

MARICOPA COUNTY BOARD OF HEALTH MEETING MINUTES
Finance Committee

Monday, July 22, 2019 at 2:30 pm
301 W. Jefferson Street, 10th Floor, Phoenix, Arizona 85003
Board of Supervisors Conference Room

Vice President MacMillan called the meeting to order at 2:30 p.m.

ROLL CALL:

Members Present:

Don Cassano via phone
Robert MacMillan
Nedra Halley via phone

Members Absent:

Kristen Acton
Don Hughes

DISCUSSION/ACTION ITEMS:

1. Approval of BOH Finance Committee Minutes from April 22, 2019:

Vice President MacMillan asked for a motion to approve the BOH finance committee minutes from the BOH Meeting held on April 22, 2019. Motion was made by Ms. Halley to approve the BOH finance committee minutes as presented. Motion was seconded by Mr. Cassano and all were in favor. The motion passed unanimously.

2. Public Health Finance Report

Mr. Scot Pitcairn

Fund 100 - General Fund

Through the June 2019 12th period, or 100% of the fiscal year, Public Health has spent 95.8% of the General Fund authorized budget, with a year-to-date positive variance, budget to actual expenditures, of \$579,985. This report does not include any June 13th period expenditures or credits, including a \$509,000 purchase of 18,000 doses of Hepatitis A vaccine from a special General Fund appropriation that posted just after the 12th period close. In Personal Services the department has a positive variance of \$207,342; in Supplies there is a positive variance of \$348,400; and in Services a positive variance of \$81,045. Capital Equipment expenditures are \$56,802 over budget year-to-date, the result of the replacement of our x-ray equipment including three additional years of maintenance agreement not in the original estimate.

Offsetting these savings is the shortfall between our indirect collections and the administrative and county central costs the indirect is supposed to cover. As noted in our last quarterly report, our departmental administrative costs have shrunk over the past few years, but this has been more than offset by higher central service and internal service fund charges. The largest increases in these central costs are in workers compensation and new IT, telecommunications and financial system costs.

At our last quarterly meeting we reported that we had been absorbing the cost of vaccine for a Hepatitis A outbreak from our regular General Fund operating budget--\$55,000 at that point. Since then, the Hep A costs we have paid from our General Fund operating budget amount to \$321,800, mostly for vaccines. We received a \$600,000 special General Fund appropriation to cover an additional 18,000 doses of vaccine, and other related Hep A response expenses. For FY20, an additional \$1.7 million has been added to our General Fund budget to address the outbreak, mostly for a combination of temporary workers and additional vaccines.

In any event, we anticipate that the final FY19 General Fund budget will be very tight, budget to actuals.

Fund 265 - Special Revenue Fund

From the Special Revenue Fund we have spent 78.3.0% of our expenditure budget as of June 12th period. Compared to budget, actual expenditures are under budget by \$1,956,628, or 21.7%.

Personnel expenditures for the Fee Fund are \$663,118 under budget for the year, or 13.3%. Supplies expenditures are \$523,756 under budget, or 31.8%, with much of that in Child Immunization. Vaccine expenses were front-loaded to this account early in the year, but now are below budget by \$330,000.as more vaccine expenses were shifted to the Immunization grant fund rollover account. Services expenditures for the department are under budget by \$836,987, or 35.3%. The Vital Registration Office's use of temporary staff is well below budget (\$212,618 under budget through the 12th period). In addition, one-time expenditures for the east valley office move will not occur until the next fiscal year. (The Office of Vital Registration received a \$625,000 appropriation from the fee fund balance for FY20 to renovate a building at the County's Southeast complex.)

Fee revenues year to date are short of budget by \$536,646, or 6.9%, but actual revenues exceed expenditures by \$219,973, even given the one-time fund balance spending, so the fund is structurally balanced. The Child Immunization fee fund revenues are \$316,063 short of budget year-to-date, but only \$11,524 short of covering expenses. The Vital Registration Office's revenues exceed budget by \$79,597, and far surpass expenditures by \$608,480 (thus helping to pay for their east valley office renovations from the fee fund balance).

As we reported previously, the Refugee program's expenditures have been cut dramatically, and the program is maintaining the minimum core staff necessary to keep the program going. Nevertheless, expenditures year-to-date exceed revenues by \$195,807. (It should be noted that \$72K of this variance is due to using the fund balance account to close out a grant shortfall due to a grantor not paying for our incurred expenses.). As noted in a prior report, the State agency that administers the federal Refugee Medical Assistance Program (RMAP) funding is requiring that all claims for medical screening reimbursement be billed to AHCCCS instead of requesting RMAP funding as in prior years.

The STD fee fund has experienced substantial growth in revenues and expenditures compared to budget and prior year's actuals. While expenditures year-to-date exceed budget by \$123,791, their revenues are more than covering expenditures by \$12,039, so the account is structurally balanced. For FY20, the budget will be increased to bring it in line with this year's level of activity.

Fund 532 – Grant Fund

Through the 12th period, the Grant Fund expenditures are \$4.97 million, or 15.6%, below budget. Revenues are \$3.4 million, or 10.7% below actual expenditures year-to-date. Note that all grants (with one exception noted above) bring in revenue to match expenditures before they can be closed out.) While we have lost grant funding this year, with the termination of the Healthcare for the Homeless grant last year, the reduction of the Healthy Start grant by nearly \$800,000, another reduction in the WIC grant, and the loss of the RMAP funding for the Refugee Program, we are gaining a new Opioid Overdose Data to Action grant (cooperative agreement) to start 9/1/19, but the amount is uncertain at this time (possibly in the \$2.5 million range per year). In addition, the federal Ryan White grant, now in a separate department, will be brought in to our department sometime in the next few months.

Another larger grant that was scheduled to terminate at the end of June, the \$750,000 federal Teen Pregnancy grant, was temporarily restored as the result of a lawsuit for at least the current year. All the staff

that were paid from this grant were terminated, so mostly temporary positions and contracts are being used to meet the grant deliverables.

The new indirect rate for grants for FY20 has been approved at 19.2%, a modest increase from the previous 18.9% rate. As noted in the General Fund section, the County central service and internal service fund charges have been increasing substantially in recent years even while our total grant base has recently been shrinking. This has led to our indirect collections not being able to cover all our administrative and County central costs. The addition of the new grants will help to alleviate this shortfall.

3. Environmental Services Finance Report

Mr. Gus Martinez

FUND 100 (County General Fund)

FUND 100 are reporting **revenues 35% over** the year to date (YTD) budget and **expenditures 1% under** the YTD budget through period 12 close FY19.

Revenues

FUND 100 is funded by the County General Fund subsidy. Environmental Services collects enforcement revenue from non-permitted activities. These fines are associated with violations of the Environmental Health Code by persons and organizations not subject to obtaining a permit. In FY19 Environmental Services has merged with waste resources and recycling which collects transfer station fees for trash services provided to citizens across the county. Fund revenue through period 12 close are reporting at \$378,115 which is **35% or \$130,894 over** YTD budget.

Expenditures

The Environmental Services General Fund is reporting **expenditures 1% or \$122,275 under** YTD budget through period 12 close. The amount is primarily attributed to a positive variance in supplies and services costs of **\$133K**, and a negative variance of **\$10K** in personnel.

The General Supplies and Service positive variance of \$133K due to extra grant funds that were received for chemical purchases in FY18 and carried over to FY19.

FUND 290 (Environmental Tire Fund)

FUND 290 are reporting **revenues 7% over** the year to date (YTD) budget and **expenditures 12% under** the YTD budget through period 12 close FY19.

Revenues

FUND 290 is funded by the State of Arizona through the tire disposal tax. Revenues are distributed to the counties based on the number of vehicles registered within that county. Fund revenue through period 12 close are reporting at \$5,827,860 which is **7% or \$427,860 over** YTD budget.

Expenditures

The Environmental Services General Fund are reporting **expenditures 5% or \$238K under** YTD budget through period 12 close. The amount is primarily attributed to a positive variance in supplies and services costs of **\$238K**.

The department has paid out the final billing in period 13 closing the expenditure variance within the fund.

FUND 505 (County Grant Fund)

FUND 505 are reporting **revenues 55% under** the year to date (YTD) budget and **expenditures 0% under** the YTD budget through Period 12 close FY19.

Grant Funds

Agency 881 is a grant from the Food and Drug Administration Department of Health and Human Services. Environmental Services was awarded the grant on September 10, 2015 in the amount of \$67,198 for FY19. The grant was approved by the Board of Supervisors on October 21, 2015. The purpose of the grant is to advance conformance with the voluntary national retail food regulatory program standards. The purpose of the grant is to advance conformance with the voluntary national retail food regulatory program standards. This grant will serve in assessing foodborne illness risk factors in Maricopa County and provide permitted food operations with educational strategies to reduce the occurrence of foodborne illness risk factors. In Year 4, Environmental Services is providing education to all Environmental Health staff for implementing Active Managerial Control principles during their inspections and train the operators to do the same (Train the trainer). This training is based on the results of the survey conducted in Year 1. Also, MCESD will develop an AMC Toolbox, consisting of guidance documents, templates, logs, videos, and handouts on policies, training, and verification. These materials will emphasize the shift to a population that learns through the oral and visual delivery of information. Access to these materials will be streamlined via inspection reports, website design, and other mobile platforms. AMC will be further incentivized by increasing public awareness of the Department's voluntary AMC program: the "Cutting Edge Food Safety Partnership." Our Department will develop media to showcase Cutting Edge Program participants.

The grant was approved by the Board of Supervisors on October 21, 2015 and the department has submitted a reimbursement for the 4th Qtr. FY19 expenses, however the disbursement will not show until the Period 13 close FY19 balancing our expenses within this fund.

Expenditures

The Environmental Services Grant Fund are reporting **expenditures 0% or \$100 under** YTD budget through Period 12 close FY19.

FUND 506 (Environmental Fee Fund)

FUND 506 is reporting **revenues 8% over** the YTD budget and **expenditures 3% under** the YTD budget through Period 12 close FY19.

Revenues

FUND 506 is funded by permit fee and fine revenue. Revenues through Period 12 close are reporting at \$22,747,087, which is **8% or \$1,775,118 over** YTD budget.

Pool, food permitting, and environmental plan review are all experiencing a higher than average permit and plan review submittals resulting in **\$1.1M** above budgeted revenue. Food permitting is also on the rise with an increase of revenue in the amount of **447K**. This is primarily due to dormant construction projects that are now being revitalized and the ever-improving economy.

Expenditures

Expenditures through period 12 close are **3% or \$625,979 under** the YTD budget. This positive variance is primarily made up of a supplies and services in the amount of **\$275K** and **350K** in personnel costs.

The department has been experiencing higher than expected turnover resulting in increased in vacancy savings. FY19 internal allocation expenditures continue through Period 13, which is expected to close the supplies and services gap.

Adjournment

There being no further business, motion was made by Ms. Halley to adjourn the meeting. The motion was seconded by Mr. Cassano and the motion passed unanimously. Vice President MacMillan adjourned the Finance meeting at 2:50 p.m.