Los Molinos Halls started the year with positive balances in their reserves, while the Corning Hall started out with a debt of <\$21,924>.

The current trends predict the two halls remaining well in the black thru the end of the year. With the Los Molinos' net position increasing and the Red Bluff Hall decreasing due to the lack of revenue.

The Corning Hall is once again projected to end the year in the negative.

Various solutions to the financial dilemma at the Corning Hall have been proposed. A per person fee for Bingo night at the Corning Hall has been implemented and a minimum use fee based on a seasonal 'utility charge' is still being contemplated.

**Additional comments: An Audit finding, that also became part of the Grand Jury Report, that had been hounding us for a few years has finally been resolved with the purchase and implementation of some new software for tracking Sheriff's Civil Trust Funds.**