

EL DORADO COUNTY CALIFORNIA
Chief Administrative Office

February 23, 2012

Memo To: Board of Supervisors
From: Laura Schwartz, Chief Budget Officer
Subject: FY 2011-12 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 the five year forecast has been updated to incorporate these revised projections.

County Year-End General Fund Forecast

The following table recaps the status of the General Fund budget as amended through December 31, 2011:

	FY 2011-12 Amended Budget	Projected June 30, 2012	Projected as a % of Budget
Estimated Current Year Revenues	\$209,421,937	\$208,662,165	99.6%
Estimated Current Year Expenditures	\$209,421,937	\$199,236,334	95.1%

At mid-year, actual revenues of \$67,575,044 were recorded as received in the General Fund, or 32% of projected revenues (43% with fund balance included). The year-end General Fund revenue projection is estimated to fall short of budget by \$760K or 0.4%.

Non-departmental revenues are projected to be \$1 million above budget and departmental revenues are projected to be \$1.8 million below budget. The projected changes in non-departmental revenue are primarily attributed to the following:

- \$1.2M increase in Property Taxes
- \$500K increase in SB90 revenue
- \$300K increase in misc. taxes and fees
- \$750K decrease in sales tax
- \$238K decrease in Assessment Tax Collection Fees

The majority of the department shortfalls in revenue are offset with associated projected savings in expenditures. The one exception is in Information Technologies (\$42,289 shortfall). Attachment A provides a summary of projected General Fund revenues and expenditures by department.

Total General Fund appropriations budgeted as of December 31, 2011 were \$209,421,937. Total actual expenditures at mid-year were \$77,735,357 or 39% of projected appropriations in the General Fund. The year-end expenditure projection is estimated to equal 95.1% of budget.

The net result of lower revenues and lower appropriations is a year-end fund balance projection of \$9,425,831. This fund balance is comprised of the following components:

- \$5.4 million in unspent contingency (this will be rolled forward to FY 2012-13)
- \$3 million in departmental savings (net of reduced departmental revenues)
- \$1 million in additional non-department revenues

Economic Uncertainties

It should be noted that the mid-year projection maintains the reserve for economic uncertainties at 5%, or \$9 million. There are still many unknowns and a very high level of concern regarding State actions that can not be addressed at this time. The mid-year projection is based on the world as we know it today. We continue to monitor State actions very closely and as new information become available we will be notifying the Board during budget updates.

Other Funds

Current Year Road Fund Forecast

The following table recaps the status of the Roads- Transportation budget as amended through December 31, 2011:

	FY 2011-12 Amended Budget	Projected June 30, 2012	Projected as a % of Budget
Estimated Current Year Revenues	\$74,069,356	\$62,585,415	84%
Estimated Current Year Expenditures	\$74,069,356	\$62,585,415	84%

The major decreases in revenues and expenditures within the Road Fund is primarily on the capital side related to a shift in the timing on the start of construction and acquisition of right of way on several projects. The projections include a reduced use of fund balance of \$3.4M resulting in an approximate year end fund balance of \$9.5M.

Current Year Community Services Forecast

The following table recaps the status of the Human Services – Community Services budget as amended through December 31, 2011:

	FY 2011-12 Amended Budget	Projected June 30, 2012	Projected as a % of Budget
Estimated Current Year Revenues	\$ 16,706,347	\$ 16,706,347	100%
Estimated Current Year Expenditures	\$ 16,706,347	\$ 16,706,347	100%

The department does not anticipate any material changes from budget.

Current Year Public Health Forecast

The following table recaps the status of the Health Services – Public Health budget as amended through December 31, 2011:

	FY 2011-12 Amended Budget	Projected June 30, 2012	Projected as a % of Budget
Estimated Current Year Revenues	\$ 24,523,361	\$18,334,655	75%
Estimated Current Year Expenditures	\$ 24,523,361	\$18,439,004	75%

The major decline in revenues is related to less use of fund balance. The Department budgets 100% of their available fund balance which was \$4,948,682 in FY 2011-12. The Department is projecting a minor use of fund balance of \$104,349 in FY 2011-12. The decrease in appropriations is primarily related to no planned use of contingency (\$4.2M), savings in services and supplies related to professional and lab service contracts and the deferral of a number of purchases and special project expenses (\$1.9M) and salary savings from position vacancies and strategic delays in staff hires (\$495K).

Current Year Mental Health Forecast

The following table recaps the status of the Health Services – Mental Health budget as amended through December 31, 2010:

	FY 2011-12 Amended Budget	Projected June 30, 2012	Projected as a % of Budget
Estimated Current Year Revenues	\$ 19,628,892	\$17,122,411	87%
Estimated Current Year Expenditures	\$ 19,628,892	\$16,677,325	85%

The major decline in revenues is related to less use of fund balance. The Department budgets 100% of their available fund balance which was \$2,155,997 in FY 2010-11. The Department projects a slight use of fund balance in the traditional Mental Health programs of \$46,074 and projects additional fund balance of \$491,160 in the Mental Health Services Act (MHSA) program. Expenditure savings are primarily due to programmatic changes and delayed start-up of MHSA programs.

Five Year General Fund Forecast

Attachment B includes two revised 5 year forecasts as well as the last forecast presented to the Board as of September 20, 2011. Each forecast includes different assumptions for department Net County Cost.

The first forecast titled Attachment B1 shows a projected \$5.4M deficit in FY 2012-13. This is a \$3.2M improvement from the \$8.6M deficit projected on September 20, 2011. The revised

shortfall is based on Mid-Year projections. The improvement is primarily related to increased fund balance (\$2M) and increased property taxes (\$1M).

The second 5 year forecast titled Attachment B2 shows a projected \$1.3M deficit in FY 2012-13. This is a \$7.3M improvement from the \$8.6M deficit projected on September 20, 2011. This shortfall is based on a no growth appropriation assumption. Under Attachment B2, departments would be required to maintain their FY 2011-12 Net County Cost budgets in FY 2012-13. This means that departments would be required to absorb all salary and benefit increases as well as any increases in operating costs.

The chart below summarizes the annual and the cumulative budget shortfalls projected as of September 19, 2011 (Legistar item 10-0990, Attachment 12B) as well as the variances between Attachment B1 with 9/19/11 and Attachment B2 with 9/19/11.

Projected Budget Shortfalls					
	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Annual as of 9/19/11	(8,628,157)	(13,763,812)	(19,089,558)	(24,561,804)	N/A
Cumulative as of 9/19/11	(8,628,157)	(22,391,969)	(41,481,527)	(66,043,332)	N/A

Attachment B1 Annual	(5,453,053)	(12,329,172)	(17,371,436)	(22,563,227)	(28,015,195)
Cumulative	(5,453,053)	(17,782,224)	(35,153,660)	(57,716,887)	(85,732,083)
Annual Variance with 9/19	3,175,104	1,434,640	1,718,122	1,998,577	N/A
Cumulative Variance with 9/19	3,175,104	4,609,745	6,327,867	8,326,445	N/A

Attachment B2 Annual	(1,323,676)	(6,569,836)	(11,350,691)	(16,302,624)	(21,455,227)
Cumulative	(1,323,676)	(7,893,513)	(19,244,204)	(35,546,827)	(57,002,055)
Annual Variance with 9/19	7,304,481	7,193,976	7,738,867	8,259,180	N/A
Cumulative Variance with 9/19	7,304,481	14,498,456	22,237,323	30,496,505	N/A

The major assumptions included in the Attachment B1 5 year forecast include:

- No growth in property tax revenues based on FY 2011-12 year-end projection
- All other non-departmental revenues remain flat
- Department revenue growth of 1% each year
- Salaries & benefits growth of 4% annually
- All other appropriations grow 3% annually

Attachment B2 includes the same assumptions as B1 except for no growth in department revenues or appropriations in FY 2012-13. Growth is factored into FY's 2013-14 through FY 2016-17 at the 4% and 3% assumptions noted above.

Additional detail

Additional detail regarding department projections is provided in Attachment C: Summaries of Department Mid-year Summaries.

CAO Recommendation and requested Board direction

The Chief Administrative Office is recommending that the Board direct the Chief Budget Officer to establish FY 2012-13 budget targets based on Attachment B2, no growth to Net County Cost. This will provide a solid starting point to balance the FY 2012-13 budget. Departments will be directed to include the specific program or service impacts based on these no growth targets. These impacts will be presented to the Board and the public during the budget workshop in early June.

In addition to addressing the FY 2012-13 projected deficit, the Chief Administrative Officer will continue to lead the County on the investment strategy adopted by the Board. These strategies will be the driving force behind future on-going savings aimed at closing the structural budget gap and at creating a more limited government aimed at improved service delivery.

I would like to thank the departments and staff within the CAO's office for their work on the Mid-Year projections. I am available to answer any questions that you may have.

Attachment A: Summary of General Fund Department projections as of December 31, 2011

Attachment B1 and B2: 5 year forecast

Attachment C: Department Mid-year Summaries

Attachment A - Summary of General Fund Department projections as of December 31, 2011

Department	REVENUES				APPROPRIATIONS				NET		
	11-12 Budget REVENUE (FAMIS)	Projected	Proj Diff from Budgeted	Proj as % of Budget	11-12 Budget APPROP (FAMIS)	Projected	Proj Diff from Budgeted	Proj as % of Budget	BUDGETED Net County Cost	Projected Net County Cost	Variance from Net County Cost
Board of Supervisors	40,437	38,707	-1,730	95.7%	1,536,663	1,534,933	-1,730	99.9%	1,496,226	1,496,226	0
Chief Administrative Office	2,144,946	2,144,946	0	100.0%	4,022,584	4,022,584	0	100.0%	1,877,638	1,877,638	0
Auditor-Controller	463,674	457,676	-5,998	98.7%	3,029,087	2,766,985	-262,102	91.3%	2,565,413	2,309,309	256,104
Treasurer-Tax Collector	1,722,768	1,722,768	0	100.0%	2,757,443	2,757,443	0	100.0%	1,034,675	1,034,675	0
Assessor	455,800	386,200	-69,600	84.7%	3,414,934	3,264,934	-150,000	95.6%	2,959,134	2,878,734	80,400
County Counsel	500,170	500,170	0	100.0%	2,559,180	2,509,180	-50,000	98.0%	2,059,010	2,009,010	50,000
Human Resources	0	0	0	0.0%	743,212	689,358	-53,854	92.8%	743,212	689,358	53,854
Information Technologies	1,448,909	1,386,579	-62,330	95.7%	3,275,014	3,254,973	-20,041	99.4%	1,826,105	1,868,394	-42,289
County Promotions	0	0	0	0.0%	1,115,136	1,115,136	0	100.0%	1,115,136	1,115,136	0
Surveyor	145,100	72,900	-72,200	50.2%	1,721,591	1,587,388	-134,203	92.2%	1,576,491	1,514,488	62,003
Non-Departmental G.F. (incl conting)	99,463,885	100,513,425	1,049,540	101.1%	18,830,584	13,432,809	-5,397,775	71.3%	-80,633,301	-87,080,616	6,447,315
Designations, Reserve & FB	22,572,107	22,572,107	0	100.0%	10,910,040	10,910,040	0	100.0%	-11,662,067	-11,662,067	0
Grand Jury	0	0	0	0.0%	40,422	40,422	0	100.0%	40,422	40,422	0
Superior Court MOE	1,644,650	1,644,650	0	100.0%	2,941,283	2,291,283	-650,000	77.9%	1,296,633	646,633	650,000
District Attorney	2,405,435	2,278,494	-126,941	94.7%	7,595,886	7,399,824	-196,062	97.4%	5,190,451	5,121,330	69,121
Public Defender	320,013	318,013	-2,000	99.4%	2,924,765	2,789,765	-135,000	95.4%	2,604,752	2,471,752	133,000
Sheriff	13,045,628	12,684,868	-360,760	97.2%	53,683,989	52,982,688	-701,301	98.7%	40,638,361	40,297,820	340,541
Probation	4,083,337	3,729,537	-353,800	91.3%	13,643,467	12,517,434	-1,126,033	91.7%	9,560,130	8,787,897	772,233
Ag Commissioner	1,029,580	1,029,580	0	100.0%	1,508,284	1,466,284	-42,000	97.2%	478,704	436,704	42,000
Recorder-Clerk/Registrar of Voters	1,952,070	1,681,289	-270,781	86.1%	3,244,603	2,973,822	-270,781	91.7%	1,292,533	1,292,533	0
Transportation	1,689,688	1,515,040	-174,648	89.7%	7,068,721	6,458,053	-610,668	91.4%	5,379,033	4,943,013	436,020
Development Services	2,707,356	2,535,978	-171,378	93.7%	5,781,731	5,610,353	-171,378	97.0%	3,074,375	3,074,375	0
Public Health (Animal Services)	1,372,624	1,293,948	-78,676	94.3%	2,454,286	2,353,378	-100,908	95.9%	1,081,662	1,059,430	22,232
Environmental Management	2,519,648	2,485,544	-34,104	98.6%	2,684,385	2,650,281	-34,104	98.7%	164,737	164,737	0
Veterans Services	84,200	80,000	-4,200	95.0%	352,285	297,504	-54,781	84.4%	268,085	217,504	50,581
Human Services	40,193,187	40,193,187	0	100.0%	42,634,468	42,634,468	0	100.0%	2,441,281	2,441,281	0
Library	1,891,114	1,835,571	-55,543	97.1%	3,388,217	3,332,674	-55,543	98.4%	1,497,103	1,497,103	0
UCCE	100	100	0	100.0%	34,166	34,166	0	100.0%	34,066	34,066	0
Child Support Services	5,525,511	5,560,888	35,377	100.6%	5,525,511	5,558,172	32,661	100.6%	0	-2,716	2,716
GENERAL FUND TOTAL	209,421,937	208,662,165	-759,772	99.6%	209,421,937	199,236,334	-10,185,603	95.1%	0	-9,425,831	9,425,831

**Attachment B - Same assumptions used in May 26, 2011 forecast
5 year forecast as of September 19, 2011**

**COUNTY OF EL DORADO
General Fund Revenue and Appropriation Projection**

	FY 2011-12	FY 2012-13	Projected FY 2013-14	FY 2014-15	FY 2015-16
REVENUES					
Property Tax	\$ 52,509,649	\$ 52,249,176	\$ 51,990,026	\$ 51,732,193	\$ 51,475,670
Other Local Taxes	30,365,395	30,286,824	30,208,674	30,130,942	30,053,626
Licenses/Permits/Franchises	5,086,351	5,143,093	5,200,656	5,259,055	5,318,301
Fines/Forfeitures/Penalties	825,550	830,832	836,167	841,555	846,997
Use of Funds/Property	115,412	131,029	131,652	132,282	132,917
Intergovernmental Revenue	64,861,600	60,016,621	61,579,741	63,195,176	64,864,785
Charges for Service	13,032,339	13,196,632	13,363,247	13,532,221	13,703,592
Other Revenue	3,270,034	3,260,226	3,272,335	3,284,566	3,296,919
Transfers from Other Funds	16,054,138	21,338,757	21,719,224	22,112,451	22,518,922
Total Current Revenues	\$ 186,120,468	\$ 186,453,190	\$ 188,301,723	\$ 190,220,441	\$ 192,211,732
Appropriation from Fund Balance	18,229,912	7,400,000	7,600,000	7,750,000	7,950,000
Total Revenues	\$ 204,350,380	\$ 193,853,190	\$ 195,901,723	\$ 197,970,441	\$ 200,161,732
Discretionary Revenues	\$ 117,693,797	\$ 106,573,817	\$ 106,486,504	\$ 106,351,958	\$ 106,270,192
Departmental Revenues	86,656,583	87,279,373	89,415,219	91,618,483	93,891,540
Total Revenues	\$ 204,350,380	\$ 193,853,190	\$ 195,901,723	\$ 197,970,441	\$ 200,161,732
APPROPRIATIONS (Category)					
General Government	\$ 25,560,289	\$ 24,721,993	\$ 25,647,841	\$ 26,609,696	\$ 27,608,969
Law and Justice	79,915,391	82,948,360	86,097,738	89,368,035	92,763,935
Land Use & Development	18,798,878	19,228,546	19,933,539	20,664,813	21,423,364
Health/Human Services	54,320,794	56,225,037	58,197,391	60,240,341	62,356,460
Nondepartmental	18,780,584	19,133,262	19,453,844	19,829,415	20,210,121
Total Appropriations	\$ 197,375,936	\$ 202,257,198	\$ 209,330,353	\$ 216,712,301	\$ 224,362,849
APPROPRIATIONS (Object)					
Salaries/Benefits	\$ 123,158,000	\$ 128,083,520	\$ 133,206,061	\$ 138,533,503	\$ 144,074,043
Operating Expenses	54,434,094	54,138,033	55,740,262	57,390,558	59,090,363
Fixed Assets	1,256,920	1,294,628	1,333,466	1,373,470	1,414,675
Other Financing Uses	31,000	31,930	32,888	33,875	34,891
Transfer to Other Funds	13,095,922	13,109,088	13,267,676	13,430,895	13,598,877
Appropriation for Contingency	5,400,000	5,600,000	5,750,000	5,950,000	6,150,000
Total Appropriations	\$ 197,375,936	\$ 202,257,198	\$ 209,330,353	\$ 216,712,301	\$ 224,362,849
Revenue Surplus/(Shortfall)	\$ 6,974,444	\$ (8,404,009)	\$ (13,428,630)	\$ (18,741,860)	\$ (24,201,117)
Designated for Capital Projects	\$ 8,522,413	\$ 8,522,413	\$ 8,522,413	\$ 8,522,413	\$ 8,522,413
General Reserve	\$ 8,746,513	\$ 8,981,140	\$ 9,205,288	\$ 9,540,471	\$ 9,888,169
\$ Needed for 5% General Reserve	\$ 8,981,140	\$ 9,205,288	\$ 9,540,471	\$ 9,888,169	\$ 10,248,856
Additional Funds to Reach 5%	\$ (234,627)	\$ (224,149)	\$ (335,182)	\$ (347,698)	\$ (360,687)
Total Revenue Surplus/Shortfall	\$ (0)	\$ (8,628,157)	\$ (13,763,812)	\$ (19,089,558)	\$ (24,561,804)
Cumulative Surplus/Shortfall	\$	\$ (8,628,157)	\$ (22,391,969)	\$ (41,481,527)	\$ (66,043,332)

FY 2011-12

Property Tax reduced by 1.45%
 All other Discretionary Rev remains flat
 Departmental revenue grows 1%
 Funding of \$500K for roads
 4% growth on salaries and benefits
 3% growth on all other expenses
 Fund balance = Contingency plus \$2M departmental savings / increased revenues

FY 2012-13 through FY 2015-16

Property Tax reduced by 0.5%
 All other assumptions remain same as FY 2011-12

**Attachment B1 - Assumes 4% growth in salaries, 3% growth all other expenses
5 year forecast as of February 28, 2012**

**COUNTY OF EL DORADO
General Fund Revenue and Appropriation Projection**

	Projected				
	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
REVENUES					
Property Tax	\$ 53,682,778	\$ 53,684,175	\$ 53,685,587	\$ 53,687,012	\$ 53,688,452
Other Local Taxes	29,924,125	29,925,955	29,927,804	29,929,672	29,931,558
Licenses/Permits/Franchises	5,143,093	5,200,656	5,259,055	5,318,301	5,378,410
Fines/Forfeitures/Penalties	1,008,492	1,013,827	1,019,215	1,024,657	1,030,154
Use of Funds/Property	156,517	157,140	157,770	158,405	159,047
Intergovernmental Revenue	60,174,883	61,742,706	63,362,891	65,037,297	66,767,852
Charges for Service	12,895,668	13,009,068	13,123,763	13,239,769	13,357,102
Other Revenue	3,260,226	3,272,335	3,284,566	3,296,919	3,309,396
Transfers from Other Funds	21,338,757	21,719,224	22,112,451	22,518,922	22,936,246
Total Current Revenues	\$ 187,584,538	\$ 189,725,088	\$ 191,933,101	\$ 194,210,955	\$ 196,558,217
Appropriation from Fund Balance	9,425,831	7,600,000	7,750,000	7,950,000	8,150,000
Total Revenues	\$ 197,010,369	\$ 197,325,088	\$ 199,683,101	\$ 202,160,955	\$ 204,708,217
Discretionary Revenues	\$ 109,672,735	\$ 107,846,904	\$ 107,996,904	\$ 108,196,904	\$ 108,396,904
Departmental Revenues	87,337,635	89,478,184	91,686,197	93,964,052	96,311,313
Total Revenues	\$ 197,010,369	\$ 197,325,088	\$ 199,683,101	\$ 202,160,955	\$ 204,708,217
APPROPRIATIONS (Category)					
General Government	\$ 24,723,493	\$ 25,649,386	\$ 26,611,288	\$ 27,610,608	\$ 28,648,810
Law and Justice	82,959,058	86,108,757	89,379,384	92,775,625	96,302,347
Land Use & Development	19,193,234	19,897,036	20,627,071	21,384,333	22,169,850
Health/Human Services	56,225,037	58,197,391	60,240,341	62,356,460	64,548,419
Nondepartmental	19,139,305	19,466,230	19,848,464	20,236,165	20,679,496
Total Appropriations	\$ 202,240,127	\$ 209,318,801	\$ 216,706,548	\$ 224,363,190	\$ 232,348,923
APPROPRIATIONS (Object)					
Salaries/Benefits	\$ 128,053,734	\$ 133,175,084	\$ 138,501,287	\$ 144,040,539	\$ 149,801,360
Operating Expenses	54,136,601	55,738,830	57,389,126	59,088,931	60,839,729
Fixed Assets	1,306,826	1,346,030	1,386,411	1,428,004	1,470,844
Other Financing Uses	31,930	32,888	33,875	34,891	35,937
Transfer to Other Funds	13,111,036	13,275,969	13,445,849	13,620,827	13,801,053
Appropriation for Contingency	5,600,000	5,750,000	5,950,000	6,150,000	6,400,000
Total Appropriations	\$ 202,240,127	\$ 209,318,801	\$ 216,706,548	\$ 224,363,190	\$ 232,348,923
Revenue Surplus/(Shortfall)	\$ (5,229,758)	\$ (11,993,713)	\$ (17,023,448)	\$ (22,202,235)	\$ (27,640,706)
Designated for Capital Projects	\$ 8,115,814	\$ 8,115,814	\$ 8,115,814	\$ 8,115,814	\$ 8,115,814
Designated for Contingencies	\$ -	\$ -	\$ -	\$ -	\$ -
General Reserve	\$ 8,981,140	\$ 9,204,435	\$ 9,539,893	\$ 9,887,881	\$ 10,248,873
\$ Needed for 5% General Reserve	\$ 9,204,435	\$ 9,539,893	\$ 9,887,881	\$ 10,248,873	\$ 10,623,362
Additional Funds to Reach 5%	\$ (223,295)	\$ (335,458)	\$ (347,988)	\$ (360,992)	\$ (374,489)
Total Revenue Surplus/Shortfall	\$ (5,453,053)	\$ (12,329,172)	\$ (17,371,436)	\$ (22,563,227)	\$ (28,015,195)
Cumulative Surplus/Shortfall	\$ (5,453,053)	\$ (17,782,224)	\$ (35,153,660)	\$ (57,716,887)	\$ (85,732,083)

Assumptions

Property Tax remains flat based on FY 2011-12 year-end projection
 All other Discretionary Rev remains flat
 Departmental revenue grows 1%
 Funding of \$500K for roads
 4% growth on salaries and benefits
 3% growth on all other expenses
 Fund balance = Contingency plus \$2M departmental savings / increased revenues

Attachment B2 - No growth in Net County Cost in FY 2012-13
5 year forecast as of February 28, 2012

COUNTY OF EL DORADO
General Fund Revenue and Appropriation Projection

	FY 2012-13	FY 2013-14	Projected FY 2014-15	FY 2015-16	FY 2016-17
REVENUES					
Property Tax	\$ 53,681,395	\$ 53,682,778	\$ 53,684,175	\$ 53,685,587	\$ 53,687,012
Other Local Taxes	29,922,312	29,924,125	29,925,955	29,927,804	29,929,672
Licenses/Permits/Franchises	5,086,351	5,143,093	5,200,656	5,259,055	5,318,301
Fines/Forfeitures/Penalties	1,003,210	1,008,492	1,013,827	1,019,215	1,024,657
Use of Funds/Property	140,900	156,517	157,140	157,770	158,405
Intergovernmental Revenue	63,618,158	61,579,693	63,194,128	64,862,727	66,587,416
Charges for Service	12,783,547	12,895,668	13,009,068	13,123,763	13,239,769
Other Revenue	3,270,034	3,260,226	3,272,335	3,284,566	3,296,919
Transfers from Other Funds	16,054,138	21,555,798	21,947,390	22,352,211	22,767,867
Total Current Revenues	\$ 185,560,045	\$ 189,206,389	\$ 191,404,675	\$ 193,672,697	\$ 196,010,019
Appropriation from Fund Balance	9,425,831	7,400,000	7,600,000	7,800,000	8,000,000
Total Revenues	\$ 194,985,876	\$ 196,606,389	\$ 199,004,675	\$ 201,472,697	\$ 204,010,019
Discretionary Revenues	\$ 109,672,735	\$ 107,646,904	\$ 107,846,904	\$ 108,046,904	\$ 108,246,904
Departmental Revenues	85,313,141	88,959,486	91,157,772	93,425,794	95,763,116
Total Revenues	\$ 194,985,876	\$ 196,606,389	\$ 199,004,675	\$ 201,472,697	\$ 204,010,019
APPROPRIATIONS (Category)					
General Government	\$ 24,266,847	\$ 24,773,493	\$ 25,700,885	\$ 26,664,331	\$ 27,665,241
Law and Justice	80,271,990	83,315,657	86,476,054	89,757,700	93,165,291
Land Use & Development	18,560,775	19,240,800	19,946,160	20,677,814	21,436,754
Health/Human Services	54,320,794	56,225,037	58,197,391	60,240,341	62,356,460
Nondepartmental	18,939,305	19,316,230	19,698,464	20,086,165	20,479,496
Total Appropriations	\$ 196,359,711	\$ 202,871,217	\$ 210,018,955	\$ 217,426,350	\$ 225,103,242
APPROPRIATIONS (Object)					
Salaries/Benefits	\$ 123,158,000	\$ 128,083,520	\$ 133,206,061	\$ 138,533,503	\$ 144,074,043
Operating Expenses	52,870,661	54,168,943	55,772,098	57,423,348	59,124,136
Fixed Assets	1,663,519	1,713,425	1,764,827	1,817,772	1,872,305
Other Financing Uses	31,000	31,930	32,888	33,875	34,891
Transfer to Other Funds	13,236,530	13,273,400	13,443,081	13,617,852	13,797,867
Appropriation for Contingency	5,400,000	5,600,000	5,800,000	6,000,000	6,200,000
Total Appropriations	\$ 196,359,711	\$ 202,871,217	\$ 210,018,955	\$ 217,426,350	\$ 225,103,242
Revenue Surplus/(Shortfall)	\$ (1,373,835)	\$ (6,264,828)	\$ (11,014,280)	\$ (15,953,653)	\$ (21,093,223)
Designated for Capital Projects	\$ 8,115,814	\$ 8,115,814	\$ 8,115,814	\$ 8,115,814	\$ 8,115,814
Designated for Contingencies	\$ -	\$ -	\$ -	\$ -	\$ -
General Reserve	\$ 8,981,140	\$ 8,930,981	\$ 9,235,989	\$ 9,572,401	\$ 9,921,371
\$ Needed for 5% General Reserve	\$ 8,930,981	\$ 9,235,989	\$ 9,572,401	\$ 9,921,371	\$ 10,283,376
Additional Funds to Reach 5%	\$ 50,159	\$ (305,008)	\$ (336,412)	\$ (348,970)	\$ (362,005)
Total Revenue Surplus/Shortfall	\$ (1,323,676)	\$ (6,569,836)	\$ (11,350,691)	\$ (16,302,624)	\$ (21,455,227)
Cumulative Surplus/Shortfall	\$ (1,323,676)	\$ (7,893,513)	\$ (19,244,204)	\$ (35,546,827)	\$ (57,002,055)

FY 2012-13 Assumptions

Property Tax remains flat
 All other Discretionary Rev remains flat
 Funding of \$500K for roads
 No NCC growth for departments
 Fund balance = Contingency plus \$2M departmental savings / increased revenues

FY 2013-14 through FY 2016-17

4% growth on salaries and benefits
 3% growth on all other expenses
 1% growth on departmental revenues
 All other assumptions remain the same as FY 2012-13

Attachment C: Summaries of Department Mid-Year Projections

General Government

Board of Supervisors - No change to Net County Cost

Chief Administrative Office – No change to Net County Cost

The Chief Administrative Office is currently in the process of absorbing the facilities unit from the Department of Transportation as well as re-organizing the fiscal and administrative unit for multiple internal services departments. While these changes may increase Net County Cost within the Chief Administrative Office, these increases will be offset with savings in other departments, primarily the Department of Transportation.

Auditor-Controller – Net County Cost savings of \$256,104.

Revenues are expected to fall short by approximately \$6,000, due primarily to the fact that interfund revenues budgeted to cover the Cost Accountant salary have not been realized because the position has not been filled. Mitigating this shortfall of \$24,000 is an increase in estimated administrative reimbursement from Bank of America related to the purchase card program. Expenditures are projected to be \$262,102 lower than budgeted. The bulk of the savings (\$275,692) is in salary and benefits. The three positions added during the budget addenda process have not been filled, and one employee has been on leave for several months, generating additional savings. The department also expects savings in services and supplies due to decreased usage of database programming services and reductions in postage, office supplies, and travel.

Treasurer-Tax Collector – No change to Net County Cost

Assessor – Net County Cost savings of \$80,400

The Assessor projects a significant shortfall in its revenues (\$75,000) from the handling of supplemental property taxes, due to flat home sales prices. This shortfall will be more than offset by savings in salary and benefits of approximately \$150,000, due mainly to vacancies.

County Counsel – Net County Cost savings of \$50,000

County Counsel projects approximately \$50,000 in salary and benefit savings due to the vacancy of one Deputy County Counsel allocation. This figure is a rough estimate, and may vary depending upon when the vacancy is filled. The recruitment is in progress.

Human Resources - Net County Cost savings of \$53,854

The Human Resources Department projects approximately \$54,000 in salary and benefit savings due to vacancies which have occurred throughout the year and the current vacancy

of the Human Resources Manager. This is a rough estimate, which may vary depending upon when the Human Resources Manager is filled.

In the Risk Management Special Revenue Fund, Health Benefits sub-fund, appropriations and revenues will increase by \$200,000. This is mainly related to the payment of “run-out” claims after the transition to the EIA Health program from the self-insured program. Funding for this expense is included in the “Incurred But Not Reported” (IBNR) reserve, and will be brought in as a use of fund balance.

Information Technologies – Net County Cost increase of \$42,289

The Information Technologies department is projecting an increase in net county cost of approximately \$42,289. The increase is primarily due to revenue shortfalls which are projected to be approximately \$62,330. Revenue in the Print Shop continues to decline. This trend appears to be centered around less need for printing as Departments move towards a more paperless environment and access to more on-line information. Programming revenue is also down slightly. This appears to be due to less discretionary funding for technology enhancements over the past few years. Telecommunications revenue (phone and VoIP) is under review at this time. While it appears to be coming in as budgeted, it should be noted that in this area telecommunications revenue in previous years has been higher than allowable under the A-87 cost plan. Information Technologies is currently auditing the entire phone billing process and will be developing an updated methodology that will be more consistent with A-87 guidelines. More information will be available at 3rd quarter.

The projected revenue shortfall is offset by minor savings in salaries and benefits and services and supplies. At this time the Department has two pending retirements. Savings of \$27,996 has been included. However, depending on payoffs this amount could change. The Department has also projected savings of \$12,000 in Services and Supplies. Inter-fund abatement's are projected to be approximately \$19,955 less than budgeted.

Recorder Clerk / Elections – No change to Net County Cost

Overall, revenues are projected to be about \$183,000 below budget. The Recorder's Office projects recording fees and Clerk fees to fall short of budget by approximately \$88,000 combined, due to less activity than expected. Operating Transfers in from restricted use funds will be reduced by \$120,000, due to reduced activity related to the use of those funds. To somewhat mitigate the shortfall, transfers in from the modernization fund, which is unrestricted, will be increased by approximately \$26,000. Overall expenditures will be \$183,000 under budget. The bulk of the savings is in services and supplies, and is related to the electronic recording and archive scanning projects. Expenses are budgeted based on an estimate of progress on each of those projects, along with revenues from the restricted funds to cover the expenses. As the project progress is revised, the projected expenses and revenues are reduced. A savings in salary and benefits of approximately \$26,000 is projected due to staff taking leave throughout the year.

There are no changes anticipated for the Elections Division

Law & Justice

Superior Court MOE - Net County Cost decrease of \$650,000

The projection for the Superior County MOE budget decreases overall net county cost by \$650,000 as a result of transactions between the County and State associated with the Courthouse Construction fund and Court audit adjustments.

District Attorney - Net County Cost reduction of \$69,121

The projection for the District Attorney includes changes which decrease overall net county cost by \$69,121.

The District Attorney is projecting an overall reduction in revenue of \$126,941. This number could change due to fluctuations in grant funding.

In the area of salary and benefits, the Department is projecting an overall savings of \$246,062. The Department's projection includes increases from Charter Measure 504. It also assumes that several employees may cash out management leave since the option is now available based on negotiations.

The District Attorney is projecting a short fall in the amount of \$50,000 from Human Services for Welfare Fraud related work which must be time studied in order to be claimed and paid.

Public Defender – Net County cost reduction of \$133,000

The projection for the Public Defender reduces net county cost by \$133,000 primarily in anticipated expenditure savings in the areas of salaries and benefits (\$55,000) and services and supplies (\$80,000). Revenue projections indicate a small reduction of \$2,000 overall.

Sheriff - Net County Cost reduction of \$340,541

The projection for the Sheriff includes decreased revenues of \$360,760 and decreased expenses of \$701,301 for total Net County Cost savings of \$340,541.

The primary reduction in revenue is associated with Trial Court Security funding. The department is not projecting FY 2011-12 expenses to draw down this revenue. Funds will roll into the FY 2012-13 budget. This reduction in revenue does not affect Net County Cost. Revenue from Proposition 172 - Public Safety Sales Tax is expected to meet the current year budget which comprises approximately 42% of the Sheriff's revenue.

Expenditures are projected to be under budget by approximately \$701,301. The Department is projecting approximately \$800,000 in salary and benefit savings. A portion of

these savings are offset with reduced revenues as noted above. The Department has been able to absorb Charter Measure 504 salary increases, an increase in Temporary Help costs and pay-off's for seven retirements with savings related to position vacancies. It should be noted that as vacancies are filled, future 504 salary increases will be harder to absorb. The Department is also projecting a one-time savings of approximately \$200,000 related to food for the jails. These savings are considered one-time as future savings could be reduced due to increasing populations as a result of AB109.

Probation - Net County Cost reduction of \$772,233

The projection for the Probation Department decreases overall net county cost by \$772,233.

Revenue projections include:

- An increase in State reimbursement for Juvenile Probation Camp Funding of \$70,000
- A projected increase in parental reimbursement of \$10,000.
- A reduction of (\$15,000) in Title IV-E
- A reduction of (\$50,000) in Institutional Housing
- A reduction from Operating Transfers associated with several funding sources including Youthful Offender Block Grant funding (\$70,000), AB109 funding (\$214,544) due to hiring delays, SB678 funding (\$15,841) and Automation Trust (\$82,942).

Expenditure projections include:

- An overall projected decrease in Salaries and Benefits of \$793,406, primarily due to hiring delays.
- An overall projected decrease in Services and Supplies of \$222,052, primarily in the areas of professional services (\$99,906), psychiatric medical (\$33,747), special department expense (\$21,000), vehicle rents (\$20,242) to name a few.
- An overall decrease of \$100,125 in Other Charges in the area of Care and Support of Minors. This area can change based on triggers imposed by the State. The Department feels this is a reasonable projection based on current information.
- An increase of \$7,500 in fixed assets for surveillance equipment replacement at the South Lake Tahoe Juvenile Treatment Center and a refrigerator for the Placerville Juvenile Hall.
- An overall decrease of \$17,950 in Intrafund Charges. This savings is associated with the change of the phone system to Voice over IP (VoIP) which eliminated the need for three T-1 circuits. In addition the Department identified \$5,000 in building maintenance needs.

Land Use and Development Services

Surveyor – Net County cost reduction of \$62,003

The projection for the Surveyor reduces net county cost by \$62,003. Revenue is projected to be \$72,200 lower than budgeted. Over the past few years, revenue has been a difficult area to project for the Surveyor. Much of the support that the Surveyor provides to departments in the areas of GIS and the Land Management system are not billable. In addition, there has not been available funding for system enhancements. Over the past year, the Surveyor has been working with Information Technologies to develop a better project tracking database. It is anticipated that this will help the Surveyor track billable hours and should improve revenue collection.

The revenue shortfall is offset by reductions in expenditures, primarily in the area of salaries and benefits (\$121,753) and minor adjustments in services and supplies (\$12,450).

Agriculture – Net County Cost reduction of \$42,000

The projection for Agriculture includes one-time salary savings related to the resignation of the Agricultural Commissioner/Sealer of Weights and Measures and the retirement of a Secretary. The recruitment process for the new Agricultural Commissioner is being conducted. The projection does include full realization of unclaimed gas tax in FY 2011-12. There is a possibility that this revenue may come in lower than anticipated. It is estimated that the distribution amount should occur in late March, with the final distribution being received in April.

Transportation – Net County Cost reduction of \$436,020

Fund Type 10 – County Engineer, Facilities and Property Services

The Department is projecting decreased revenues of \$174,648 and decreased expenditures of \$610,668 resulting in Net County Cost (NCC) savings of \$436,020. Approximately \$100,000 of NCC savings is related to the County Engineer function due to a decrease in staff charges primarily from the Road Fund. The Chief Administrative Office will be reviewing this to determine if these savings are on-going or one-time in nature. Approximately \$70,000 of NCC savings is related to the Facilities Manager vacancy. A portion of these savings will be used by the Chief Administrative Office who is in the process of filling the Facilities Manager position. This position was moved out of the Department of Transportation and into the Chief Administrative Office in February. The remaining savings are related to the Facility and Grounds maintenance function. This function began reporting to the Chief Administrative Office in January. This function is also currently under review to determine if savings are on-going or one-time in nature.

Fund Type 11 – Road Fund, Capital Improvement Program, Erosion Control

Total revenues and appropriations are projected to decrease by \$11,483,941.

Road Fund

The Road Fund projection includes reduced revenues of \$268,670 and reduced expenditures of \$2,793,949 resulting in an increase in available fund balance of \$2,525,280 at year end. A large portion of this increased fund balance (\$1.4M) is due to delays in fixed assets primarily due to the timing of the wash rack construction, as well as a delay in purchasing large equipment. These purchases will be re-budgeted in FY 2012-13. Other major of savings are related to salary savings due to vacancies and employees out on medical leave (\$1M). The Chief Administrative Office will be reviewing future forecasts to determine if these vacancies can be filled or if on-going salary savings will be necessary.

Capital Improvement Program (CIP)

The CIP projection includes reduced revenues of \$7.5M and reduced expenditures of \$8.4M resulting in an increase in available fund balance of approximately \$900K at year end. The department is in the process of updating the 10-year CIP. Changes in revenues and expenditures are based on a shift in timing on the start of construction and acquisition of right of way on several projects.

Erosion Control

The projections for Erosion Control include reduced revenues and expenditures of \$230,144 resulting in no change to fund balance. These changes are primarily related to the timing of right of way acquisition costs.

Development Services – No change to Net County Cost

The projections for Development Services include reductions in revenues and expenses of \$171,378 resulting in no change to Net County Cost. The primary reduction in revenues is related to decreased Planning time and materials project billings (\$135,034). These reduced revenues are offset with a slight savings in salaries and benefits as well as savings in services and supplies. The Chief Administrative Office is concerned about the projected decreases in planning revenues and will be working closely with the department to ensure that resources match projected funding.

Environmental Management – No change to Net County Cost

The projections for Environmental Management include reductions in revenues and expenses of \$34,104 resulting in no change to Net County Cost.

Air Quality Management District – No change to Net County Cost

Health and Human Services Agency

Public Health - Net County Cost decrease of \$22,232

General Fund – Fund Type 10 (Animal Services) – Net County Cost decrease of \$22,232

The Department projects a savings of \$22,232 in Animal Services Net County Cost. Revenues are projected to be \$78,676 below budget based on current year actual revenue to date primarily related to licenses and charges for services. Total expenditures are projected to be \$100,908 less than budgeted primarily due to salary savings from position vacancies and savings from a number of services and supply line items.

Public Health Programs - Fund Type 11

Public Health Fund 11 includes a number of Public Health Service programs as well as the Emergency Medical Services (EMS) program. Public Health programs are funded primarily by grants, realignment revenues and other State and Federal revenues. EMS is funded by a contribution from the General Fund.

Projected revenues for these programs are \$18,334,655 and projected expenditures are \$18,439,004 resulting in a decrease of fund balance of \$104,349 at year end.

Total Fund 11 revenues are projected to be approximately \$1,240,024 below budget. This is primarily due to decrease in Federal revenue for Preparedness Programs and Alcohol & Drug Programs. Vehicle License Fee (VLF) realignment revenues are projected to be down 10% while Sales Tax realignment revenues are projected to be up 8% from budget and offset the VLF decrease. Vehicle license fee (VLF) realignment revenues are projected at a 10% decrease offset by an 8% increase in Sales Tax realignment revenues, compared to the FY 2011-12 Adopted Budget.

Expenditures are projected to be \$1,849,715 below budget (not including appropriations for contingencies) primarily due to savings from position vacancies and strategic delays in staff hires (\$772K), savings in professional services and lab service contracts, and the deferral of a number of purchases and special project expenses (\$1M).

Special Districts - Fund Type 12 (CSA 3 and CSA 7)

Public Health Fund 12 includes budgets for pre-hospital medical services provided within County Service Area (CSA) 7 for the West Slope area, and CSA 3 for the South Lake Tahoe and Tahoe West Shore areas. This fund also includes Ambulance Billing (i.e., patient billing and collection for ambulance services operating in the County). Revenues in this fund consist primarily of taxes, ambulance fees, and contract payments from the Miwok Tribe.

Projected revenues for these programs are \$13,085,368 and projected expenditures are \$14,333,633 resulting in a decrease to fund balance of \$1,248,265 at year end. This use of

fund balance was included in the FY 2011-12 Adopted Budget for the purpose of funding current year costs.

Total Fund 12 revenues are projected to be slightly lower than budget by \$281,055 (not including appropriations for contingencies) based on current year actuals. This is primarily related to ambulance billing revenue in CSA 3 and CSA 7. Expenditures are projected to be \$2,406,412 below budget primarily in special projects (\$2M) and savings in professional services (\$349K). Current year projected expenditures include a contribution of \$593,244 to local fire districts for emergency medical services and related equipment.

Property tax and special assessment revenues that are flat or declining will require that the CSAs reduce expenditures to remain within available revenues and avoid depletion of fund balance. The Department has developed a multi-year forecasting tool to prepare and maintain annual balanced budgets that do not rely on CSA fund balance for ongoing operations.

Mental Health – No change to Net County Cost

Midyear projections for the Mental Health Division reflect the combined total of traditional programs housed in the division's sub fund 001, and Mental Health Services Act (MHSA) programs housed in sub fund 003. Total revenues for the division are projected at \$15,395,102 and total expenditures are projected at \$17,075,498 resulting in a use of \$1,680,396 in fund balance. This use of fund balance was included in the FY 2011-12 Adopted Budget and is related to MHSA funding advances received in prior years that are being spent in the current fiscal year.

Mental Health Traditional Programs (Sub Fund 001)

Mental Health Traditional Programs include Psychiatric Emergency Services, the Psychiatric Health Facility (PHF), Utilization Review/Quality Improvement, Institutional and Resident Care, and Outpatient Services for Adults (primarily assessment of new clients and treatment for the severely mentally ill), and Outpatient Services for Children (primarily assessments, treatment of children at the juvenile detention facilities and services provided to schools for Individualized Education Plans). These programs are funded primarily from federal and state revenues such as Medi-Cal and Mental Health Realignment.

Projected revenues for Mental Health Traditional Programs are \$10,335,107 and projected expenditures are \$8,817,320 resulting in an increase in fund balance of \$1,517,787 at year end. Annual program revenues and expenditures are projected at approximately \$8.8 million. One-time revenues of approximately \$1.5M are anticipated in FY 2011-12 for reimbursement from the State as a result of the FY 2006-07 cost settlement process. The CAO is working closely with the department to monitor the fund balance to identify potential opportunity to return prior year General Fund advances back to the General Fund.

Mental Health Services Act (MHSA) Programs (Sub Fund 003)

MHSA programs are funded by Proposition 63 passed by California voters in 2004. MHSA programs are designed to reduce disparity in service access and promote mental health wellness and recovery by providing effective mental health interventions and supportive services to seriously mentally ill individuals.

Projected revenues for MHSA Programs are \$5,059,995 and projected expenditures are \$8,258,178 resulting in a decrease of \$3,198,183 in MHSA fund balance at year end. MHSA funds are advanced to the County and then spent in accordance with Board approved plans for each MHSA component. This use of fund balance is the result of prior year advances being spent in the current year and was anticipated in the FY 2011-12 Adopted Budget.

Human Services – No change to Net County Cost

Human Services projects no significant variance from budgeted revenues or expenses for Social Services, Public Guardian, Community Services, In Home Supportive Services (IHSS) and Public Housing Authority (PHA) programs. The department is closely monitoring state and federal revenues, particularly realignment revenues, and working to ensure that expenditures remain within available revenues. The department will coordinate with the Chief Administrative Office should new information become available that would require adjustments to year end projections.

Veteran Affairs - Net County Cost savings of \$50,581

Savings are projected mainly in salary and benefits (\$44,435) due to an extended leave of a permanent employee and less use of extra help than anticipated. Savings of \$6,924 in services and supplies are due to reimbursement from the State for the Department's costs for converting to the online "Vetpro" system. The remainder of the savings is expected in intrafund transfers. PC support services from Information Technologies and phone billings are projected to be lower than budgeted.

Library – No change to Net County Cost

Child Support Services – No change to Net County Cost

The Child Support Division is anticipated to remain within budgeted Net County Cost. The Revenue Recovery Division may have a small variance from its budgeted Net County Cost due to the timing of collections referrals and when collections debt payments are actually received. The Department will continue to work toward the goal of zero Net County Cost at fiscal year-end.