

EL DORADO COUNTY CALIFORNIA
Chief Administrative Office

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BOARD OF SUPERVISORS
EL DORADO COUNTY, CALIF.

Memo To: Board of Supervisors
From: Laura S. Gill, Chief Administrative Officer
Subject: FY 2006-07 Mid-Year Budget Status Report

The Mid-year Budget Status Report provides the Board of Supervisors a picture of how well the County is managing its financial resources. The report summarizes departmental year-end financial forecasts and related issues. Anticipated year-end variances from the Board approved budgets have been provided by every County department and summaries of departmental budget projections are provided in Attachment A.

County Year-End General Fund Forecast

The following table recaps the status of the General Fund budget as amended through December 31, 2006:

	FY 2006-07 Amended Budget	Projected June 30, 2006	Projected as a % of Budget
Estimated Current Year Revenues	\$208,926,370	\$204,855,739	98%
Appropriated Fund Balance	21,968,139	6,695,709	30%
Reserve for Encumbrances	892,247	892,247	
Provisions for Reserves	(207,179)	(207,179)	
Total General Fund Revenues	231,579,577	212,236,516	92%
Estimated Current Year Expenditures	\$231,579,574	\$212,236,516	92%

At mid-year, actual revenues of \$77,576,617 were recorded as received in the General Fund, or 37.8% of projected revenues. The year-end revenue projection is estimated to fall short of budget by 2%.

Non-departmental revenues are projected to be on target however departmental revenues are estimated at approximately \$4 million below budget. Of this amount, \$2,274,672 is from revenue shortfalls with in the Development Services Department due to the slow down in development related activity. This shortfall is in addition to the \$1,622,594 revenue reduction made with the September budget revision.

Total General Fund appropriations were adopted and subsequently amended in the sum of \$231,579,577. Total actual expenditures at mid-year were equal to \$87,567,988 or 41.3% of projected appropriations in the General Fund. The year-end expenditure projection is estimated

to equal 91.6 % of budget. If the appropriation for contingency is removed from this calculation, the estimated expenditures equal 94% or a 6% savings from the budgeted amount. The analysis of individual department budget projections generally reflects that the remaining expenditure savings are primarily generated by salary savings from vacant positions. A large portion of these vacant positions have been left vacant intentionally in order to offset shortfalls in department revenues.

The net result of anticipating slightly lower revenues and lower appropriations is a year-end carryover fund balance of \$15,272,430. This level of carryover fund balance is lower than last year's experience. In an effort to fund the County Capital Improvement Plan, approximately \$5.8M of the projected \$6.7M in appropriated FY 2006-07 fund balance is projected to move into a designated reserve for future projects. These funds are not included in the FY 2007-08 projected carryover fund balance of \$15,272,430.

Current Year Budget Highlights

The following narratives highlight any significant issues within each General Fund Department. Additional detail is provided in Attachment A: Summaries of Department Year-End Estimates.

General Government

General Fund – Department 15 – Net County Cost Savings of \$13,415,945 (includes \$5,339,111 in contingency).

- General Fund Department 15 includes County discretionary revenues and expenditures for special projects and contributions. The revenues, budgeted at \$104,315,793 include the three primary sources of discretionary revenue for the county, property tax, sales tax and the sales tax in lieu of vehicle license fees (triple flip). The total appropriations in Department 15 equal \$41,294,220. It is anticipated that revenues will fall short of budget by \$9,536 and expenditures (discounting the \$5,339,111 projected for year-end contingency) will be lower than budgeted by \$8,086,370.
- At mid-year, the General Fund Department 15 actual receipts were \$51,899,632 or 49.8% of total budgeted revenues. There are certain revenues that will modestly under or over-perform however it is anticipated that total revenues will under perform projection by \$9,536 or .01%.
- Local property taxes continue to lag, particularly supplemental taxes, due to the slowing of the housing market. Property tax revenues are projected to be lower than budgeted by \$759,681 or 1.39%.
- The mid-year projection takes into account a reduction in contingency of approximately \$200,000. This estimate is based on a combination of additional over-cap jail medical charges in Public Health (\$240,000) and a credit from Public Health (\$40,000) due to a reduction in the California Children's Services (CCS) Maintenance of Effort (MOE). Attachment A provides additional details regarding these transactions. A budget transfer will be prepared at a later date when actual invoices have been received.
- The mid-year projection takes into account a transfer from General Fund Department 15 of \$499,629 for Charter Measure 504.

Law and Justice

Probation – Net County Cost savings of \$902,724.

The majority of the projected savings (\$543,000) is attributed to salary savings due to vacancies within the Department.

Land Use and Development Services

Development Services – Net County Cost increase of \$500,000

The original budget included revenues of \$11,670,020 for the Building Services Division of the Department. These revenues were reduced by \$1,622,594 to \$10,047,426 in the September budget amendment process due to anticipated reductions in development related activity. Based on activity for the first six months of the fiscal year the Department anticipates that projected revenues will still fall short of budgeted revenues by \$1,600,000.

To offset this additional revenue shortfall the Department has held 17 of 87 positions vacant, reduced overtime by 75% and reduced extra help staff. Projected salary savings of \$1,525,000 combined with savings of \$225,000 in all other operating expenses will offset the revenue shortfall and provide approximately \$150,000 in Net County Cost savings for this division.

Revenues for the Planning Services Division of the department are projected to be \$700,000 lower than budgeted. While the Department has seen an upswing in recent revenue activity, they have not experienced the significant increase in applications anticipated with the lifting of the Writ of Mandate. The Department has implemented a new time and materials billing system and has made significant improvement in recovering billable hours for projects which has helped improve revenues from those activities.

Expenditure savings of \$50,000 are anticipated in the Planning Services Division due to position vacancies (currently 3 of 11 discretionary planner positions are vacant) and conservative spending in operating expenses. The result is an additional Net County Cost of \$650,000 for this division.

Health and Human Services

Human Services – Net County Cost savings of \$500,000

Social Services

Over the past several months, the Social Services division has been working diligently towards a more sound fiscal approach to projecting revenues based on the current staffing mix. The division estimates a decrease of \$500,000 in Net County Cost based on more accurate estimates combined with measures implemented to maximize revenues, including intensified efforts to recruit staff to fill approved allocations for revenue generating programs, reassignment of

existing staff to augment staffing shortages in revenue producing programs, and maintaining staff vacancies where feasible in non-revenue generating positions.

Attachment A: Summaries of Department Year-End Estimates

Attachment A: Summaries of Department Year-End Estimates

Comments and analysis are based on departmental year-end expenditure and revenue evaluation and estimates. The CAO and staff reviewed departmental analysis to determine reasonability and accuracy.

General Government

Board of Supervisors – Net County Cost Savings of \$17,126.

A savings of \$17,126 is projected in salary and benefits. Most of this savings is attributed to the fact that some Supervisors have opted not to participate in the County's retirement system.

Chief Administrative Office – Net County Cost Savings of \$166,045.

This savings is spread throughout the divisions, with the majority occurring in Support Services.

Administration: No change in Net County Cost.

Economic Development: Net County Cost Savings of \$50,000.

These savings are expected in salary and benefits due to vacancies.

Promotions: No change in Net County Cost.

Risk Management: No change in Net County Cost

Overall, the use of Fund Balance is expected to decrease by \$2,879,357. A review of each program is provided below. Adjustments to Fund Balance have no impact on the General Fund, as Risk Management is an Internal Service fund. Savings accrued this year will result in reduced cost applied charges to departments in FY 2007-08.

General Liability: The actual use of fund balance is projected to be approximately \$277,000 less than what was budgeted. The program is estimated to be \$155,000 under budgeted appropriations, due to lower insurance premiums in General Liability, Medical Malpractice, and Property where CSAC EIA has negotiated savings with vendors. Revenues are slightly above budget estimates by \$122,000.

Workers Compensation: The amount going to fund balance is \$1,049,141, which is higher than budgeted due to expenditure savings of \$631,674 and excess revenue of \$417,467. The majority of the appropriation decrease occurs in estimated claim payments and demonstrates continuing SB899 legislative savings. In addition we have savings in excess insurance premium charges due to CSAC-EIA negotiations with vendors. Revenues are on target, with interest exceeding budget estimates by about 10%.

Health: Use of Fund Balance in this program is estimated to decrease by \$1,284,716. Due to an accounting adjustment from the prior year, Revenue increased by approximately \$1.2M and appropriations are anticipated to be under budget by \$200,000. The majority of the savings are occurring within claims estimated for the self-insured program.

Retiree Health: Use of Fund Balance in this program is decreasing slightly by \$268,500. Interest revenue is higher than anticipated while appropriations are coming in slightly under budget.

Human Resources: Net County Cost Savings of \$80,133.

These savings are expected in salary and benefits.

Procurement and Contracts: Net County Cost Savings of \$21,611.

In FY 2005-06 Support Services programs were located in Procurement and Contracts. At year end, encumbrances for laundry services and inventory were rolled forward. These encumbrances were still in an index code under Procurement and Contracts. These will be liquidated, resulting in savings.

Information Technologies: Net County Cost Savings of \$14,300.

Overall, the Information Technologies department is anticipating a net savings of approximately \$14,300.

Information Technologies continues to experience a flat or declining revenue stream. The Department will continue to closely monitor revenue through the remainder of the fiscal year and make appropriate modifications if necessary.

The following represents the status of the Technology Refresh Programs through February 2007:

- The Enterprise Server hardware has been installed. It is scheduled to be fully operational by the end of March, 2007;
- The pressure seal device has been installed and is fully operational. It was used to produce W-2's and 1099's in January;
- Six laptop computers have been purchased and installed;
- One hundred and ten (110) desktop PC's, part of the Technology Refresh program, have been received and were installed in various departments by the end of February;
- The Avaya telecommunications upgrade equipment purchase was approved by the Board in January and the professional services agreement for installation will go before the Board in March;
- The enterprise Kodak scanner has been purchased and is in production currently on the County Counsel imaging project;
- The upgrades to the open systems blade server and network attached storage have been installed including the Tivoli Storage Manager software, which was implemented using professional services;

- Conversion of nine (9) west slope County office communications connections to fiber is scheduled to go before the Board in March.

Auditor-Controller – Net County Cost Savings of \$11,756.

The Auditor-Controller's projection is the result of appropriation savings of \$76,672, and a revenue shortfall of \$64,916.

The 5% handling charge on Supplemental taxes will fall significantly short of budget by over \$40,000. The reason for this is twofold. First, the overall county supplemental revenues have fallen to the levels of FY 2004-05 which is approximately 20% less than that of last year. Second, the Auditor's percentage share of the handling charge relative to the Assessor's and Tax Collector's shares has also decreased. The Auditor has also projected a decrease in the direct taxes handling charge of approximately \$10,000. Interfund revenues will fall short of budget by approximately \$40,416 because the new internal auditor position has not yet been filled. Operating transfers in will also fall short of budget by approximately \$5,500. The Auditor's accounting/audit fee revenue however will exceed budget by approximately \$31,000 due to the PCARD rebate and an increase in administrative time charged to the Mello Roos districts.

The Auditor projects salary and benefits savings of \$55,072 due to the internal auditor position not yet filled. Services and supplies have a projected savings of \$18,400 due to savings from office supplies and minor computer equipment. Finally, interfund transfers will result in a savings of \$3,200 due to a reduction in intrafund Central Duplicating services.

General Services – Increase in Net County Cost of \$116,922

Revenue is projected to be \$116,922 less than budgeted due to a decrease in charges for service. The budget included revenue generated by the Real Estate Asset Manager position as charges for capital projects. This position ultimately was not filled and absorbed into the Deputy Director position. This limited the ability to recover costs due to other competing needs of the Deputy Director position. The Department projects to end the year at budgeted appropriations.

Treasurer/Tax Collector – No change in Net County Cost.

Overall revenue is projected to be \$50,000 less than budget. Supplemental Property Tax Administration fees will be less than budgeted. Supplemental billings are also less than previous years, and supplemental collection are approximately 20% less than last year.

Due to delays in recruitments, programming efforts (and associated costs) for new systems will be delayed into the 2007-08 fiscal year. Consequently, IT costs will be \$50,000 less than budgeted. These appropriations will roll forward into the FY 2007-08 budget.

Assessor – Net County Cost Savings of \$13,319.

Revenue from the administration of the supplemental tax roll is expected to increase by \$9,275 over the budgeted amount. At mid-year, appropriations are approximately 4% under budget resulting in a savings of \$4,044.

County Counsel – Net County Cost Savings of \$271,384.

Due to the vacant Deputy County Counsel positions savings of \$227,164 in salaries and \$44,220 in services and supplies are projected for FY 2006-07.

Recorder-Clerk/Elections – Net County Cost Savings of \$199,754

Elections: Net County Cost Savings of \$216,404.

Due to a reimbursement from the State for the 2005 Special Election, revenues have exceeded budget by \$216,404.

Recorder/Clerk: Net County Cost increase of \$16,650.

Revenues will be approximately \$71,000 lower than budgeted due to shortfalls in recording fees. Miscellaneous revenues are expected to be \$10,000 higher for a projected net shortfall of \$61,000.

Due to lower personnel costs, office expenses, postage and other department expenses, appropriations are expected to be approximately \$44,350 less than budgeted.

General Fund-Other Operations – Net County Cost Savings of \$ \$13,415,945

General Fund Department 15 includes County discretionary revenues and expenditures for special projects and contributions. The revenues, budgeted at \$104,315,793, include the three primary sources of discretionary revenue for the county: property tax, sales tax and the sales tax in lieu of vehicle license fees (triple flip).

The chart below illustrates that Department 15 revenues at mid-year were \$51,899,632 or 49.8% of total budgeted revenues. There are certain revenues that will modestly under or over perform, however, it is anticipated that total revenues will only under perform projection by \$9,536 or .01%.

Department 15 Revenues

Revenue	FY 2006-07 Budgeted	Received 12/31/06	FY 2006-07 Projected	\$ Difference From Budgeted	Projection as % of Budgeted
Property Tax	\$54,601,281	\$28,774,832	\$53,841,600	(\$759,681)	-1.39%
Sales Tax	10,880,919	4,048,153	10,900,000	19,081	0.18%
VLF	15,648,195	7,885,597	15,771,194	122,999	0.79%
Other	23,185,398	11,191,051	23,793,463	608,065	2.62%
Total	\$104,315,793	\$51,899,633	\$104,306,257	(\$9,536)	-0.01%

- Local property taxes continue to lag, particularly supplemental taxes, due to the slowing of the housing market. Property tax revenues are projected to be lower than budgeted by \$759,681 or 1.39%.
- Sales Tax and Vehicle License Fee (VLF) revenues are performing slightly higher than budgeted by nearly 1% combined. Sales tax revenues are reflected after the cost of audit services are abated against them (approximately \$45,000). Beginning in FY 2007-08 the audit services will be paid from professional services in Department 15.
- The other category reflects primarily State pass-through revenues for health and human services realignment programs. This category also includes interest earnings, Hotel/Motel Tax, property tax administration revenues and Off- highway fees that are performing slightly higher than budgeted.
- The total appropriations in Department 15 equal \$41,294,220. Appropriations (discounting the \$5,339,111 set-aside for contingency) will be lower than budgeted by \$8,086,370.
- Net County Cost Savings are projected to equal \$13,415,945. This number includes the projected year end contingency amount of \$5,339,111.

Law and Justice

Grand Jury – No Change in Net County Cost.

The Grand Jury is anticipating using all appropriated funding for operations and additional audits. Staff will continue to monitor this budget as the year progresses.

Superior Court MOE – No Change in Net County Cost.

It is anticipated at this time that the Superior Court Maintenance of Effort (MOE) will end the fiscal year within budget. Staff will continue to monitor this budget closely during the remainder

of the fiscal year as there are murder cases in progress that could change the current budget picture later in the year.

District Attorney – Net County Cost Savings of \$87,615

The District Attorney's office reports ending the 2006-07 fiscal year with an overall savings of \$87,615.

Revenue in the District Attorney's budget is anticipated to increase overall by approximately \$30,943. Public Safety Sales Tax is currently at 31% of budget. A review of prior year's trends indicates that while slightly below normal, the majority of the tax is recognized in the second half of the year.

Appropriations overall are under budget by approximately \$56,672. The majority of this is due to salary savings from vacant positions. The department has been notified of several retirements. The majority of the department's salary savings will be used to fund retirement payoffs which are estimated at \$172,000.

The Chief Administrative Office has included in the mid-year budget report a budget transfer from Department 15 transferring \$45,598 for salary increases associated with Charter Measure 504. The District Attorney's office included this transfer when preparing their mid-year analysis.

Public Defender – Net County Cost Savings of \$20,965.

The mid-year review of the Public Defender's budget indicates that the department will end the fiscal year with a savings of \$20,965.

Revenue from Indigent defense is coming in at a rate lower than anticipated due to fees not being ordered consistently in court. The Public Defender will be taking a closer look at this issue for the second half of the year. Public Safety Sales Tax is currently at 31% of budget. A review of prior year's trends indicates that while slightly below normal, the majority of the tax is recognized in the second half of the year.

The Public Defender has identified savings within salary and benefits due to vacancies. The use of temporary help is higher than anticipated, but is offset by savings from these unfilled positions. In addition, use of professional services is anticipated to end the year lower than anticipated due to changes associated with a murder case.

Sheriff - Net County Cost Savings of \$263,445.

The Sheriff's department is reporting an overall Net County Cost savings of \$263,445. This savings assumes that a transfer from Department 15, General Fund Other Operations occurs in the amount of \$454,031 to cover the cost of Charter Measure 504.

A review of general fund revenue indicates that the department will end the fiscal year with revenue totaling approximately \$15,551,795, a reduction from budget of approximately \$733,479. The majority of the shortfall, approximately \$520,000, is reflected in revenue from Proposition 172, Public Safety Sales Tax which is currently at 31% of budget. A review of prior year's trends indicates that while slightly below normal, the majority of the tax is recognized in the second half of the year.

A review of general fund appropriations indicates the department will spend \$52,668,652 generating an overall appropriation savings of \$996,924 inclusive of the transfer from Department 15 for Charter Measure 504 in the amount of \$454,031.

The department is anticipating a savings in salaries and benefits of \$687,809. This takes into account a projected overrun in overtime of approximately \$1.6M. The department's management staff continues to monitor overtime closely and will make necessary budget modifications to manage the overrun.

During mid-year review an error was discovered in the budgeting of utilities of approximately \$500,000. The department has identified areas within the budget to make modifications to manage this oversight.

Probation – Net County Cost Savings of \$902,724.

Mid-year budget projections for the Probation department reflect an overall Net County Cost saving of \$902,724.

The department's review of revenue indicates an overall increase of approximately \$135,020. Notable changes include:

In Institutional Housing Probation is projecting an increase of \$100,000 due to an increase in contract county commitments in the Placerville Juvenile Hall and the So. Lake Tahoe Juvenile Treatment Facility.

Penalty Restitution Admin fee, Court Admin Fee, Supervision, urinalysis testing, and misc. revenue are up by approximately \$89,250. The Probation department has been working with the Courts to take over collection of Adult Formal Probation court orders. An MOU was entered into with the Courts to meet the mandates of AB3000. The department anticipated this to occur in the beginning for the fiscal year. Due to database modifications the Court has been working on, this project has been delayed. It is anticipated this process will begin in March 2007.

Operating Transfers associated with Title IV-E are up by \$25,000 and Operating Transfers from SB993 (monthly group home visits) are up by \$34,547, which is the result of a state closeout audit from FY 2003-04. General operating transfers are down by \$17,206.

Public Safety Sales Tax is currently at 31% of budget indicating a current shortfall of \$88,341. A review of prior year's trends indicates that while slightly below normal, the majority of the tax is recognized in the second half of the year.

Overall, appropriations are currently projected to come in under budget by \$767,704. Notable changes include:

The majority of this amount, \$543,000, is attributed to salary savings due to vacancies within the department. In addition, the department is projecting an overall savings in services and supplies of \$162,580.

In other charges – care and support, the Probation department is currently projecting a savings of \$70,000 in the ranch/camp and CYA commitments. With the continued operation of the SLT Juvenile Treatment Center Challenge program, the Courts are able to use this program in lieu of out-of-county program placements. The Courts do however, have the authority to place juveniles in these other facilities if they deem necessary. This line item is difficult to project because commitments are out of the department's control. The Probation department will continue to monitor this area of the budget carefully as the year continues.

Development Services

Surveyor – Net County Cost increase of \$8,764

Surveyor revenues will be \$13,270 lower than budgeted due to a reduction in the number of map checks, certificates of compliance and GIS services that are attributable to the reduction in development and real estate activity.

Department expenditures are projected to be \$4,506 below budget and help to partially offset the revenue shortfall.

The Department is currently experiencing salary savings due to the vacancy of a GIS position that is intended to support the Development Services Department. The position is funded by the Development Services Department and is being held vacant while the Surveyor and Director of Development Services work to identify the department's long term GIS support needs.

Agriculture – No Change in Net County Cost

The Department's primary source of revenue is Unclaimed Gas Tax, budgeted at \$321,764 this year. The State has not yet notified the Department of the actual amount of revenue to be received. The Department will provide an updated year end revenue projection once they receive this notification from the State. The Department is experiencing a temporary revenue reduction from the State for the Invasive Weed Control Program in the Lake Tahoe Basin, but anticipates receiving a new grant contract this fiscal year that will offset any revenue lost to date. No change is anticipated in overall department Net County Cost.

Development Services –Net County Cost increase of \$500,000

The original budget included revenues of \$11,670,020 for the Building Services Division of the Department. These revenues were reduced by \$1,622,594 to \$10,047,426 in the September budget amendment process due to anticipated reductions in development related activity. Based on activity for the first six months of the fiscal year the Department anticipates that projected revenues will still fall short of budgeted revenues by \$1,600,000.

To offset this additional revenue shortfall the Department has held 17 of 87 positions vacant, reduced overtime by 75% and reduced extra help staff. Projected salary savings of \$1,525,000 combined with savings of \$225,000 in all other operating expenses will offset the revenue shortfall and provide approximately \$150,000 in Net County Cost savings for this division.

Revenues for the Planning Services Division of the department are projected to be \$700,000 lower than budgeted. While the Department has seen an upswing in recent revenue activity, they have not experienced the “tidal wave” of applications anticipated with the lifting of the Writ of Mandate. The Department has implemented a new time and materials billing system and has made significant improvement in recovering billable hours for projects which has helped improve revenues from those activities.

Expenditure savings of \$50,000 are anticipated in the Planning Services Division due to position vacancies (currently 3 of 11 discretionary planner positions are vacant) and conservative spending in operating expenses. The result is an additional Net County Cost of \$650,000 for this division.

Transportation

The Department of Transportation administers activities in the General Fund (County Engineer); Special Revenue Fund programs for Erosion Control, Road District Tax-funded activities; the Road Fund; the Capital Project fund; CSA Special District funds; and the South Lake Tahoe Transit District Enterprise Fund.

General Fund (County Engineer) –Net County Cost Savings of \$21,817

The County Engineer operating budget is projected to end the fiscal year with a Net County Cost savings of \$21,817. The majority of the County Engineer Budget is funded primarily from fees for services. The non-funded areas are the National Pollutant Discharge Elimination System (NPDES) program and customer service-general questions and complaints. The Net County Cost savings are projected in the NPDES program.

Erosion Control - Fund Type 11

Revenues and expenditures are projected to be \$1.47 million less than budgeted. The primary objective of the Erosion Control Program is to utilize grant funding to construct the El Dorado County storm water quality improvement projects contained within the Lake Tahoe Basin Environmental Improvement Program (EIP). Resources provided by the DOT Engineering Division are utilized to accomplish this objective. Revenues and expenditures are anticipated to

be below budget primarily due to the Angora Creek Phase 3A project not being constructed until the summer of 2007 and position vacancies within the Tahoe Engineering division.

Road District Tax (RDT) - Fund Type 11

This budget unit is established for the purpose of initially capturing road related discretionary Road District Tax revenues which are subsequently transferred out of this fund and recorded as funding sources to Transportation programs. Road District Tax (RDT) revenues and expenditures are projected to exceed the current budget by \$32,534 and \$28,081 respectively. The Department will be submitting an agenda item to amend the budget to reflect the increased revenues projected from property taxes, and increased expenditures resulting from payment to the Cameron Park Airport for prior fiscal year ERAF payments.

Road Fund - Fund Type 11

The Road Fund budget includes a contribution from the General Fund of \$3,811,834 as follows:

- General Fund in lieu of Measure H \$1,755,000
- Additional contribution for storm impacts to road maint. \$1,000,000
- Additional contribution for road overlays \$678,711
- General Plan implementation tasks \$378,123

The Department anticipates spending \$3,433,711 on a combination of overlay projects and road patching work. The Department completed the surface preparation and contract overlay projects on Gold Hill Road (2.73 miles) and Starbuck Road (2.66 miles) funded by General Fund, Traffic Congestion Relief funds and Regional Surface Transportation Program (RSTP). Additional overlay projects are anticipated for portions of Lake Hills Drive and Francisco Drive. Surface preparation will take place this spring with contracts awarded in early summer.

The General Fund contribution of \$378,123 is for General Plan implementation tasks related to land use issues that are non-road related and therefore can not be funded by the Road Fund. Operating Transfers-In from the General Fund are projected to be less than budgeted however any unspent funds would be carried over to the FY 2007-08 budget in order to fund completion of projects in progress.

Capital Improvement Program

Since the time the department's mid-year projections were submitted, this budget was revised by the Board to appropriate approximately \$10 million in revenues and appropriations for the White Rock Road and Latrobe Road projects. Projected expenditures in the Capital Improvement Program are fully funded with restricted funding. Any variance from this projection would be due to timing of project expenditures and any unspent funds would be re-budgeted in FY 2007-08.

Special Districts – Fund Type 12

This program provides for the activities of County Service Areas 2, 3, 5, and 9 and Zones of Benefit. Areas and zones are established to provide road and drainage maintenance, lighting and other localized services to a specific area. In aggregate, projected revenues net of projected

expenditures will result in a decreased use of Zone fund balances totaling \$2.48 million. These balances will be available for re-budgeting in FY 2007-08.

SLT Transit - Fund Type 31

The Department of Transportation, in conjunction with the Department of Health & Human Services administers the County's South Lake Tahoe Transit Program as part of the Blue Go transit system (formerly known as the Coordinated Transit System) within the south shore area of the Tahoe Basin. Revenues are projected at \$11,000 more than budgeted due to unanticipated grant funds received for prior year expenses. Expenditures are projected to consistent with budget resulting in a net decreased use of retained earnings in the fund of \$11,000.

Environmental Management - Net County Cost Savings of \$959

The Environmental Management Department operates programs in both General and Special Revenue Funds. General Fund operations total \$2.9 million and include programs in environmental health and solid waste, as well as Department administrative costs.

Special Revenue Fund operations comprise \$9.7 million of the Department's budget and include Air Quality Management, Vector Control, and Special Service District programs such as litter abatement, snow removal, liquid waste, and hazardous materials. Department operations contained in Special Revenue Funds do not have any Net County Cost.

General Fund Operations

The Department anticipates a net savings of \$959. General fund revenues related to permit activity and franchise fees are projected at \$265,294 lower than budgeted. Staff vacancies in the Environmental Health and Administrative divisions combined with savings in other department operational costs will provide \$266,883 in cost savings to effectively offset the revenue shortfall.

Air Quality Management - Fund Type 12

This program consists of air quality operational activities and emission reduction projects. The revenues are restricted to air quality activities. Since the time the department's mid-year projections were submitted, this budget was revised by the Board to appropriate penalty revenues received. Revenues and expenditures are both projected to be \$49,997 more than budgeted resulting in no net change to this fund.

County Service Area #3 - Fund Type 12

County Service Area #3 operations include Vector Control and City of South Lake Tahoe Snow Removal. Snow Removal is essentially a pass-through activity, collecting parcel assessment fees and remitting the same amount to the City. Vector Control serves the Lake Tahoe Basin areas within El Dorado County for the control of mosquitoes, plague, hanta virus and yellow jackets. Revenues and expenditures for this fund are both projected to be \$29,644 below budgeted levels this year due to the lack of snow removal services required in the Tahoe Basin but result in no net change to this fund.

County Service Area #10 - Fund Type 12

County Service Area #10 consists entirely of restricted, program-specific revenues (i.e. operation of Union Mine Landfill and Septage facility, solid waste franchise oversight, household hazardous waste activities, implementation of the Integrated Waste Management Plan, litter abatement, and other specific projects). The Department is projecting revenues and expenditures for this fund at \$5,008,387 including the use of \$1.2 million in CSA #10 fund balance this year for the expansion of the Waste Treatment Plan and continued closure and remediation efforts at Union Mine Landfill. There is no net change to this fund.

University of California Cooperative Extension – Net County Cost Savings of \$5,255

The Department's mid-year report indicates that revenues are currently on target. Expenditure savings are projected in temporary employees (\$4,450) as a result of the extraordinary contributions of existing permanent staff. Additional expenditure savings of \$805 are anticipated as a result of the Department's effort to obtain University funding for items such as telephone support charges.

Health and Human Services

Public Health – No change to Net County Cost

The Public Health Department includes activities in the General Fund (Animal Control) and two Special Revenue Funds - Fund 11 Public Health Programs, and Fund 12 Special Districts (County Service Areas #3 and #7)

General Fund – Fund Type 10

Animal Control is in the process of remodeling the South Lake Tahoe shelter and building a new Western Slope Shelter. In both cases, a temporary shelter will be needed to house animals and staff during the remodel/construction process. A Shelter Contingency Group, comprised of staff from General Services, Development Services, Public Health, the Chief Administrative Office and local animal welfare group representatives, has been established to help with the extensive planning process of moving animals and equipment.

In South Lake Tahoe, the goal is to start construction of the re-modeled facility by May 15, 2007. All staff and animals in South Lake Tahoe will need to be relocated prior to the start of construction. On the Western Slope, staff and animals are being relocated to temporary facilities while construction begins on the permanent facility. A temporary budget was set up for both shelters and staff anticipates staying within budget.

The regular operational budget for Animal Control is projected to remain on target as budgeted, given receipt of fees and sales tax realignment funds as anticipated.

Public Health Programs - Fund Type 11

The Public Health Department anticipates Fund 11 revenues and expenditures to be within budget at year end provided there are no major changes to anticipated Vehicle License Fees.

During the first half of FY 2006-07, there have been several jail medical costs that exceeded the liability of the jail medical contractor, California Forensic Medical Group (CFMG). The Contractor's financial liability for hospital inpatient episodes is limited to \$15,000 per person, per episode. Additional expenses must be covered by the County General Fund. To date, one budget transfer has been processed in the amount of \$36,000 to increase appropriations in order to pay these costs. There is currently one outstanding case that exceeds the \$15,000 cap. Staff estimates the cost of this case to be approximately \$241,528. Once all final invoices have been received by Public Health, a budget transfer will be processed moving funds from the General Fund Contingency to cover these costs. This transfer has been deducted from the General Fund Contingency for mid-year projection purposes.

During the September true-up budget process, the Department recognized an annual increase in the CFMG contract for jail medical costs. Unfortunately the Juvenile Hall Jail Medical piece of that contract was overlooked. Therefore the contract costs were under estimated in the amount of \$23,298. A budget transfer will be processed moving funds from the General Fund Contingency to cover this cost.

Another potential area of risk relates to California Children's Services (CCS) and Healthy Families cases. For FY 2006-07, the Department overestimated the amount of County General Fund Contribution required to meet Maintenance of Effort (MOE) requirements under the CCS Diagnostic and Treatment program. A budget amendment is in process to reduce the County contribution by \$39,468. This money will go back into the General Fund contingency account. The Department continues to monitor these programs and associated case reports on a monthly basis.

Special Districts - Fund Type 12

Revenues and expenditures in County Service Areas #3 and #7 are projected to be within budget.

Mental Health – No Change in Net County Cost.

The Department's mid-year estimate balances revenues and expenditures, with the use of approximately \$450,000 in prior year fund balance. This is an increase of approximately \$40,000 from the original budget. The Department is experiencing cost overages in several mandated service program areas. The majority of these overages are covered with current year salary savings with the remaining overages being covered with fund balance. These adjustments are the net result of the following:

- Institutes for Mental Diseases (IMD's): The Department has seen a significant increase in the number of adults needing to be placed in IMD's and estimates that it will spend \$345,000 more than budgeted for these costs. This is a serious concern to the Department as these costs are mainly funded by Realignment dollars and the Department has limited ability to control the need for placement. As Realignment revenues remain

flat for the Department and IMD bed-rates continue to escalate, this increase in the number of placements is a real threat to the Department's financial stability. The Department is working with the appropriate agencies, e.g., the Public Guardian's Office and the Courts, to minimize these costs by finding less expensive but appropriate alternatives to high-cost IMD placements.

- **Children's Services Contracted Psychiatric Medical Services:** The Department estimates that it will spend \$400,875 more than budgeted for contracted psychiatric medical services for children. As the number of children eligible for services has increased, the Department's number of children's clinicians has remained constant, despite several recruitment efforts. The solution at this point has been to contract out these services to local service providers. Since nearly all of these contracted services are provided to Medi-Cal/EPSDT-eligible children, for whom the Department receives 95% Federal/State reimbursement of actual costs, the net cost to the Department for these increased expenditures is only around \$20,000.
- **PHF Contracted Professional Services:** During this fiscal year the PHF has had a daily census of more than 10 clients far more times than it had estimated. By law, a daily census of more than 10 clients necessitates the need for additional staff. The Department contracts with a firm that provides locum tenens to handle these busy days and estimates that it will spend \$89,750 more on these services than budgeted.
- **AB 3632:** At the time of the budget, the Department did not know how the State would distribute AB3632 funds. The Department has since learned the distribution method and now estimates a shortfall of \$225,000 in AB3632 funding. These funds come to the department in two ways. The first is through a quarterly allocation directly from the State. The Department estimates receiving \$365,000 through this quarterly allocation. The second way that the Department receives this funding is through an SB90 claim. Over the past several years the State was not reimbursing counties for their SB90 claims. Beginning in FY 2006-07, the State has started reimbursing for these prior years claims over a 15 year payback cycle. The Department does not anticipate any additional payments in FY 2006-07. The State does come back and audit these SB90 claims and there is some risk to the Department if the State disallows costs. The Department is currently working with the CAO's office and the Auditor's office to determine if additional dollars are owed based on the most recent SB90 audit. The amount in question is approximately \$270,000. If it is determined that these funds should come out of Mental Health, the Department will need to utilize additional fund balance to cover this expense.
- **Vacancies:** Despite the Department's efforts to recruit and fill nearly all of its vacant positions, there are currently 22.15 FTE vacant non-MHSA positions resulting in approximate savings in salary and benefits of \$642,206.

The Department is concerned that, like many California county mental health departments, increasing costs and flat Realignment revenues will cause the Department to rapidly expend its fund balance to provide basic mental health services to its core Medi-Cal and indigent population. At the same time, MHSA revenues used to fund ancillary, non-traditional programs for many new clients is coming in 40% higher than previously estimated by the State. By law, MHSA funds cannot be used to supplant funding for existing mental health programs, so these programs will be expanding while its core programs will be maintained by using up the

Department's fund balance. The Department is and will continue to explore additional funding sources for its core programs while continuously working to assure that it is maximizing its receipt of revenues from existing sources.

Human Services – Decrease of \$500,000 in Net County Cost

Social Services

Over the past several months, the Social Services division has been working diligently towards a more sound fiscal approach to projecting revenues based on the current staffing mix. The division estimates a decrease of \$500,000 in Net County Cost based on more accurate estimates combined with measures implemented to maximize revenues, including intensified efforts to recruit staff to fill approved allocations for revenue generating programs, reassignment of existing staff to augment staffing shortages in revenue producing programs, and maintaining staff vacancies where feasible in non-revenue generating positions.

Community Services

The Community Services division anticipates revenues and expenditures to be within budget.

Veterans Affairs – No change in Net County Cost.

The Veterans Affairs Department anticipates revenues and expenditures to be within budget.

Library - No Change in Net County Cost.

General Fund - Fund Type 10

The Library is projecting ending the year at their allocated Net County Cost.

Special Revenue Fund - Fund Type 12

The Library anticipates revenues and expenditures to be within budget.

Child Support Services - No Change in Net County Cost

The Child Support Services Department anticipates revenues and expenditures to be within budget.

