



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legislation Details (With Board Report)

File #: RES 20-037 **Name:** ECD Restricted Funds Operating Transfer
Type: BoS Resolution **Status:** Passed - Auditor-Controller's Office
File created: 3/17/2020 **In control:** Board of Supervisors
On agenda: 4/7/2020 **Final action:** 4/7/2020
Title: Adopt Resolution to:
a. Authorize and direct the Auditor-Controller to amend the FY 2019-20 Adopted Budget to increase appropriations in 001-CAO017-1050-8038-7614 by 762,438.89 to allow for an operating transfer out for funds restricted for Emergency Communications, financed by \$485,334.27 in departmental restricted fund balance (001-3042-ECRF) and \$277,104.62 in unassigned fund balance (001-3101). (4/5ths vote required);
b. Authorize and direct the Auditor-Controller to transfer \$762,438.89 from the CAO adopted budget 001-CAO017-1050-8038-7614 to the Emergency Communications budget 028-EME004-1520-8507-5940 (4/5ths vote required); and
c. Authorize the Emergency Communications Department to restrict \$762,438.89 within the special revenue fund 028-EME004-1520 for future use for purposes as recommended by the Emergency Communications' Executive Board.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Board Report, 2. FY15 – FY19 Billing Reconciliation, 3. Resolution, 4. Item No. 14 Completed Board Order & Resolution

Date	Ver.	Action By	Action	Result
4/7/2020	1	Board of Supervisors		

Adopt Resolution to:

a. Authorize and direct the Auditor-Controller to amend the FY 2019-20 Adopted Budget to increase appropriations in 001-CAO017-1050-8038-7614 by 762,438.89 to allow for an operating transfer out for funds restricted for Emergency Communications, financed by \$485,334.27 in departmental restricted fund balance (001-3042-ECRF) and \$277,104.62 in unassigned fund balance (001-3101). (4/5ths vote required);
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c. Authorize the Emergency Communications Department to restrict \$762,438.89 within the special revenue fund 028-EME004-1520 for future use for purposes as recommended by the Emergency Communications' Executive Board.

RECOMMENDATION:

It is recommended that the Board of Supervisors Adopt a Resolution to:

a. Authorize and direct the Auditor-Controller to amend the FY 2019-20 Adopted Budget to increase appropriations in 001-CAO017-1050-8038-7614 by 762,438.89 to allow for an operating transfer out for funds restricted for Emergency Communications, financed by \$485,334.27 in departmental restricted fund balance (001-3042-ECRF) and \$277,104.62 in unassigned fund balance (001-3101). (4/5ths vote required);
b. Authorize and direct the Auditor-Controller to transfer \$762,438.89 from the CAO adopted budget 001-CAO017-1050-8038-7614 to the Emergency Communications budget 028-EME004-1520-8507-5940 (4/5ths vote required); and

c. Authorize the Emergency Communications Department to restrict \$762,438.89 within the special revenue fund 028-EME004-1520 for future use for purposes as recommended by the Emergency Communications' Executive Board.

SUMMARY/DISCUSSION:

The Emergency Communications Department provides emergency and non-emergency call answering and dispatch services countywide including services to the Monterey County Sheriff's Office, law enforcement agencies in 11 of the 12 incorporated cities, and fire agencies in the County. The services are provided under an agreement for 9-1-1 services which includes a cost share formula between the participating agencies and the County.

The Emergency Communications Department bills user agencies for dispatch services at the end of the fiscal year. The Department did not have a finance manager since April 2019 and hired a temporary employee to help close the books for FY 2018-19. During this time, the Department discovered that it had collected annual reserve payments from agencies, which had not been appropriately transferred to a restricted account and instead became a part of general fund balance. A five-year analysis was performed because FY 2014-15 was the first year in which Department did not transfer reserve payments that were collected from agencies. Reserve payments in the amount of \$350,000 were billed annually beginning FY 2014-15 through FY 2017-18. However, the five-year analysis also indicated that there were additional billing errors in these fiscal years resulting in under-collection for dispatch services. The timing of accounting reports has been a factor contributing to errors in billing because additional expenditures may be recorded after the accounting reports are pulled and the billing to agencies is finalized. The reconciliation removed the annual reserve payments from the billing, which essentially made room to cover expenses that were not appropriately billed out. The end result is the County owes the emergency communications' fund a total of \$277,104.62

The Department is now operating under a special revenue fund (effective FY 2019-20) and is requesting that existing departmental restricted fund balance in the amount of \$485,334.27 (001-3042-ECRF) be transferred to the special revenue fund.

This billing correction was communicated to the County Administrative Office and the issue was reported in the FY 2018-19 Budget End of Year Report. CAO reviewed the financial reconciliation and concurred with the end result and recommendation to transfer funds to the emergency communications' fund.

With Emergency Communications now operating under a special revenue fund outside of the general fund, collection of user agency payments will be contained in that fund for the benefit of emergency communications, eliminating the potential for another error where funds are inadvertently left in the general fund.

OTHER AGENCY INVOLVEMENT:

The Budget Office has reviewed the Department's financial reconciliation and concurs with the recommendation. The Monterey County Board of Supervisors' Budget Committee reviewed and recommended these actions on February 26, 2020.

FINANCING:

This recommendation requires an operating transfer from the general fund to the Emergency Communications' special revenue fund. \$485,334.27 is financed from existing departmental restricted fund balance in the general fund and \$277,104.62 will be financed from unassigned fund balance. The Department ended the FY 2018-19 with a surplus GFC of about \$1.0 million.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

These actions align with the Administration Strategic Initiative by allowing the Department of Emergency Communications to correct prior year accounting and billing errors.

Mark a check to the related Board of Supervisors Strategic Initiatives

☐ Economic Development
☒ Administration
☐ Health & Human Services
☐ Infrastructure
☐ Public Safety

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Approved by:

Lee Ann Magoski, x8880
Director of Emergency Communications

Attachments:
FY15 - FY19 Billing Reconciliation
Resolution