

Exhibit B to FY 2019-20 Mid-Year Budget Report
Summary Discussion of Department Mid-Year Projections

General Government

Board of Supervisors – Net County Cost savings of \$130,000

The Board of Supervisors is projecting savings in Salaries and Benefits of approximately \$130,000 due to vacancies in the first half of the fiscal year.

Chief Administrative Office – Net County Cost savings of \$140,000

The Chief Administrative Office Admin and Budget Division is projecting a \$60,000 increase to net county cost due to the loss of budgeted revenue from a change in accounting procedures. The \$122,943 decrease in revenue is partially offset by an anticipated savings of \$57,954 in salary and benefits from a vacancy and employee leave.

The Parks, River, and Trails Division do not anticipate any change to net county cost.

The Central Services Division is anticipating a savings of approximately \$200,000 in salary and benefits mainly from vacancies in Procurements and Contracts.

The Emergency Medical Services and Preparedness Division do not anticipate any change to net county cost as the only General Fund program is Vegetation Management.

Auditor-Controller – Net County Cost savings of \$132,814

The Auditor-Controller is projecting expenditure savings of approximately \$120,570 and a revenue surplus of \$12,244, resulting in a Net County Cost savings of \$132,814. The revenue surplus is due mainly to increased billings to outside agencies for audit and accounting services. Expenditure savings are mainly in Salary and Benefits, related to vacancies in the Payroll Division.

Treasurer-Tax Collector – No Change to Net County Cost

Assessor – Net County Cost savings of \$200,000

The department will likely experience savings in Salaries and Benefits of approximately \$200,000 due to vacancies in the first half of the fiscal year. No other significant changes are anticipated

County Counsel – No change to Net County Cost

Revenues overall are projected to fall short by approximately \$30,000 at year end. The majority of the shortfall is a reduction in Public Guardian Legal Services due to the courts

ordering Public Guardian fees be paid on the actual hours worked. There is also a reduction in billing to outside entities as there has been less need for this service. Due to a vacancy, 43% of budgeted salary and benefits have been expended, which will result in salary savings at year end.

Information Technologies – Net County Cost savings of \$298,000

Information Technologies is projecting to have net savings of approximately \$298,000 for the year. This is attributed to salary savings from vacancies of \$600,000, savings in fixed assets of \$50,000 for video conferencing infrastructure, offset by an increase in services and supplies of \$102,000. IT is also projecting an additional \$250,000 to be spent on desktops/laptop replacements as well as security, pending the outcome of a study related to the countywide implementation of Virtual Desktop Interface (VDI).

Recorder Clerk – No anticipated change in Net County Cost

Elections – No anticipated change in Net County Cost

Overall the Elections Department is tracking on budget with no significant changes. It is projected that over expenditures related to the implementation of Vote Centers that are not covered by grant funding will be covered by incremental candidate filing fees and revenue from special districts for special elections.

Human Resources-Risk Management – Net County Cost savings of \$295,000

The Human Resources department is projecting a Net County Cost savings of approximately \$295,000. A Salary and Benefits savings of approximately \$425,000 is expected due to ongoing vacancies in the department. It is anticipated that \$130,000 will be used to cover costs for workspace and equipment purchases related to the relocation of the department in Building A.

Law & Justice

Grand Jury – Net County Cost savings of \$20,000

Estimated savings are in mileage and juror per diem.

Superior Court MOE – No Change to Net County Cost

Revenues from court fines are anticipated to exceed the budget by approximately \$125,000; however, this is likely to be at least partially offset by increased indigent defense conflict attorney costs. A high-profile murder case with the potential for a death penalty sentence has been assigned to one of the County's conflict panel attorneys. The nature and complexity of the case make it eligible for expenses outside of the current flat-rate conflict panel agreement. The CAO's Office will monitor expenses through the end of this fiscal year. We anticipate requesting additional funds in the FY 2020-21 Recommended Budget for expenses related to this case.

District Attorney – No anticipated change to Net County Cost

Public Defender – Net County Cost savings of \$170,000

The Public Defender anticipates savings in Salaries and Benefits due to turnover, estimated at \$170,000.

Sheriff – Net County Cost savings of \$4,417,000

The Sheriff expects revenues to fall short of budget by approximately \$20,000,000, mainly in state and federal revenue. Revenues related to the expansion of the Placerville Jail were budgeted at \$18,700,000, but the very little of this revenue will be realized this fiscal year. This shortfall is entirely offset by a reduction in expenditures. Federal revenues from the Department of Homeland Security will also be lower than budgeted by approximately \$365,000 due to under-expenditures. These grants are on a reimbursement basis, and when the County or outside agencies do not complete anticipated purchases, the revenues are not received. The grants can be rolled over to subsequent fiscal years. Smaller revenue shortfalls are expected in license and permit fees.

The Sheriff expects approximately \$24,400,000 in expenditure savings. As noted above, much of this anticipated savings is related to the Jail expansion project. The remainder of anticipated savings is in Services and Supplies, Fixed Assets, and Salaries and Benefits. Based on departmental vacancies at mid-year, the department is projecting \$3,600,000 savings in Salaries and Benefits. Savings of \$1,600,000 and \$300,000 are anticipated in Services and Supplies and Fixed Assets, respectively.

Probation – Net County Cost savings of \$125,000

The Probation department is projecting expenditure savings of \$314,000 and a revenue shortfall of \$189,000, resulting in a Net County Cost savings of \$125,000.

The shortfall in revenue is the net result of increases in some sources and reductions in others, and a small portion of the reduction is offset by reductions in expenditures.

The Department anticipates exceeding its budget for Salary and Benefits by \$139,000. This is the result of increased overtime and extra help needed to cover staff shortages related to paid leaves, bargained salary increases, and retirement payouts.

The Department is projecting savings in Services and Supplies of approximately \$314,000, Approximately \$91,000 is related to a reduced number of juveniles in detention and under electronic monitoring. Additional savings are in the areas of adult client-related services, payments for minors committed to outside ranches and camps, utilities, and fuel and travel categories.

Land Use and Development Services

Surveyor – Net County Cost savings of \$26,000

Revenue for the Surveyor's Office is projected at \$45,000 below budget. This will be offset by savings of approximately \$71,000 primarily due to vacancies in the department, and the budget overall is projected to have a Net County Cost savings of \$26,000.

Agriculture – No change to Net County Cost

Community Development Services Administration and Finance – No Change to Net County Cost

It is projected that the CDS Administration Org will be within budget for FY 2019-20. There are no significant changes to the Cemetery, Airports, Special Aviation, or Special District budgets.

Transportation – \$1,500,000 savings in Transportation special revenue programs. There is No Change to Net County Cost.

Fund Type 10 – (General Fund) - County Engineer – No Change to Net County Cost

Fund Type 11 (Special Revenue Fund) – It is projected that there will be an overall savings of \$1,500,000 across the Transportation Special Revenue Funds. The decrease is the result of salary savings from vacancies in the first half of the fiscal year in fourteen positions. It is projected that overall revenues in the Department will increase by approximately \$4,100,000 mainly due to increases in Board approved Capital Improvement Projects. Expenditures will only be increasing by \$2,600,000 as a result of the salary savings and continued salary savings.

Fund Type 32 (Internal Service Fund) - Fleet Operations – It is projected that there will be no significant changes to this budget and no change to net County cost.

Planning and Building - No Change to Net County Cost

Development Services – Fund Type 10 (General Fund) – It is projected that Development Services will be at budget with no change to Net County Cost.

Fund Type 11 (Special Revenue Fund) - Housing, Community Economic Development – No Change to Net County Cost.

Environmental Management – No change to Net County Cost.

Fund Type 10 (General Fund) – No change to Net County Cost

It is projected that, overall, Environmental Management Orgs in this fund type will be within budget for FY 2019-20. The net County cost for the Environmental Management – General Fund budget units remains at zero.

Fund Type 13 – (Special Revenue Fund – Special Districts, Snow Removal, Vector Control) – No significant changes. There may be a slight salary savings at the end of the fiscal year due to vacancies.

It is projected that, overall, Environmental Management Orgs in this fund type will be within budget for FY 2019-20.

Health and Human Services

Health and Human Services Agency (HHS)

HHS is projecting to have a net increase of \$86K in General Fund/Net County Cost, primarily as a result of a revision in the Indirect Cost Rate (ICR) calculation, combined with projected savings in the various programmatic divisions. HHS developed a revised and federally accepted ICR calculation methodology, thereby resulting in significant savings to programs. A summary of General Fund projections by division is provided below:

HHS FY 2019-2020 Budget and Projections by Division

Division	FY 2019-20 GF NCC Budget	FY 2019-20 GF NCC Projection	Under/(Over) Budget
HHS Administration	(2,168,637)	(891,870)	(1,276,767)
Social Services	2,527,696	2,524,073	3,623
Community Services	2,679,845	2,276,057	403,788
Public Guardian	1,686,664	1,604,071	82,593
Behavioral Health	16,510	16,510	-
Public Health	4,583,157	4,366,678	216,479
Animal Services	2,123,039	1,649,473	473,566
Veteran Affairs	518,759	508,091	10,668
Totals	\$ 11,967,033	\$ 12,053,083	\$ (86,050)

HHS Administration (Dept. 50) – Fund Type 10

HHS Administration projects to have total revenues of \$3.6M and expenditures of \$2.7M resulting in a return to Net County Cost of \$892K. This is less than the budgeted amount of collections in the amount of \$1.2M, resulting in a decreased return to general fund. All but approximately \$86K is offset by savings realized in other HHS divisions.

- Indirect Cost Rate (ICR):** The Administration Department allocates administrative and fiscal support costs to programs as defined in Title 2 Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Costs are allocated through the Indirect Cost Rate (ICR) to programs based on program salaries. For FY 2019-20 there was an approved change to the ICR calculation methodology to base the allocation on forecasted/budgeted costs instead of actual costs. The Agency identified that as a result of large increases in salaries from recent MOU changes HHS Administration would over-collect millions of dollars through the prior methodology. As a reminder, the nature of the ICR's over and under collection will net to zero over time, as over collections are returned to programs in a future ICR calculation, offsetting net county cost.

- **Structural Changes:** The HHS Administration Department also implemented significant structural changes that resulted in cost savings. These changes included vacancies (one executive and one management position), shifting human resources to central HR, shifting space costs from HHS Administration to the appropriate benefitting programs, and shifting costs for the Deputy Director managing the Community Services Programs from HHS Administration to the benefitting programs. Reduced revenue collection from the lower ICR was partially offset by these cost saving measures.

Social Services Department (Dept. 51) – Fund Types 10

The Social Services Department (SSD) projects revenues of \$58.9M and expenditures of \$61.4M, with an estimated Net County Cost of \$2.5M, which results in a net county cost savings of \$3.6K. The Department is aware of several issues that may impact funding in future years in the Child Welfare Services (CWS), Extended Foster Care (AB12) and In Home Support Services (IHSS) programs. These issues will be addressed in future discussions with the Board.

Community Services Department (Dept. 52) - Fund Types 11 and 13

The Community Services Department (CSD) consists of two fund types: Fund 11 – Community Service programs, and Fund 13 - Public Housing Authority (PHA) and In-Home Supportive Services Public Authority (IHSS PA). Total revenues for CSD are projected of \$12.7M and expenditures are projected of \$12.7M, with a General Fund contribution of \$2.3M. This represents General Fund savings of \$404K when compared to budget.

Community Services Department (CSD) Programs (Fund 11):

CSD Fund 11 programs are projected to have a General Fund savings of \$342K. The programs include CSD Admin, Low Income Heating and Energy Assistance Programs (LIHEAP) and the Area Agency on Aging (AAA) programs, such as the Senior Center, Senior Nutrition, Senior Legal, and Adult Day Care (ADC). Significant savings are outlined below:

- **Area Agency on Aging (AAA):** Due to staff vacancies, AAA programs are projecting a General Fund savings of \$199K.
- **Adult Day Care:** Due to staff vacancies and a slight increase in projected revenue, ADC is projecting General Fund savings of \$96K.
- **CS Admin, CSBG and LIHEAP:** Due to savings in staffing and the Administration ICR reductions, CS Administration, including CSBG and LIHEAP is projecting General Fund savings of \$47K.

Public Housing Authority (PHA) and In Home Supportive Services-Public Authority (IHSS PA) – (Fund 13):

These programs are projected to use \$117K in General Fund contributions, resulting in General Fund savings of \$62K when compared to budget.

- **PHA:** PHA is projecting a General Fund savings of \$38K. This is due to additional one time funding of \$17K and savings resulting from the reduced Admin ICR.
- **IHSS PA:** IHSS PA is projecting a General Fund savings of \$24K. This is due to savings resulting from the reduced Admin ICR. Spending is being

monitored as funding for administrative activities has statutorily changed to a capped State General Fund allocation. Spending over this cap will result in the need for increased County General Fund.

Behavioral Health Department (Dept. 53) – Fund Type 11

The Behavioral Health Department (BHD) consists of Traditional, Mental Health Services Act (MHSA), and Substance Use Disorder Services (SUDS) programs. Total projected revenues for the BHD are \$30.4M and expenses are projected at \$30.4M, with a legislated General Fund contribution of \$16K. The Behavioral Health Department is projected to operate within current budget appropriations with no impact to the General Fund for FY 2019-20, however there is some uncertainty about future funding. These issues will be addressed in future discussions with the Board.

Public Health Department (Dept. 54) – Fund Types 11 and 13

The Public Health Department (PHD) consists of two fund types: Fund 11 – Public Health Programs, and Fund 13 – Ambulance Services Billing. Total revenues for the Department are projected at \$15.0M and total expenditures are projected at \$15.0M, with a projected use of General Fund of \$4.3M. This includes savings of \$216K compared to the budget.

Public Health Programs (Fund 11):

Public Health programs have total projected revenue of \$15.0M, expenses of \$15.0M, and a General Fund usage of \$4.3M, which is a savings of \$246K compared to the budget.

Public Health Department (PHD) service programs include nursing and health education programs and are funded primarily by grants, realignment revenues and other State and Federal revenues.

- **County Medical Services Program (CMSP) County Participation Fee –** The CMSP Board voted to rescind the FY 2019-20 county participation fees. El Dorado County's share is \$233K, resulting in County General Fund savings. The savings were partially offset with increased costs for inmate health. There is a small amount of additional residual savings for CMSP in the amount of \$38K.
- **Funding Issues:** 1991 Public Health Realignment supports the majority of the Nursing Programs expenditures and supplements the cost not covered by the grants in other programs. Historically, the PHD has received more Realignment than expenditures, adding to fund balance annually, however the increase to fund balance has significantly decreased year over year. The PHD is projected to increase the fund balance by \$252K for PH operations this fiscal year. HHS plans to address upcoming funding issues related to Public Health, including sustainability of the HUBS and funding for the El Dorado Center in South Lake Tahoe in future discussions with the Board.

Animal Services (Dept. 55) - Fund Type 10:

Animal Services (AS) has total projected revenues of \$1.3M and expenses of \$2.9M, resulting in a Net County Cost of \$1.6M. This is a savings to Net County Cost of approximately \$474K. The projected savings is directly related to staff vacancies and the savings resulting from the reduced Admin ICR.

Public Guardian Program (Dept. 56) - Fund Type 10:

Public Guardian (PG) is projecting revenues of approximately \$222K and expenditures of \$1.8M, with projected Net County Cost of \$1.6M. This results in savings to Net County Cost of \$83K. Savings are due primarily to vacancies and savings resulting from the reduced Admin ICR.

- **Targeted Case Management (TCM) and Medi-Cal Administrative Activities (MAA):** PG recently discontinued participation in the TCM program and began participating in the MAA program. Both are administered through the Department of Health Care Services (DHCS); the change to MAA should result in lower program audit risk, less client documentation, and greater efficiency in State oversight. However, there remain outstanding TCM audits and settlements. At this time, HHSA is aware of a potential TCM cost report settlement payback, estimated at approximately \$85K. A budget transfer will be submitted to move savings from salaries to service and supplies to prepare for this payback. It is uncertain when HHSA will receive the closeout notice from DHCS, therefore it is prudent to have sufficient budget appropriations in the event the payback is requested this fiscal year.

Veteran Affairs (Dept. 42) - Fund Type 10:

Veterans Affairs is projecting revenues of \$92K and expenditures of \$600K, with the projected Net County Cost of \$508K, or net savings of \$11K. The Net County Cost savings is primarily due to staff vacancies and the reduced Admin ICR. A budget transfer will be submitted to utilize some of the savings to purchase two veteran I.D. printers, one for South Lake Tahoe and one for Placerville. Currently there is only one printer in Placerville and it is aged and failing.

Library – No anticipated change in Net County Cost

Child Support Services – No anticipated change in Net County Cost. The department is projecting \$300K in salary savings due to staff vacancies, thereby reducing their state allocation. They have requested an additional allocation of \$75K from the State for the purchase of a generator for their building in Shingle Springs.