



Budget Overview

Recommended Budget
FY 2015-16

Overview

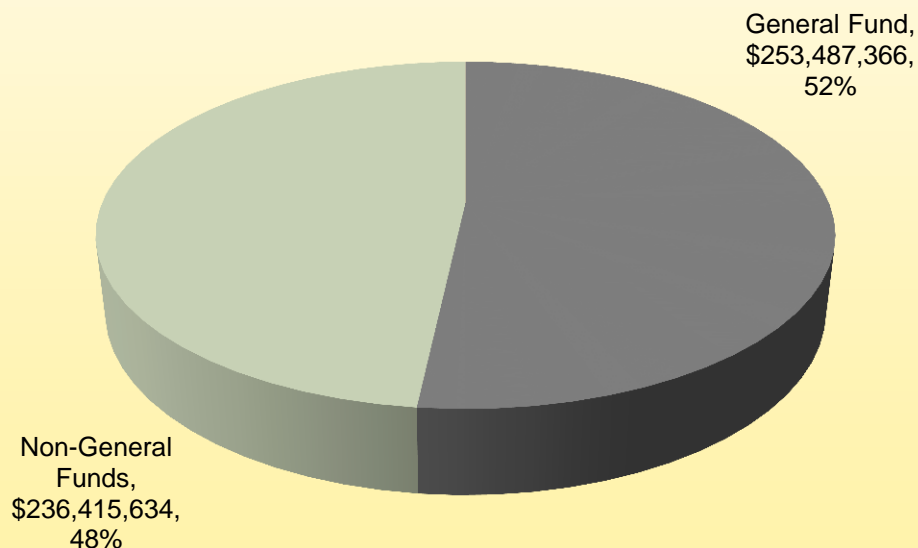
- Most departments have prepared presentations for Board consideration
 - Recommend that the Board hear all department presentations before increasing or reducing appropriations

The Budget Timeline

- Between now and the Adopted Budget, there are various factors which may impact the County's financial picture:
 - Early Separation Incentive
 - Fund Balance
- After the books close in August, the “Addenda” process begins and adjustments can be made prior to the approval of the Adopted Budget

How big is the Recommended Budget?

- **TOTAL** Recommended Budget = \$489,903,000
 - General Fund = \$253,487,366
 - Non-General Funds = \$236,415,634



Is the Recommended Budget balanced?

- The Recommended Budget is balanced
 - Projected Revenue = Projected Appropriations



Budget is not “structurally” balanced

General Fund Discretionary Revenue FY 2015-2016	Net County Costs FY 2015-2016	Structural Deficit
\$112,952,296	\$117,278,170	\$4,325,874

- The FY 2015-16 budget uses \$4.3M in fund balance to cover recurring operational expenses
- The best practice is to utilize one-time money for non-recurring expenditures

What assumptions are built into the Recommended Budget?

- Property tax revenue: \$61.1 million
- Property tax in lieu of Vehicle License Fees: \$17.6 million
- Sales tax revenue: \$11.7 million

- All include 4% growth over the FY 2014-15 year end projection
 - Note: 5% growth would equate to \$900K in additional revenue

How does the Recommended Budget compare to last year's budget?

- Total budget decreased by \$43 million (-8%)
- General Fund decreased by \$1 million (< -1%)
- Full Time Equivalent employees (FTEs) decreased by 28.35.

General Fund Revenue Changes

General Fund Revenue Description	Adopted FY 14/15	Recommended FY 15/16	Amount of Change
Taxes	\$92,151,998	\$98,481,580	\$6,329,582
Licenses, Permits	7,501,132	7,792,978	291,846
Forfeitures	1,019,750	851,049	(168,701)
Use of Money	171,090	154,140	(16,950)
State/Federal/Other Gov.	64,036,915	62,878,319	(1,158,596)
Charges for Service	20,854,561	21,327,093	472,532
Misc.	2,125,936	2,407,676	281,740
Other Financing Sources	32,761,433	35,316,148	2,554,715
Residual Equity	1,944,366	0	(1,944,366)
<i>Sub-Total</i>	<i>\$222,567,181</i>	<i>\$229,208,983</i>	<i>\$6,641,802</i>
Fund Balance	32,245,387	24,278,383	(7,967,034)
Total Financing Sources	\$254,812,568	\$253,487,366	(\$1,325,202)

Non-General Fund Revenue Changes

Non- General Fund Revenue Description	Adopted FY 14/15	Recommended FY 15/16	Amount of Change
Taxes	\$5,826,993	\$6,831,129	1,004,136
Licenses, Permits	1,063,712	1,051,412	(12,300)
Forfeitures	928,333	1,332,555	404,222
Use of Money	325,097	235,265	(89,832)
State/Federal/Other Gov.	95,993,801	92,263,043	(3,730,758)
Charges for Service	12,794,484	12,580,979	1,786,395
Misc.	1,848,668	3,385,203	1,536,535
Other Financing Sources	84,044,409	66,186,597	(17,857,812)
Residual Equity	1,929,519	0	(1,929,519)
<i>Sub-Total</i>	<i>\$204,755,016</i>	<i>\$183,866,183</i>	<i>(\$20,888,833)</i>
Fund Balance	73,199,992	52,549,451	(20,650,541)
Total Financing Sources	\$277,955,008	\$253,487,366	(\$41,539,374)

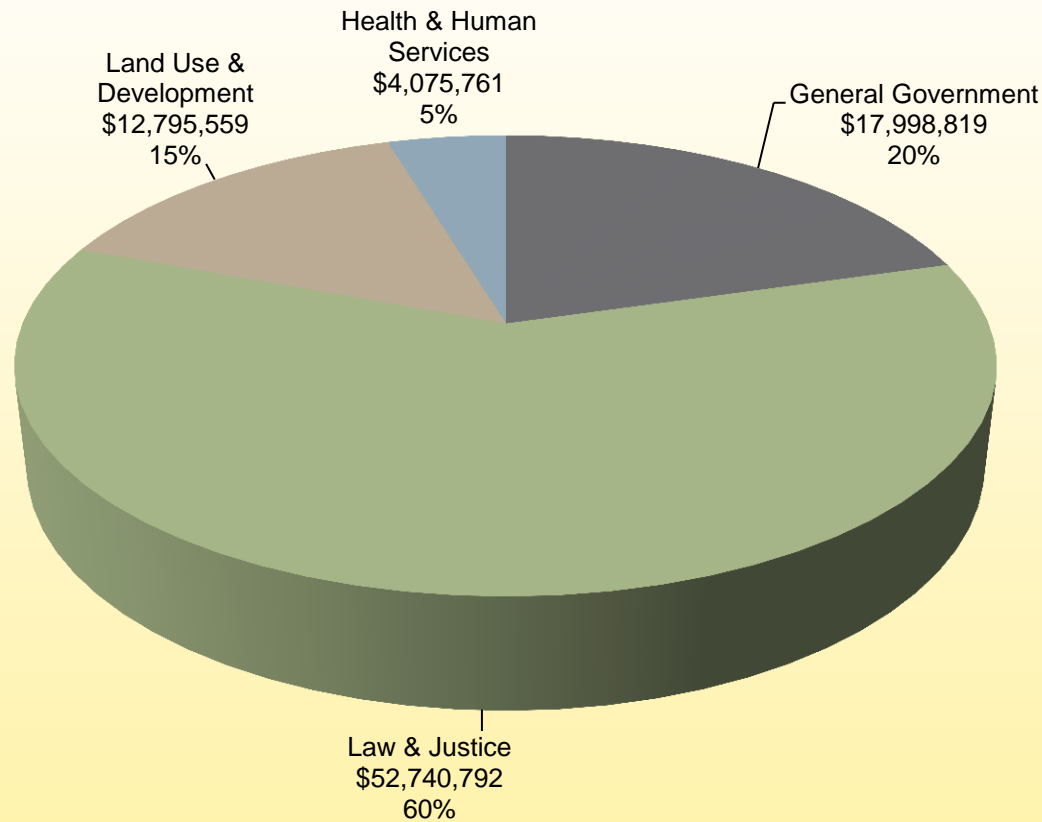
General Fund Appropriations

Expenditure Class	FY 2014-15 Budget	FY 2015-16 CAO Recm'd	\$ Increase/ (Decrease)	%Increase/ (Decrease)
Salaries & Benefits	152,992,671	155,917,121	2,924,450	2%
Expenses	70,055,503	64,752,907	(5,302,596)	(8%)
Fixed Assets	2,267,314	2,285,517	18,203	1%
Transfers to other funds	25,243,331	27,006,821	1,763,490	7%
Contingency	3,889,368	3,525,000	(364,368)	(9%)
Reserve/Designation	364,381	0	(364,381)	(100%)
Appropriations	\$254,812,568	\$253,487,366	(\$1,325,202)	(1%)

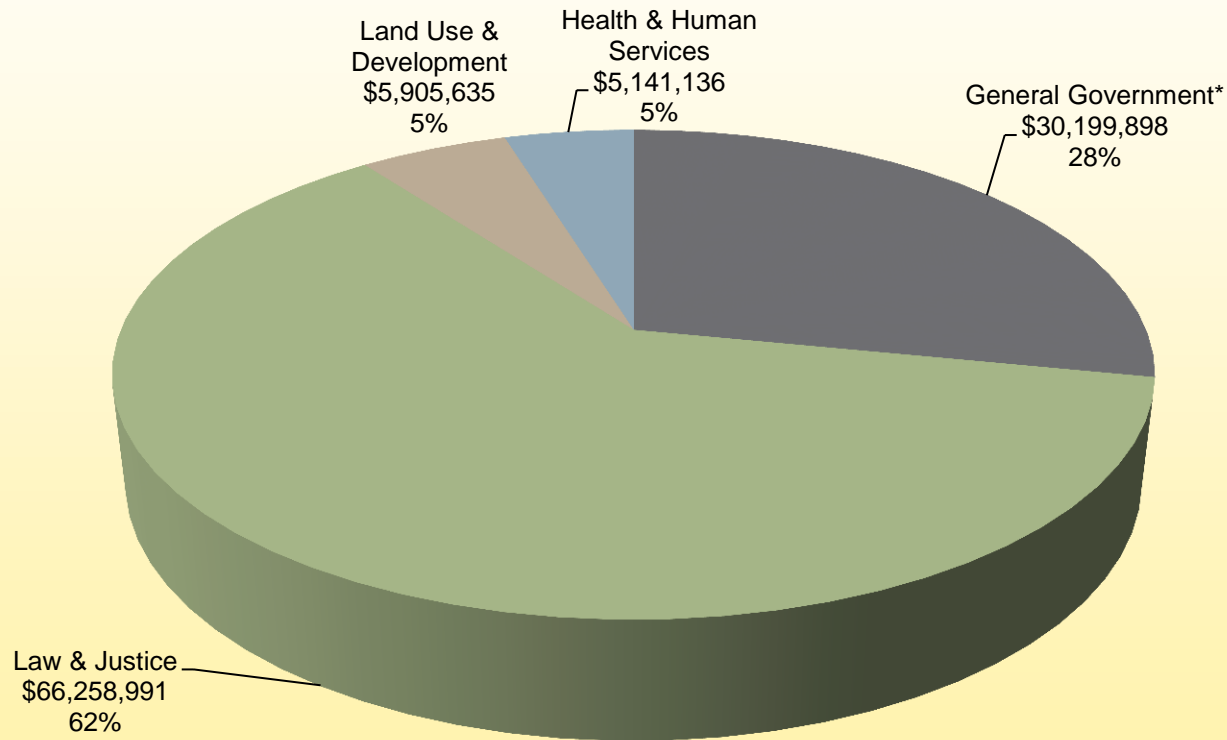
How does the General Fund support county programs?

- Departments get money from different sources
 - For example: grants, state & federal agencies, and charges for service
- When that doesn't cover all of the department's costs, the difference is made up with other General Fund discretionary dollars
- These other discretionary dollars are a department's **“Net County Cost”**
- Departments are required to live within their “Net County Cost” to ensure that no additional General Fund support is required

Distribution of Net County Cost by Program Area FY 2006-07



Distribution of Net County Cost by Program Area FY 2015-16



* General Services included in Land Use in FY 2006-07.

Facilities moved to General Government in FY 2009-10

Distribution of Net County Cost by Department FY 2015-16

	2015-16 NCC	% of Total NCC
BOS	1,441,900	1.34%
CAO	7,252,598	6.75%
A/C	2,815,297	2.62%
Treasurer	930,099	0.87%
Assessor	3,355,814	3.12%
County Counsel	2,608,762	2.43%
Human Resources	1,732,298	1.61%
Information Technologies	7,415,964	6.90%
Economic Development/Parks & Trails	1,675,813	1.56%
Recorder Clerk	971,353	0.90%
Subtotal General Government	30,199,898	28.09%
Grand Jury	75,299	0.07%
Courts	1,190,650	1.11%
District Attorney	5,869,720	5.46%
Public Defender	3,302,172	3.07%
Sheriff	44,533,143	41.42%
Probation	11,288,007	10.50%
Subtotal Law & Justice	66,258,991	61.63%
Surveyor	1,257,404	1.17%
Agriculture	458,929	0.43%
DOT - County Engineer & Cemeteries	551,222	0.51%
Development Services	3,310,512	3.08%
Environmental Mgt	327,568	0.30%
Subtotal Land Use	5,905,635	5.49%
Health - Animal Control	1,470,296	1.37%
HHSA - Admin	(113,329)	-0.11%
Veterans	475,300	0.44%
Human Services	1,678,641	1.56%
Library	1,630,228	1.52%
Child Support Services	-	0.00%
Subtotal Health & Human Services	5,141,136	4.78%
Total Department	107,505,660	100.00%
Other - Department 15	9,772,510	
Total	117,278,170	

Net County Cost Changes

Functional Group	FY 2014-15 Budget	FY 2015-16 CAO Recm'd	\$ Increase/ (Decrease)	% Increase/ (Decrease)
General Gov't	32,040,794	30,199,898	(1,840,896)	(6%)
Law & Justice	66,023,893	66,258,991	235,098	0%
Land/Dev Svc	6,611,354	5,905,635	(705,719)	(11%)
Hlth/Human Svc	4,984,726	5,141,136	156,410	3%
Total Department	109,660,767	107,505,660	(2,155,107)	(2%)
Other – Dept 15	11,114,328	9,772,510	(1,341,818)	(12%)
Total	\$120,775,095	\$117,278,170	(\$3,496,925)	(3%)

Other – Dept. 15

Description	Recommended Amount
General Fund Contribution to the Miwok Indians for Health Programs	2,600,000
General Fund Contribution to Airports	96,344
General Fund Contribution to HCED	62,741
General Fund Contribution to Health - Public Health Programs	3,973,086
Jail Medical Services Contract (CFMG)	2,138,469
Juvenile Hall Medical Services Contract (CFMG)	501,944
Emergency Medical Services (EMS)	625,542
County Medical Services Program (CMSP)	233,492
California Children's Services (CCS) Diagnostics Program Match	327,392
California Children's Services (CCS) Program Match	106,247
Healthy Families Program Match	40,000
General Fund Contribution to Human Services - Community Services	1,819,784
Area Agency on Aging Programs	1,505,543
Senior Day Care	182,373
In Home Supportive Services (IHSS) Public Authority	57,930
Community Services Administration	14,746
Special Services	981
Older American's Day	1,000
Workforce Investment Act	57,211
General Fund Contribution Health - State Local Program Realignment Match	704,192
Annual Audit Contract	70,555
Sales Tax Audit Services	20,000
CalPERS Survivor Benefit Premium Payment (annual)	25,000
CalPERS reports required for GASB 68	5,000
SB 90 Mandates	20,000
General Fund A87 Charges to Child Support (expenditure abatement)	(510,468)
University California Cooperative Extension (UCCE)	269,858
EI Dorado Water & Power Authority (EDWPA)	300,000
Tahoe Regional Planning Agency (TRPA) Compact	40,000
Resource Conservation District Contracts (EI Dorado & Georgetown)	154,726
General Fund Contribution to LAFCO	121,692
TOTAL	\$ 9,772,510

Position Allocation Changes

Department	Position Additions	Position Reductions (Vacant)	Position Reductions (Filled)	Total
Assessor	1.0	-1.0		0
Auditor-Controller		-2.0		-2.0
Chief Administrative Office	1.5	-4.3	-1.0	-3.8
Community Development Agency	5.0	-5.0		0.0
County Counsel		-1.0		-1.0
District Attorney		-2.0		-2.0
Health & Human Services Agency	8.25	-20.3		-12.05
Human Resources	1.0	-1.5		-0.5
Information Technologies	1.0	-4.0		-3.0
Library	0.2	-0.2		0
Probation	2.0	-2.0		0
Public Defender			-1.0	-1.0
Sheriff	1.0	-2.0		-1.0
Surveyor			-2.0	-2.0
Totals	20.95	-45.3	-4.0	-28.35

10 Year Changes in FTE's

Functional Group	Total FTE's FY 2006-07	Total FTE's FY 2015-16	Variance
General Government	297	258	-39
Law & Justice	598	586	-12
Land Use & Development Services	549	324	-225
Health and Human Services	684	665	-19
Totals	2128	1833	-295

Fund Balance

The FY 2014-2015 fund balance projections are as follows:

Description	Amount
Unspent Contingency	\$3.8 million
Unspent Department Appropriations	\$6.6 million
Reduced GF Contributions to HHSA & HCED	\$1 million
Additional Property Tax Revenues	\$2.3 million
Unspent Accumulative Capital Outlay	\$5.8 million
Designation for Capital Projects	\$4.8 million
Total Projected Fund Balance for FY 14/15	\$24.3 million

The Recommended use of the projected Fund Balance FY 2015-2016 is as follows:

Description	Amount
Projected Fund Balance from FY 2014-2015	\$24.3 million
Use of Fund Balance	
Contingency	\$3.5 million
Public Safety Facility Land Acquisition	\$2.6 million
Courthouse Road	\$3 million
Contribution to recurring operating expenses (balancing the structural deficit)	\$4.3 million
Capital Projects	\$10.9 million
Total Use of Fund Balance	\$24.3 million

Contingency and Reserves

- Board Policy recommends setting aside a total of 8% in Contingency (3%) and General Reserves (5%)
- The Recommended FY 2015-16 Budget includes 6.1%:
 - \$3.5 million in Contingency
 - 1.6% of adjusted General Fund appropriations
 - \$10 million in Reserves
 - 4.5% of adjusted General Fund appropriations
- To bring Contingency and Reserves up to 8% would require an additional:
 - \$3 million in Contingency
 - \$847,000 in Reserve

Capital Reserve

- The Recommended budget does maintain a small amount in the Designated Reserve for Capital Projects
 - \$2.7 million
- The Facilities workplan anticipates spending down this remaining reserve in FY 2016-17 to complete the Building A/B renovation project

What does the Recommended Budget mean for the future?

- Future year deficits assume:
 - 4% growth in Property and Sales Tax
 - No use of fund balance for on-going expenses based on BOS direction for a structurally balanced budget
 - Maintaining 5% reserve & 3% contingency
 - Annual appropriations growth of 3% in salaries and no growth in other expenses

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Total Revenues	\$253,487,366	\$239,500,893	\$248,081,249	\$253,856,149	\$259,777,684
Total Appropriations	\$253,487,366	\$246,056,355	\$250,369,927	\$255,677,819	\$261,150,624
Total Revenue Surplus/Shortfall	\$ -	\$ (6,555,462)	\$ (2,288,678)	\$ (1,821,670)	\$ (1,372,940)

Anticipated Unfunded Liabilities

Anticipated Unfunded Liabilities	Estimated Cost
Water	\$2,000,000
Public Safety Facility	\$50,000,000
Deferred Facility Maintenance	\$5,000,000 annually
General Plan Implementation	TBD
Roads	TBD
Parks	TBD
Property Tax System	\$2,000,000
Camino Interchange	TBD
Employee payout of leave accruals	\$4,300,000
Pre-funding Retiree Health	\$2,000,000-\$3,000,000 annually
BOS desire to continue service level of discretionary, non-General Fund activities when revenue is eliminated or reduced	TBD
Economic Development	\$350,000
Mental Health Commission	\$525,000

Updated State Changes

- With the May Revision the State Budget does include funding to pay off the pre-2004 mandate debt payments
- This equates to \$3,585,459 for El Dorado County
- These funds are currently not included in the Recommended Budget
- This payment is one time in nature and should only be used for one-time expenses

CAO Recommendation

- \$3.5M mandate payment be used to:
 - Purchase land for Public Safety Facility (\$2.6M)
 - Remaining funds of \$985,459 be placed in the Capital Reserve for future costs related to the Public Safety Facility
- The Fund Balance of \$2.6M that was originally programmed for the Public Safety Facility should be re-directed to Contingency to help restore Contingency closer to prior year's levels of 3%
- Increasing Contingency in FY 2015-16 decreases the projected deficit in FY 2016-17 by \$2.6M

CAO Recommendation

	Recommended FY 2015-16	Target	Revised
Contingency	\$3,525,000	\$6,525,000	\$6,125,000
Capital Reserve	\$2,679,797	\$5,000,000	\$3,665,256

Next Steps

- The Chief Administrative Office will present the budget “tool” that will be utilized for the special meeting to help the Board make decisions related to the Budget
- Departments will be presenting information regarding reductions and service impacts included in the FY 2015-16 budget
- Any changes directed by the Board will be incorporated into the Recommended Budget and the CAO will return for approval on 6/23



FINALIZING THE RECOMMENDED BUDGET

JUNE 4, 2015



Board Requested Information

Strategic Priorities

- Public Safety
- Public Infrastructure
- Financial Sustainability
- Economic Development
- Effective Services

Board Direction, Financial Sustainability and Budget Policy

- Structurally balanced budget
- Fund Contingency and Reserve to recommended levels
- Fund previously unfunded or underfunded initiatives over time
- Use one-time funds for one-time expenses

CAO Recommended Budget

- Reduces deficit from \$19 million to \$4.3 million
- Funds Contingency at \$6.1 million
 - Target is \$6.5 million
- Funds Reserve at \$10,002,422
 - Target is \$10,847,590
- Increases Capital Reserve by \$985,459

Board Directed Recommended Budget

- Increases NCC appropriations by \$812,432
- Increases structural deficit from \$4.3 million to \$5.1 million
- Utilizes one time funds to fund recurring expenditures
- Reserve & Contingency?



DID WE ACCOMPLISH OUR GOALS?

Board Direction, Financial Sustainability and Budget Policy

- Structurally balanced budget
- Fund Contingency and Reserve to appropriate level
- Fund previously unfunded or underfunded initiatives over time
- Utilize one-time funds for one-time expenses

Obstacles & Opportunities

- Limitations on identifying General Fund from Non-General Fund positions
- How much will the Early Separation Incentive save us?
- This is not the Adopted Budget
 - Outcome of ESI
 - Efficiencies from Benchmark, Opportunities and Business Process Redesign
 - Determining Fund Balance
 - State Budget Impacts (+/-)
 - Property Tax Revenue

Option

- Reduce the appropriation to Capital Reserve of \$ 985,459 by the amount of the Board directed appropriation increases
- CAO Recommendation
 - Not recommended as this approach will utilize one-time funds for recurring expenditures