

EL DORADO COUNTY CALIFORNIA
Chief Administrative Office

March 3, 2014

Memo To: Board of Supervisors
From: Laura Schwartz, Chief Budget Officer
Subject: FY 2013-14 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 C.

County Year-End General Fund Forecast

The following table recaps the status of the General Fund budget as amended through December 31, 2013:

	FY 2013-14 Amended Budget	Projected June 30, 2014	Projected as a % of Budget
Estimated Current Year Revenues	\$249,675,162	\$252,995,760	101%
Estimated Current Year Expenditures	\$249,675,162	\$235,254,639	94%

At mid-year, actual revenues of \$74,252,163 were recorded as received in the General Fund as well as \$40,580,380 in prior year fund balance for a total of \$114,832,543, or 45% of projected revenues. The year-end General Fund revenue projection is estimated to exceed budget by \$3,320,598 or 1%.

Non-departmental revenues are projected to be \$3.3 million above budget and departmental revenues are projected to be \$34K above budget. The projected changes in non-departmental revenue are primarily attributed to the following:

- \$2.5M increase in property taxes
- \$850K increase in sales tax
- \$250K increase in property transfer tax
- \$232K increase in hotel and motel taxes
- \$500K decrease in assessment and tax collection fees
- \$100K decrease in recording fees

The increase in departmental revenues are primarily attributed to increased realignment funding in Human Services offset with reduced revenues in Health and Human Services Administration

and Development Services primarily related to less planning pass through funds than anticipated. Attachment A provides a summary of projected General Fund revenues and expenditures by department.

Total General Fund appropriations budgeted as of December 31, 2013 were \$249,675,162. Total actual expenditures at mid-year were equal to \$86,668,727 or 37% of projected appropriations in the General Fund. The year-end expenditure projection is estimated to equal 94% of budget.

The net result of increased revenues and lower appropriations is a year-end fund balance projection of \$17,741,121. This fund balance is comprised of the following components:

- \$9.6M in unspent contingency (this will be rolled forward to FY 2014-15)
- \$800K in non-departmental savings
- \$4M in departmental savings
- \$3.3M in additional non-department revenues

Economic Uncertainties and Assumptions

The mid-year projection maintains the reserve for economic uncertainties at 5%, or \$10M. There are a few other assumptions that should be noted in regards to the mid-year projections. Departments have estimated very conservatively due to uncertainties surrounding employee wage increases, issues with the county-wide cost plan, new fiscal models within the two large agencies and late approval of department rates. The County's OMB A-87 cost plan is currently still being reviewed by the State. A-87 costs can't be charged to internal departments, included in external rates, or included in the Social Services claim to the State until this plan has been approved. The Auditor's office is working with the State to resolve issues with the plan primarily in regards to the Information Technologies rate methodology. The mid-year projection assumes that the cost plan will be approved. If the cost plan is not approved, the cost to the General Fund will exceed \$3M. Departments have been working with the Auditor's office on approval of department rates. These rates are not only used to bill outside agencies, but primarily used for internal billings. For example, the Facilities Division within the CAO's office charges departments with outside funding sources for facilities projects. Because rates were just approved a few weeks ago, no billings have taken place in FY 2013-14. This makes it very difficult for both the Facilities Division, as well as those departments being charged to accurately project revenues and expenses at mid-year. Therefore departments tend to take a conservative approach and assume no Net County Cost savings. Finally, the recent reorganizations of both the Community Development Agency and the Health and Human Services Agency have created new fiscal models that are still being worked through which also leads departments to a conservative approach in regards to mid-year projections.

Five Year Forecast

Attachment B shows the revised 5 year forecast which currently shows a projected \$2.1M deficit in FY 2014-15. It is important to note that this is a projection based on the information provided at mid-year. Historically the departmental savings projected at mid-year tend to be very conservative. Last year, actual departmental savings exceeded the mid-year projection by \$4M.

Therefore, there is a very strong possibility that the actual fund balance determined in September could be much higher than the \$17.7M assumed in the mid-year projection.

The major assumptions in the 5 year forecast include:

- 1% growth in discretionary revenue
- 1% growth in departmental revenues
- 4.5% growth in salaries and benefits
- 2% growth in all other operating costs
- \$2.3M annual contribution to Transportation for road maintenance

Investment Strategy

The 5 year forecast assumes some savings related to the Investment Strategy. The majority of these savings are related to implementation of the Enterprise Resource Planning (ERP) system which includes replacement of the County financial system. Once fully implemented this system could save the County millions of dollars annually. The 5 year projection assumes approximately \$5M in ongoing savings in FY 2015-16, \$7M in FY 2016-17 and \$10M in FY 2017-18 and FY 2018-19.

Current Year Road Fund Forecast

The following table recaps the status of the Roads- Transportation budget as amended through December 31, 2013:

	FY 2013-14 Amended Budget	Projected June 30, 2014	Projected as a % of Budget
Estimated Current Year Revenues	\$85,372,489	\$80,299,038	94%
Estimated Current Year Expenditures	\$85,372,489	\$80,299,038	94%

The major decreases in revenues and expenditures within the Road Fund is primarily related to capital projects (\$1.7M), and salary savings (\$1.2M). The projections include a use of fund balance of \$674K resulting in an approximate year end fund balance of \$4.5M.

Current Year Community Services Forecast

The following table recaps the status of the Human Services – Community Services budget as amended through December 31, 2013:

	FY 2013-14 Amended Budget	Projected June 30, 2014	Projected as a % of Budget
Estimated Current Year Revenues	\$9,730,038	\$8,822,111	91%
Estimated Current Year Expenditures	\$9,730,038	\$8,822,111	91%

The change in revenues and appropriations is primarily related to decreases in federal program revenue offset with reduced appropriations.

Current Year Public Health Forecast

The following table recaps the status of the Health Services – Public Health budget as amended through December 31, 2013:

	FY 2013-14 Amended Budget	Projected June 30, 2014	Projected as a % of Budget
Estimated Current Year Revenues	\$26,578,190	\$20,030,275	75%
Estimated Current Year Expenditures	\$26,578,190	\$20,030,275	75%

The major decrease in revenues is related to a reduced use of fund balance. The Department budgets 100% of their available fund balance which was \$6.7M in FY 2013-14. The Department is projecting a use of fund balance of \$429K. The decrease in appropriations is primarily related to no planned use of contingency (\$5M) and savings in services and supplies (\$763K) related to reduced use of professional service contracts and special project expenses and salary savings (\$727K) from position vacancies.

Current Year Mental Health Forecast

The following table recaps the status of the Health Services – Mental Health budget as amended through December 31, 2013:

	FY 2013-14 Amended Budget	Projected June 30, 2014	Projected as a % of Budget
Estimated Current Year Revenues	\$28,439,356	\$19,794,540	70%
Estimated Current Year Expenditures	\$28,439,356	\$18,846,407	66%

Mental Health has two distinct programs with different funding sources. The traditional Mental Health revenues are projected at \$9.7M with appropriations of \$10.7M, resulting in a 100% use of fund balance of \$1M. The program is not sustainable and cost saving measures need to be taken. The Department has been undergoing fundamental program changes in staffing to best utilize resources and optimize billing practices. The Chief Administrative Office will be working closely with the department to monitor traditional Mental Health programs.

MHSA revenues are projected at \$9.1M with appropriations of \$8.2M resulting in an increase in fund balance of \$948K for a total year end projected fund balance of \$10.4M. Savings are due to the late start in initiating programs due to the adoption of the FY 2013-14 MHSA plan in December.

Additional detail is provided in Attachment C: Summaries of Department Mid-year Summaries. My staff and I remain available to answer any additional questions.

Attachment A: Summary of General Fund Department projections as of December 31, 2013

Attachment B: 5 year forecast

Attachment C: Department Mid-year Summaries

Attachment A - Summary of General Fund Department projections as of December 31, 2013

Department	REVENUES					APPROPRIATIONS							NET		
	13-14 Budget REVENUE (FAMIS)	31-Dec (FAMIS)	Projection	Proj Diff from Budgeted	Proj as % of Budget	13-14 Budget APPROP (FAMIS)	31-Dec (FAMIS)	Encumbrance Amount (FAMIS)	12/31 Actual + Encumb (FAMIS)	Projection	Proj Diff from Budgeted	Proj as % of Budget	BUDGETED Net County Cost	Projected Net County Cost	Variance from Net County Cost
Board of Supervisors	9,407	773	1,073	-8,334	11.4%	1,731,811	580,204	3,516	583,720	1,542,006	-189,805	89.0%	1,722,404	1,540,933	181,471
Chief Administrative Office	1,728,079	-602,183	1,728,079	0	100.0%	7,945,978	3,098,457	62,351	3,160,808	7,945,978	0	100.0%	6,217,899	6,217,899	0
Auditor-Controller	455,820	313,240	442,456	-13,364	97.1%	3,191,478	1,222,512	162	1,222,674	2,972,230	-219,248	93.1%	2,735,658	2,529,774	205,884
Treasurer-Tax Collector	1,744,562	747,799	1,744,562	0	100.0%	2,911,501	1,100,430	29,675	1,130,105	2,911,501	0	100.0%	1,166,939	1,166,939	0
Assessor	432,710	57,638	432,710	0	100.0%	3,549,674	1,417,311	-771	1,416,540	3,549,674	0	100.0%	3,116,964	3,116,964	0
County Counsel	467,750	60,947	405,000	-62,750	86.6%	2,881,256	1,172,367	50,933	1,223,300	2,840,541	-40,715	98.6%	2,413,506	2,435,541	-22,035
Human Resources	0	40	69	69	0.0%	1,600,731	556,682	29,597	586,279	1,376,630	-224,101	86.0%	1,600,731	1,376,561	224,170
Information Technologies	2,115,271	16,537	2,115,271	0	100.0%	4,655,406	3,226,381	263,639	3,490,020	4,655,406	0	100.0%	2,540,135	2,540,135	0
Economic Dev / Parks & Trails	1,431,231	628,443	1,433,731	2,500	0.0%	3,831,273	736,106	192,976	929,082	2,996,648	-834,625	78.2%	2,400,042	1,562,917	837,125
Surveyor	80,415	36,316	80,415	0	100.0%	1,645,917	704,442	-977	703,465	1,607,117	-38,800	97.6%	1,565,502	1,526,702	38,800
Non-Departmental G.F. (incl conting)	104,193,390	57,245,823	107,479,903	3,286,513	103.2%	45,536,974	6,084,844	0	6,084,844	35,180,502	-10,356,472	77.3%	-58,656,416	-72,299,401	13,642,985
Designations, Reserve & FB	40,580,380	0	40,580,380	0	100.0%	621,201	0	0	0	621,201	0	100.0%	-39,959,179	-39,959,179	0
Grand Jury	0	0	0	0	0.0%	83,449	24,560	0	24,560	83,449	0	100.0%	83,449	83,449	0
Superior Court MOE	1,345,500	678,398	1,345,500	0	100.0%	3,066,000	1,626,366	5,951	1,632,317	3,066,000	0	100.0%	1,720,500	1,720,500	0
District Attorney	2,574,769	449,552	2,574,769	0	100.0%	8,148,071	3,729,687	21,291	3,750,978	8,148,071	0	100.0%	5,573,302	5,573,302	0
Public Defender	353,698	115,965	274,100	-79,598	77.5%	3,129,974	1,313,575	971	1,314,546	3,050,376	-79,598	97.5%	2,776,276	2,776,276	0
Sheriff	14,711,349	3,665,137	14,711,349	0	100.0%	56,516,980	21,501,847	617,753	22,119,600	54,719,980	-1,797,000	96.8%	41,805,631	40,008,631	1,797,000
Probation	4,850,877	1,414,810	4,621,478	-229,399	95.3%	14,984,604	5,719,864	63,817	5,783,681	14,229,381	-755,223	95.0%	10,133,727	9,607,903	525,824
Ag Commissioner	797,384	31,077	797,384	0	100.0%	1,316,871	550,074	7,056	557,130	1,316,871	0	100.0%	519,487	519,487	0
Recorder-Clerk/Registrar of Voters	2,400,661	551,769	2,374,418	-26,243	98.9%	3,478,585	1,153,743	3,170	1,156,913	3,388,449	-90,136	97.4%	1,077,924	1,014,031	63,893
Transportation	1,390,090	30,043	1,407,260	17,170	101.2%	2,154,441	85,572	14,992	100,564	2,195,514	41,073	101.9%	764,351	788,254	-23,903
Development Services	8,425,464	2,100,747	7,733,494	-691,970	91.8%	12,477,190	3,989,318	54,056	4,043,374	10,386,151	-2,091,039	83.2%	4,051,726	2,652,657	1,399,069
Public Health (Animal Services)	1,292,384	305,482	1,246,436	-45,948	96.4%	2,524,870	726,741	14,814	741,555	2,478,922	-45,948	98.2%	1,232,486	1,232,486	0
Environmental Management	2,198,008	577,434	2,337,296	139,288	106.3%	2,198,008	651,953	7,612	659,565	2,337,296	139,288	106.3%	0	0	0
HHS Agency Admin	4,054,455	40	3,270,119	-784,336	80.7%	4,071,455	2,572,210	20,167	2,592,377	4,396,433	324,978	108.0%	17,000	1,126,314	-1,109,314
Veterans Services	50,177	27,671	76,531	26,354	152.5%	390,535	167,180	8,331	175,511	436,737	46,202	111.8%	340,358	360,206	-19,848
Human Services	44,116,304	4,054,842	45,969,950	1,853,646	104.2%	45,640,321	17,591,849	114,148	17,705,997	47,493,967	1,853,646	104.1%	1,524,017	1,524,017	0
Library	2,047,748	363,250	1,984,748	-63,000	96.9%	3,563,329	1,449,052	22,503	1,471,555	3,500,329	-63,000	98.2%	1,515,581	1,515,581	0
Child Support Services	5,827,279	1,380,573	5,827,279	0	100.0%	5,827,279	2,306,714	953	2,307,667	5,827,279	0	100.0%	0	0	0
GENERAL FUND TOTAL	249,675,162	74,252,163	252,995,760	3,320,598	101.3%	249,675,162	85,060,041	1,608,686	86,668,727	235,254,639	-14,420,523	94.2%	0	-17,741,121	17,741,121
Departmental	104,901,392	17,006,340	104,935,477	34,085	(0)	203,516,987	78,975,197	1,608,686	80,583,883	199,452,936	(4,064,051)	0	98,615,595	94,517,459	4,098,136
Non-Departmental	144,773,770	57,245,823	148,060,283	3,286,513	1	46,158,175	6,084,844	-	6,084,844	35,801,703	(10,356,472)	1	(98,615,595)	(112,258,580)	13,642,985

Attachment B
5 year forecast as of February 28, 2014

COUNTY OF EL DORADO
General Fund Revenue and Appropriation Projection

	FY 2014-15	FY 2015-16	Projected FY 2016-17	FY 2017-18	FY 2018-19
REVENUES					
Property Tax	\$ 55,901,054	\$ 56,460,064	\$ 57,024,665	\$ 57,594,912	\$ 58,170,861
Other Local Taxes	34,822,974	35,140,528	35,461,258	35,785,195	36,112,371
Licenses/Permits/Franchises	6,515,811	6,634,452	6,756,952	6,883,470	7,014,168
Fines/Forfeitures/Penalties	934,788	940,885	947,044	953,265	959,547
Use of Funds/Property	161,250	161,463	161,678	161,894	162,113
Intergovernmental Revenue	62,233,225	64,808,593	67,489,288	68,687,893	69,961,355
Charges for Service	20,242,607	20,422,556	20,604,350	20,788,009	20,973,551
Other Revenue	2,547,882	2,555,161	2,562,513	2,569,938	2,577,438
Transfers from Other Funds	30,157,173	29,653,466	29,115,060	30,132,174	31,150,777
Total Current Revenues	\$ 213,516,763	\$ 216,777,169	\$ 220,122,808	\$ 223,556,749	\$ 227,082,182
Appropriation from Fund Balance*	17,741,121	13,200,000	15,400,000	18,700,000	18,900,000
Total Revenues	\$ 231,257,884	\$ 229,977,169	\$ 235,522,808	\$ 242,256,749	\$ 245,982,182
Discretionary Revenues	\$ 125,596,051	\$ 121,928,048	\$ 125,009,898	\$ 129,200,567	\$ 130,300,141
Departmental Revenues	105,661,834	108,049,121	110,512,910	113,056,183	115,682,041
Total Revenues	\$ 231,257,884	\$ 229,977,169	\$ 235,522,808	\$ 242,256,749	\$ 245,982,182
APPROPRIATIONS (Category)					
General Government	\$ 34,777,764	\$ 36,126,956	\$ 37,533,930	\$ 39,001,226	\$ 40,531,499
Law and Justice	89,333,440	92,907,085	96,632,617	100,516,693	104,566,264
Land Use & Development	20,524,231	21,285,789	22,078,377	22,903,325	23,762,025
Health/Human Services	64,089,766	66,240,605	68,473,568	70,792,056	73,199,621
Nondepartmental	24,368,047	24,759,962	25,257,634	25,661,237	26,170,947
Total Appropriations	\$ 233,093,248	\$ 241,320,397	\$ 249,976,126	\$ 258,874,537	\$ 268,230,357
APPROPRIATIONS (Object)					
Salaries/Benefits	\$ 147,864,877	\$ 154,509,542	\$ 161,453,217	\$ 168,709,358	\$ 176,292,025
Operating Expenses	61,732,185	62,874,446	64,039,574	65,228,027	66,440,273
Fixed Assets	1,740,493	1,775,220	1,810,642	1,846,772	1,883,625
Other Financing Uses	91,871	93,709	95,583	97,495	99,445
Transfer to Other Funds	15,463,822	15,667,481	15,877,110	16,092,885	16,314,988
Appropriation for Contingency	6,200,000	6,400,000	6,700,000	6,900,000	7,200,000
Total Appropriations	\$ 233,093,248	\$ 241,320,397	\$ 249,976,126	\$ 258,874,537	\$ 268,230,357
Revenue Surplus/(Shortfall)	\$ (1,835,363)	\$ (11,343,228)	\$ (14,453,317)	\$ (16,617,788)	\$ (22,248,174)
Designated for Capital Projects	\$ 7,115,793	\$ 7,115,793	\$ 7,115,793	\$ 7,115,793	\$ 7,115,793
Designated for Contingencies	\$ -	\$ -	\$ -	\$ -	\$ -
General Reserve	\$ 10,002,422	\$ 10,281,736	\$ 10,666,685	\$ 11,067,456	\$ 11,484,729
\$ Needed for 5% General Reserve	\$ 10,281,736	\$ 10,666,685	\$ 11,067,456	\$ 11,484,729	\$ 11,919,215
Additional Funds to Reach 5%	\$ (279,314)	\$ (384,949)	\$ (400,771)	\$ (417,273)	\$ (434,486)
Total Revenue Surplus/Shortfall	\$ (2,114,677)	\$ (11,728,176)	\$ (14,854,088)	\$ (17,035,062)	\$ (22,682,661)

FY 2014-15 Assumptions

Property Tax and other local taxes grown at 1% annually
 All other Discretionary Rev remains flat
 1% growth on departmental revenues
 Funding of \$2.3M for roads
 4.5% growth on salaries and benefits, 2% growth in all other operating costs
 Assumes 25% (Approx \$500K) TOT for GF Operating Costs

*** Investment Strategy Savings
 Included in Fund Balance**
 Assumes \$5M in FY 15-16
 Assumes \$7M in FY 16-17
 Assumes \$10M in FY 17-18
 Assumes \$10M in FY 18-19

FY 2015-16 through FY 2018-19

Fund balance = Contingency plus \$2M departmental savings / increased revenues plus Investment Strategy Savings
 All other assumptions remain the same as FY 2014-15

Attachment C: Summaries of Department Mid-Year Projections

General Government

Board of Supervisors – Net County Cost savings of \$181,471

The Board of Supervisors projects reduced revenues of \$8,334 and appropriations of \$189,805 resulting in a decrease to Net County Cost of \$181,471. Savings are primarily related to salaries and benefits as well as \$23K related to not purchasing the tab filing system.

Chief Administrative Office – No change to Net County Cost

The Chief Administrative Office is not projecting any change from Net County Cost. However, billing rates were just approved within the last few weeks for services of both the centralized fiscal/admin unit as well as facilities. Therefore it is difficult to estimate charges for service to other departments. A detailed analysis will be done at 3rd quarter.

Accumulative Capital Outlay Fund

The Accumulative Capital Outlay (ACO) fund included funding for projects totaling \$16.8M in FY 13-14. The department is estimating completing approximately \$8.5M worth of projects in FY 13-14. The department anticipates that projects and funding will carry forward to FY 14-15.

Auditor-Controller – Net County Cost savings of \$205,884

The Auditor-Controller projects decreased revenues of \$13,364 and appropriations of \$219,248 resulting in a decrease to Net County Cost of \$205,884. Decreased appropriations are related to salary savings related to vacancies within the department.

Treasurer-Tax Collector – No change to County Cost

The department does not anticipate any material changes from budget. Any additional salary costs that may be incurred related to the FENIX system implementation will be funded from the FENIX project budget.

Assessor – No change to Net County Cost

The department does not anticipate any material changes from budget.

County Counsel – Net County Cost Increase of \$22,035

County Counsel is projecting a revenue shortfall of \$62,750 based on current year-to-date billable hours using last fiscal year's hourly billing rates. A revised projection of current year revenues will be made when the new billing rates are finalized. The department currently

anticipates expenditure savings of \$40,715 which is primarily the result of salary savings from previously vacant positions which will offset a majority of the projected revenue shortfall. The Chief Administrative Office will be working with the department to monitor revenue projections and may return with a budget transfer towards the end of the year if necessary.

Human Resources – Net County Cost savings of \$224,170

The Human Resources department is projecting Net County Cost savings of \$224,170 which is primarily the result of salary savings from vacant positions that have only recently been filled or are currently in the recruitment process.

Risk Management does not anticipate any material changes from budget.

Information Technologies – Budget still under review

The Information Technologies budget will need to be re-worked depending on the outcome of the State review of the County's A-87 cost allocation plan. The methodology used to create the rates for network and mainframe charges is under review. The department is working directly with the Chief Administrative Office and the Auditor's office to restructure the FY 13-14 budget to accommodate any changes in methodology. If a budget transfer is required, the Department will return to the Board at a later date.

Economic Development – Net County Cost savings of \$837,125

The Economic Development Division is projecting Net County Cost savings of \$837,125. The savings is comprised of salary savings from position vacancies (\$116,962) and changes in projected program expenses for the current year (\$629,678). The current year budget includes funding for several key program initiatives:

Cultural and Community Development Grants	\$80,000
Veterans Program Support	\$97,400
Grant Development Program	\$100,000
Web Portal Project	\$100,000

Last fall, the Board authorized the following in support of the key program initiatives:

- Award of 19 grants under the Cultural and Community Development Program totaling \$79,670
- Contract with the El Dorado Community Foundation for Veteran's programs \$97,400
- Contract with Grant Management Associates in an amount not to exceed \$100,000 for grant application and administration services
- Contract with GloGou, Inc. for the development of the county Web Portal.

Although the contracts are in place, the full amount of all contracts will not be expended prior to the end of the fiscal year. Projected costs are approximately \$245,900.

Additionally, the FY 2013-14 budget included \$400,000 to be programmed for economic development and incentives programs to address a variety of issues and challenges related to business attraction and retention as well as recognizing the role that Parks & Trails and Housing, Community and Economic Development programs play in meeting the Board's stated goals to encourage and promote Economic Development. The recently hired Economic Business Relations Manager is working to develop a comprehensive economic development plan for review by the Community & Economic Development Advisory Committee and submittal to the Board of Supervisors later this year. It is likely that these funds will not be spent prior to June 30, 2014.

Unspent funds will be carried forward and re-budgeted in FY 2014-15.

Recorder Clerk / Elections – Net County Cost savings of \$63,893

The Recorder Clerk/Elections department is projecting decreased revenues of \$26,243 and decreased expenditures of approximately \$90,136 resulting in a reduction in Net County Cost of \$63,893.

Both the Elections and Recorder Clerk divisions have one-time savings due to vacancies. In addition, the Recorder-Clerk's division will see savings in professional services of \$30,000 due to a delay in the project of converting microfiche documents to digitalized images. This project is on-going and has been delayed for this fiscal year, but will be continued next year.

Law & Justice

Grand Jury – No change to Net County Cost

Superior Court MOE – No change to Net County Cost

District Attorney – No change to Net County Cost

Public Defender – No change to Net County Cost

The Department is projecting a decrease in revenues of \$79,598 and decreased appropriations of \$79,598 resulting in no change to Net County Cost. Savings are primarily related to salaries and benefits due to vacancies.

Sheriff – Net County Cost savings of \$1,797,000

The Department is projecting savings in salaries and benefits of \$1,797,000 with revenues coming in at budget resulting in a Net County Cost savings of \$1,797,000.

Probation – Net County Cost savings of \$525,824.

The Probation department is projecting reduced revenues of \$229,399 and reduced appropriations of \$296,828 resulting in a reduction in Net County Cost of \$525,824.

The shortfall in revenue is primarily the result of not realizing revenue from various special revenue funds. All reductions are offset by a corresponding reduction in services and supplies.

The Department anticipates savings in salaries and benefits of \$293,828. Currently Probation has eleven vacant positions. The mid-year projection assumes the department will fill ten of these vacancies. Additional savings to Net County Cost will be realized if positions are not filled as anticipated.

Land Use and Development Services

Surveyor – Net County Cost savings of \$38,800

The Surveyor projects no change in revenues and appropriation savings of \$38,800 resulting in a decrease to Net County Cost of \$38,800. Savings are due to one-time salary and benefit savings from a currently vacated position as well as reducing the need for an IT server. The latter savings come from better utilizing the IT Departments' equipment and services. A recruitment is in process to fill the vacant Deputy Surveyor position.

Agriculture – No Change to Net County Cost

Revenues for Agriculture are projected to come in at the budgeted level of \$797,384; however, unclaimed gas tax revenues of \$289,440 are not received until April and it is not yet known if the department's annual allocation will be reduced by the State. The department has been tightly controlling expenditures in the event that actual unclaimed gas tax revenues fall short of the amount budgeted in order to remain within their budgeted Net County Cost.

Transportation – Net County Cost Increase of \$23,903

Fund Type 10 – County Engineer / Property Services (Cemetery Operations)

The department is projecting increased revenues of \$17,170 and increased appropriations of \$41,073 resulting in an increase in Net County Cost of \$23,903.

The increase in appropriations is primarily related to more work than anticipated performed by Road Fund staff for Placerville Union Cemetery operations and general overall cemetery operations. The increase is due to a change in methodology where staff costs are being recorded in the Cemetery budget unit instead of in the CDA Administration unit budget. This change allows for the direct personnel costs associated with the program to be recorded directly against the Cemetery budget unit. This will be an on-going cost for the program. There is a like decrease in personnel costs in Development Services, Department 34.

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

The department is projecting a decrease in revenues and expenditures of \$5,073,451. The department projects a use of fund balance of \$674K resulting in a year end fund balance of approximately \$4.6M.

Approximately \$1.7M of the decrease is related to the capital program due to delayed or advanced timing on start of construction and acquisition of right of way on several projects. These changes were brought before the Board on February 11, 2014.

The department anticipates \$1.2M in salary savings due to vacancies and a decrease in the use of temporary employees. Additional savings of \$650K will be realized due to a delay in the construction of the wash rack at the Headington facility. These funds will be re-budgeted for construction in FY 2014-15. A capital lease for the purchase of heavy equipment will not be pursued this Fiscal Year resulting in a \$770K decrease in expenditures relating to the capital lease purchase and retirement of debt. Finally the department is not anticipating using any contingency resulting in \$510K of savings.

Fund Type 12 - Special Districts

Total revenues and expenditures are projected to be \$691,029 less than budgeted. This reduction is primarily due to the elimination of two motor grader capital lease purchases and the conversion of one to a direct fixed asset purchase in the West Shore Snow Removal Zone of Benefit.

Fund Type 31 – Airports & SLT Transit

Total revenues and expenditures for Airports are projected to decrease by \$281,902. This decrease is primarily related to the capital program due to delayed starts. Funds will be re-budgeted in FY 2014-15.

Fund Type 32 - Fleet Operations

Revenues and expenditures for the Fleet program are projected to be \$131,143 less than budgeted. Revenues are based on current vehicle usage to date. Expenditure decreases consist primarily of appropriation of contingency funds of \$95,000 not being needed during FY 2013-14.

Development Services – Fund Type 10 – Net County Cost savings of \$1,399,069

The department is projecting a decrease in revenues of \$691,970 and expenditures of \$2,091,039 resulting in a decrease to Net County Cost of \$1,399,069.

Revenues from permit fees are anticipated to exceed budget by approximately \$1M due to increased activity from development. This increase is offset with several decreases in revenues. Interfund revenue from the Road Fund is anticipated to decrease \$420K due to a change in methodology from direct billing for CDA Administration to an allocation methodology based on direct salary dollars resulting in a shift of costs from the Road Fund to Development Services. Reimbursement revenues for consultant services related to developer EIR projects are expected to decrease by \$700K (offset with a decrease in professional services expenditures).

The department is projecting salary savings of \$750K due to vacancies. Remaining savings are related to a decrease in professional services primarily related to pass through EIR consultant costs. Other savings are related to EIR's for the TGPA/Zoning Code update and will need to be re-budgeted in FY 2014-15.

Environmental Management – No change to Net County Cost

Fund Type 10 – No change to Net County Cost

Revenues and expenditures are projected to increase \$139,288 resulting in no change to Net County Cost. This projected increase is primarily due to the change in methodology for the allocation of the Community Development Agency Administration costs. These costs will be charged directly to the individual units and programs versus interfund transfers.

Fund Type 12 – Special Revenue

Revenues and expenditures are projected to decrease by \$1,399,468. The department anticipates a use of fund balance of approximately \$1.1M. Savings are primarily due to \$440K in salary savings related to vacancies decreased use of temporary employees. Additional savings are in professional service contracts (\$510K), and maintenance costs for the landfill (\$220K), and use of contingency (\$210K).

Air Quality Management District – No change to Net County Cost

Health and Human Services

Health and Human Services Agency (HHS)

HHS Administration – Fund Type 10 – Net County Cost increase of \$1.1M

The HHS Administration Division was created in July 2013 to provide efficiencies in administrative and fiscal support to all the various programs across the agency. The division passes these fiscal and administrative costs to programs within the agency based on direct program salaries. In order to spread these costs the Department had to create an Indirect Cost Rate Plan (ICRP) based on budgeted numbers vs. actual costs because there were not any prior year actuals to use. An ICRP basically takes the total cost of the administrative division and divides this by the budgeted direct salaries of the various departments within HHS to arrive at an indirect percentage that is applied to the actual direct salaries of Social Services, Community Services, Public Health and Mental Health to spread the costs of the combined administrative division. Due to vacant positions in these various programs, there are fewer direct salaries than budgeted, so full cost recovery is not possible in FY 2013-14. The Department is anticipating a shortfall of approximately \$1.1M. This shortfall will be carried forward and included in the rate development for FY 2014-15. Therefore, there should be a surplus in FY 2014-15 to make up for the shortfall in FY 2013-14. This issue should not occur again because future rates will be built on actuals vs. budget ensuring more accurate cost recovery.

Public Health – General Fund contribution savings of \$491,800

General Fund – Fund Type 10 (Animal Services) – No change to Net County Costs

The department is projecting decreased revenues and appropriations of \$45,948 resulting in no change to Net County Cost.

Public Health Programs – Fund Type 11 - General Fund contribution savings of \$491,800

The Department estimates decreased revenues and appropriations of \$6,547,915. The major decrease in revenues is related to a reduced use of fund balance. The Department budgets 100% of their available fund balance which was \$6.7M in FY 2013-14. The Department is projecting a use of fund balance of \$429K. The decrease in appropriations is primarily related to no planned use of contingency (\$5M) and savings in services and supplies (\$763K) related to reduced use of professional service contracts and special project expenses and salary savings (\$727K) from position vacancies.

The Jail Medical program, Juvenile Hall Medical program and EMS program all receive contributions from the General Fund. These programs are projected to have a savings of approximately \$491K primarily related to reduced medical costs due to fewer medical emergencies than budgeted in the Jail/Juvenile Hall Medical program. However, this projection could change with an increase in medical emergencies. Staff monitors these accounts closely.

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

CSA 7 and Ambulance Billing are projected to have revenues of \$10.6M and expenditures of \$11.9M resulting in a use of fund balance of \$1.3M, which is approximately \$200,000 higher than anticipated. With the uncertainty of CSA 7 receiving future revenue from the Miwok tribe, the department has projected use of additional fund balance for continued operations. Within CSA 3 revenues and expenditures are projected to be approximately \$2.5M with no use of fund balance.

Realignment 1991 Funding – Public Health

Realignment growth is typically received after the Addenda budget is adopted. In reviewing anticipated FY 2012-13 growth, which is received during FY 2013-14, the department has estimated an increase in realignment revenue of approximately \$670,000 and \$184,000 in vehicle license fees (VLF). Mental Health will receive 10% of the total amount, approximately \$85,000 due to the 10% transfer authority included in the addenda budget. A budget transfer will be presented to the Board of Supervisors for the increase in revenues and appropriations.

Mental Health – No change to Net County Cost

Midyear projections for the Mental Health Division (MHD) reflect the combined total of traditional programs and Mental Health Services Act (MHSA) programs. Total revenues for the department are projected at \$17.9M and expenditures at \$16.9M resulting in an increase in fund balance of \$1M to MHSA programs.

Mental Health Traditional Programs

The traditional Mental Health revenues are projected at \$9.7M with appropriations of \$10.7M, resulting in a 100% use of fund balance of \$1M. The program is not sustainable and cost saving measures need to be taken. The Department has been undergoing fundamental program changes in staffing to best utilize resources and optimize billing practices. The Chief Administrative Office will be working closely with the department to monitor traditional Mental Health programs

The department anticipates that a use of Mental Health contingency may be necessary for the following reasons:

1. Contract Appropriations: MHD has experienced an increase in adult residential client placements to contracted facilities, but is still expected to remain within budgeted contract appropriations. This could change if long-term placements continue to increase.
2. Medi-Cal Revenues: MHD has been working vigorously to restructure service delivery and fill employee vacancies in order to increase Medi-Cal billable services. The majority of employee vacancies were filled by December 30, 2013. For the month of January, HHSA has seen an increase in services provided to MHSA clients and will continue to monitor services by pay period to ensure the trends continues. Traditional outpatient expenses should yield budgeted Medi-Cal revenue.
3. Psychiatric Health Facility (PHF): The PHF revenues are projected to be less than budgeted due to decreases in Medi-Cal and other county revenues as a result of the temporary reduction of out-of-county patients utilizing the facility during the first quarter. This is the primary reason for the one-time increased use of fund balance.

Mental Health Services Act (MHSA) Programs

MHSA programs are projected to have revenues of \$7.2M and appropriations of \$6.2M resulting in an increase in fund balance of approximately \$1M. Savings are due to the late start in initiating programs due to the adoption of the FY 2013-14 MHSA plan in December. As a reminder, MHSA plan updates have historically been one year or more behind schedule. Currently, HHSA is working to complete the FY 2014-15 update, which will be finalized prior to the start of the fiscal year.

Human Services – General Fund contribution savings of \$121,058

Social Services Division (Fund Type 10) – No change to Net County Cost

The Social Services Division (SSD) projects an increase in revenues and appropriations of \$1.35M. The revenue increase is due to a rise in funding allocations in eligibility programs for CalFresh and Foster Care, and an increase in CalWORKS Employment Services Single Allocation. The department will be returning to the board requesting an increase in salaries and benefits to add 6 staff, which will help with case growth and additional case management requirements (e.g. quality assurance and mandated application review deadlines). Of the

\$1.35M in additional funds, the requested positions are estimated to cost approximately \$600,000. The rest of the funds will be budgeted for operating and maintenance costs of the programs.

Realignment – Protective Service Subaccount

Realignment growth is typically received after a fiscal year ends. In reviewing anticipated FY 2012-13 growth, which is received during FY 2013-14, the department estimated an increase in realignment for SSD of approximately \$500,000. The department will return to the Board with a budget transfer at a later date once the funds are received.

Community Services Division - (Fund Type 11) – General Fund contribution savings of \$85,558

The Community Services Division projects reduced revenues and appropriations of \$907,927. Reduced revenues and appropriations are primarily related to the Low Income Heating and Energy programs (LIHEAP) and Women, and Infants and Children (WIC) programs.

The El Dorado Hills Senior Care Center is expected to open its doors to clients this fiscal year. Currently, the facility is being modified to accommodate program needs, staff is being recruited, and equipment is being purchased for the facility

Community Services Division (Fund 12)

The Public Housing Authority (PHA) is a Special Revenue Fund that has historically maintained a fund balance, as allowed by the U.S. Department of Housing and Urban Development (HUD). Recent reductions in funding from Federal Sequestration impacts have required the use of the existing fund balance during the current fiscal year.

Veterans Affairs – Net County Cost increase of \$19,848.

Veterans Affairs is projecting increased revenues of \$26,354 and increased appropriations of \$46,202 resulting in an increase in Net County Cost of \$19,848. The increase is due to a change in healthcare benefits for two employees.

Library – No change to Net County Cost

The department does not anticipate any material changes from its budget.

Child Support Services – No change to Net County Cost

The department does not anticipate any material changes from its budget.