

Fiscal Year 2021-22 Recommended Budget

June 7, 2021



Outline of Today's Meeting

- Budget Requirements
- Summary of FY 2021-22 Recommended Budget
- Revenues and Financing Sources
- Board Adopted Budget Policies
- What is Included in the Budget
- Budget Challenges
- Next Steps in Budget Process
- Action on Recommended Budget

Budget Requirements

- **County Budget Act – Gov’t Code §29000 – 29144, §30200**
- **Applies to County, dependent special districts, other agencies “whose affairs and finances are under the supervision and control of the board”**

Budget Requirements

- Requires Single Year Balanced Budget
- §29009: In the recommended, adopted, and final budgets the funding sources (revenues) shall equal the financing uses (expenditures).



Budget Requirements

- Public hearing required
- 3/5 Vote to approve prior to close of hearing
- Following close of hearing, increases or additions require 4/5 vote

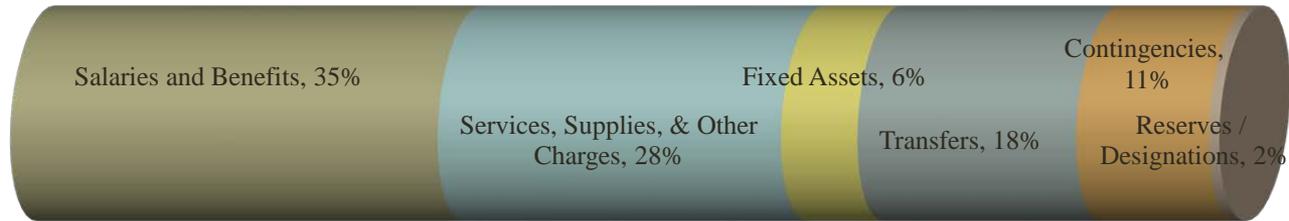
Summary of the Recommended Budget

	FY 2020-21 Adopted Budget	FY 2021-22 CAO Recm'd Budget	\$ Increase / (Decrease)	Percent Change
Total Appropriations	\$854.7 M	\$812.7 M	(\$42.0 M)	-5%
Governmental Funds	\$718.4 M	\$681.3 M	(\$37.1 M)	-5%
General Fund	\$348.5 M	\$337.4 M	(\$11.1 M)	-3%
Departmental Net County Cost	\$149.7 M	\$162.7 M	\$13.0 M	9%



* *Governmental Funds includes Special Revenue Funds, excludes Special Districts & Proprietary Funds*

Summary of the Recommended Budget Appropriations by Expenditure Class*



Expenditure Class	FY 2020-21 Adopted Budget	FY 2021-22 CAO Recm'd Budget	\$ Increase / (Decrease)	Percent Change
Salaries and Benefits	\$232.7 M	\$240.8 M	\$8.0 M	3%
Services, Supplies, & Other Charges	\$219.7 M	\$193.5 M	(\$26.2 M)	-12%
Fixed Assets	\$46.3 M	\$43.1 M	(\$3.2 M)	-7%
Transfers	\$128.5 M	\$123.3 M	(\$5.2 M)	-4%
Contingencies	\$76.1 M	\$74.7 M	(\$1.4 M)	-2%
Additions to Reserves / Designations	\$15.1 M	\$5.9 M	(\$9.2 M)	-61%
Appropriations	\$718.4 M	\$681.3 M	(\$37.1 M)	-5%

* Data is governmental funds including Special Revenue Funds; Excluding Special Districts & Proprietary Funds

Summary of the Recommended Budget Budget Distribution by Functional Group*



Functional Group	FY 2020-21 Adopted Budget	FY 2021-22 CAO Recm'd Budget	\$ Increase / (Decrease)	Percent Change
General Gov't	\$53.0 M	\$54.8 M	\$1.8 M	3%
Law & Justice	\$134.6 M	\$139.9 M	\$5.2 M	4%
Land Use / Dev Svc	\$134.1 M	\$109.6 M	(\$24.4 M)	-18%
Health & Human Svc	\$176.9 M	\$177.8 M	\$0.8 M	0.5%
Appropriations	\$498.6 M	\$482.1 M	(\$16.6 M)	-3%

* Data is departmental operating appropriations, excluding Non-Departmental/ACO Fund/CW Special Revenue Funds/Special Districts/Proprietary Funds

Summary of the Recommended Budget Net County Cost by Functional Group*



Functional Group	FY 2020-21 Adopted Budget	FY 2021-22 CAO Recm'd Budget	\$ Increase / (Decrease)	Percent Change
General Gov't	\$38.0 M	\$42.0 M	\$4.0 M	11%
Law & Justice	\$84.6 M	\$89.1 M	\$4.5 M	5%
Land Use / Dev Svc	\$9.8 M	\$12.8 M	\$3.0 M	31%
Health & Human Svc	\$17.3 M	\$18.9 M	\$1.5 M	9%
Net County Cost	\$149.7 M	\$162.7 M	\$13.0 M	9%

* Data is Net County Cost and General Fund contributions excluding non-departmental appropriations and ACO General Fund contribution.

Summary of the Recommended Budget

Net County Cost compared to total operating appropriations by Functional Group

Total
Appropriations



Net
County
Cost



Revenues and Financing Sources

Revenues

- **General Fund Revenues**
 - Property Tax, Sales Tax, Franchise Fees, Transient Occupancy Tax, Cannabis Activities Tax
 - Discretionary funds
- **State & Federal Funding – Mandated Programs**
 - Counties operate as arm of the State
 - Level of Service considerations
- **Special Revenue Funds**
 - Funds restricted for specific purposes

Revenues and Financing Sources

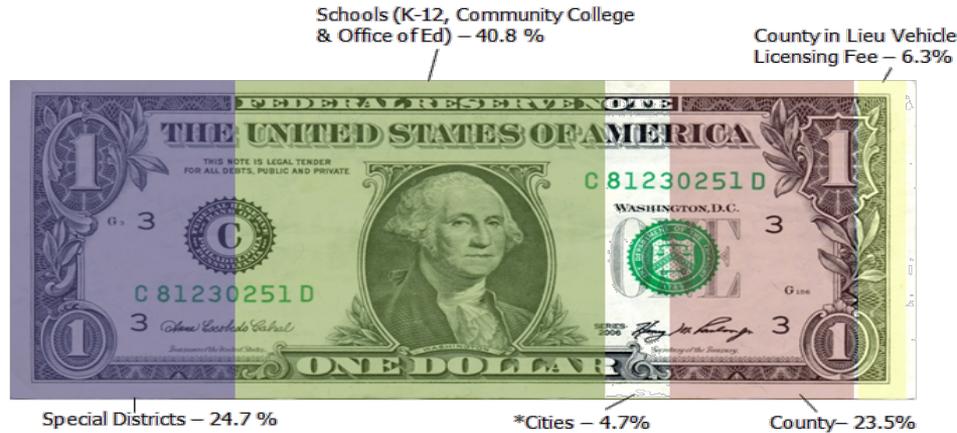
General Fund Revenues

	FY 2020-21 Adopted Budget	FY 2021-22 CAO Recm'd Budget	\$ Increase / (Decrease)	Percent Change	% of Budget
Taxes	\$117.2 M	\$127.7 M	\$10.5 M	9%	38%
Licences, Permits, & Franchise Fees	\$12.6 M	\$13.0 M	\$0.4 M	3%	4%
Fines & Penalties	\$1.0 M	\$1.0 M	\$0.1 M	8%	0%
Use of Money & Property	\$1.0 M	\$1.0 M	(\$0.0 M)	0%	0%
State Revenue	\$50.1 M	\$52.6 M	\$2.5 M	5%	16%
Federal Revenue	\$51.1 M	\$32.7 M	(\$18.4 M)	-36%	10%
Other Governmental Revenue	\$9.1 M	\$9.4 M	\$0.3 M	3%	3%
Service Charges	\$20.4 M	\$22.1 M	\$1.7 M	8%	7%
Miscellaneous Revenue	\$2.3 M	\$1.5 M	(\$0.8 M)	-35%	0%
Other Financial Sources	\$45.5 M	\$45.6 M	\$0.1 M	0%	14%
Fund Balance	\$38.3 M	\$30.9 M	(\$7.4 M)	-19%	9%
Total Revenue	\$348.5 M	\$337.4 M	(\$11.1 M)		

Revenues and Financing Sources

General Fund Revenues - Property Tax

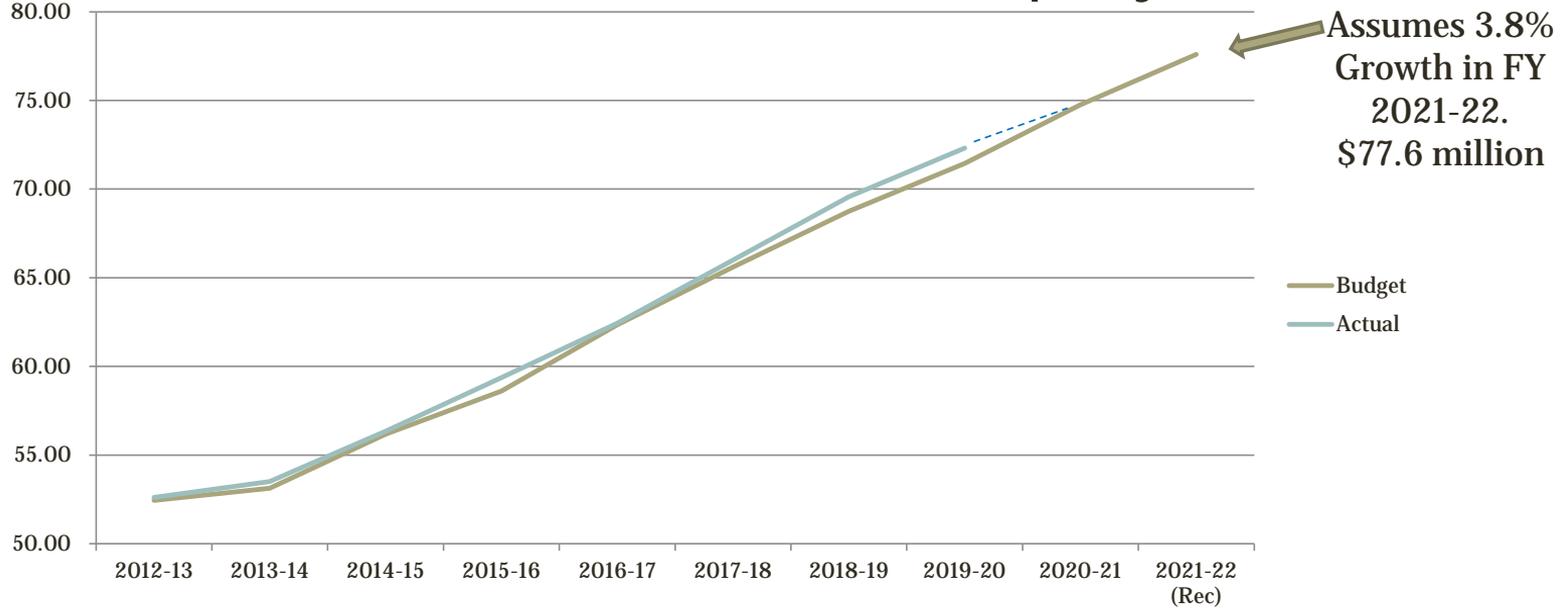
Property tax is a major source of unrestricted revenue for the County general fund, schools, cities, and special districts



Graphic developed by the Treasurer-Tax Collector Department. (Source El Dorado County Auditor-Controller's Office)
 *includes the Cities of Placerville and South Lake Tahoe (2.5%), Cities in Lieu Vehicle Licensing fees (.9%) and City of So. Lake Tahoe Redevelopment Successor Agency (1.3%)

Revenues and Financing Sources

General Fund Revenues - Property Tax*

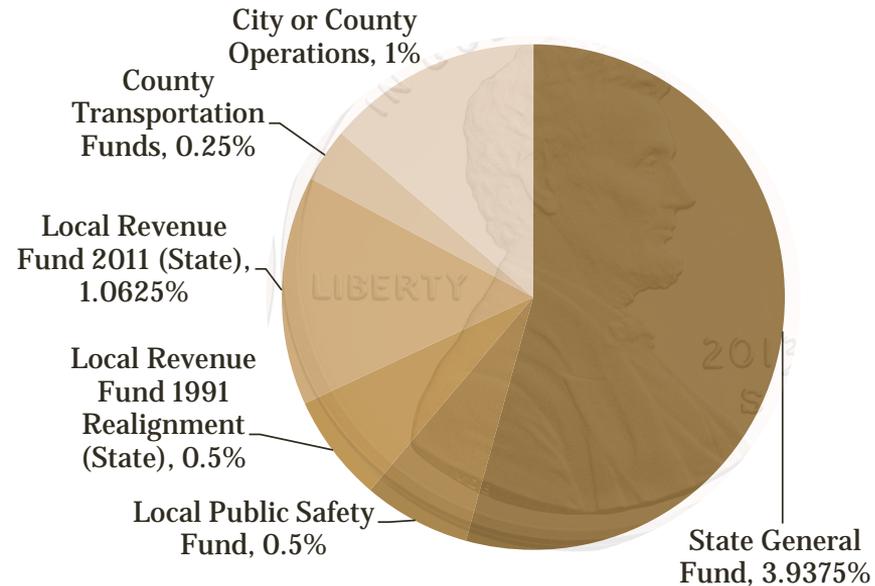


*Represents only General Fund Discretionary Current Property Taxes

Revenues and Financing Sources

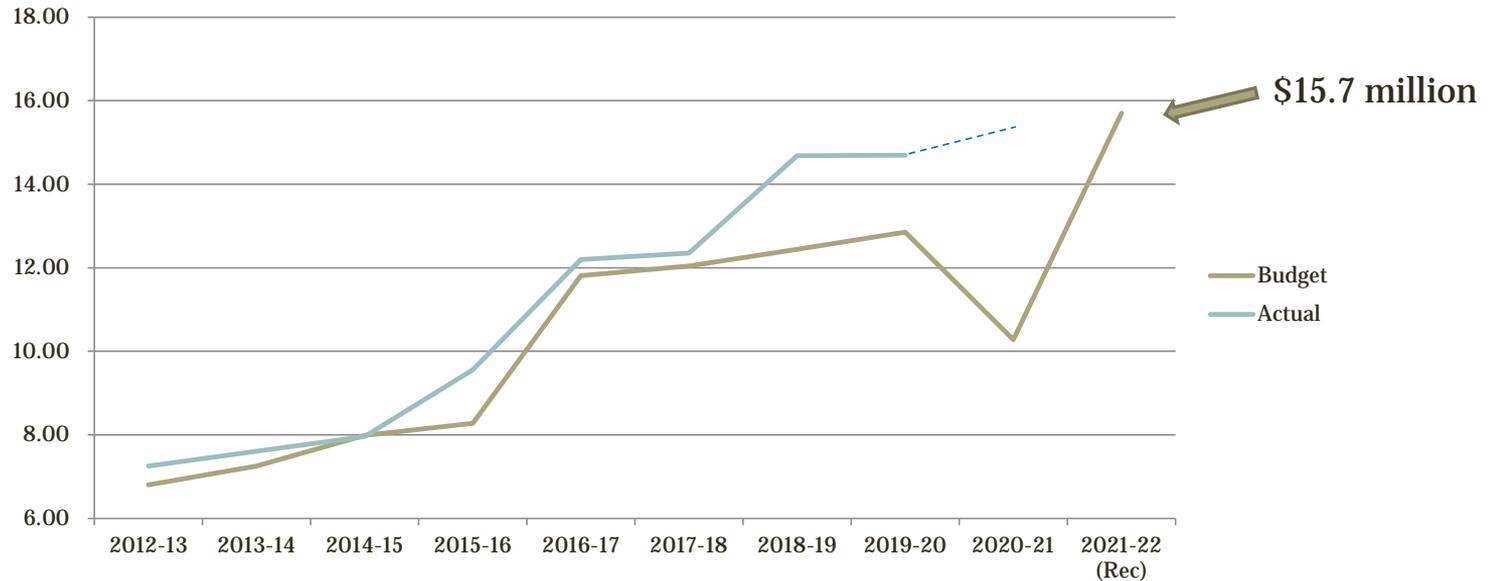
General Fund Revenues - Sales and Use Tax*

- The Bradley-Burns Uniform Sales and Use Tax Law provides for a city/county rate of 1.25%.
- One-quarter cent of the levy is sent to the countywide regional transportation fund.
- The remaining 1% is discretionary.



Revenues and Financing Sources

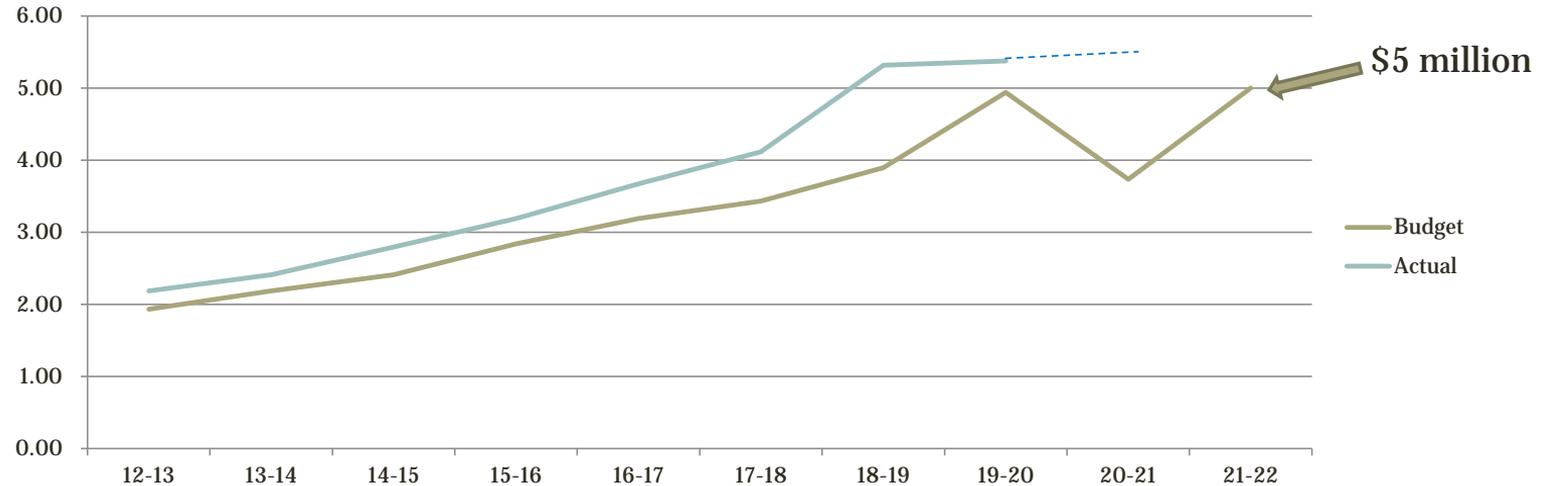
General Fund Revenues - Sales and Use Tax*



*Represents only General Fund Discretionary Sales Tax

Revenues and Financing Sources

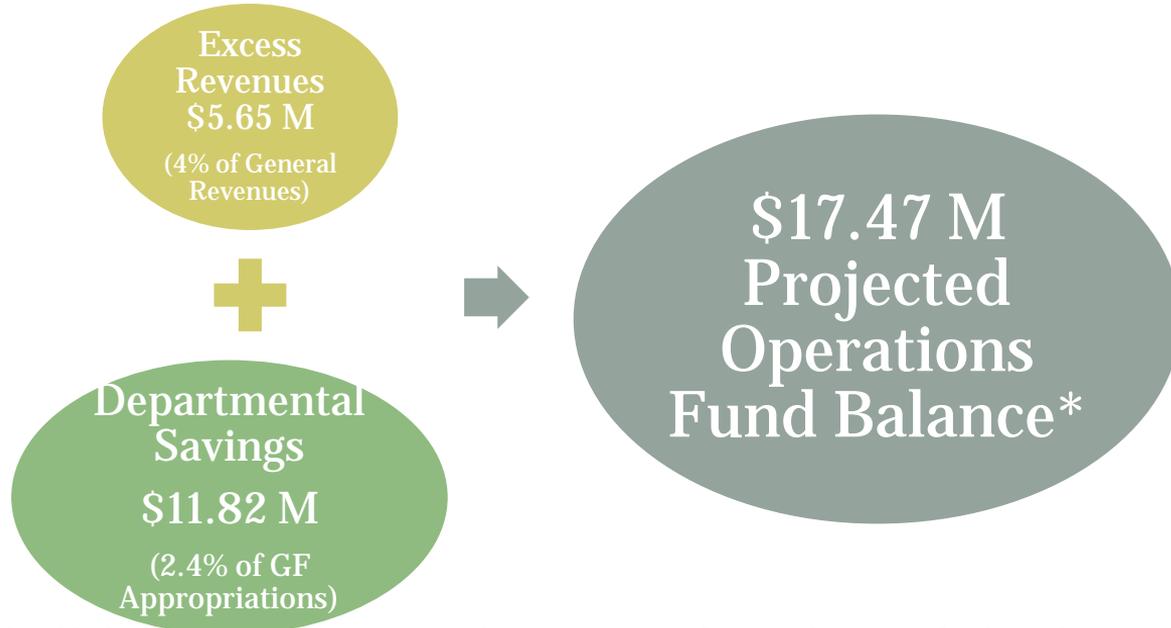
General Fund Revenues - Transient Occupancy Tax*



*Represents total General Fund TOT, including Treasurer-Tax Collector share.

Revenues and Financing Sources

General Fund Revenues - Fund Balance



* Excludes fund balance from Contingency and ACO GF Contribution that are rebudgeted.

Board Adopted Budget Policies

Provide a framework for budgetary decision making regarding the use of County funds, to ensure prudent County fiscal management and to direct the CAO in the development and management of the County Budget (Policy B-16)

1. Pursue operational efficiencies
2. Maximize the Board's discretion
3. Pursuit of new revenues
4. Grant funding
5. New or enhanced discretionary programs
6. County share
7. Vacant and new positions

Board Adopted Budget Policies

8. General Fund Contingency 3%
9. Budget controlled at Expenditure Class / Object level
10. General Reserves 5%
11. Designation for Capital Projects
12. Other Post-Employment Benefits (OPEB)
13. Transient Occupancy Tax
14. Fixed (Capital) Assets
15. Designation for Road Maintenance

What is included in the Budget

Board Policies and Priorities

General Reserve at \$10 million

General Fund Contingency at \$6 million

\$1.3 million for the implementation of a Body Worn Camera program for the Sheriff's Office

\$3 million in discretionary revenues to road maintenance

\$6.5 million for ongoing deferred maintenance of County-owned buildings

Sets aside \$936,713 for future CalPERS cost increases

\$2.3 million set aside for the FY 2022-23 Public Safety Facility loan payment

\$500,000 to begin replacing the aging snow removal fleet

\$645,800 to Fire Districts to offset costs due to tourism impacts

\$578,000 to the Planning & Building for code enforcement and to address State Mandates & Tier 1 priorities

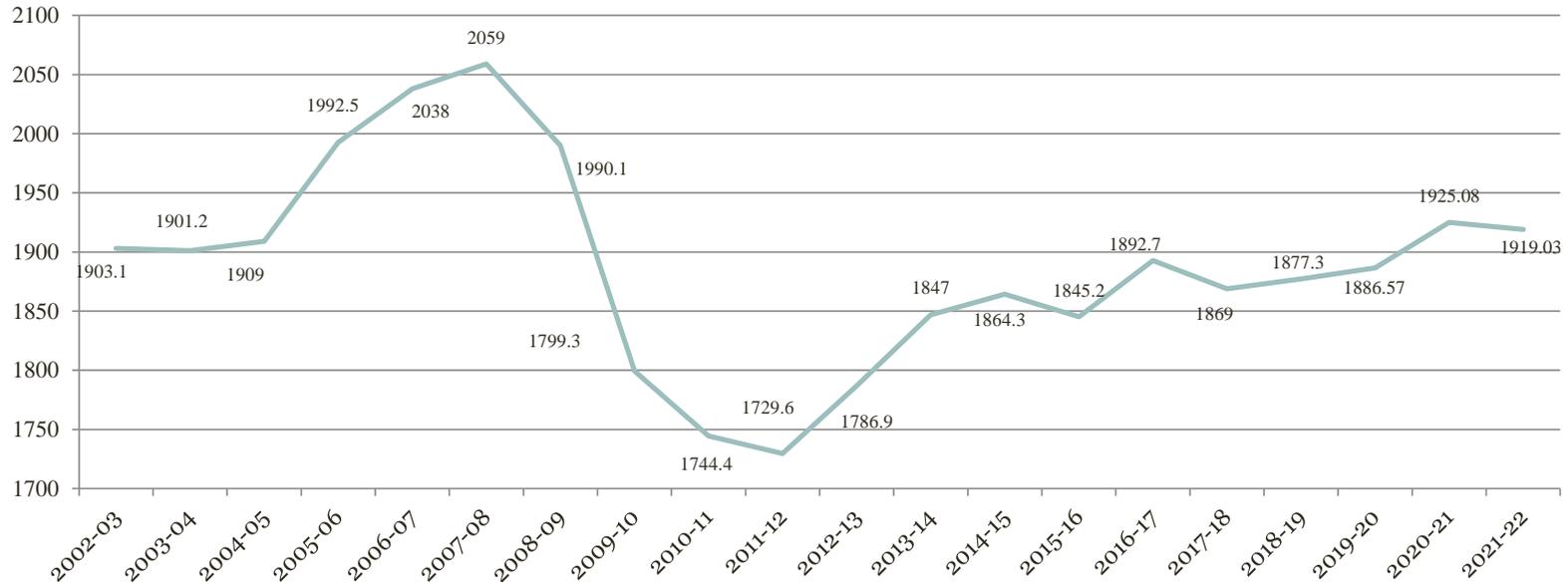
What is included in the Budget

Position Changes

Department	Addition	Deletion	Total
Assessor		(3.00)	(3.00)
Auditor-Controller	1.00		1.00
CAO - Administration & Budget	1.00	(1.00)	0.00
CAO - Central Services	1.00	(1.00)	0.00
CAO - EMS & Emergency Preparedness and Response	1.00		1.00
CAO - Parks	1.00		1.00
Child Support Services	1.00	(7.00)	(6.00)
District Attorney		(1.00)	(1.00)
Environmental Management		(1.00)	(1.00)
Health and Human Services Agency	6.00	(10.30)	(4.30)
Human Resources / Risk Management	2.00	(2.50)	(0.50)
Information Technologies	5.00	(3.50)	1.50
Library	3.00		3.00
Planning & Building	5.00	(1.00)	4.00
Probation	4.00	(11.00)	(7.00)
Sheriff	6.00	(2.00)	4.00
Transportation	1.00	(2.00)	(1.00)
Treasurer-Tax Collector	1.00	(1.00)	0.00
Total	39.0	(47.3)	(8.3)

What is included in the Budget Position Changes

Total County Allocations by Fiscal Year



What is included in the Budget

GENERAL FUND RESERVES & DESIGNATIONS	FY 2020-21 ENDING BALANCE	FY 2021-22 ADDITIONS	FY 2021-22 USES	FY 2021-22 ENDING BALANCE
GENERAL RESERVE	\$10,000,000			\$10,000,000
CAPITAL PROJECTS	\$16,931,645	\$5,000,000		\$21,931,645
PUBLIC SAFETY FACILITY LAST LOAN PAYMENT	\$2,300,000			\$2,300,000
PUBLIC SAFETY FACILITY LOAN PAYMENTS	\$2,300,000			\$2,300,000
PARKS ACQUISITION & DEVELOPMENT	\$250,000			\$250,000
EL DORADO CENTER	\$969,019			\$969,019
AUDIT RESERVE	\$944,430			\$944,430
TOT SPECIAL PROJECTS*	\$1,854,965		(\$1,120,092)	\$734,873
CALPERS COST INCREASES	\$4,028,893	\$936,713	(\$2,068,017)	\$2,897,589
CALPERS OPEB	\$1,368,765			\$1,368,765
RAY LAWYER DR	\$3,000,000			\$3,000,000
ROAD INFRASTRUCTURE*	\$1,651,282			\$1,651,282
JUVENILE HALL	\$1,722,556			\$1,722,556
GENERAL LIABILITY & WORKERS' COMPENSATION	\$3,000,000			\$3,000,000
INDUSTRIAL DRIVE	\$1,241,000		(\$620,500)	\$620,500

* Board Direction on 3/30 to reduce by \$870,092 in FY 2021-22 and \$250,000 for Parks Master Plan

** Board Direction on 3/23 to hold \$380,000 for use in FY 2023-24 if granted FEMA's Hazard Mitigation Grant Program

Budget Challenges

CalPERS –
possible discount
rate decrease

Facility needs

Economic Impacts
– inflation

Road fund
shortfall

Structural budget
deficits in
Behavioral Health
and Social Services

Budget Challenges

5-Year General Fund Projection

	Conservative	Moderate
Property Tax	3.8% growth from prior year	3.8% growth from prior year in FY 2021-22, 4.25% growth from prior year in years after
Transient Occupancy Tax	3% growth from prior year	5% growth from prior year
Cannabis Activities Tax	2% growth from prior year	2% growth from prior year and adding the equivalent to another retail source in FY 2022-23

In millions	FY 2021-22 Recm'd Budget	FY 2022-23 Projected	FY 2023-24 Projected	FY 2024-25 Projected	FY 2025-26 Projected
Conservative					
Revenues	\$337.36	\$324.91	\$330.66	\$337.28	\$343.11
Appropriations	\$337.36	\$325.68	\$331.77	\$338.04	\$344.50
Surplus / Shortfall \$ -		(\$0.77)	(\$1.11)	(\$0.77)	(\$1.39)
Moderate					
Revenues	\$337.36	\$325.85	\$332.22	\$339.50	\$346.05
Appropriations	\$337.36	\$325.68	\$331.77	\$338.04	\$344.50
Surplus / Shortfall \$ -		\$0.17	\$0.45	\$1.46	\$1.54

Next Steps in the Budget Process

- Discuss any Additions or Revisions to Recommended Budget
- Approval of the Recommended Budget with any changes
- Final Personnel Allocation Resolution no later than June 30, 2021
- Financial Records close in September, will know actual Fund Balance Carry-Over
- Revision to budget in August or September
- Final Budget Adoption in late September