

Financing

Countywide Automation Replacement

Debt Service

General Government Building Replacement

Non-Departmental – Other Financing Uses

Non-Departmental Revenues

Other Post Employment Benefits

Pension Obligation Bonds

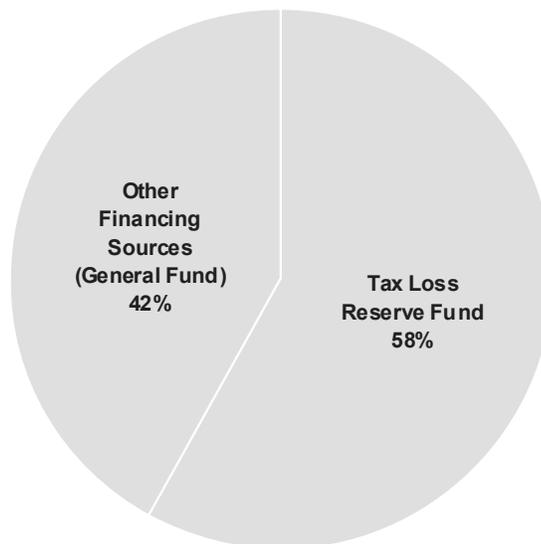
Public Facility Fees

PURPOSE

To provide funding for implementation of countywide automation systems and information needs to enhance the performance and productivity of public services.

	2011-12	2011-12	2012-13	2012-13	Change from
<u>Financial Summary</u>	<u>Budget</u>	<u>Projected</u>	<u>Requested</u>	<u>Recommended</u>	<u>2011-12</u>
Taxes	\$ 1,296,735	\$ 1,296,735	\$ 0	\$ 2,477,500	\$ 1,180,765
Charges for Current Services	0	0	0	20,000	20,000
Other Financing Sources	1,569,019	1,569,019	0	1,761,605	192,586
Interfund	0	2,388,558	0	0	0
Total Revenue	\$ 2,865,754	\$ 5,254,312	\$ 0	\$ 4,259,105	\$ 1,393,351
Fund Balance Available	\$ 59,048	\$ 59,048	\$ 0	\$ 0	\$ (59,048)
Cancelled Reserves	280,265	862,105	0	0	(280,265)
Total Financing Sources	\$ 3,205,067	\$ 6,175,465	\$ 0	\$ 4,259,105	\$ 1,054,038
Salary and Benefits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Services and Supplies	1,940,000	2,986,246	2,468,800	2,621,300	681,300
Other Charges	0	581,840	0	0	0
Fixed Assets	477,000	2,281,089	1,519,630	727,285	250,285
Gross Expenditures	\$ 2,417,000	\$ 5,849,175	\$ 3,988,430	\$ 3,348,585	\$ 931,585
Contingencies	0	0	0	0	0
New Reserves	788,067	788,067	0	910,520	122,453
Total Financing Requirements	\$ 3,205,067	\$ 6,637,242	\$ 3,988,430	\$ 4,259,105	\$ 1,054,038

Source of Funds



SERVICE PROGRAMS

Countywide Automation has a total expenditure level of \$3,348,585 and a total staffing level of 0.00 FTE to provide the following services.

Countywide Automation Replacement

Provides for the implementation of new and replacement automation systems and equipment which allow for the continuation of essential County services as identified and approved by the Board of Supervisors.

Total Expenditures: \$3,348,585 Total FTE: 0.00

COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS

This fund center addresses the replacement and upgrade of large scale automation equipment and systems as identified by the Information Technology Division of the General Services Agency. Funds to support Countywide Automation projects are normally derived from the General Fund through overhead charges identified in the County's Cost Plan. The FY 2012-13 depreciation schedule for Countywide Automation identifies that approximately \$1.7 million in funding from overhead charges is applied to finance the expense in this budget. These charges are related to the depreciation of automation assets.

The recommended budget for FY 2012-13 Countywide Automation Fund Center is based on funding for projects reviewed and approved by the Information Technology Executive Steering Committee (IT-ESC) and routine annual equipment replacement and upgrades of County systems. The total recommended operational expenditures for FY 2012-13 is \$3,348,585, a \$931,585, or 38% increase over the adopted operational expenditure level for FY 2011-12. Total expenditures, the sum of the operational expenditures and the funding set aside for new reserves, is \$4,259,105, an increase of \$1,054,038 or 32% over the amount in the adopted FY 2011-12 budget.

Recommended service and supply expense totals \$2,621,300 an increase of approximately \$681,300 or 35% more than the FY 2011-12 adopted budget. Approximately \$2.5 million of the expense in this category is for the Property Tax Replatform project. This funding is to cover the cost to backfill staffing for the Assessor, Auditor-Controller and the Tax Collector Treasurer. The amount also includes the cost for an existing staff position in the Information Technology department to serve as the project manager. Experienced staff from these departments is needed to work with the consultants who will develop the new platform software which will run the Property Tax System. A total of 7.5 FTE in Limited Term staffing will backfill for the staff in the departments assigned to the project. The funding recommended for this project will cover the cost of the staff for the two and half year duration of the project. The recommended services and supplies budget also includes approximately \$143,800 in other expense related to recurring replacement of communications and technology equipment and software.

In addition the recommended budget for 2012-13 includes \$727,285 in fixed assets, an increase of \$250,285, or 37%, over the adopted level for FY 2012-13. Fixed assets include a variety of equipment replacements, \$225,000 for funding to cover the cost of project management for a new DA Case Management System and \$160,000 for a new Parks Reservation System.

The expense in this budget can vary greatly from year to year, based upon whether large new projects are included in the budget. As mentioned previously, the FY 2012-13 budget includes the second and final phase of funding for the Property Tax Replatform project. It also includes funding for the project management of a new District Attorney Case Management system. This project will replace an existing outdated mainframe based case management system with a more modern system.

The recommended total financing sources for this budget are \$4,259,105, a \$1,045,038, or a 32% increase over the adopted level for FY 2011-12. Funding from General Fund from depreciation charges total \$1,761,605, an increase of \$192,586, or 12%, over the FY 2011-12 adopted budget. Funding for the Property Tax System is through an allocation of \$2,477,500 from the Tax Loss Reserve Fund (Teeter funds). Financing for this budget also includes \$20,000 from Public Government and Education (PEG) funds received through cable franchise

agreements. The recommended budget for Countywide Automation provides approximately \$3.3 million to fund automation projects and also provides \$910,520 in new reserves for the Countywide Automation Fund. The amount for new reserves is approximately \$122,453, or 15% more than the amount of new reserve funding in the FY 2011-12 adopted budget.

The following section provides a brief description of the projects recommended for approval. Projects are identified as being either "Recurring" or "Non-Recurring". Recurring projects are generally considered to be a normal expense for operations, such as replacement or upgrades of existing software and hardware in existing systems. Non-Recurring projects are projects which substantially change an operational process, or significantly change or expand the capacity and capability of the technological applications and tools used by the County.

Recommended FY 2012-13 Projects Approved by the IT-ESC

IT-ESC is the governance body which reviews and recommends County technology projects to the County Administrator and Administrative Office. The Executive Steering Committee is composed of thirteen (13) County managers. Eight (8) are permanent members, and to assure that all stakeholders have an opportunity for direct representation, three (3) members are appointed or elected to serve on a rotating basis. Permanent members collectively represent those organizations that utilize the majority of services provided by Information Technology. The County Administrative Officer (CAO) is a member and serves as committee chair.

There are three IT-ESC approved projects totaling approximately \$2.8 million included in the recommended FY 2012-13 budget. Two of the following three projects are non-recurring projects which expand the service levels provided by the County's technology infrastructure. Non-recurring projects are essentially onetime expenses for the development and implementation of new technology systems. Once the projects are implemented, replacement hardware and software will be a recurring expense in future years. The following summarizes the project recommended by the IT-ESC for FY 2011-12.

1. District Attorney Case Management System (Non-Recurring)

Expense: \$225,685
Source of Funding: Countywide Automation Funds.
Operational Costs: Operational costs of the system are anticipated to be the same or less than the current mainframe based system.

This project replaces an outdated mainframe based system. The new system is expected to provide greater functionality and ease of use. It is a part of the County's Criminal Justice Information System. The project is essential for managing criminal filings, establishing and tracking criminal cases and sharing information with the Sheriff, Probation, Courts and other criminal Justice Partners. The benefits of the project include:

- Replacement of an outdated mainframe system with a modern system that is server based. This is key step in the County's migration away from mainframe based systems and will contribute to avoiding future costs associated with the operation and replacement of mainframe equipment.
- The new system is expected to provide greater functionality and an improved user interface for managing criminal cases handled by the District Attorney's Office. It will also enhance the ability to manage and share information with criminal justice partners.

2. Park Reservation System (Non-Recurring)

Expense: \$160,000
Source of Funding: Countywide Automation Funds.
Operational Expense: The operational expense for this system is anticipated to be minimal and will be covered in the Parks operational budget.

This project will use commercial software which is internet based to allow individuals to remotely make reservations for campgrounds and other Park and recreational facilities. Currently, individuals who wish to make reservations must call the Parks department during regular business hours. By moving to an internet based system, people will be able to view the availability of campground and other recreational

facilities, reserve and pay for their selection 24 hours a day seven days a week. The benefits of the project include:

- Substantially increased convenience for Park clients
- Increased revenues for Parks
- Reduced staff time taking and tracking reservations
- Reduced reservation errors
- Improved customer service.

3. Property Tax System Replatform (Non-Recurring)

Phase 2 expense: \$2,477,500

Sources of Funding: \$2,477,500 from the Tax Loss Reserve Fund (Teeter funds)

Operational Expense: Annual \$400,000 decrease in mainframe equipment and software expense. Upon implementation of the Property Tax Replatform project, there will be a shift of existing operational expense from current maintenance expense for the existing Property Tax System to the new system resulting in a net reduction of annual operational expense.

County developed tax systems, including the Property Tax System, are involved in the collection and subsequent disbursement of approximately 32% of all county funding. In FY 2010-11, this amounted to nearly \$145 million. Consequently, having reliable systems that run on modern hardware and software platforms is critical to the efficient operation of the County.

This project will move (modernize) the Property Tax System from the existing mainframe system to a new computing environment. There are two fundamental drivers for this project:

- 1) reduce the costs associated with the current mainframe based environment and
- 2) provide a database and software development environment which makes Property Tax System on-going maintenance, enhancement and development easier and more cost-effective.

The Property Tax System modernization will provide access to up-to-date and more widely supported software development and maintenance tools. In turn, this will enhance the ability of information technology personnel supporting the Property Tax applications to more effectively support and maintain the system. It will also improve the team's ability to enhance and extend Property Tax System features and functionality in response to departmental needs.

The recommended budget funds the second and final phase for the project. This phase funds the hiring of 7.5 Limited Term staff to backfill for existing staff who will be working on the project for approximately two and half years, beginning in FY 2012-13. The staff is distributed as follows:

- Assessor 4.5 FTE
- Auditor–Controller 2.0 FTE
- Tax Collector-Treasurer 1.0 FTE

The funding will also cover the cost of an existing Project Manager position in the Information Technology Department to oversee the project.

Other Projects Recommended for FY 2012-13

There are three initiatives, totaling \$482,500, budgeted that are equipment replacements and upgrades to County communications. There is no increase in operational expense for these projects.

1. Upgrade and modernization of Board of Supervisor (BOS) chambers audio and visual equipment (Recurring)

Expense: \$20,000

Source of Funding: Public, Government and Education funds available through the cable franchise agreement

This project replaces outdated audio and visual equipment used in Board of Supervisors Chambers.

2. Upgrade and expand equipment housed in the County's data center (Recurring)

Expense: \$161,300

Source of Funding: Countywide Automation Funds.

This project replaces and upgrades a variety of hardware and software necessary to maintain the County's information technology systems in the County's data center. The replacements and upgrades include:

- \$35,000 VM Capacity Management - This software will automate the analysis of the virtual server environment to more efficiently utilize physical resources available.
- \$8,000 VM Management Server – This is hardware (server) for the VM Capacity Management software identified above.
- \$15,000 Ironport email/spam device licenses - This will simplify our email anti-virus and encryption processing by consolidating both services into one device that will provide better protection.
- \$30,000 DS5100 Disk Drives - Increased storage to accommodate growth in County data.
- \$3,300 Google Mini Replacement - These allow for County internet and intranet site searching.
- \$27,000 Blade Center Server Modules - To accommodate increased demand for virtual servers.
- \$15,000 TSM Server - Replacement server that manages County data backups.
- \$20,000 External Firewall Cluster - Provides secure access for local law enforcement agencies to County data.
- \$8,000 Network/Server Monitoring Server - Server replacement to monitor network activity to ensure available connectivity. (this supports FC114 RBDM 4)

3. Upgrade and maintain public safety radio communications equipment and systems (Recurring)

Expense: \$301,200

Source of Funding: Countywide Automation Funds.

This project replaces equipment and software essential to the continued operation of the County's Public Safety Radio Communications System. The equipment being replaced includes:

- GPS time reference hardware \$129,000
- RF Communications Analyzer \$42,000
- RF Communications Service Monitors \$20,000
- Radio Antenna Combiner/Multicoupler \$72,000

**Countywide Automation Replacement
Fiscal Year 2012-13 Proposed Budget**

Fund Center 266

- Simulcast Voter Cards \$20,000
- Auxiliary Radio Receivers \$18,000

BUDGET AUGMENTATION REQUESTS RECOMMENDED

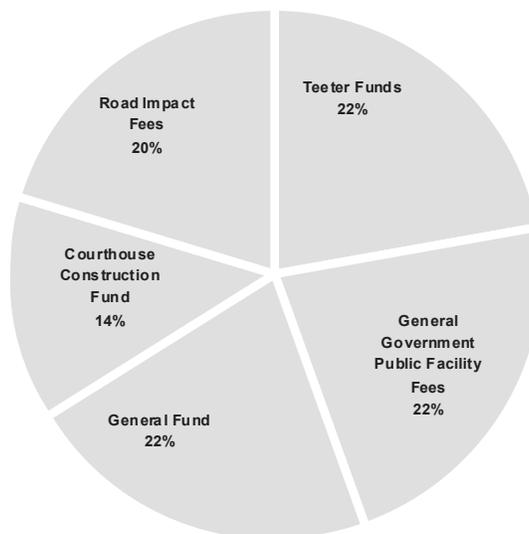
Unit Amount	Description	Results
<p>Gross Requested: \$2,477,500</p> <p>Source of Funding: \$2,477,500 from the Tax Loss Reserve Fund (Teeter funds) The total estimated expense for both phases of the project is \$5 million.</p>	<p>Property Tax System Replatform.</p> <p>This Budget Augmentation Request funds the second and final phase of the project.</p> <p>The Property Tax System is the single largest remaining application suite on the mainframe. Moving the Property Tax System to another environment would significantly reduce overall mainframe usage. The project would result in two additional benefits:</p> <ol style="list-style-type: none"> 1) Eliminate costs associated with mainframe use for the 3 departments, Tax Collector Treasurer, Assessor and Auditor-Controller, using the application and 2) Act as a catalyst to eliminate the rest of the applications and data from the mainframe, allowing the future decommissioning of the platform. <p>This phases funds 7.5 FTE in Limited Term staffing for 2.5 years. The staffing is as follows:</p> <ul style="list-style-type: none"> • Assessor 4.5 FTE • Auditor-Controller 2.0 FTE • Tax Collector-Treasurer 1.0 FTE • 1 FTE existing Project Manager in Information Technology 	<ol style="list-style-type: none"> 1) Reduce annual mainframe hardware and software costs operating costs by \$400,000 2) Avoid system obsolesce by moving a critical set of applications, commonly described as the Property Tax System, from the mainframe to a more modern application and system development environment 3) Move Property Tax System data to a modern database 4) Position the County to provide additional Property Tax related services electronically or on-line; and, 5) Extend the life of the current system by a minimum of 10 years.

PURPOSE STATEMENT

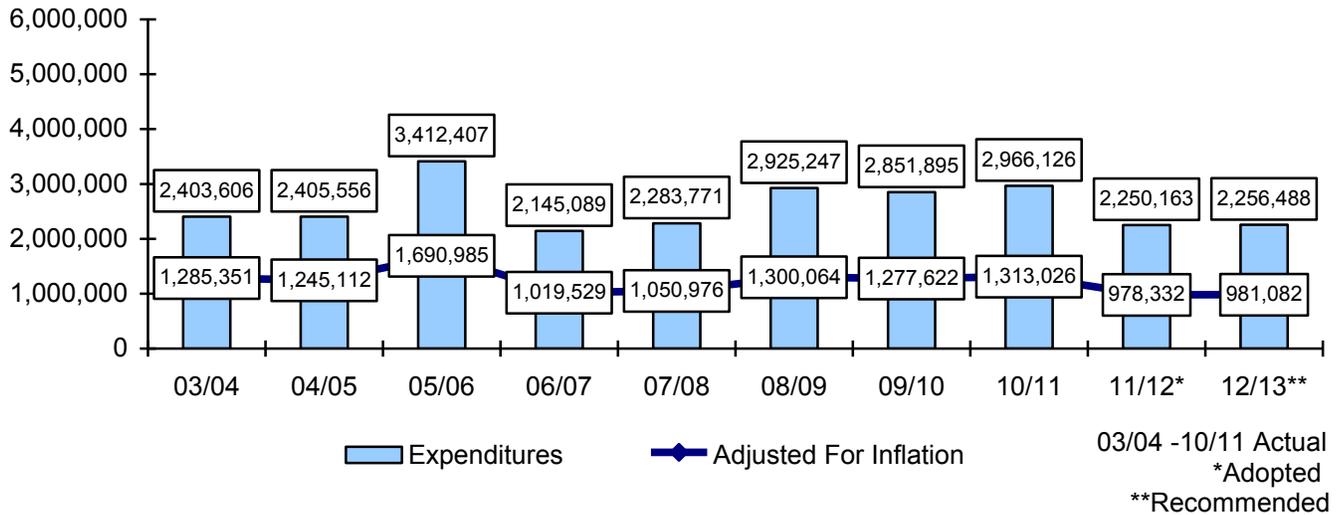
This fund center accounts for the payment of interest and principal associated with the County's long term debt based upon the Board of Supervisors budget policies. Recommendations for debt financing of major projects are made by the County's Debt Advisory Committee in accordance with the provisions laid out in the County's Debt Management Policy. Debt service payments are funded with a variety of revenue sources as outlined below. Every attempt is made to provide for debt service payments through dedicated revenues that can be maintained over the life of the debt, before General Fund dollars are used. There are no County operations, programs or services directly associated with this fund center.

<u>Financial Summary</u>	<u>2011-12 Budget</u>	<u>2011-12 Projected</u>	<u>2012-13 Requested</u>	<u>2012-13 Recommended</u>	<u>Change from 2011-12</u>
Taxes	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 0
Fines, Forfeitures and Penalties	308,119	308,119	310,819	310,819	2,700
Other Financing Sources	<u>1,442,044</u>	<u>1,442,044</u>	<u>1,445,669</u>	<u>1,445,669</u>	<u>3,625</u>
Total Revenue	\$ 2,250,163	\$ 2,250,163	\$ 2,256,488	\$ 2,256,488	\$ 6,325
Fund Balance Available	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cancelled Reserves	0	0	0	0	0
Total Financing Sources	<u>\$ 2,250,163</u>	<u>\$ 2,250,163</u>	<u>\$ 2,256,488</u>	<u>\$ 2,256,488</u>	<u>\$ 6,325</u>
Salary and Benefits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Services and Supplies	0	0	0	0	0
Other Charges	2,250,163	2,250,163	2,256,488	2,256,488	6,325
Fixed Assets	0	0	0	0	0
Gross Expenditures	\$ 2,250,163	\$ 2,250,163	\$ 2,256,488	\$ 2,256,488	\$ 6,325
Contingencies	0	0	0	0	0
New Reserves	0	0	0	0	0
Total Financing Requirements	\$ 2,250,163	\$ 2,250,163	\$ 2,256,488	\$ 2,256,488	\$ 6,325

Source of Funds



10 Year Expenditures Adjusted For Inflation



COUNTY ADMINISTRATOR’S COMMENTS AND RECOMMENDATIONS

During FY 2010-11, a comprehensive debt management policy was created and approved by the Board of Supervisors. This policy generally reflects the robust debt management practices that have existed for many years. All new debt issuance must be reviewed by the Debt Advisory Committee prior to being recommended to the Board of Supervisors. The Debt Advisory Committee was established by the Board of Supervisors during FY 1991-92.

The County’s target is to keep the annual debt service paid for by the General Fund to 5% or less of the General Fund operating budget (reference performance measure #1 of the Administrative Office for more details). The current percent is approximately 2.6%, well below the target.

The debt payments contained in this fund center are as follows:

\$1,489,019 for the 2002 Certificate of Participation (COP) for the New County Government Center located in the City of San Luis Obispo. This debt is paid with a combination of Teeter funds (\$500K), General Government Public Facility Fees (\$500K), and \$489,019 from the General Fund.

\$307,119 for the 2007 COP for the Paso Robles Courthouse. This debt is paid with Courthouse Construction funds.

\$450,050 for the 2008 COP for the Vineyard Drive interchange in North County (near Templeton). This debt is paid with Road Impact Fees.

\$10,300 of the expense in this budget is attributable to the administrative fees and reporting expenses associated with the issuance and management of the above noted debt.

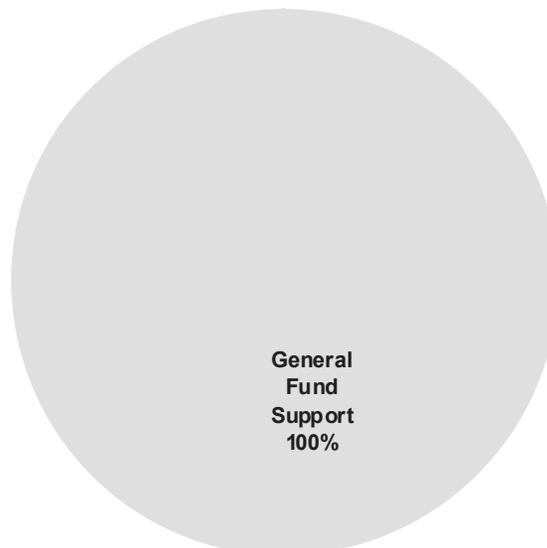
The County also issued Pension Obligation Bonds during FY 2004-05. The details can be found in the Pension Obligation Bond fund center.

PURPOSE STATEMENT

The purpose of this fund is to set aside funding to help pay for the replacement of the County's general government buildings. Funding levels for this fund are determined each year by calculating the annual depreciation associated with County buildings as identified in the County's Cost Allocation Plan. Building replacement funds are expended based on the needs identified in the County's Facilities Master Plan. There are no County operations, programs or services directly associated with this fund center.

	2011-12	2011-12	2012-13	2012-13	Change from
<u>Financial Summary</u>	<u>Budget</u>	<u>Projected</u>	<u>Requested</u>	<u>Recommended</u>	<u>2011-12</u>
Other Financing Sources	\$ 3,320,873	\$ 3,320,873	\$ 2,732,613	\$ 2,732,613	\$ (588,260)
Total Revenue	\$ 3,320,873	\$ 3,320,873	\$ 2,732,613	\$ 2,732,613	\$ (588,260)
Fund Balance Available	\$ 9,900	\$ 9,900	\$ 0	\$ 0	\$ (9,900)
Cancelled Reserves	0	0	0	0	0
Total Financing Sources	\$ 3,330,773	\$ 3,330,773	\$ 2,732,613	\$ 2,732,613	\$ (598,160)
Salary and Benefits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Services and Supplies	0	0	0	0	0
Other Charges	0	0	0	0	0
Fixed Assets	0	0	0	0	0
Gross Expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contingencies	0	0	0	0	0
New Reserves	3,330,773	3,330,773	2,732,613	2,732,613	(598,160)
Total Financing Requirements	\$ 3,330,773	\$ 3,330,773	\$ 2,732,613	\$ 2,732,613	\$ (598,160)

Source of Funds



COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS

This fund center supports the long-term commitment to strategic planning as identified in the five-year Capital Improvement Plan and the Countywide Facilities Master Plan. The funding for this fund center is based upon the annual depreciation of County buildings as identified in the Cost Allocation Plan (countywide overhead).

The depreciation schedule indicates that \$2,732,613 should be placed into reserves to help fund replacement and new building projects. The full amount is recommended for placement into the reserve. This is the second year that the full amount is being placed into reserves. In the prior three years, a portion of the depreciation was redirected to the General Fund in order to help balance the operating budget as part of the short-term budget balancing strategies.

**Non-Departmental Revenues-Other Financing Use
Fiscal Year 2012-13 Proposed Budget**

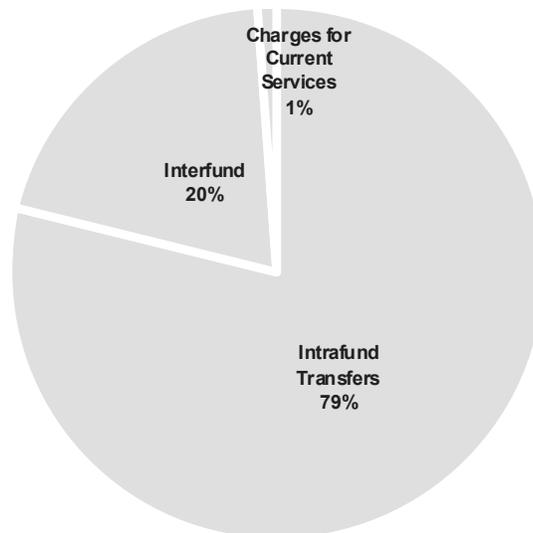
Fund Center 102

PURPOSE STATEMENT

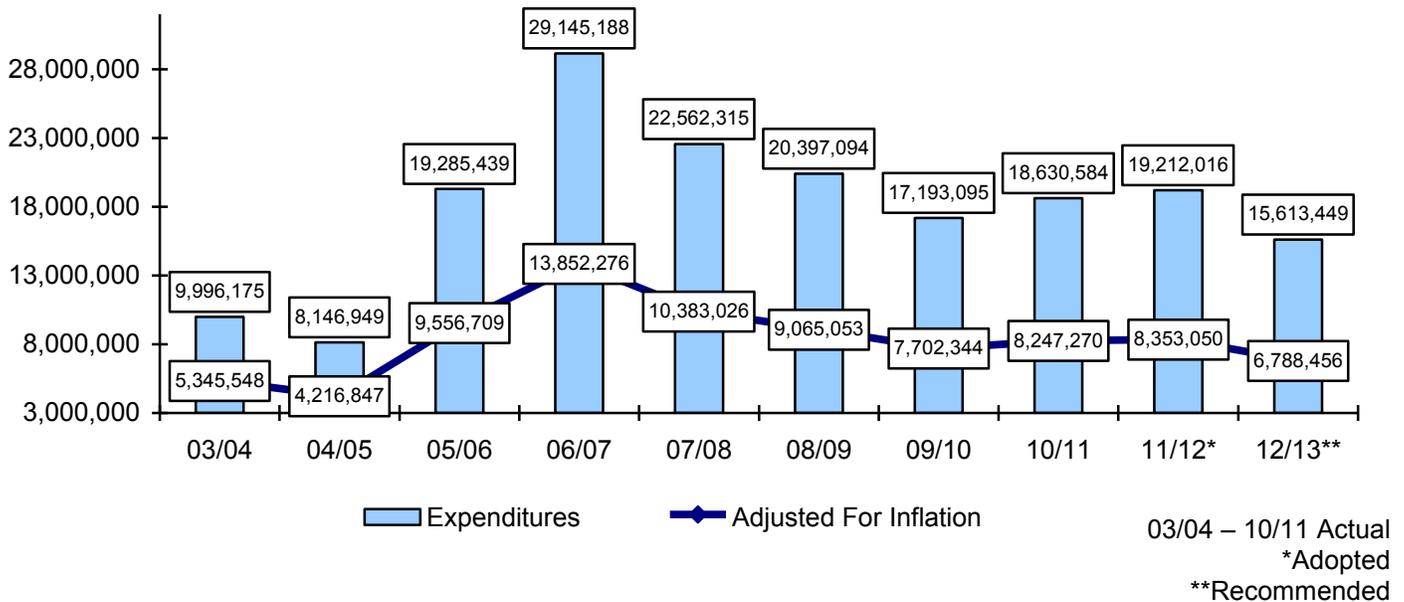
The fund center provides General Fund support to "Other Funds" to help finance their operations. This fund center is also the receiving budget for overhead charged to County departments. There are no County operations, programs or services directly associated with this fund center.

	2011-12 <u>Budget</u>	2011-12 <u>Projected</u>	2012-13 <u>Requested</u>	2012-13 <u>Recommended</u>	Change From 2011-12
Financial Summary					
Charges for Current Services	\$ 30,715	\$ 30,715	\$ 40,277	\$ 40,277	\$ 9,562
Other Financing Sources	1,712,000	1,712,000	0	0	(1,712,000)
Interfund	<u>2,911,736</u>	<u>2,911,736</u>	<u>2,526,317</u>	<u>2,526,317</u>	<u>(385,419)</u>
**Total Revenue	\$ 4,654,451	\$ 4,654,451	\$ 2,566,594	\$ 2,566,594	\$ (2,087,857)
Other Charges	<u>19,212,016</u>	<u>19,212,016</u>	<u>15,115,498</u>	<u>15,613,449</u>	<u>(3,598,567)</u>
**Gross Expenditures	\$ 19,212,016	\$ 19,212,016	\$ 15,115,498	\$ 15,613,449	\$ (3,598,567)
Less Intrafund Transfers	<u>10,035,388</u>	<u>10,035,388</u>	<u>9,921,557</u>	<u>9,942,443</u>	<u>(92,945)</u>
**Net Expenditures	\$ 9,176,628	\$ 9,176,628	\$ 5,193,941	\$ 5,671,006	\$ (3,505,622)
General Fund Support (G.F.S.)	<u>\$ 4,522,177</u>	<u>\$ 4,522,177</u>	<u>\$ 2,627,347</u>	<u>\$ 3,104,412</u>	<u>\$ (1,417,765)</u>

Source of Funds



10 Year Expenditures Adjusted For Inflation



COUNTY ADMINISTRATOR’S COMMENTS AND RECOMMENDATIONS

This fund center contains all of the recommended General Fund “contributions” to non-General Fund departments and all countywide overhead charges paid by various County departments and agencies. Additionally, this fund center serves as a “clearing house” for charges between the General Fund and non-General Fund departments.

Summary of General Fund contributions to Non-General Fund departments

The recommended General Fund contribution to non-General fund departments is approximately \$15.6 million. The recommended contributions include:

Fund Center	FY 2011-12 Adopted	FY 2012-13 Recommended	Percent Change
Parks	\$3,278,260	\$3,420,055	+4%
Roads	\$5,830,263	\$5,931,000	+1.7%
Capital Projects Fund	\$0	\$0	0%
Library	\$516,121	\$516,121	0%
Debt Service	\$484,894	\$493,619	+1.8%
Organizational Development	\$492,116	\$450,000	-8%
Community Development	\$300,936	\$308,436	+2%
Automation Replacement Fund	\$1,569,019	\$1,761,605	+12%
Building Replacement Fund	\$3,320,873	\$2,732,613	-17%
TOTAL	\$15,792,482	\$15,613,449	-1.1%

- The General Fund contribution to Parks is to help fund the parks and recreation facilities in the unincorporated areas of the County.
- The General Fund contribution to Roads is for the pavement management program and various roads projects.
- There are few new capital projects included in the budget this year and those included are not funded by the General Fund. Note that this is one of the shorter term strategies to close the budget gap for FY 2012-13, i.e. defer capital projects requiring General Fund financing.

- The General Fund contribution to the Library is to pay for the Library Director position (statutorily required) and to fund additional positions to support open hours as agreed to several years ago.
- The General Fund contribution to the Debt Service Fund is for a portion of the debt service for the new County Government Center building located within the City of San Luis Obispo.
- The General Fund contribution to Organizational Development (OD) is to support the operations of the Employee University and other organizational development programs.
- The General Fund contribution to Community Development includes funding for the Economic Vitality Corporation (EVC), the Housing Trust, and homeless services.
- The General Fund contribution to the Automation Replacement Fund is to help fund new and replacement automation equipment and programs. The dollar amount is based upon the depreciation schedule for automation assets per the Board Adopted Cost Allocation Plan.
- The General Fund contribution to the Building Replacement Fund is to help offset the costs of new and replacement buildings. The dollar amount is also based upon the depreciation schedule for buildings per the Board Adopted Cost Allocation Plan.

For more information regarding the services and financial status of the funds noted above, please reference the specific fund centers.

Countywide Overhead Charges

Annually, the Board of Supervisors adopts the "Cost Plan," which allocates the costs of the central servicing departments (Human Resources, Administration, General Services, County Counsel, and Auditor-Controller) as well as depreciation charges to departments and outside agencies that receive the services. This portion of the budget reflects all of the countywide overhead charges paid by various County departments and other agencies. The total overhead revenue to the General Fund is \$12,509,037, which is about \$500,000 less than the FY 2011-12 charges.

**Non-Departmental Revenues
Fiscal Year 2012-13 Proposed Budget**

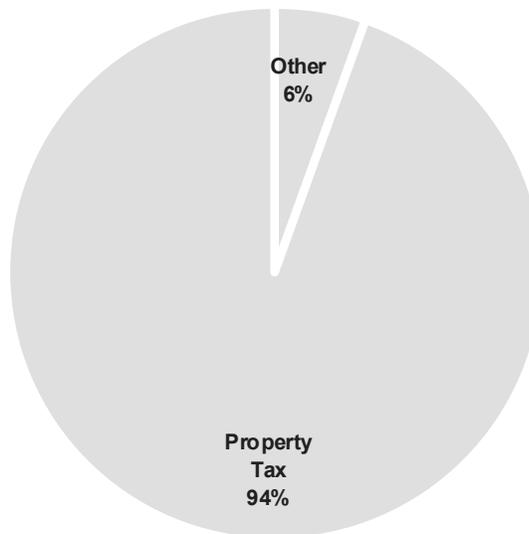
Fund Center 101

PURPOSE STATEMENT

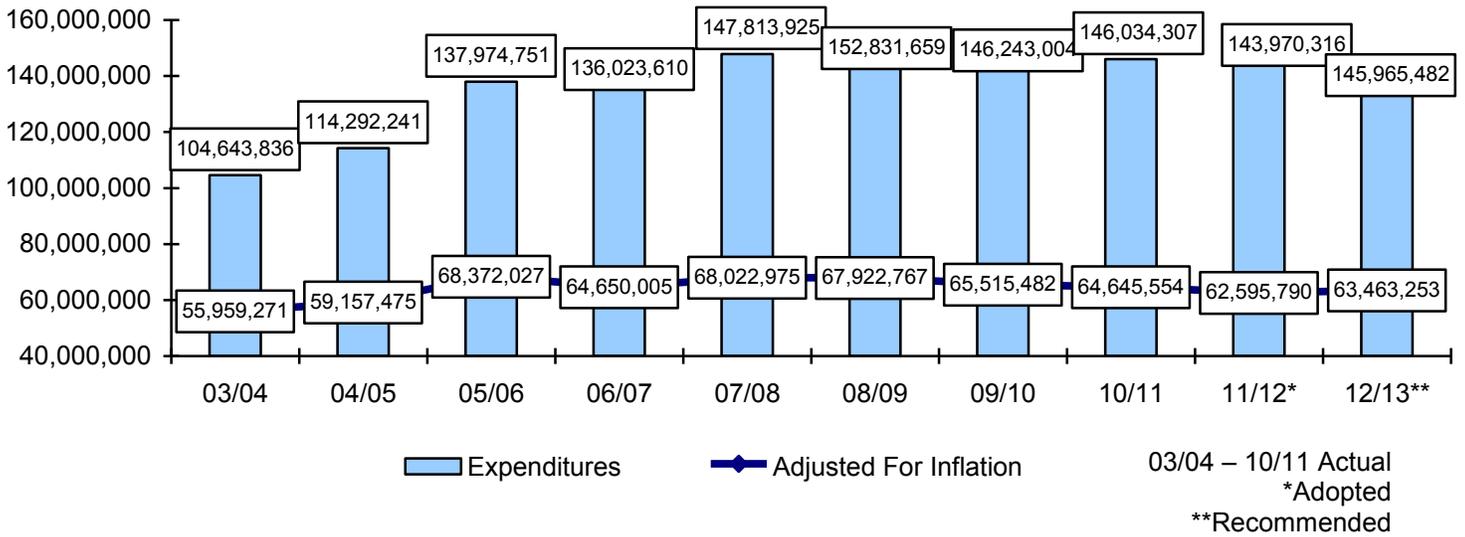
This fund center acts as the receiving budget for all general purpose revenues such as property and sales taxes, license and permit revenue and some state and federal aid that are not directly attributable to any single department's activities. Non-departmental revenues are used to fund the Net County Cost for General Fund supported departments. There are no County operations, programs or services directly associated with this fund center.

	2011-12	2011-12	2012-13	2012-13	Change From
<u>Financial Summary</u>	<u>Budget</u>	<u>Projected</u>	<u>Requested</u>	<u>Recommended</u>	<u>2011-12</u>
Taxes	\$134,868,954	\$135,903,995	\$135,961,538	\$137,305,677	\$ 2,436,723
Licenses and Permits	2,775,000	2,799,649	2,775,000	2,775,000	0
Fines, Forfeitures and Penalties	0	500,000	0	0	0
Revenue from Use of Money & Property	300,000	300,000	300,000	300,000	0
Intergovernmental Revenue	3,400,800	3,994,711	3,512,800	3,012,800	(388,000)
Charges for Current Services	2,294,944	2,422,000	2,240,000	2,240,000	(54,944)
Other Revenues	4,005	10,021	10,005	10,005	6,000
Interfund	<u>326,613</u>	<u>326,613</u>	<u>322,000</u>	<u>322,000</u>	<u>(4,613)</u>
**Total Revenue	\$143,970,316	\$146,256,989	\$145,121,343	\$145,965,482	\$ 1,995,166
Services and Supplies	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>0</u>
**Gross Expenditures	\$ 5	\$ 5	\$ 5	\$ 5	\$ 0
General Fund Support (G.F.S.)	<u>\$143,970,311</u>	<u>\$146,256,984</u>	<u>\$145,121,338</u>	<u>\$145,965,477</u>	<u>\$ (1,995,166)</u>

Source of Funds



10 Year Revenues Adjusted For Inflation



COUNTY ADMINISTRATOR’S COMMENTS AND RECOMMENDATIONS

This fund center receives all of the General Fund revenues not directly attributable to any single department’s operation (commonly referred to as discretionary revenue or non-departmental revenue). Overall, non-departmental revenue is recommended at approximately \$146 million, which is approximately \$2 million or 1.5% more than the FY 2011-12 adopted amount. The primary reason for the increase is the inclusion of \$1.3 million of “one-time” sales tax revenue that is anticipated to be received as a result of the two, large scale solar plants, which are being constructed in the eastern portion of the county (see below for more detail). After adjusting for this anomaly, overall non-departmental revenue is essentially flat with the prior year. In total, there are over 35 sources of revenue for this fund center. The most significant are noted below:

- Current and Secured Property taxes are budgeted at \$84.5 million, which is about \$250,000 more than FY 2011-12. The overall housing market continues to struggle as sales of existing homes remain sluggish and new construction is virtually non-existent.
 - Note: When comparing to FY 2007-08 and earlier, the secured property tax numbers included unitary tax revenues. As of FY 2008-09, unitary taxes were separated into their own revenue category so they could be more clearly identified.
- Unitary taxes (the property taxes on utilities such as power plants as well as pipelines throughout the county) are budgeted at \$7.7 million, which is a 1% increase.
- Property Tax in Lieu of Vehicle License Fee (VLF) revenue is budgeted at \$27 million, which is flat as compared to FY 2011-12. This revenue source is part of the “VLF Swap” whereby counties receive additional property tax from the State in lieu of VLF revenue.
- Supplemental Property taxes are budgeted at \$750,000, which is \$250,000 or 25% less than FY 2011-12. This is a direct reflection of the continued soft housing market.
- Sales and Use taxes are budgeted at \$6.8 million, which is \$1.3 million higher than the FY 2011-12 amount. However, \$1.3 million is attributable to the sales tax associated with the two, large scale solar plants as noted above. After adjusting for this anomaly, sales tax is budgeted to remain flat. During the construction period of these projects (3 – 5 years), it is anticipated that the County will receive \$20 million

to \$25 million of sales tax (attributable to these two projects). The \$1.3 million that is budgeted is equal to the expenditure amounts included for the additional Fire, Sheriff, and Code Enforcement services being provided by the County in support of these projects. The plan is to use this sales tax revenue to offset any costs of providing additional services to the area for the next several years. Any remaining funds would be considered "one-time" funding and used for "one-time" or short-term projects or programs.

- Transient Occupancy Tax (TOT) (commonly referred to as the bed tax charged on hotel and motel rooms) is budgeted at \$6.2 million, which is \$200,000 or 3% more than the FY 2011-12 adopted amount.

**Other Post Employment Benefits
Fiscal Year 2012-13 Proposed Budget**

Fund Center 413

PURPOSE STATEMENT

This fund center accounts for the payment of retiree health benefits, otherwise referred to as Other Post Employment Benefits. Funding for payments related to Other Post Employment Benefits comes from payroll charges to departments which are transferred into this fund center before payments are made. There are no County operations, programs or services directly associated with this fund center.

OPERATING DETAIL (1)	2010-11 ACTUAL (2)	2011-12 ESTIMATED (3)	2012-13 PROPOSED ESTIMATES (4)	2012-13 RECOMMENDED ESTIMATES (5)
OPERATING REVENUES				
Charges to Department	1,472,190	1,446,380	1,428,000	1,428,000
TOTAL OPERATING REVENUES	1,472,190	1,446,380	1,428,000	1,428,000
OPERATING EXPENSES				
Insurance Benefit Payments	896,736	963,000	900,000	900,000
TOTAL OPERATING EXPENSES	896,736	963,000	900,000	900,000
OPERATING INCOME (LOSS)	575,454	483,380	528,000	528,000
NON-OPERATING REVENUES (EXPENSES)				
Interest	990	50	0	0
Fed Aid Medicare Part D	342,312	0	0	0
Special Dept Expense	(918,476)	(483,710)	(528,000)	(528,000)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(575,174)	(483,660)	(528,000)	(528,000)
INCOME BEF. CAPITAL CONTRBS. & TRANSFERS	280	(280)	0	0
CHANGE IN NET ASSETS	280	(280)	0	0
Net assets - beginning	0	280	0	0
Net assets - ending	<u>280</u>	<u>0</u>	<u>0</u>	<u>0</u>

COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS

During FY 2006-07, accounting changes required local governments to account for the cost of health care benefits promised to employees who would be retiring over the next 30 years. For some entities, the cost is hundreds of millions of dollars and they will be required to issue debt and/or reduce services to pay for these benefits. While our liability for these expenses is modest compared to many other governmental agencies- the current estimate is \$25 million- the Auditor-Controller recommended that the County set aside funds to pay for these future expenses (FY 2007-08 was the first year the County set aside funds).

Departments are charged via payroll costs in order to fund this liability and the total amount to be set aside for FY 2012-13 is \$1.5 million (roughly the same as FY 2011-12). This amount is about \$800,000 less than the years prior to FY 2010-11. In April of 2010, the Board of Supervisors adopted the Auditor-Controller's recommendation to deposit and invest these funds in an irrevocable trust. It is anticipated that this trust will earn a higher investment return as compared to the County Treasury and as a result of these additional earnings; the charges to departments are reduced (compared to fiscal years 2007-08 through 2009-10).

**Pension Obligation Bonds
Fiscal Year 2012-13 Proposed Budget**

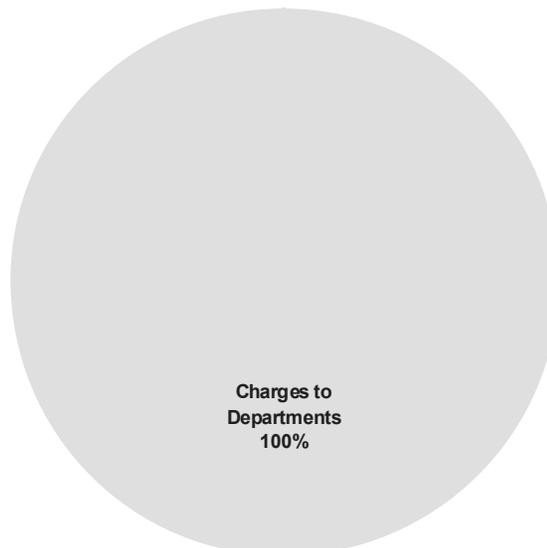
Fund Center 392

PURPOSE STATEMENT

This fund center accounts for debt service payments towards Pension Obligation Bonds that have been issued to help cover unfunded pension costs. Funding for debt service payments comes from payroll charges to departments which are transferred into this fund center before payments are made. The refinancing of unfunded pension obligations of the Pension Trust resulted in an annual savings. There are no County operations, programs or services directly associated with this fund center.

	2011-12	2011-12	2012-13	2012-13	Change from
<u>Financial Summary</u>	<u>Budget</u>	<u>Projected</u>	<u>Requested</u>	<u>Recommended</u>	<u>2011-12</u>
Revenue from Use of Money & Property	\$ 12,000	\$ 16,000	\$ 18,000	\$ 18,000	\$ 6,000
Other Revenues	8,062,000	7,700,000	8,293,800	8,293,800	231,800
Total Revenue	\$ 8,074,000	\$ 7,716,000	\$ 8,311,800	\$ 8,311,800	\$ 237,800
Fund Balance Available	\$ (250,950)	\$ (250,950)	\$ 135,000	\$ 135,000	\$ 385,950
Cancelled Reserves	743,915	743,915	0	0	(743,915)
Total Financing Sources	\$ 8,566,965	\$ 8,208,965	\$ 8,446,800	\$ 8,446,800	\$ (120,165)
Salary and Benefits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Services and Supplies	30,000	30,000	30,000	30,000	0
Other Charges	7,963,469	8,101,691	8,313,956	8,313,956	350,487
Fixed Assets	0	0	0	0	0
Gross Expenditures	\$ 7,993,469	\$ 8,131,691	\$ 8,343,956	\$ 8,343,956	\$ 350,487
Contingencies	0	0	0	0	0
New Reserves	573,496	573,496	102,844	102,844	(470,652)
Total Financing Requirements	\$ 8,566,965	\$ 8,705,187	\$ 8,446,800	\$ 8,446,800	\$ (120,165)

Source of Funds



COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS

This fund center reflects the debt service payment for Pension Obligation Bonds (POBs). The Board of Supervisors approved the use of \$137 million of POBs in FY 2004-05 to address unfunded pension liability costs. The bonds are amortized over a 30 year period and created an annual savings of over \$1 million (i.e. compared to what would have otherwise been paid). The bonds are paid by charging each department a percentage of payroll. Additionally, the Board approved using \$2 million of FY 2004-05 year-end fund balance to help pay down the debt.

A portion of this debt was issued at a variable rate and during FY 2009-10 the lock period on the rate expired and the rate increased. In order to avoid significant cost increases, these variable rate bonds were refinanced with fixed rate securities. The fixed rate is higher than the original rate issued but not nearly as high as what the variable rate increase would have been. As a result, this annual debt payment increased by about \$700,000 per year beginning with FY 2010-11, but the refinance avoided an additional increase of approximately \$1.5 million per year.

**Public Facility Fees
Fiscal Year 2012-13 Proposed Budget**

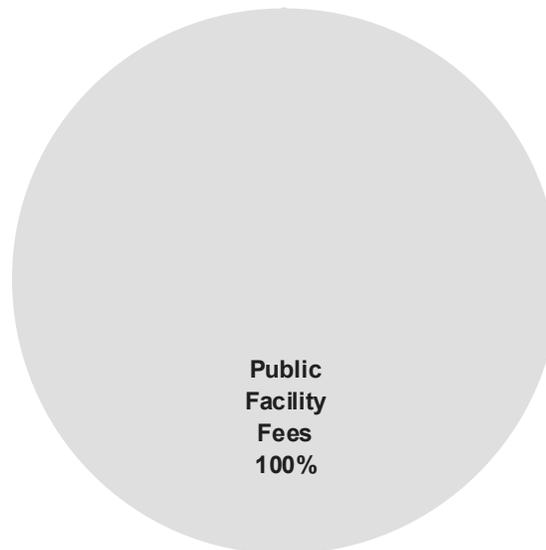
Fund Center 247

PURPOSE

The purpose of the program is to finance, through development fees, public facilities and improvements for fire, law enforcement, libraries, parks and general government in order to reduce the impacts caused by new development projects within the unincorporated area of the county. The public facility fee program was established in 1991 (libraries in 1996).

	2011-12	2011-12	2012-13	2012-13	Change from
<u>Financial Summary</u>	<u>Budget</u>	<u>Projected</u>	<u>Requested</u>	<u>Recommended</u>	<u>2011-12</u>
Charges for Current Services	\$ 1,019,904	\$ 0	\$ 675,742	\$ 675,742	\$ (344,162)
Total Revenue	\$ 1,019,904	\$ 0	\$ 675,742	\$ 675,742	\$ (344,162)
Fund Balance Available	\$ 155,781	\$ 155,781	\$ 0	\$ 0	\$ (155,781)
Cancelled Reserves	360,771	360,771	383,200	383,200	22,429
Total Financing Sources	\$ 1,536,456	\$ 516,552	\$ 1,058,942	\$ 1,058,942	\$ (477,514)
Salary and Benefits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Services and Supplies	0	0	0	0	0
Other Charges	500,000	0	500,000	500,000	0
Fixed Assets	0	0	0	0	0
Gross Expenditures	\$ 500,000	\$ 0	\$ 500,000	\$ 500,000	\$ 0
Contingencies	0	0	0	0	0
New Reserves	1,036,456	1,036,456	558,942	558,942	(477,514)
Total Financing Requirements	\$ 1,536,456	\$ 1,036,456	\$ 1,058,942	\$ 1,058,942	\$ (477,514)

Source of Funds



COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS

This fund center tracks the revenues and expenditures associated with Public Facility Fees (PFF). The Board of Supervisors established the PFF program in 1991 to help ensure new development projects contribute to the cost of providing public facilities and services. Library fees were established in 1996. Since that time, PFFs have contributed to the development of a number of County facilities.

Total financing sources for the PFF budget are recommended to be \$675,742. This is a decrease of \$344,162 or 33% as compared to the revenues in the FY 2011-12 adopted budget. The recommended budget decreases the financing for all five categories of PFF. In August of 2011, the Board of Supervisors approved a process where 80% of the Public Facility Fee could be deferred until the final building permit. Prior to this change, the full fee was required to be paid at the issuance of the construction permit. Only a small percentage of individuals are using the allowed deferral of fees. However, when the effect of the deferrals are combined with flat or slightly declining numbers for development permits the result is the reduced PFF revenue amounts shown in the FY 2012-13 budget.

PFF Categories:

Library

Revenue is budgeted at \$50,300, a decrease of \$37,856, or 38%. All of the Library revenue is recommended to be added to reserves and will be used to pay off the loan from General Government Building Reserves for the Cambria Library building.

Fire

Revenue is budgeted at \$306,090, a decrease of \$112,196 or 26%. All of the Fire revenue will be added to reserves.

Parks

Revenue is budgeted at \$131,700, a decrease of \$161,127 or 55%. All of the Parks revenue will be added to reserves.

General Government

Revenue is budgeted at \$116,800, a decrease of \$22,429 or 16%. Expenditures are budgeted at \$500,000 in order to help pay a portion of the debt service for the New County Government Center. The difference of \$383,200 will come from reserves.

Law Enforcement

Revenue is budgeted at \$61,852, a decrease of \$10,554 or 14%. All of the Law Enforcement revenue will be added to reserves.