

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: Chief Executive Office

BOARD AGENDA # *B-12

Urgent Routine *dit*

AGENDA DATE June 18, 2013

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Approval of Year End Budget Adjustments for the Chief Executive Office - General Fund Contribution to Other Programs and Risk Management Division Funded from Retained Earnings and Appropriations for Contingencies

STAFF RECOMMENDATIONS:

1. Authorize the Chief Executive Officer and the Auditor-Controller, prior to year-end, to increase appropriations by \$242,627 in the Chief Executive Office - General Fund Contribution to Other Programs budget, funded by a transfer from Appropriations for Contingencies by a 4/5th vote by the Board of Supervisors.
2. Authorize the Chief Executive Officer and the Auditor-Controller, prior to year-end, to increase appropriations by \$3,000,000 in the Chief Executive Office - Risk Management Division Medical Self-Insurance budget.

FISCAL IMPACT:

At the end of Fiscal Year 2012-2013, the Chief Executive Office will need budget adjustments to cover unanticipated costs. If approved, the request to increase appropriations by \$242,627 in the General Fund Contribution to Other Programs budget will enable the County to fully meet its obligation under the North McHenry Revenue Sharing Agreement with the City of Modesto. The recommended increase will be funded by a transfer from Appropriations for Contingencies. After the transfer, a total balance of \$2,454,117 will remain in Appropriations for Contingencies.

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BOARD ACTION AS FOLLOWS:

No. 2013-302

On motion of Supervisor Monteith, Seconded by Supervisor Withrow

and approved by the following vote,

Ayes: Supervisors: O'Brien, Withrow, Monteith, De Martini and Chairman Chiesa

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2) _____ Denied

3) _____ Approved as amended

4) _____ Other:

MOTION:



ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

FISCAL IMPACT (Continued):

The increase in appropriations of \$3 million in the Risk Management Division Medical Self-Insurance budget is requested to fund the cost of claims through the end of the 2012-2013 Fiscal Year. The Medical Self-Insurance budget is an Internal Service Fund and if approved, this action will increase the fund's retained earnings deficit, which is estimated to be \$5.5 million at fiscal year-end. The Chief Executive Office is currently developing strategies to address the retained earnings deficit.

DISCUSSION:

Chief Executive Office – General Fund Contribution to Other Programs

On December 8, 1998 the Board of Supervisors approved the North McHenry Revenue Sharing Agreement between the County and the City of Modesto as a means to protect both agencies' interest in maximizing sales on North McHenry as an emerging regional sales center, and to avoid losing businesses to other jurisdictions. The City agreed to provide utilities to the agreement area. Shared revenues include Bradley-Burns sales tax (both City and County), property tax (both City and County), City-levied business and mill tax, and City-levied utility tax.

At the time of the agreement, the County and City agreed to co-mingle revenue from the area included in the agreement (60 acres of incorporated land and 235 acres of unincorporated land) and share it out as follows:

- 49.96% City; and
- 50.04% County.

This ratio is subject to change based on annexation and as a result of the 64.4 acres' Coffee/Claratina Reorganization, the current split is:

- 53.85% City; and
- 46.15% County.

The agreement allows that for every 10 acres annexed within the agreement territory, 0.59% of the sharing formula will shift from the County to the City to compensate the City for the increased cost of providing fire, police and other municipal services. Upon complete annexation of the entire territory, the City and County revenue shares will be as follows:

- 62.38% City; and
- 37.62% County.

The Auditor-Controller makes quarterly payments to the City of Modesto based on estimated tax revenues for properties included in the Agreement and then conducts an annual review to determine additional payments or credits based on actual revenue received. The Auditor-Controller has finalized the review of actual revenues received in

2011-2012 and has identified additional estimated payment obligations totaling \$242,627 above the original \$1.2 million budgeted for this obligation in the 2012-2013 Adopted Final Budget. It is recommended that a transfer of \$242,627 from Appropriations for Contingencies be authorized to fund this obligation.

Chief Executive Office – Risk Management Division

On May 14, 2013, a report of the performance of the County's Medical Self-Insurance Program for Calendar Year 2012 was presented to the Board of Supervisors, which projected that the program would end the 2012 calendar year in a \$2.4 million deficit. The week prior, the Third Quarter Financial Report was presented that adjusted appropriations and estimated revenue for the Medical Self-Insurance Budget and reported a projected deficit of \$2.5 million for the 2012-2013 Fiscal Year. Both projections were developed using data through March 2013. Since that time, April and May claims have been paid and costs have materialized at a higher rate than initially projected. June costs are estimated to be similar to those paid in May.

Due to the increased cost of claims, it is recommended to increase appropriations in the Medical Self-Insurance Budget by \$3 million. The result will be a projected \$5.5 million deficit in the fund at fiscal year-end. The 2013-2014 Recommended Proposed Budget includes a plan to pay back \$1.25 million of the deficit starting in January 2014 when premium rates will be adjusted. Rates for 2014 will be developed using the most recent retained earnings position, and program changes will be considered to reduce the total costs in the program.

POLICY ISSUES:

Approval of this item supports the Board of Supervisors' priority of Efficient Delivery of Public Services by ensuring that all County budgets end the year within appropriations.

STAFFING IMPACT:

There are no staffing impacts associated with this item.

CONTACT INFORMATION:

Stan Risen, Assistant Executive Officer. 209-525-6333.

Database
Balance Type
Data Access Set

FMSDBPRD.CO.STANISLAUS.CA.US.PROD
Budget
County of Stanislaus

DO NOT CHANGE
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Ledger
Budget
Category
Source
Currency
Period
Batch Name
Journal Name
Journal Description
Journal Reference
Organization
Chart Of Accounts

* List - Text County of Stanislaus
List - Text LEGAL BUDGET
* List - Text Budget - Upload
* List - Text CEO CAT
* List - Text USD
List - Text JUN-13
Text
Text JV CEO100246
Text Year end adjustments
Text
List - Text Stanislaus Budget Org
Accounting Flexfield

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|-----|------------------|-----------------|---------------------|------------------------|----------------------|-------------------|-------------------|--|---|--------------------------|
| | 0100 | 0016071 | 89000 | 0000000 | 000000 | 000000 | 00000 | | 242627 | Decr Contingency |
| | 0100 | 0016401 | 73018 | 0000000 | 000000 | 000000 | 00000 | 242627 | | Inc N. McHenry |
| | 5091 | 0018091 | 61005 | 0000000 | 000000 | 000000 | 00000 | 3000000 | | Inc Med Claims |
| | | | | | | | | 3242627 | 242627 | |

Totals: 3242627 242627

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Explanation: Year end adjustments for N. McHenry Revenue Sharing true up and Medical Self-Insurance costs

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|---|---|--------------------------------|---|
| Requesting Department Cynthia Thomison Prepared by 6/12/2013 Date | CEO Supervisor's Approval 6/12/13 Date | Data Entry Keyed by Date | Auditors Office Only Prepared By 6/12/2013 Approved By Date |
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