



## COUNTY OF SAN BENITO, Financial Report Q4 – FY18/19

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**Prepared for:** The Board of Supervisors, County Administrative Officer, and Department Heads

**Preamble:** At the fourth quarter of a fiscal year, 100% of the year has elapsed. Each performance metric in this report focuses on measuring the variance from the 100% expected baseline of the budget. Government revenues and expenditures can be cyclical but may also change based on one-time items, timing/recognition, and accounting procedures. Year-to-date (YTD) amounts are represented as of 6/30/2019 for fiscal year (FY) 2018/2019 (18/19). The figures outlined below are unaudited and subject to change and revision based on completion of the County financial audit.

### Financial Highlights FY18/19:

- “AA” Credit Rating from Standard & Poor’s Global Ratings on the 2019 Certificates of Participation (issuance totaled: \$7.465 million) for the San Benito County Jail Expansion Project.
- Began the Energy Conservation Measures (ECM) Project to reduce the County’s carbon footprint by installing solar energy panels and implementing energy improvements to County facilities. Total project costs are estimated at approximately \$8.1 million.
- Completed construction on Phase II of the Homeless Services Center Building that included offices, training rooms, kitchen, and laundry facilities. The total project costs were estimated at approximately \$1.2 million.
- New taxing Measures voted on by San Benito County citizens:
  - **Measure C: Cannabis Tax (June 2018)** – Authorized tax on cannabis related activities in the unincorporated area.
  - **Measure B: Transient Occupancy Tax (TOT) (June 2018)** – Raised TOT tax from 8% to 12% in the unincorporated area.
  - **Measure H: Business License Tax (November 2018)** – Authorized business license tax on businesses in the unincorporated area and establishes a minerals depletion tax component.



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- **Measure G: Transportation Sales Tax (November 2018)** – Established a one percent sales & use tax for County-wide road projects over the next 30 years.

### Budget Performance:

The County of San Benito budget performance for end of FY18/19 is as follows:

### County of San Benito

### Budget Performance (Expenditures) through 6/30/2019

Fund	Amended Budget	YTD Actual	% Expended
General Fund <sup>1</sup>	56,394,444	43,448,937	77%
Special Revenue Funds <sup>2</sup>	124,326,848	50,816,364	41%
Capital Projects Funds <sup>3</sup>	49,028,955	26,526,415	54%
Special Districts & Other Agencies <sup>4</sup>	1,475,260	752,258	51%
Enterprise Funds	1,484,401	712,207	48%
<b>Total</b>	<b>232,709,908</b>	<b>122,256,181</b>	<b>53%</b>

Notes:

1. General Fund includes OPEB and Risk Management budget and actual amounts.
2. The amended budget for Special Revenue Funds includes the Road Fund, which has been historically budgeted to include all proposed projects.
3. The amended budget for Capital Projects Funds includes the Jail Expansion project. Most of the Jail expansion project expenditures were recognized in the third and fourth quarters of FY18/19.
4. Includes County Service Areas and Community Facilities Districts (previous reports included these under Special Revenue Funds).

The table above represents the amended budget as of June 30, 2019. Budget amendments are brought to the Board of Supervisors throughout the year to revise the budget for cost savings and unforeseen events as needed.

In FY18/19, the County of San Benito expended 53% of its total budget of approximately \$232 million.



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## County of San Benito

### General Fund Revenues, Expenditures and Fund Balances for FY16/17 to FY18/19

	Fiscal Year 2016-17 (audited)	Fiscal Year 2017-18 (audited)	Fiscal Year 2018-19 (unaudited)
<b>Revenues</b>			
Taxes	\$ 17,511,984	\$22,292,404	\$23,602,229
Licenses and permits	1,294,916	1,598,127	1,912,268
Aid from other governments	6,867,855	7,080,331	5,716,919
Use of money or property	226,788	642,133	937,665
Fines, forfeits and penalties	3,134,899	1,271,952	1,253,979
Charges for services	4,979,369	4,783,506	4,581,087
Miscellaneous revenue	413,610	764,150	436,975
<b>Total Revenues</b>	<b>34,429,421</b>	<b>38,432,603</b>	<b>38,441,122</b>
<b>Expenditures</b>			
General government	4,118,060	6,085,212	9,753,462
Public protection	26,873,672	28,057,189	27,716,726
Public assistance	577,047	532,125	630,637
Education	991,421	1,050,265	1,126,439
Recreation and cultural services	162,256	251,366	135,949
Capital outlay			
General Government	77,808	48,853	48,853
Public Protection	601,798	327,232	327,232
Education	21,500	--	5,283
Debt Service:			
Principal	--	--	--
Interest and fiscal charges	--	--	--
<b>Total Expenditures</b>	<b>33,423,562</b>	<b>36,352,242</b>	<b>39,744,581</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,005,859	2,080,361	(1,303,459)
<b>Other Financing Sources (Uses):</b>			
Issuance of Debt	--	--	--
Transfers in	1,957,068	1,277,106	1,621,176
Transfers out	(1,416,330)	(1,818,790)	(3,704,356)
Capital Leases	25,211	--	11,349
<b>Total Other Financing Sources (Uses)</b>	<b>565,949</b>	<b>(541,684)</b>	<b>(2,071,831)</b>
<b>Net change in fund balances<sup>1</sup></b>	<b>1,571,808</b>	<b>1,538,677</b>	<b>(3,375,290)</b>
<b>Fund Balance – Beginning of Year</b>	<b>27,337,175</b>	<b>28,908,983</b>	<b>30,447,660</b>
<b>Fund Balance – End of Year</b>	<b>\$28,908,983</b>	<b>\$30,447,660</b>	<b>\$27,072,370</b>

Notes:

1. Net change in fund balance for FY18/19 totaled (3,375,290) and was a result of one-time capital outlay transfers and other one-time expenditures.



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### General Tax Revenues:

#### County of San Benito

#### Tax Revenues – Three Year Trend (Actual)

Revenue	FY16/17	FY 17/18	FY18/19
Property Tax	14,492,333	15,539,085	16,608,933
Sales and Use Tax <sup>1</sup>	2,047,933	5,975,311	2,419,525
Prop 172 Sales Tax <sup>2</sup>	3,062,166	3,238,951	3,696,069
Documentary Transfer Tax	597,908	609,640	613,267
Transient Occupancy Tax	175,591	118,602	213,247
Aircraft Tax	47,654	49,765	51,188
<b>Total</b>	<b>20,423,585</b>	<b>25,531,355</b>	<b>23,602,229</b>

Notes:

1. Sales and Use Tax collected in fiscal year ending June 30, 2018 included a \$2.5 million deposit from a development agreement for in-lieu of sales tax fees.
2. Proposition 172 funds are designated for public safety services.

Over a three year period, general County tax revenues have grown by approximately 15.5% (FY16/17 to FY18/19). Property tax revenues to the County specifically saw a 6.9% increase from the previous year. Sales and Use Tax revenues were down by over \$1 million dollars due to the completion of a major development project. Slight growth was seen in Proposition 172, Documentary Transfer, Transient Occupancy and Aircraft taxes. In FY19/20, the County is expected to see additional general tax revenues from Measure H (Business License Tax).

### General Fund Salary & Benefits Expenditures:

#### County of San Benito

#### General Fund Salary & Benefit<sup>1</sup> Details through 6/30/2019

Expenditure	Amended Budget	YTD Amount	% Expended
Regular Salaries	18,403,101	16,518,290	89.7%
Temporary Wages	934,000	885,967	94.8%
Overtime	399,600	667,117	166.9%
Payroll Taxes	950,343	850,037	89.4%
Pension (PERS)	4,728,596	4,562,994	96.4%
Medical Insurance	2,315,302	1,820,769	78.6%
<b>Total</b>	<b>27,730,842</b>	<b>25,305,174</b>	<b>91.2%</b>

Notes:

1. This table does not include worker's compensation insurance, OPEB Pre-funding, and unemployment costs.



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Total expenditures on salaries and benefits in the General Fund compared to the amended budget are at 91%.

### General Fund Overtime Expenditures by Department:

#### County of San Benito

#### General Fund Department Overtime through 6/30/2019

Department	Amended Budget	YTD Amount
Office of Emergency Services	0	456
Information Technology	0	13,627
Internal Services	0	1,084
Council of Governments	0	3,475
Elections	0	9,152
Clerk	0	11,510
Recorder	0	9,931
Auditor	0	5,042
Treasurer	0	319
Tax Collector	0	2,406
Assessor	0	627
Sheriff - Operations	179,600	241,518
Sheriff - Corrections	175,000	255,344
Probation	15,000	24,789
Juvenile Hall	30,000	66,987
Library	0	5,670
Agricultural Commissioner	0	7,568
RMA - Planning	0	3,665
RMA - Maintenance	0	3,763
RMA – Parks & Recreation	0	185
<b>Total</b>	<b>399,600</b>	<b>667,118</b>

Each department is treated as a standalone budgetary unit for purposes of overtime expenditures and allocations. Many of the departments have varying overtime expenditures throughout the year due to turnover or unforeseen events. Department Heads are expected to absorb overtime costs within their budgetary allocation. As of June 30, 2019, no department reached their total board approved salaries and benefits appropriations limit.



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### Other Funds Salary & Benefits Expenditures:

#### County of San Benito

#### Other Funds Salary & Benefits<sup>1</sup> Expenditures through 6/30/2019

Fund	Amended Budget	YTD Amount	% Expended
Road Fund	1,304,081	733,609	56%
HHSA	11,187,238	9,075,037	81%
Public Authority	144,632	136,701	94%
Public Health	2,666,536	2,405,069	90%
Behavioral Health	5,267,418	3,319,998	63%
Substance Abuse	1,200,967	873,655	72%
Child Support	1,589,460	1,408,915	88%
CSWD	1,227,279	1,102,694	89%
Other Funds <sup>2</sup>	1,024,581	825,074	80%
<b>Total</b>	<b>25,612,192</b>	<b>19,880,752</b>	<b>77%</b>

Notes:

1. This table does not include worker's compensation insurance, OPEB Pre-funding, and unemployment costs.
2. Other funds includes: CSA, Mosquito Abatement, Migrant Labor Camp, Victim Witness, EMS and Regional Agency.

All other funds are within budget reporting a 77% expended rate compared to the amended budget at year end.

### Vacancy Rate – 6/30/2019:

Fund	Adopted FTE FY18/19	Actual FTE 6/30/2019	Vacancy Rate
General	244	212	13.11%
Roads	17	9	47.06%
HHSA	177.6	138	22.30%
BEHE	58.5	43	26.50%
Child Support	19	15	21.05%
All Other	8	7	25.00%
<b>Total</b>	<b>524.1</b>	<b>424</b>	<b>19.09%</b>

The total vacancy rate for the County was 19.09% at the end of the fourth quarter, 06/30/2019. A combination of newly added positions from the previous year, yet to be filled, and a difficult local labor market has contributed to the high vacancy rate. Unemployment in June was at 4.2% (United States Department of Labor: Bureau of



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Labor Statistics) for California and, at July 1, 2019, 5.1% (State of California - Employment Development Department) for San Benito County. Historically, the County's proximity to the Bay Area and low unemployment rate periods have impacted the ability to fill positions.

### General Fund Contingencies:

Expenditure	Amount
General Fund Contingency Balance	\$1,000,000
Southside Landslide (8/21/18 BOS Approved)	397,458
Assessor SSCAP Grant Match (11/6/2018 BOS Approved)	125,000
Employee Bonus (12/11/2018 BOS Approved)	250,000
<b>Balance as of 6/30/2019</b>	<b>\$227,542</b>

General Fund Contingency balance as of 6/30/2019 totaled \$227,542.

### External Data References

State of California - Employment Development Department. (n.d.). *Unemployment Rate and Labor Force*. Retrieved December 2019, from Labor Market Info:

<https://www.labormarketinfo.edd.ca.gov/data/unemployment-and-labor-force.html>

United States Department of Labor: Bureau of Labor Statistics. (n.d.). *Western Information Office - California*. Retrieved December 2019, from Bureau of Labor Statistics:

<https://www.bls.gov/regions/west/california.htm#eag>