

FY 2015-16 MID-YEAR PROJECTION

FEBRUARY 23, 2016

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GENERAL FUND SUMMARY

| | FY 2015-16 Budget | Projected June 30, 2016 | Variance | % of Budget |
|--------------|------------------------------|------------------------------------|-----------------|------------------------|
| Revenues | \$266,544,784 | \$263,277,500 | (\$3,267,284) | 99% |
| Expenditures | \$266,544,784 | \$249,110,491 | (\$17,434,293) | 93% |

REVENUES - \$3.3M DECREASE

- Non Departmental Revenues
 - Net increase of \$2.3M
 - \$1.2M increase in Property Taxes
 - \$732K increase in Assessment and Tax Collection fees
 - \$300K increase in casino funds
- Departmental Revenues
 - Net decrease of \$5.6M
 - Primarily related to decreased State and Federal funding and less use of 2011 Realignment funding in Human Services
 - These revenue decreases are offset with reduced expenses

EXPENDITURES - (\$17.4M DECREASE)

- \$6.1M in unspent contingency
- Departmental expenditure savings of \$10.8M
- Non-departmental expenditure savings of \$500K

FUND BALANCE

- The net effect of decreased revenues of \$3.3M and decreased expenditures of \$17.4M results in a **projected fund balance of \$14.1M for FY 2016-17**

OTHER FUNDS

ROAD FUND, COMMUNITY SERVICES, PUBLIC
HEALTH AND MENTAL HEALTH

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ROAD FUND SUMMARY

| | FY 2015-16 Budget | Projected June 30, 2016 | Variance | % of Budget |
|--------------|------------------------------|------------------------------------|-----------------|------------------------|
| Revenues | \$82,043,831 | \$75,759,938 | (\$6,283,893) | 92% |
| Expenditures | \$82,043,831 | \$75,759,938 | (\$6,283,893) | 92% |

- Changes related to shift in the timing on construction starts and acquisition of right of way as well as lower construction bids
- Use of fund balance of \$8.7M resulting in a year end fund balance projection of \$5.9M

COMMUNITY SERVICES SUMMARY

| | FY 2015-16 Budget | Projected June 30, 2016 | Variance | % of Budget |
|--------------|------------------------------|------------------------------------|-----------------|------------------------|
| Revenues | \$8,394,130 | \$7,853,955 | (\$540,175) | 94% |
| Expenditures | \$8,394,130 | \$7,853,955 | (\$540,175) | 94% |

- Changes primarily related to decreases in federal program revenues offset with reduced expenses

PUBLIC HEALTH SUMMARY

| | FY 2015-16 Budget | Projected June 30, 2016 | Variance | % of Budget |
|--------------|------------------------------|------------------------------------|-----------------|------------------------|
| Revenues | \$24,189,356 | \$14,345,442 | (\$9,843,914) | 59% |
| Expenditures | \$24,189,356 | \$13,870,585 | (\$10,318,771) | 57% |

- Reduced expenditures primarily related to no planned use of Contingency (\$7.5M), services & supplies savings (\$1.4M), and salary savings (\$895K)
- Department projects a year end fund balance of approximately \$9.6M

MENTAL HEALTH SUMMARY

| | FY 2015-16 Budget | Projected June 30, 2016 | Variance | % of Budget |
|--------------|------------------------------|------------------------------------|-----------------|------------------------|
| Revenues | \$37,323,974 | \$25,972,386 | (\$11,351,588) | 70% |
| Expenditures | \$37,323,974 | \$25,194,562 | (\$12,129,412) | 68% |

- Traditional Mental Health Programs
 - The department is projecting an increase in fund balance of approximately \$777K resulting in a year end fund balance projection of \$2.2M
- Mental Health Services Act (MHSA) Programs
 - The department is projecting a use of fund balance of \$3M resulting in a year end fund balance projection of \$9.4M

GENERAL FUND FORECAST

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ASSUMPTIONS

- Balanced budgets for the next 3 years based on:
 - 4% growth in property taxes
 - 2% growth in sales tax
 - 4% growth in salaries and benefits
 - No growth in operating expenses
 - Maintain 3% Contingency levels
 - Maintain 5% General Reserve level
 - Conservative fund balance estimate of \$16M annually (does not include any Capital Project funding)
 - No new programs or staff without an identified outside funding source

FUTURE POLICY ISSUES

- Human Services A87 charges
 - Currently A87 charges are not included as a charge in the department's budget, yet still recovering these costs in the quarterly cost claim
 - Results in giving back some of these revenues to the General Fund
 - FY 2015-16 estimate is a give back of \$1.5M, currently included in the fund balance estimate for FY 2016-17
- Policy Issue
 - Department has requested that these revenues remain in Human Services to establish a fund balance for future years economic uncertainties as Realignment funding may not be enough to maintain current programs or service levels
- CAO Recommendation
 - Roll this revenue into the General Fund to pay for those A87 services that are the basis for these charges. Look at phasing in an actual appropriation in the Human Services budget to pay for A87 charges in the future
 - Re-evaluate the financial position of Human Services on an annual basis to determine if changes need to be made

CAO BUDGET RECOMMENDATION

- Budget message for FY 2016-17 is “hold the line”
- All requests for changes to department budgets should be evaluated based on the strategic plan
- All projections will be re-evaluated at 3rd quarter and any significant variances will be reported to the Board