

General Fund – General Revenues & Other Operations

RECOMMENDED BUDGET • FY 2019 -20

MISSION

The General Fund Other Operations budget unit collects and accounts for the discretionary revenues for the General Fund and allocates those revenues to departments to cover net county cost allocations. In addition, this budget appropriates monies for contingency, General Fund contributions to departments, and other outside programs. This budget unit also includes appropriations for countywide expenses that are not appropriately assigned to individual departments, also referred to as Non-Departmental Expenses.

BUDGET SUMMARY

Description	Prior Year Actual	Current Year Adopted	CAO Recommended	Difference from Adopted
Taxes	109,186,114	112,115,000	118,099,292	5,984,292
License, Pmt, Fran	1,725,532	1,720,000	1,720,000	0
Fines & Penalties	512,625	350,000	350,000	0
Rev Use Money/Prop	856,367	400,000	1,000,000	600,000
IG Rev - State	2,525,406	2,470,000	2,470,000	0
IG Rev - Federal	1,047,533	450,000	500,000	50,000
Other Gov Agency	7,460,149	7,351,040	7,457,161	106,121
Service Charges	5,944,351	5,896,192	5,262,463	(633,729)
Miscellaneous Rev	33,489	0	0	0
Fund Balance	0	28,179,122	22,827,231	(5,351,891)
Total Revenue	129,291,565	158,931,354	159,686,147	754,793
Salaries & Benefits	0	20,000	1,216,000	1,196,000
Services & Supplies	176,751	1,081,194	789,100	(292,094)
Other Charges	3,589,856	3,039,992	3,295,429	255,437
Other Fin Uses	19,495,303	16,494,075	12,140,320	(4,353,755)
Intrafund Abatement	(6,328,657)	(5,979,207)	(5,522,188)	457,019
Contingency	0	7,109,909	5,450,000	(1,659,909)
Reserves Budgetary	0	8,049,563	9,892,700	1,843,137
Total Appropriations	16,933,253	29,815,526	27,261,361	(2,554,165)
FUND 1000 GENERAL FUND TOTAL	(112,358,312)	(129,115,828)	(132,424,786)	(3,308,958)

MAJOR BUDGET CHANGES

Revenue

- \$3,381,000 Increase in Property Tax – Current Secured based on projected increase in property assessed valuation; equals 5% increase over FY 2018-19 estimated actual.
- \$412,000 Increase in Sales and Use Tax based on trend in actual receipts; equals 2% increase over FY 2018-19 estimated actual.
- \$1,100,000 Increase in Transient Occupancy Tax based on trend in actual receipts; equals current FY 2018-19 estimated actual, and a 33% increase over FY 2018-19 Budget.

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\$1,048,000	Increase in Property Tax In-Lieu of VLF revenue, directly correlated to the increase in Property Tax – Current Secured.
\$600,000	Increase in Interest Earnings, driven by increases in County’s earned rate of return, which has increased from 1.11% in December of 2017 to 2.08% in December of 2018.
\$106,121	Increase in revenue from Shingle Springs Rancheria pursuant to existing agreement, which includes annual increases effective with FY 2019-20.
(\$6,029,360)	Decrease in estimated carryover Fund Balance Available for general operations, as compared to the FY 2018-19 Adopted Budget; the Fund Balance Available for operations is estimated at \$13,977,727 for FY 2019-20.
(\$159,264)	Decrease in estimated carryover Fund Balance attributed to unspent project funding designated for the Accumulated Capital Outlay fund, as compared to the FY 2018-19 Adopted Budget; the carryover Fund Balance identified for capital projects is estimated at \$4,580,284 for FY 2019-20.
\$106,337	Increase in Use of Designated Funds to offset the General Fund’s share of CalPERS Retirement cost increases.
\$730,394	Increase in Use of Designated Funds for Capital Projects and Economic Development Special Projects totaling \$1,417,000 in FY 2019-20.

Appropriations

\$1,000,000	Increase in Permanent Employee costs reflecting funds set aside in this budget unit to cover negotiated pay increases set to take effect during FY 2019-20. Funds will be transferred to appropriate departments once cost impacts for each are known.
\$291,000	Increase in Permanent Employee and Professional & Specialized Services costs reflecting funds set aside to cover the implementation of the new Vegetation Management ordinance. Funds will be transferred to appropriate departments once cost impacts for each are known.
\$450,000	Increase in Special Department Expense reflecting appropriations from the TOT Special Projects designation, made available in FY 2019-20 for use as a possible Broadband grant match.
(\$457,019)	Decrease in Intra-fund Abatement revenue (reimbursement for overhead costs) based on decreased Countywide Cost Allocation (A-87) Cost Plan charges.
(\$3,000,000)	Decrease in Fund Balance available for Operating Transfer to the Accumulated Capital Outlay fund, reflecting funding previously identified for the ACO Fund for Ray Lawyer Drive improvements, now recommended to be placed in a General Fund Designation.

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- (\$825,000) Decrease in General Fund Contribution for Special Projects reflecting: \$315,000 reduction for one-time funding in FY 2018-19 to cover new VHR Ordinance implementation costs; \$300,000 reduction for funding historically budgeted in the account for payment to EDWPA pursuant to SMUD Agreement (JPA dissolved in FY 2018-19); approximate \$200,000 reduction for funding historically budgeted in this account for transfer to the Veteran's Commission, now included in the HHS budget.
- (\$1,659,909) Decrease in the General Fund Appropriation for Contingency as compared to the FY 2018-19 Adopted Budget, reflecting excess fund balance that was available following the close of the FY 2017-18 books and which was temporarily placed in the Appropriation for Contingency in the FY 2018-19 Adopted Budget. Excess funds were later transferred to fund programs and services within County operating departments.
- \$1,843,137 Increase in Designation/Reserve of Fund Balance as compared to the FY 2018-19 Adopted Budget, directly related to carryover Fund Balance Available designated for special future uses during the September budget adoption. Similar increases to Designations/Reserves will be considered in September of 2019, based on carryover Fund Balance Available.

GENERAL FUND REVENUES

Property Tax

Property Tax is the County's largest source of revenue in the General Fund. The property tax is annually imposed on the assessed value of real property including land and permanently attached improvements, and tangible personal property (movable property).

El Dorado County distributes property tax proceeds to a number of local governments, school districts, and special districts within the County. The distribution is based on Assembly Bill 8 (Chapter 282, Statutes of 1979), which provides for the distribution of the proceeds generated by the 1% property tax. AB 8 allocates property tax in proportion to the share of property taxes received by a local entity prior to Proposition 13.

In FY 1992-93, the State began imposing property tax shifts on local governments (discussed below). This action, coupled with annexation of territory by and subsequent growth in special districts, has resulted in a decreased proportion of property tax revenues to the County, from 31% of the Countywide tax rate in FY 1991-92 to 23% of the Countywide tax rate today. In other words, the County now receives an estimated \$23 for every \$100 collected from County taxpayers.

Education Revenue Augmentation Fund (ERAF)

In FY 1992-93, the State took action to reduce its obligation for school funding, as mandated by Proposition 98, by shifting local property tax revenues to school districts via the Education Revenue Augmentation Fund (ERAF I). This was followed by two subsequent shifts in property taxes in 1993-94 (ERAF II) and FY 2004-05 (ERAF III). FY 2005-06 represented the second and last year of ERAF III where the County was obligated to shift \$1.45 million to the State as part of the State's budget solution in FY 2004-05.

Upon adoption of the ERAF program the voters were asked to approve Proposition 172 (Local Law Enforcement Sales Tax) as a backfill of property tax dollars shifted. It is important to note that the County only received 50 cents on the dollar and exchanged discretionary revenue for one that is restricted to law enforcement (Sheriff, District Attorney, Probation and Public Defender) with statutory anti-supplanting language.

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Proposition 13

Proposition 13, passed by voters in 1978, limits the real property tax rate to one percent of assessed value, plus any rates imposed to fund indebtedness approved by the voters. Proposition 13 also allows increases to the value of real property at the rate of the Consumer Price Index (CPI), not to exceed two percent per year based on the 1975 value, unless the property is improved or sold at which time the property is reassessed at market value. Since most property tax is guaranteed by placing a lien on the real property, properties are classified as secured or unsecured.

Secured Property includes real and personal property located upon the property of the same owner. Secured roll property taxes are paid in two installments, due on December 10 and April 10. Unsecured Property is property for which the value of the lien is not sufficient to assure payment of the tax. Unsecured roll taxes are due on August 31.

Secured Property Tax revenue is recommended at \$71,001,000 for FY 2019-20. The recommended budget for Property Tax revenue assumes an increase of 5% in the Secured Roll over the FY 2018-19 Adopted Budget. The actual property tax revenue anticipated to be received in FY 2018-19 is currently projected to equal the budgeted amount for that fiscal year.

Sales and Use Tax

The California State Board of Equalization administers revenues from sales taxes. Sales Tax is collected at the point of sale, and then forwarded to the Board of Equalization. The County receives monthly sales tax revenue payments based on estimates, with quarterly adjustments made for actual receipts. Sales Tax revenue can be used for any general purpose.

Sales and Use Tax revenue is recommended at \$12,852,000 for FY 2019-20. The recommended budget for Sales Tax revenue assumes an increase of 2% over the FY 2018-19 anticipated actual revenue. The actual sales and use tax revenue anticipated to be received in FY 2018-19 is currently projected to be slightly higher than the budgeted amount for that fiscal year.

Property Tax In-Lieu VLF (Motor Vehicle License Fees)

Prior to 2004, a primary source of revenue for California counties was the motor vehicle in-lieu tax. Due to the voter approved Proposition 1A (Protection of Local Government Revenues Act of November 2004), the State now receives the motor vehicle in-lieu revenues and has “swapped” that revenue for property tax. That revenue is budgeted in the Property Tax In-Lieu – Vehicle License Fee account. The intent of Proposition 1A was to protect revenues collected by local governments (cities, counties, and special districts) from being transferred to the California state government for statewide use. This was a permanent change to the County-State relationship regarding these revenues, and the County will continue to receive Property Tax revenues in lieu of Motor Vehicle License Fees. Property Tax In-Lieu - Vehicle License Fee revenues are calculated each year by a formula determined by the State Controller’s Office. It should be noted that the In-Lieu Property Tax revenue grows in relation to each jurisdictions assessed valuation, but should not in any way impact the amount received in the Property Tax – Secured account.

Property Tax In-Lieu VLF revenue is recommended at \$22,008,000 for FY 2019-20, increasing by 5% when compared to the FY 2018-19 Adopted Budget. Any change to the calculated revenue amount for FY 2019-20 will be adjusted with the adoption of the Budget in September.

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Transient Occupancy Tax (TOT)

The Transient Occupancy Tax (TOT), or Hotel/Motel Occupancy Tax, is imposed on the daily rental price of a room in a lodging facility, including vacation home rentals, when used by visitors staying in the unincorporated portions of El Dorado County for less than 30 days. The tax rate for the County is 10% of gross room receipts and is allocated directly to General Fund functions.

The General Fund's direct share of TOT revenue is recommended at \$4,450,000 for FY 2019-20. The recommended budget assumes an increase of roughly \$1,100,000 from the FY 2018-19 Adopted Budget, based on current revenue projections. This number does not include an additional 10% of TOT revenue that is distributed directly to the Treasurer-Tax Collector in recognition of services provided in the collection of this tax. Any change to the estimated revenue amount for FY 2019-20, based on actual receipts for FY 2018-19, will be adjusted with the adoption of the Budget in September.

Other Taxes

Other miscellaneous taxes include property transfer taxes, tax loss reserve, and timber yield. The Timber Yield Tax is recommended at \$108,292 in FY 2019-20, an increase of \$43,292 (67%). This is based on actual receipts from FY 2017-18 and FY 2018-19. The remaining miscellaneous taxes combined revenues are anticipated to remain relatively flat in FY 2019-20.

License/Permit/Franchise

The County receives franchise fees from a number of garbage and cable companies. Garbage franchise fees total \$840,000. Cable franchise fees total \$880,000. Franchise fees are not anticipated to change in FY 2019-20.

Fines/Forfeitures/Penalties

Revenue recorded in this category represents delinquent property tax payments. This revenue is anticipated to remain relatively flat in FY 2019-20 and is recommended at \$350,000.

State Revenue

Pursuant to a statewide Master Settlement Agreement, California counties receive an annual Tobacco Settlement payment. Tobacco Settlement payment will remain the same in FY 2019-20 pursuant to the 1998 Master Settlement Agreement and MOU between the State of California and local governments. This revenue is estimated at \$1.7 million in FY 2019-20.

El Dorado County also receives one source of State subvention revenues - the homeowner property tax relief (\$610,000). A minor amount for mandate payments (SB90) of \$100,000 is also included in this category.

Federal Revenue

The County receives Federal revenue for Payments in Lieu of Taxes (PILT). This payment is budgeted to increase to \$50,000 in FY 2019-20, based on actual activity year-to-date. Any change to the estimated revenue amount for FY 2019-20, based on actual receipts for FY 2018-19, will be adjusted with the adoption of the Budget in September.

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Other Governmental

This category includes Tribe funding in the amount of \$7.2 million, as well as funding from other governmental agencies (\$245,000). This annual payment from the Shingle Springs Band of Miwok Indians is budgeted to increase pursuant to the current Agreement, which calls for a 1% escalator effective with FY 2019-20.

Charges for Service

Charges for service includes a fee for the collection of property taxes for the cities of Placerville and South Lake Tahoe and a number of special districts under the account name “Assessment/Tax Collection Fees” (\$2,008,086); the General Fund Countywide Cost Allocation (A-87) Cost Plan charges to various non-General Fund operations, such as the Department of Transportation, Public Health, Mental Health and Environmental Management, for Building C Rent and for their share of indirect costs, referred to as A-87 (\$3,054,377); and recording fees of \$200,000. The combined revenue in this category is anticipated to decrease by \$633,729 in FY 2019-20, primarily due to decreased A-87 Cost Plan charges.

Fund Balance

The Recommended Budget includes \$18,558,011 in Fund Balance carryover. These are funds that are anticipated to be available at the end of FY 2018-19 as a result of operations and unspent appropriations designated for capital project work, and are recommended to be available for use in the following budget year. It is important to note that, although these funds are considered to be one-time in nature, the County still relies on a portion of these carryover funds to help balance its operating budget, although the reliance on use of fund balance to fund on-going expenses is generally decreasing.

The Fund Balance available to meet operational funding requirements is estimated at \$13,977,727 for FY 2019-20. This carryover estimate reflects \$5.0 million in un-spent contingency and approximately \$3.0 million in additional non-departmental revenues. The balance of the estimated Fund Balance is due to additional departmental revenues and anticipated departmental savings. In concept, \$5 million of this carryover fund balance is used in the FY 2019-20 Recommended Budget to increase the Designation for Capital Projects, and \$5.45 million used to replenish the Appropriation for Contingency.

The carryover Fund Balance designated for capital projects is estimated at \$4,580,284 for FY 2019-20. However, \$3 million of this amount has been carried over from year to year and designated to be transferred to the Accumulated Capital Outlay fund for anticipated improvements to Ray Lawyer Drive associated with the trial court funding agreement and the new El Dorado County Courthouse. Because this State project has been delayed, it is now recommended that these funds be placed in a General Fund Designation.

It should be noted that these budgeted amounts are estimates and are subject to change with the close of the FY 2018-19 financial records in August.

General Reserve and Appropriation for Contingency

The General Reserve and Contingency calculations are determined based on adjusted General Fund appropriations.

The General Fund Appropriation for Contingency is recommended at \$5.45 million. Board Budget Policy No. 8 directs that the Contingency be set at a minimum of 3% of the adjusted General Fund appropriations. This funding is a set aside to provide resources in the event of unforeseen fiscal issues throughout the year.

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The General Fund General Reserve is recommended at \$9,015,108. Board Budget Policy No. 9 directs that the General Reserve be set at an amount equivalent to approximately 5% of the adjusted General Fund appropriations. The General Reserve is established to provide for additional resources in the event of significant emergency situations where additional funds are required, and functions as a cash flow reserve during the year.

In FY 2016-17, the Chief Administrative Office recommended a one-time use of the General Reserve in the amount of \$650,800 to provide the cash advance to the Resource Conservation Districts (RCDs). The RCDs will be foregoing their annual payment for four years and the equivalent of ¼ of these funds will go back into the General Reserve to pay back the cash advance.

Use of Designations (Reserved Fund Balance)

The Recommended Budget includes a use of \$2,852,220 of funds previously set aside to offset the General Fund's share of CalPERS Retirement cost increases.

With the adoption of the FY 2017-18 Budget, the Board adopted a budgeting philosophy of establishing and funding a reserve equal to the General Fund's estimated additional contribution for the following two years. In concept, this reserve serves as a revolving fund, with funds being drawn down in the immediate budget year's Recommended Budget based on the budgeted General Fund cost increase, and subsequently replenished in the same year, once the carry-forward fund balance amount is known, and based on the updated 2-year estimated cost. Maintaining this reserve, and using funds to help cover the increase in CalPERS costs in each subsequent budget year, will help ensure the County is able to fund those required contributions in future years.

Community Funding Requests

The Recommended Budget includes \$50,000 for Community Funding Requests. El Dorado County has provided varying levels of funding for a variety of community organizations in the past. During the Budget discussions for FY 2017-18, \$50,000 was allocated for Community Funding Requests based on Board direction, and has been allocated each year since. No requests for funding were received for the FY 2019-20 Recommended Budget. However, requests may be made throughout the year and amounts allocated based on Board direction.

Requests are for one-time funding allocations for cultural and community events or efforts that benefit residents. Some may have an economic development or promotions-related impact; however, it is not required for consideration. Funds may be allocated to projects or events at the time of Budget adoption, or throughout the year by request of any Board member. Requests would not be funded through Transient Occupancy Tax revenue. The maximum amount for an individual request is \$5,000, and funds may be provided to private non-profit, public organizations, or community-based associations without formal non-profit status.

The Board of Supervisors may choose to adjust the appropriation for FY 2019-20 based on available budget resources. The Chief Administrative Office does not make recommendations for funding on these requests, as these funding decisions are made solely at the discretion of the Board.

RECOMMENDED BUDGET

The Recommended Budget for Non-Departmental Expenses is \$27,261,361. The Total Revenue Budget is recommended at \$159,686,147. This reflects an increase in total revenue of \$754,793, and a decrease in appropriations of \$2,554,165 when compared to the FY 2018-19 Adopted Budget, with these decreases attributed to differences in carryover fund balance when comparing between the Recommended and prior year Adopted Budgets.

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BUDGET SUMMARY

Description	Recommended Amount
General Fund Contingency	\$ 5,450,000
General Fund Contribution to the Accumulative Capital Outlay Facilities Investment	\$ 2,400,000
General Fund Contribution to ACO fund - Voting System	\$ 787,000
General Fund Contribution to ACO fund for ERP	\$ 210,000
General Fund Contribution to ACO fund for Juvenile Hall Match	\$ 1,000,000
General Fund Contribution to ACO fund for Jail Expansion	\$ 180,284
General Fund Contribution to ACO fund for Broadband Grant Match	\$ 450,000
General Fund Contribution to the Miwok Indians for Health Programs	\$ 2,759,141
General Fund Contribution to DOT	\$ 3,284
General Fund Contribution to Airports	\$ 160,240
General Fund Contribution to HCED	\$ 115,000
General Fund Contribution to LAFCO	\$ 163,296
General Fund Contribution to Veterans SRF - House Council	\$ 15,000
General Fund Contribution to Health - Public Health Programs	\$ 3,878,965
Jail Medical Services Contract (CFMG)	\$ 2,838,212
Juvenile Hall Medical Services Contract (CFMG)	\$ 342,709
County Medical Services Program (Waived by CMSP Board for FY 2017-18)	\$ 233,492
California Children's Services (CCS) Diagnostics Program Match	\$ 330,222
California Children's Services (CCS) Program Match	\$ 134,330
General Fund Contribution to Human Services - Community Services	\$ 2,669,845
Area Agency on Aging Programs	\$ 1,829,276
Senior Day Care	\$ 516,990
In Home Supportive Services (IHSS) Public Authority	\$ 88,331
Community Services Administration	\$ 139,848
Senior Shuttle	\$ 5,400
Public Housing Authority	\$ 90,000
General Fund Contribution Health - State Local Program Realignment Match	\$ 704,192
General Fund Contribution Mental Health - State Local Program Realignment Match	\$ 16,510
Negotiated Pay Increases	\$ 1,000,000
Annual Audit Contract	\$ 80,000
Sales Tax Audit Services	\$ 40,000
Vegatation Management	\$ 191,000
Arch Social	\$ 8,000
CalPERS annual bill	\$ 25,000
CalPERS reports required for GASB 68	\$ 5,000
SB 90 Mandates	\$ 20,000
A87 Charges to Child Support (expenditure abatement)	\$ (254,095)
A87 Charges to Social Services	\$ (2,631,868)
A87 Charges to HHS Admin, CDA Admin, Animal Services & Public Guardian	\$ (2,636,225)
University California Cooperative Extension (UCCE)	\$ 252,992
Tahoe Regional Planning Agency (TRPA) Compact	\$ 45,000
EI Dorado Hills Fire ERAF	\$ 75,000
Countywide Legislative Memberships (CSAC, NACO)	\$ 36,100
Community Funding Requests	\$ 50,000
Increase to General Reserve (Repayment for Advance to RCDs)	\$ 162,700
Increase to Designations - Ray Lawyer Drive Courthouse Agreement	\$ 3,000,000
Increase to Designations - Juvenile Hall Facility Grant Match	\$ 1,500,000
Increase to Designations - Public Safety Facility Payment Reserve	\$ 230,000
Increase to Designation for Capital Projects	\$ 5,000,000