

BACKGROUND

The Auditor-Controller's Office closed the 2013-14 fiscal year on September 9. State law requires that the budget be balanced at fiscal year-end and all cost overruns addressed. The Auditor completes this process through numerous year end appropriation transfers and the recognition of additional revenue sources. As provided in state law, some of these transfers must be approved by the Board of Supervisors and are therefore included in this report. In accordance with the long-term financial plan, included in the report is an analysis of how each department ended the year.

As required by state law, the Board must adopt a budget by October 2 of each year. The attached resolution and exhibit is based on the recommended 2014-15 budget as approved by the Board of Supervisors on June 11 and as revised by the recommendations included in this memo.

A - Year End Transfers

Appropriation transfers are required to cover expenditures in excess of approved budgets within various budget units and funds as prescribed by state law. The transfer schedule (Attachment B) includes the budget unit description and amount of the transfer. Unless otherwise noted below, department management covered budget overdrafts by transferring unused appropriations from within the department.

B - Fund Balance Summary Report

The Fund Balance Available report (Attachment C) is a general accounting of the fund balances for all funds as of 6/30/14 and is subject to audit by the independent auditors. The first two columns identify the budget unit followed by the balance of that fund at the close of the 13-14 fiscal year. The fund balance used or not available indicates the amount that is either appropriated for use in the 14-15 fiscal year or has been set aside as it is not available for current spending (i.e. prepaid expenses and inventories). The available fund balances are those remaining amounts that have not been appropriated for use in 14-15 and are available to be used in the manner outlined in statute. The final board control column identifies how much flexibility the board has in directing the use of those available funds. The definition for the control identification is contained on the final page of this report.

C – Additional 2014-15 Appropriations

General Fund (Fund 110)

The general fund has an available fund balance of \$12,007,128. This amount includes \$3,176,786, which was used as a funding source in the 2014-15 Recommended Budget. Additionally, staff has had an opportunity to update the 2014-15 revenue projections which indicate an improvement of \$1,100,711 based upon improved assessed property values, redevelopment pass through and board-controlled penalties. Recommended allocations for the remaining amount not allocated as part of the 13-14 Recommended Budget are described below.

Recommended action: It is recommended that the fund balance in the General Fund be allocated as follows:

	Recommended Appropriation	Line Item Total
General Fund fund balance at 6/30/14		\$12,007,128
Revised Revenue Projection		\$1,100,711

Allocated in 14-15 Recommended Budget	\$3,176,786	
Total Available Funds		\$9,931,053

One Time Use

OPEB Reserve	\$1,000,000	
CIP Reserve	\$2,000,000	
Road Maintenance Reserve	\$750,000	
General Reserve	\$1,000,000	
Audit Disallowance Reserve	\$650,000	
PS Landfill Loan	\$500,000	
IT Innovation Contingency	\$300,000	
Elections Contingency	\$195,000	
Public Safety Contingency	\$405,000	
Countywide Tactical Plan	\$150,000	
Ag Tactical Plan	\$83,000	
Criminal Justice Strategic Plan	\$200,000	
HRIS Module Purchase	\$400,000	
Parks deficit	\$31,600	
General Services deficit	\$207,000	
Sheriff Vehicles	\$295,000	
Internal Digitizing Plan (Library)	\$30,000	
Board Meeting Video Replacement	\$12,000	
Courier Van	\$23,500	
Legal Agreements	\$100,000	
Contract Specialists	\$200,000	
Delta	\$99,000	
Cooperative Extension	\$12,000	
Total one-time		\$8,643,100

Ongoing Use

Auditor Additional Staffing	\$75,000	
Public Defender – Retain Staffing	\$68,000	
DA Additional Staffing	\$550,000	
Sheriff Additional Staffing	\$500,000	
HR Additional Staffing	\$60,000	
Coop Extension – In-Kind	\$20,000	
Total ongoing		\$1,273,000

Description of Appropriation of Additional Funds

The fund balance in the general fund is considered to be a one-time resource and thus should be utilized for short-term funding solutions. Therefore, staff recommendations are primarily one-time in nature. However, with the \$1,100,711 in on-going additional revenue, staff recommends some additional ongoing investment to meet the specific department needs. \$1,273,000 is associated with on-going obligations. The remaining recommendations, \$8,643,100 are one-time allocations. The

following is a narrative description of the recommended distribution of general fund balances. In addition, Attachment D is a one page summary page with notes for all recommended appropriations.

- OPEB Reserve – Last fiscal year the Board supported increasing the other post-employment benefits (OPEB) reserve as funds became available. The current recommendation would add \$1,000,000 to the OPEB Reserve achieving a reserve of \$2,400,000 which is equal to 1.2% of the total unfunded liability of \$197,678,000 and which could be used to pre-fund such liability according to a phased-in plan recommended by the actuaries.
- Capital Improvement Plan (CIP) – Work continues on development of a robust CIP. Many of the items in the plan lack an identified funding source. Additionally, the Space Needs and Facility Condition Assessment will likely add to the list of capital items lacking a funding source. Prior to the recession, the CIP fund had a \$1,500,000 reserve which was used during the difficult financial years to balance the budget. Staff recommends funding the CIP reserve with a \$2,000,000 beginning balance.
- Road Maintenance Reserve – Previous budgets have recognized the significant unfunded liability associated with deferred road maintenance. In 2007, the road maintenance reserve balance was \$3,000,000. Those funds were utilized to mitigate budget constraints during the succeeding years and thus depleted. Staff recommends utilizing \$750,000 to once again begin building the reserve.
- General Reserve – Currently, the general fund reserve is at \$6,369,096. This is 48% lower than in 2007-08 (\$17 million) and under the minimum 5% threshold required under the Board's Fund Balances and Reserve Policy. Staff's recommendation would add \$1,000,000 to the current reserve bringing it to 5.6% of the General Fund and thus reaching the minimum recommended reserve level.
- Landfill Loan - In 2010-11 the Board of Supervisors approved a \$10.5 million loan from the Central Landfill Closure Fund to the General Fund to cover deficits within the Public Safety (\$2.5 million) and Mental Health (\$8 million) funds. The repayment schedule requires a \$500,000 annual payment to the public safety portion of the loan and \$401,775 for ADMH. ADMH included this payment in the Recommended Budget approved in June. This recommended action uses \$500,000 in 2013-14 fund balance to pay the 2014-15 Public Safety loan payment. This will leave a remaining public safety assigned loan balance of \$850,236.

While not part of the General Fund fund balance recommendations, the ADMH landfill loan will benefit from accounting adjustments that allow for a reduction in the liability. As a result, the remaining debt of \$8,034,508 will be reduced to \$3,115,619. This is the result of a change in accounting practices recommended by the county independent auditors that no longer require projected disallowances be booked as liabilities. A portion of the original loan covered actual disallowances and a portion was related to projected potential disallowances. This accounting change allows the portion of the liability that is projected but not substantiated by audits to be released and reassigned to the Landfill Fund.

- Audit Disallowance Reserve – While the aforementioned accounting practice change allows a significant portion of funds assigned to mental health disallowances from the landfill fund to be reassigned back to the landfill fund, the risk of a negative disallowance finding remains each year. Each year, the State audits our mental health reimbursement requests and disallows payments for a variety of reasons. To ensure sufficient fund balance to address the estimated potential one year impact of a negative audit finding, staff recommends creating a \$650,000 audit disallowance reserve.

- IT Innovation Contingency – Staff recommends \$300,000 be appropriated for this purpose. These funds allow departments to request funds from the Board to implement IT solutions which result in department efficiencies or enhanced client self-service options.
- Elections Contingency – The cost of an election is difficult to estimate before the details of the election (ex. number of propositions) are known. The state, cities, schools and special districts that have candidates and/or measures on the ballot pay a share of the cost, with the county covering the remaining costs. Election costs are influenced by the number of measures and contests on the ballot and the number of jurisdictions sharing the ballot. It is also very difficult to predict how much and when the state will reimburse the county for their share of the election costs. It is recommended that \$195,000 be placed in a contingency in case it is needed to cover higher than currently estimated election costs.
- Major Fund Contingencies – The Board’s Fund Balance and Reserve policy recommends a 1 – 3% contingency for major funds to cover unanticipated needs that may arise throughout the year.
 - Public Safety – Staff recommends allocating \$405,000 which is slightly less than 1%.
 - Health and Human Services – Staff recommends allocating \$1,200,000 which equates to a 1% contingency. While this amount is not included in the general fund balance above, a reimbursement of indigent health costs was received prior to year end and deposited in the Health budget. Since indigent costs were paid with general fund dollars, staff recommends transferring the funds into an assigned Health and Human Services Contingency.
 - The General Purpose Revenue contingency was set aside during recommended budget and totals \$2,000,000 representing a 3% contingency.
- Countywide Tactical Plan - The Board-approved tactical plan includes a number of goals for which funding may be needed to achieve success. \$175,000 in Tactical Plan funds will be set aside, much like the IT Innovation fund, and be available for future Board appropriation as projects become defined and costs known.
- The Agriculture Department is requesting \$83,000 to implement its tactical plan efforts. Of this amount, \$50,000 is to enhance the Farmbudsperson contract, \$25,000 is for additional extra help, and the remaining amount is for other minor items.
- Criminal Justice Strategic Plan – The criminal justice partners will be presenting their recently developed strategic plan to the Board prior to this budget discussion. This strategic plan utilizes a variety of funding sources for implementation. However, there are gaps in funding with no identified funding source. Staff recommends setting aside \$200,000 to be available for future Board appropriation to implement objectives within this plan.
- HRIS/Finance System – As staff has begun implementation of the new HR/Financial system, they see significant value in acquiring modules that were previously declined during the initial system purchase. The modules include succession planning, workforce development and employee performance. As staff have had an opportunity to see first-hand, through the intensive Infor training program, the benefits of these modules (as opposed to the initial demonstration), they see the value that can be brought to employee management. Purchase of the additional modules is a one-time cost of \$400,000.
- General Services (GSD) is requesting additional funding for budget deficits identified in the recommended budget. As part of the Recommended Budget process and in an effort to balance the Information Technology (IT) budget, salaries and benefits were reduced and

additional general fund was allocated to bridge an initial \$754,000 deficit. This strategy allowed GSD more time to re-evaluate and research additional revenue options and to conduct an administrative staff time study to better capture the time being spent in the various General Services budget units.

This evaluation indicated a need to reallocate overhead charges to more accurately reflect the actual time spent in the various services areas; however, it has caused deficits in the other GSD budget units. General fund is being recommended to close this total \$207,000 overhead related deficit. In addition, Parks had projected the use of a particular revenue source to help close its \$31,600 deficit that the department now believes is not a viable option. Thus, additional general fund is also recommended for Parks along with \$23,500 for the purchase of a courier van that needs replacement in compliance with the Board adopted County Vehicle Policy.

During this fiscal year, staff will work to determine if these funding needs are ongoing or one-time in nature.

- Sheriff Vehicles - The Sheriff's department is requesting assistance in paying for seven new vehicles in compliance with the vehicle policy. Staff recommends allocating \$295,000 for the purchase of these replacement vehicles.
- Internal Digitizing Plan - As departments continue to move toward paperless operations, their reliance on records storage has diminished. The Library oversees the record storage operation and has requested funds to implement a new business model that would have staff assisting departments with digitization of their records. \$30,000 will assist with the development and implementation of this new model.
- Board Video Replacement - The current system utilized by the Board to broadcast meetings via the internet and on local cable has become increasingly unstable and failed to meet expectations. Staff has reviewed alternate options and will be recommending a new system. While the ongoing costs will not increase, there are one-time set up and installation fees requiring funding. \$12,000.
- Legal Counsel – Occasionally, the County Counsel's Office lacks the specific expertise needed in a particular field and contracts with private counsel in order to meet the needs of the county. The money already allocated to the County Counsel budget is potentially obligated under existing agreements. It is recommended that \$100,000 be appropriated so it is available if other agreements are needed in this fiscal year.
- Contract Specialists - The County Administrator's Office engages external professional expertise to assist in a variety of countywide areas from managing departmental climate and culture to business process review as well as professional recruiters for hard-to-fill leadership positions. These needs will continue in 14-15 and were not funded as part of recommended budget so \$200,000 in fund balance is being set aside to cover this expense.
- Delta – The 2012-13 and the 2013-14 expenses for the County's contribution to the Delta Counties Coalition Coordinator (\$35,000 annually) were not distributed prior to year end. Therefore, the funds set aside in 2013-14 for these payments along with \$18,500 Delta revenue collected in 2013-14 and \$10,402 for water transfers paid from Conway were included in the general fund fund balance total discussed above. Action is needed to carry roughly \$99,000 into the 2014-15 Adopted budget so the obligations from previous years can be paid.
- Coop Extension Payoff – With the transition on July 1 from a County function to the Multi-County Partnership, the county-funded budget was closed on June 30 and all remaining general funds became part of the fund balance discussed above. There was a payoff owed to

a departing county staff member that was paid in July, therefore the payment needs to be covered from 2014-15 funds.

- Auditor-Controller / Treasurer-Tax Collector is requesting an Accountant I position (\$75,000) to assist in their efforts to help implement the new financial system (InforSystem). The position will initially help backfill staff participating in the InforSystem implementation. On an ongoing basis the position will allow the department to provide proper level reporting and raise the level of fiscal accountability and customer service to the level envisioned in the new Department of Financial Services model.
- The Public Defender is requesting one Deputy Public Defender I position to continue the work of record mitigation in the Clinic. The Clinic provides legal representation to individuals seeking “expungement” and other post-conviction remedies to clear up criminal records after completion of probation or a custodial sentence, thereby removing barriers to economic stability and thus preventing a potential return to crime. The Clinic performs outreach and has partnered with DESS to educate County workers on the legal rights of individuals with regards to the consideration of their criminal records in the context of employment decisions. The Clinic has also worked directly with the Court to streamline the misdemeanor expungement process. To date, 93 clients have obtained post-conviction relief in the last 12 months, some of whom had multiple cases. Funding of this position is being partially offset by tribal grant funds.
- DA staffing – It was noted in June that a variety of items that had been requested, but not included in the Recommended budget, would need to be addressed with the Adopted Budget. The proposed Adopted budget includes an additional \$550,000 in General Fund dollars to address these items. An Enforcement Officer position that was funded at 0.5 FTE in order to meet the needs of the incumbent will now be funded as full time due the retirement of the incumbent. Approximately \$63,000 will be used to cover the cost of a Legal Secretary position in the Criminal Prosecution Grants cost center due to loss of state DUI grant funding for the position. \$75,000 will be allocated to fund a full time Investigator for the High Tech Crimes unit. Increasingly, cases require the specialized skills involved with the prevalence of technology associated with crimes. Currently, the DA utilizes extra help staff for this function.
- Sheriff’s Department Staffing - At the request of the Board of Supervisors, the Sheriff’s Office conducted a staffing study of the Detention Division. The staffing study determined the number of staff needed in order to fully staff both Monroe and Leinberger detention facilities while helping reduce overtime (Attachment X). At this time, the Sheriff’s Office has requested funding for five positions which includes four Correctional Officers and one Lieutenant Correctional Officer added to the Detention Division. In addition to those positions, the Sheriff’s Office has requested to add two Ag Task Force Deputies. These two Deputies would replace the ones currently pulled from Patrol to provide Agriculture Crime awareness and investigations. The deputy positions would be funded from the Sheriff’s special funds for the 2014-15 fiscal year.
- HR staffing – With the significant increase in employees over the last two years (7.8%), the amount of HR time needed to serve departments has increased dramatically. Staff recommends \$60,000 for an additional position in HR to meet the demands associated with a larger workforce.
- Coop Extension In-Kind – On 2/25/14 the Board approved an agreement for the University of California Cooperative Extension (UCCE) Multi-County Partnership. While the amount for the payment to UCCE was included in the recommended budget, the County’s in-kind obligations of \$20,000, such as liability insurance, telephones and internet were not included in the Recommended Budget.

2014-15 Contingencies Summary	
IT Innovation	\$300,000
General Fund	\$2,000,000
Elections	\$195,000
Health and Human Services	\$1,200,000
Public Safety	\$405,000

Reserves Summary	
General	\$7,369,096 (5.6%)
OPEB	\$2,400,000 (1.2%)
CIP	\$2,000,000 (<1%)
Roads Maintenance	\$ 750,000 (<1%)
Audit Disallowance Reserve	\$ 650,000
Claims against the County	\$ 890,000

Non-General fund additional appropriations

Additional 2014-15 requests for appropriations have been received beyond those provided in the recommended budget. These requests can potentially be met through using non-general fund monies. A summary of those requests are as follows:

- Children's Movement – The Board received a report on the Yolo County Children's Movement at their 9/9/2014 meeting. The draft implementation workplan and timeline is included as Attachment G. After the presentation the Board asked that staff work with the Board Ad hoc Committee to explore funding for this effort in the September Adopted Budget. Staff recommends that \$62,000 in Pomona funds be allocated to support this effort in 2014-15. Of the \$330,000 available for 2014-15, the Board has previously appropriated \$170,000 to tobacco education and \$80,000 to crises nursery.
- The Department of Health Services – Alcohol, Drug and Mental Health (ADMH) Division is making a number of changes to the fiscal year 2014-2015 budget. These changes occur in two categories: staff additions and program modifications.

First, ADMH is requesting the following five (5) new staff positions, which require no additional general funds, to help provide high quality and targeted services:

- Office Support Specialist – Mental Health Service Act program implementation requires much needed clerical support to the Manager with the start of a new three-year plan.
- Office Support Specialist – This position provides support to the Quality Improvement program in protecting the department from the liability associated with audit exceptions, as well as liability related to legal and/or ethical standards. These functions support the entire department.
- Health Department Program Manager - This position will be responsible for overseeing the day-to-day operations of the ADMH clinics at all three sites. This position will directly supervise support staff and focus on providing high quality care and maximizing efficiencies. Special attention will be paid to customer service, access to care, managing appointment scheduling around no-shows, cycle time, and productivity.
- Mental Health Specialist – Homeless - The position will assist adult consumers experiencing homelessness and mental illness in accessing services and appropriate treatment.
- Mental Health Specialist – Discharge Planning. The position will assist consumers experiencing mentally illness and substance use disorders in transitioning from County detention facilities and other placements into appropriate treatment.

Secondly, ADMH is requesting the inclusion of additional funding for the MHSA Innovation Grant Programs that were approved through the recent competitive bid process. The programs approved are of a high quality and in order to maintain the practices proposed, additional funds in the amount of \$49,240, available under MHSA, are requested to support these contracts. ADMH is also adding \$177,500 in grant dollars received from the California Health Facilities Financing Authority (CHFFA) under the Investment in Mental Health Wellness Act of 2013 (SB 82). The notice of the county's award did not arrive in time for the funds to be included in the recommended budget, therefore they are being added at this time. These funds will be used to purchase 5 mini-vans which will allow for mobile community based crisis clinicians to respond locally to the site of crisis reports, conduct evaluations, provide brief therapeutic intervention and refer consumers to additional services and treatment.

Additionally, the amount of \$8,253 in 2011 realignment funds are being added to cover the cost associated with the Health Services/ADMH portion of square footage in the new Health and Human Services Winters service center. Finally, \$240,000 in 2011 realignment funds are being added to cover the cost of previously unforeseen placements for seriously mentally ill adults at the Institute of Mental Disease (IMD) level of care.

- The Department of Health Services – Health Division is adjusting the budget to include Pomona funds in the amount of \$170,000, which were awarded around midyear in fiscal year 2013-14 for expanded services in tobacco cessation. Due to the timing of the award half way through the year, only a portion of the identified funds were able to be spent through the remainder of that fiscal year. The unspent portion of those funds was \$140,656, however only \$88,644 were previously budgeted in 2014-15 leaving a remaining fund balance of \$52,012 still needing to be appropriated. After adding the second year renewal of \$170,000 to the remaining fund balance of \$52,012 that still needs to be appropriated the total budget increase associated with Pomona funds that the department is requesting is \$222,012. Any unspent portion of these allocated Pomona

funds at 2014-15 year end will be included in the requested budget process for future fiscal years.

The intergovernmental transfer agreements between the County, State, and Partnership Healthplan of California have brought approximately \$4.6M of revenue for new and expanded services to Medi-Cal populations in recent years. The Intergovernmental Transfer (IGT) process continues in the new fiscal year with the addition of \$262,766 in federal funding for additional Medi-Cal services. A portion of these new IGT funds will be used to add a limited term Senior Public Health Nurse focused on needs of the senior population.

As part of the continued partnership in duties between Health Services and Department of Employment and Social Services (DESS), a Senior Public Health Nurse position will be added to increase services in the Adult Protective Services (APS) program. The Department of Employment and Social Services is requesting an additional eight positions.

In Child Welfare Services, a request for four Social Worker Practitioners (SWPs) and one Social Worker Supervisor to improve outcomes for our children. Of the four additional front-line positions, one will function as a coordinator to implement Family Partnership Meetings, an evidence-based practice to keep children safely in their families. This practice is proven to reduce the number of children placed in foster care by involving those adults in a child's life early in the process to discuss options and create a plan to ensure that child's safety. The other three positions will work primarily with children placed in foster care and those receiving continuing protective services living in their family home. Additional detail regarding this program is included as Attachment H.

In In-Home Supportive Services, the department requests two additional office support specialists to expand community education and outreach regarding resources and services available for seniors and to deliver support services to address social and emotional needs of high risk and disabled children and their families.

In addition, the department is requesting a new Technical Support Specialist III position. The new position is being requested to help address additional service needs associated with recent department-wide staffing increases as well as the growth of applications and IT equipment demands associated with the recently added City of Winters location.

No general funds will be needed to fund these five new positions.

In addition to the staffing increase the department is also requesting a budget adjustment to cover the following program related expenses: homeless work; increased cost of adoption program; CalFresh program advertising; cost associated with CalWorks, including the Fraud program; increase visits to Supervised Visitation contract in CWS; and training. No general fund increase is being requested to cover these increase cost.

- o Unemployment Internal Service Fund (ISF) Loan Payment: As part of the year-end cleanup, the Auditor's Office made a \$364,146 payment to the County's Unemployment ISF.
- o Yolo Arts Council - Supervisor Provenza, as the Board's liaison to the Yolo Arts Council, has asked that the Board consider a funding request from YoloArts as part of the Adopted Budget Hearing. This proposal is included as Attachment I.

Non-General Fund New Position Funding Summary

Program	Funding
DESS – In-Home Supportive Services	State IHSS
DESS – Child Welfare Services	60% Realignment and 40% Federal reimbursement
DESS - IT	50% Realignment and 50% Federal reimbursement
Health Services – ADMH Clinics	80% Mental Health Block Grant/20% MHSA
Health Services – ADMH Discharge Planning	50% IGT, 25% MHSA, and 25% Federal reimbursement/Realignment
Health Services – ADMH Homeless	50% IGT, 25% MHSA, and 25% Federal reimbursement/Realignment
Health Services – ADMH MHSA	MHSA Administration
Health Services – ADMH Quality Improvement	50% Medi-Cal/50% Realignment
Health Services – Nursing Adult Protective Services	75% Federal reimbursement/25% Realignment
Health Services – Nursing Services for Seniors	100% Federal reimbursement

A summary of the recommended budget as compared to previous years is included as Attachment J.