

Financing

Countywide Automation Replacement

Debt Service

General Government Building Replacement

Non-Departmental Other Expenditures

Non-Departmental – Other Financing Uses

Non-Departmental Revenues

Other Post Employment Benefits

Pension Obligation Bonds

Public Facility Fees

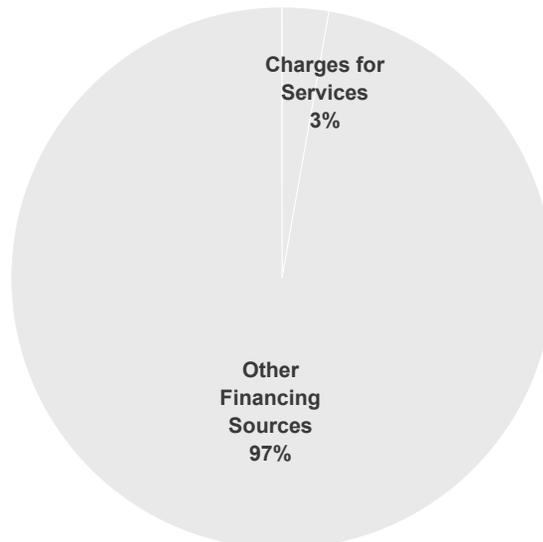
Tax Reduction Reserve

PURPOSE STATEMENT

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

	2013-14	2013-14	2014-15	2014-15	Change from
<u>Financial Summary</u>	<u>Budget</u>	<u>Projected</u>	<u>Requested</u>	<u>Recommended</u>	<u>2013-14</u>
Taxes	\$ 0	\$ 3,480,866	\$ 0	\$ 0	\$ 0
Revenue from Use of Money & Property	0	443,845	0	0	0
Charges for Current Services	53,400	70,400	61,000	61,000	7,600
Other Financing Sources	1,779,705	1,779,705	1,674,438	2,236,313	456,608
Interfund	0	1,126,047	0	0	0
Total Revenue	\$ 1,833,105	\$ 6,900,863	\$ 1,735,438	\$ 2,297,313	\$ 464,208
Fund Balance Available	\$ 943,013	\$ 943,013	\$ 0	\$ 0	\$ (943,013)
Cancelled Reserves	569,875	569,875	0	0	(569,875)
Total Financing Sources	\$ 3,345,993	\$ 8,413,751	\$ 1,735,438	\$ 2,297,313	\$ (1,048,680)
Salary and Benefits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Services and Supplies	89,500	1,691,551	379,938	654,938	565,438
Other Charges	25,000	25,000	0	211,875	186,875
Fixed Assets	2,288,480	5,798,204	1,355,500	1,430,500	(857,980)
Gross Expenditures	\$ 2,402,980	\$ 7,514,755	\$ 1,735,438	\$ 2,297,313	\$ (105,667)
Contingencies	0	0	0	0	0
New Reserves	943,013	1,375,529	0	0	(943,013)
Total Financing Requirements	\$ 3,345,993	\$ 8,890,284	\$ 1,735,438	\$ 2,297,313	\$ (1,048,680)

Source of Funds



SERVICE PROGRAMS

Countywide Automation has a total expenditure level of \$2,297,313 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: \$2,297,313 Total Staffing (FTE): *

*This fund center only provides funding for automation projects. Staffing for various automation projects is reflected in Fund Center 114 – Information Technology and the departments involved in automation projects in any given year.

COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS

This fund center provides for the replacement and upgrade of large scale automation equipment and systems. 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 2014-15 depreciation schedule for Countywide Automation identifies that \$1,830,160 is available to finance the expense in this budget. These charges are related to the depreciation of automation assets.

The expense in this budget can vary greatly from year to year, based upon types of projects that are included.

The recommended budget for FY 2014-15 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 existing County systems. The total recommended operational expenditures for FY 2014-15 is \$2,297,313, a \$105,667 or 4% decrease from FY 2013-14 adopted levels.

Services and supplies are recommended at \$654,938, a \$565,438 or 631% increase compared to FY 2013-14 adopted levels. The increase is due to expense for various projects discussed below.

Fixed assets are recommended at \$1,430,500, an \$857,980 or 37% decrease compared to FY 2013-14 adopted levels. Fixed assets include a variety of equipment replacements with the most notable being \$935,000 of funding to replace the existing data network used throughout the County.

The recommended total financing sources for this budget are \$2,297,313 a \$464,208 or 25% increase compared to the FY 2013-14 adopted level. Funding from General Fund from depreciation charges total \$1,830,160, an increase of \$50,455 or less than 1% compared to the FY 2013-14 adopted budget. Financing for this budget also includes \$61,000 from Public Government and Education (PEG) funds received through cable franchise agreements to fund improvements to equipment that aids in the broadcast of the Board of Supervisor and other public meetings. The balance of the financing for the projects in the recommended budget is from the General Fund.

No new reserves for the Countywide Automation Fund are proposed for the recommended 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. Once the projects are implemented, replacement hardware and software will be a recurring expense in future years.

Recommended FY 2014-15 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 County Department Heads. Ten are permanent members; and to assure that all stakeholders have an opportunity for direct representation, three 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 is a member and serves as committee chair. The County Information Technology Director provides the link between this group of Department Heads and the community of information technology experts throughout the County.

Following are summaries of the projects recommended by the IT-ESC for FY 2014-15:

1. Human Resources Online Job Application System Replacement Project (Non-Recurring)

Expense: \$325,337

Source of Funding: County Automation Funds

This project replaces the existing online job application system (JobApps) with a new, industry standard product. The new job application system is expected to expand capability from a single function (the current system only provides for online job applications) to multi-function which includes automated onboarding, applicant tracking and performance management tools. The new system will allow for the analysis of 90 automated reports to inform recruitment and selection methodology. The system cost is \$135,000, with an ongoing software maintenance cost of \$77,000. Ongoing software maintenance costs will be funded in Human Resources' budget in subsequent years. The total cost of the project also includes \$80,337 to fund a Limited Term Human Resources Analyst and \$33,000 for an Information Technology Project Manager to oversee project implementation.

2. Human Resources Talent Measurement System (Non-Recurring)

Expense: \$125,000

Source of Funding: County Automation Funds

This project implements a new, scientifically-based talent measurement/selection system to improve the quality of recruitments and certified lists. The implementation of a talent measurement system is consistent with Human Resources best practices which suggest that the use of talent measurement technology tools rooted in scientific validation results in more productive and engaged hires. The use of this new technology is expected to replace 10% of existing oral board examinations with more valid alternative types of examinations. The system cost is \$45,000, with an ongoing software maintenance cost of \$80,000. Ongoing software maintenance costs will be funded in Human Resources' budget in subsequent years.

3. Budget Preparation System Replacement (Non-Recurring)

Expense: \$106,538

Source of Funding: County Automation Funds

This is a multi-year project to replace the existing Budget Preparation (BP) system which is past the end of its useful and supportable life. The need to replace the BP system was originally identified in the 2002 Information Technology Strategic Plan. Subsequent strategic plans have emphasized the growing criticality and need to replace this system. In 2005, an in-depth study of the BP system was performed. The study recommended the BP system be replaced "within the next three years." FY 2014-15 is six years beyond what the detailed study recommended. The BP system, originally developed in FY 1993-94, is now over 20 years old and obsolete.

A new budget preparation system will: provide departments with a user-friendly, functionally rich and modern software product; increase the reliability of availability of the BP system; save time and money by reducing the number of hours spent cobbling together solutions and systems in support of the existing BP system; provide reporting that is available on-line; and increase the possibility of integration between the

BP system and other existing systems, such as SAP, the County's existing Enterprise Financial System. The targeted go-live date for the new system is November 2016. At this point, the system cost is unknown, but funding has been set aside for this project for several years. The FY 2014-15 budget includes \$106,538 in expense for a Limited Term Administrative Analyst which will be used as backfill support to offload work being performed by existing staff who will participate in the BP replacement project. The Limited Term position is expected to have a duration of 2.25 years. To complete the Budget Preparation system replacement, additional limited term positions are anticipated beginning in FY 2015-16.

4. E-Government Strategic Plan and Content Management System Selection (Non-Recurring)

Expense: \$65,000

Source of Funding: County Automation Funds

This project will develop a strategic plan for the County's E-Government presence and will conduct a request for proposal (RFP) process for a new content management system including global website redesign. The project is necessary because: 1. the County's website was last updated in 2006 and does not take advantage of current technology, 2. the IT-ESC recommended that an E-Government strategic plan be developed to evaluate and prioritize necessary steps and identify potential resources necessary to update and maintain the County's website, and 3. the current content management system does not easily accommodate mobile devices, integrates poorly with social media, is not Americans with Disabilities Act (ADA) compliant, and is difficult to use and update. The expense for this project only includes costs for an IT Project Manager to carry out RFPs to develop an E-Government strategic plan and content management system including a global website redesign.

Other Projects Recommended for FY 2014-15

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

Expense: \$61,000

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

The funding in this project will replace aging audio and equipment. Replacing equipment will help to maintain current audio and video service levels. In addition, the new equipment will enable the use of digital signal processing which will increase the quality, speed and reliability of the audio and video in-room and broadcast experience.

2. Assessor Historical Map Preservation and Storage (Recurring for six years)

Expense: \$25,000

Source of Funding: County Automation Funds

In FY 2013-14, the Assessor submitted a budget augmentation request to fund a multi-year project to preserve the historic maps that the department maintains. Since the 1890's, the Assessor has been creating land record maps for assessment purposes. State law requires that the Assessor preserve these maps so that they are a part of the public record for 300-500 years in the future. Preservation of the historic maps will be completed over six years. In FY 2013-14 (Year 1), automation funds were used to preserve historic township maps. Recommended funding in FY 2014-15 (Year 2) will be used to preserve subdivision and re-subdivision maps.

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

Expense: \$57,500

Source of Funding: County Automation Funds

The County's Public Safety Radio team maintains a replacement schedule for all of the buildings and equipment used as part of the system. Many pieces of equipment such as those below have a useable life of less than seven years, while others are useable for 20 years or more. This project replaces equipment and software essential to the continued operation of the County's Public Safety Radio Communications System. Equipment to be replaced in FY 2014-15 includes:

- 48 Volt Power Systems \$37,500
- Tassajera Base Station \$7,000
- Tepusquet Peak Base Station \$7,000
- LMR Master Test Equipment \$6,000

4. Aerial Imagery Acquisition (Recurring once every three years)

Expense: \$75,000

Source of Funding: County Automation Funds

This project will provide for an update to the countywide digital aerial imagery that is used for enterprise geographic information systems (GIS) purposes. The imagery will be purchased through the San Luis Obispo Regional GIS Collaborative (SLORGC). The total cost for this project is divided between the San Luis Obispo Council of Governments (SLOGOC), seven incorporated cities, and the County. The expense for this project funds the County's share of cost for the imagery purchase. Countywide high resolution imagery will be pursued every three years as agreed upon by the SLORGC members and in agreement with the County's 2009 GIS Strategic Plan.

5. Sheriff's Warrants System Replacement (Non-Recurring)

Expense: \$75,000

Source of Funding: County Automation Funds

This project will identify the requirements for, and implement a replacement for the current Sheriff Warrants system. There are three fundamental drivers for this project: 1. migration of the current system off the County's mainframe to a modern computing platform, 2. providing business monitoring and reporting capability, and 3. providing integration with the new Criminal Justice Information Systems (CJIS) being implemented by the District Attorney, Probation and the Superior Court. The expense for this project only includes costs for an IT Project Manager and IT technical staff to support the project. Funding for the actual replacement costs will be sought during FY 2014-15.

BUDGET AUGMENTATION REQUESTS RECOMMENDED

Unit Amount	Description	Results
Gross: \$75,000 General Fund: \$0	Information Technology project management and technical staff support to identify the requirements for, and implement a replacement for the current Sheriff Warrants system.	The dedication of IT resources to this project will help to migrate the current system to a modern computing platform, provide business monitoring and reporting capability and provide integration with the new Criminal Justice Information Systems (CJIS) being implemented by the District Attorney, Probation and Superior Court. The new Warrants system will provide the necessary functionality to issue, recall, and re-issue warrants.

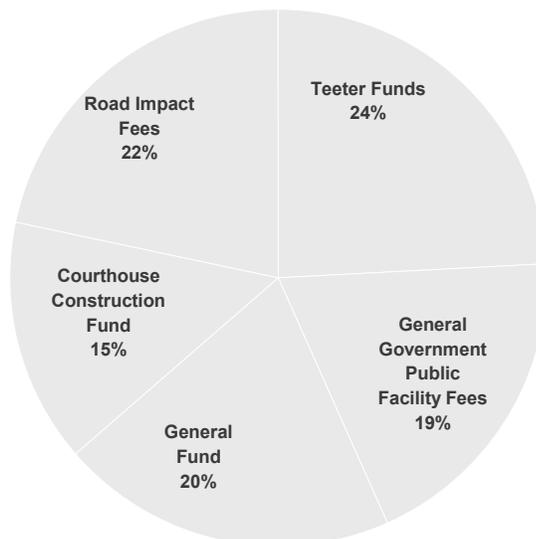
<p>Gross: \$65,000 General Fund: \$0</p>	<p>Information Technology project management to carry out an e-government strategic plan and content management system selection request for proposal (RFP) including global website redesign project management.</p>	<p>The dedication of IT resources to this project will help provide direction on how to move forward with e-government and the implementation of a new content management system. A new content management system will update or replace the County's existing website allowing for integration of mobile device functionality, social media and ADA compliance.</p>
<p>Gross: \$75,000 General Fund: \$0</p>	<p>Update countywide digital aerial imagery to be used for enterprise GIS purposes. The imagery will be purchased through the SLORGC.</p>	<ol style="list-style-type: none"> 1. Reduce the overall County cost for reviewing community plans, infrastructure, facility management and safety issues by providing desktop access to current imagery. 2. Provide all county staff the ability to utilize photographic imagery that can be shared and used for a variety of projects as opposed to static, hard copy photographic prints. 3. Decrease amount of staff time spent verifying property information for valuation and land-based permits by at least 10%. 4. Decrease staff time spent reviewing property for compliance with current standards. 5. Provide ability to produce multiple maps with imagery included which can be used for a variety of purposes. 6. Reduce the amount of time preparing disaster mitigation plans: Fire defense, flooding, landslide/mudslide risk, etc. Improves emergency response times. Citizen safety and property protection strategies will be enhanced resulting in less property loss. 7. Increase accuracy of traffic collision locations and encroachment permit mapping due to the use of the current aerial imagery as a base layer by at least 50%.

PURPOSE STATEMENT

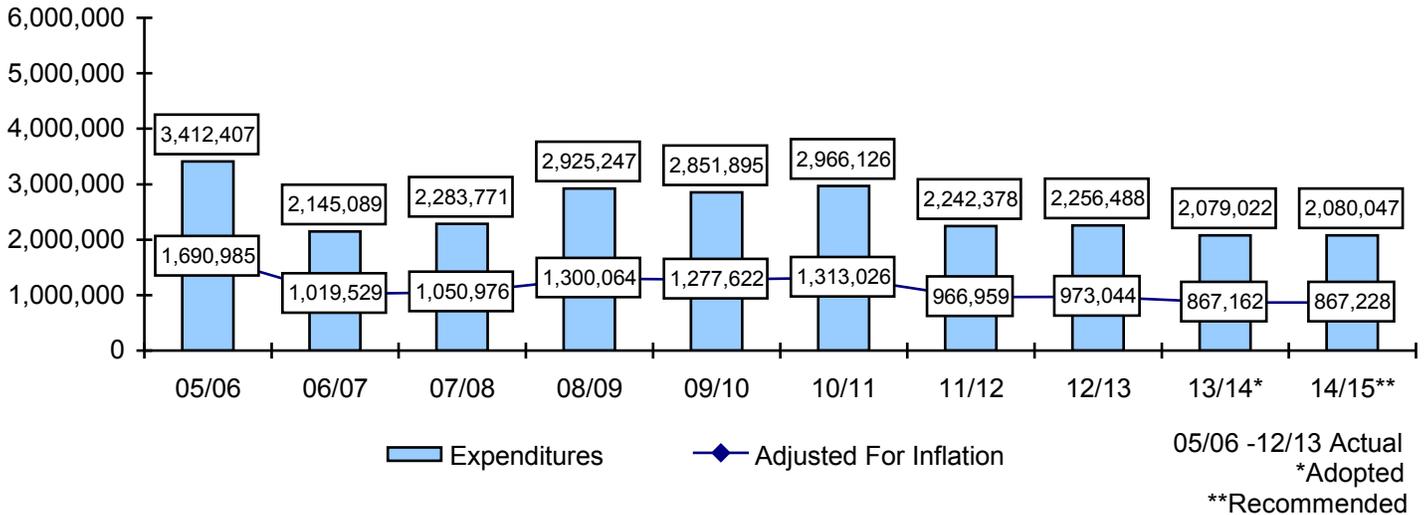
This fund center accounts for the payment of interest and principal associated with the County's long term debt based upon the Board of Supervisors budget policies. Recommendations for debt financing of major projects are made by the County's Debt Advisory Committee in accordance with the provisions 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>2013-14 Budget</u>	<u>2013-14 Projected</u>	<u>2014-15 Requested</u>	<u>2014-15 Recommended</u>	<u>Change from 2013-14</u>
Taxes	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 0
Fines, Forfeitures and Penalties	309,319	309,319	309,918	309,918	599
Other Financing Sources	<u>1,269,703</u>	<u>1,269,703</u>	<u>1,270,129</u>	<u>1,270,129</u>	<u>426</u>
Total Revenue	\$ 2,079,022	\$ 2,079,022	\$ 2,080,047	\$ 2,080,047	\$ 1,025
Fund Balance Available	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cancelled Reserves	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Financing Sources	<u>\$ 2,079,022</u>	<u>\$ 2,079,022</u>	<u>\$ 2,080,047</u>	<u>\$ 2,080,047</u>	<u>\$ 1,025</u>
Salary and Benefits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Services and Supplies	0	0	0	0	0
Other Charges	2,079,022	2,079,022	2,080,047	2,080,047	1,025
Fixed Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Gross Expenditures	\$ 2,079,022	\$ 2,079,022	\$ 2,080,047	\$ 2,080,047	\$ 1,025
Contingencies	0	0	0	0	0
New Reserves	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Financing Requirements	\$ 2,079,022	\$ 2,079,022	\$ 2,080,047	\$ 2,080,047	\$ 1,025

Source of Funds



10 Year Expenditures Adjusted For Inflation



COUNTY ADMINISTRATOR’S COMMENTS AND RECOMMENDATIONS

In FY 2010-11, a comprehensive debt management policy was created and approved by the Board of Supervisors. This policy generally reflects the existing debt management practices. In accordance with the policy, all new debt issuance is 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 in FY 1991-92.

The County’s goal is to keep the annual debt service paid for by the General Fund to 5% or less of the total General Fund operating budget (reference Performance Measure #1 of the Administrative Office for more details). Total FY 2014-15 debt payments made through this fund are essentially flat when compared to FY 2013-14 and total \$2,072,047 or less than 1 percent of the County’s total debt. The overall debt percentage for FY 2014-15 is projected to be less than 4%.

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

\$1,316,279 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 through a combination of General Government Public Facility Fees (\$400,000), Teeter-Tax Loss Reserve Funds (\$500,000), and the General Fund (420,279).

\$307,918 for the 2007 COP for the Paso Robles Courthouse. This debt is paid with Courthouse Construction funds.

\$447,850 for the 2008 COP for the Vineyard Drive interchange in North County (near Templeton). This debt is paid with Road Impact Fees.

\$8,000 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.

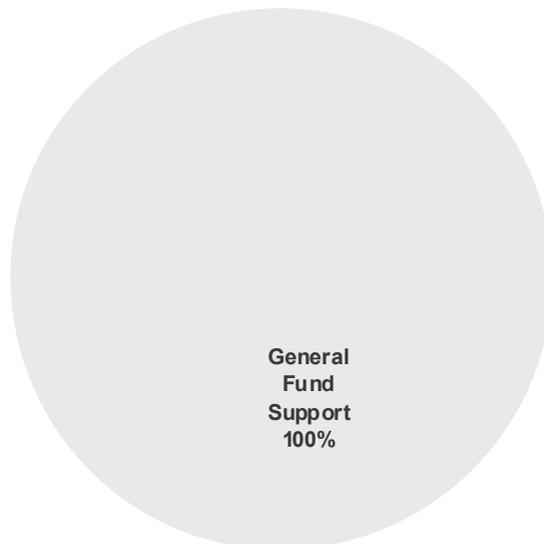
The County also issued Pension Obligation Bonds during FY 2004-05. The details can be found in the Pension Obligation Bond fund center.

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.

	2013-14	2013-14	2014-15	2014-15	Change from
<u>Financial Summary</u>	<u>Budget</u>	<u>Projected</u>	<u>Requested</u>	<u>Recommended</u>	<u>2013-14</u>
Other Financing Sources	\$ 5,300,724	\$ 0	\$ 2,698,131	\$ 2,698,131	\$ (2,602,593)
Total Revenue	\$ 5,300,724	\$ 0	\$ 2,698,131	\$ 2,698,131	\$ (2,602,593)
Fund Balance Available	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cancelled Reserves	0	0	0	0	0
Total Financing Sources	\$ 5,300,724	\$ 0	\$ 2,698,131	\$ 2,698,131	\$ (2,602,593)
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	5,300,724	5,300,724	2,698,131	2,698,131	(2,602,593)
Total Financing Requirements	\$ 5,300,724	\$ 5,300,724	\$ 2,698,131	\$ 2,698,131	\$ (2,602,593)

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 FY 2014-15 Cost Allocation Plan (Countywide overhead), executed January 17, 2014.

The depreciation schedule indicates that \$2,698,131 should be placed into reserves to help fund replacement and new building projects. Reflective of continuing improvements in the economy and the County's overall financial position, this is the third consecutive 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 Other Expenditures
Fiscal Year 2014-15 Proposed Budget**

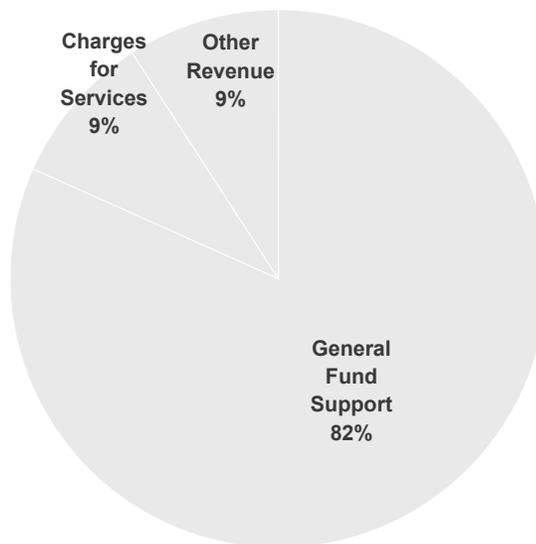
Fund Center 103

PURPOSE STATEMENT

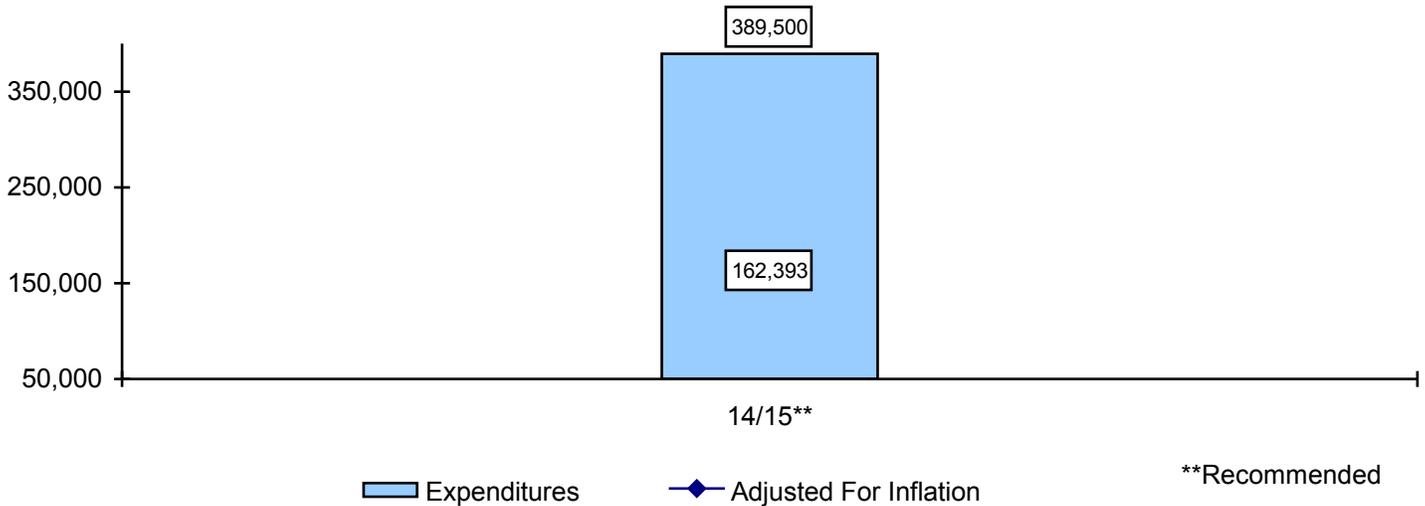
To provide for special General Fund expenditures and revenues which are not directly related to any single County department.

	2013-14	2013-14	2014-15	2014-15	Change From
<u>Financial Summary</u>	<u>Budget</u>	<u>Projected</u>	<u>Requested</u>	<u>Recommended</u>	<u>2013-14</u>
Charges for Current Services	\$ 0	\$ 0	\$ 35,000	\$ 35,000	\$ 35,000
Interfund	0	0	36,000	36,000	36,000
**Total Revenue	\$ 0	\$ 0	\$ 71,000	\$ 71,000	\$ 71,000
Services and Supplies	0	0	389,500	389,500	389,500
**Gross Expenditures	\$ 0	\$ 0	\$ 389,500	\$ 389,500	\$ 389,500
General Fund Support (G.F.S.)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 318,500</u>	<u>\$ 318,500</u>	<u>\$ 318,500</u>

Source of Funds



Expenditures Adjusted For Inflation



SERVICE PROGRAMS

Non-Departmental Other Expenditures has a total expenditure level of \$389,500 to provide the following services:

Other Agency Requests

Provide funds for a variety of County projects and expenditures not specifically related to any single County department.

Total Expenditures: \$354,500 Total Staffing (FTE): 0.00

Deferred Compensation Plan

Provide the resources necessary for the daily operation of the County Deferred Compensation Plan.

Total Expenditures: \$35,000 Total Staffing (FTE): 0.00

COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS

This fund center is new for FY 2014-15; however, the revenue and appropriations being recommended have been previously budgeted in the Auditor-Controller's Office, Board of Supervisors and Contributions to Other Agencies fund centers. The services provided with these funds are not specific to the operations of any one department but rather are a benefit to the entire County.

General Fund support in the amount of \$318,500 is a 4% increase (\$12,713) when compared to FY 2013-14 adopted amounts. Revenue in the amount of \$71,000 is budgeted at amounts comparable to FY 2013-14 levels and includes reimbursement from Fund Center 405 – Public Works Internal Service Fund for half of the cost of the Federal advocate contract. Funding for the Federal (\$72,000) and State (\$60,000) advocates, the contract for broadcasting the Board of Supervisors meetings (\$54,500), and the Deferred Compensation Administrative fee (\$35,000) is recommended to remain at FY 2013-14 amounts.

The County is required to share in the funding of the Local Agency Formation Commission (LAFCO) with the cities and special districts per the Cortese-Knox-Hertzberg Act of 2000. It should be noted at the time this narrative was written the LAFCO Commission had not approved the LAFCO budget. It is anticipated that the LAFCO budget will increase, and therefore, an increase of \$12,713 has been budgeted. If the LAFCO Commission approves a higher amount, the budget will be adjusted through the Supplemental Budget document. If the required amount is lower than budget, it will be adjusted to the approved LAFCO budgeted amount at the time of disbursement of the funds.

**Non-Departmental Revenues-Other Financing Use
Fiscal Year 2014-15 Proposed Budget**

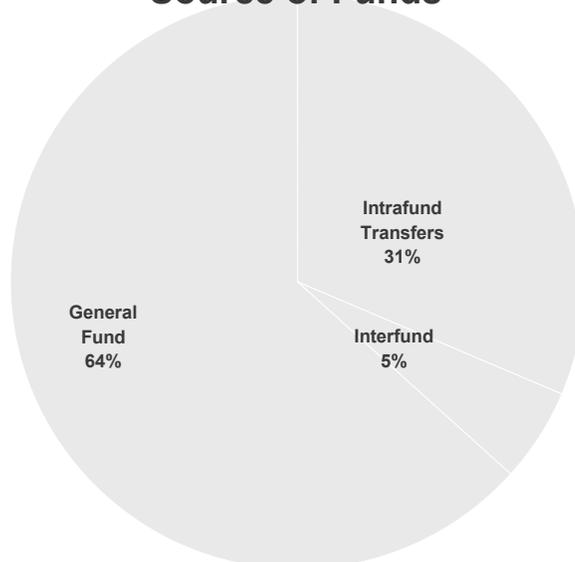
Fund Center 102

PURPOSE STATEMENT

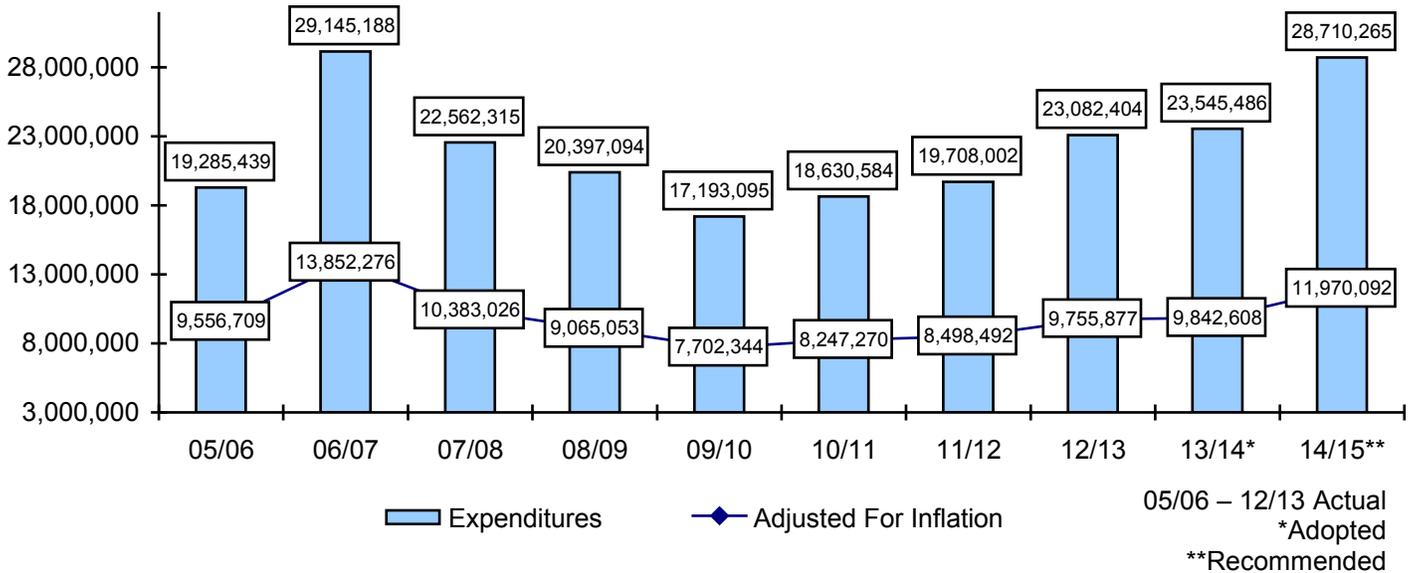
The fund center provides General Fund support to “Other Funds” to help finance their operations. This fund center is also the receiving budget for overhead charged to County departments. There are no County operations, programs, or services directly associated with this fund center.

	2013-14 <u>Budget</u>	2013-14 <u>Projected</u>	2014-15 <u>Requested</u>	2014-15 <u>Recommended</u>	Change From 2013-14
<u>Financial Summary</u>					
Interfund	\$ 1,631,913	\$ 0	\$ 1,236,310	\$ 1,489,790	\$ (142,123)
**Total Revenue	\$ 1,631,913	\$ 0	\$ 1,236,310	\$ 1,489,790	\$ (142,123)
Other Charges	23,545,486	0	17,039,762	28,710,265	5,164,779
**Gross Expenditures	\$ 23,545,486	\$ 0	\$ 17,039,762	\$ 28,710,265	\$ 5,164,779
Less Intrafund Transfers	10,200,663	0	9,008,527	9,042,279	(1,158,384)
**Net Expenditures	\$ 13,344,823	\$ 0	\$ 8,031,235	\$ 19,667,986	\$ 6,323,163
General Fund Support (G.F.S.)	\$ 11,712,910	\$ 0	\$ 6,794,925	\$ 18,178,196	\$ 6,465,286

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 just over \$18.9 million, reflecting a decrease of \$2,438,378 or 11% from FY 2013-14 adopted levels. The recommended contributions include:

Fund Center	FY 2013-14 Adopted	FY 2014-15 Recommended	Percent Change
Parks	\$3,540,677	\$3,528,177	0%
Roads	\$5,831,000	\$8,414,100	44%
Capital Projects Fund	\$2,864,619	\$0	-100%
Library	\$607,139	\$607,139	0%
Debt Service	\$618,653	\$420,279	-32%
Organizational Development	\$450,000	\$650,000	44%
Community Development	\$391,436	\$391,436	0%
Automation Replacement Fund	\$1,779,705	\$2,236,313	25%
Building Replacement Fund	\$5,300,724	\$2,698,131	-49%
TOTAL	\$21,383,953	\$18,945,575	-11%

- 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. Due to the projection of a higher than originally anticipated Fund Balance, a one-time supplement of \$2 million dollars has been allocated to Roads in FY 2014-15.
- The General Fund contribution to Capital Projects provides funding for improvements to County facilities. Due to the projection of a higher than originally anticipated Fund Balance, no contributions through this fund center are recommended. Instead, Fund Balance will be used to directly fund the seven new capital projects planned for FY 2014-15.

- The General Fund contribution to the Library is to pay for the Library Director position (statutorily required) and 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. Due to the projection of a higher than originally anticipated Fund Balance, an additional \$200,000 dollars has been allocated to OD in FY 2014-15.
- The General Fund contribution to Community Development includes funding for the Economic Vitality Corporation, the Housing Trust, and homeless services.
- The General Fund contribution to the Automation Replacement Fund is to help fund new and replacement automation equipment, systems, 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 \$10,532,096, which is about \$1,300,507 less than FY 2013-14 charges.

**Non-Departmental Revenues
Fiscal Year 2014-15 Proposed Budget**

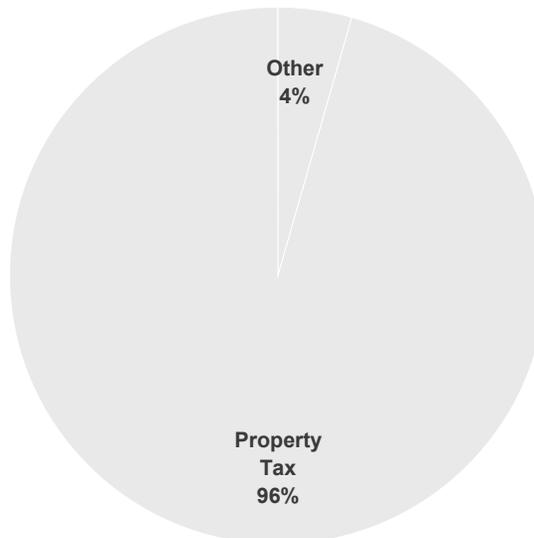
Fund Center 101

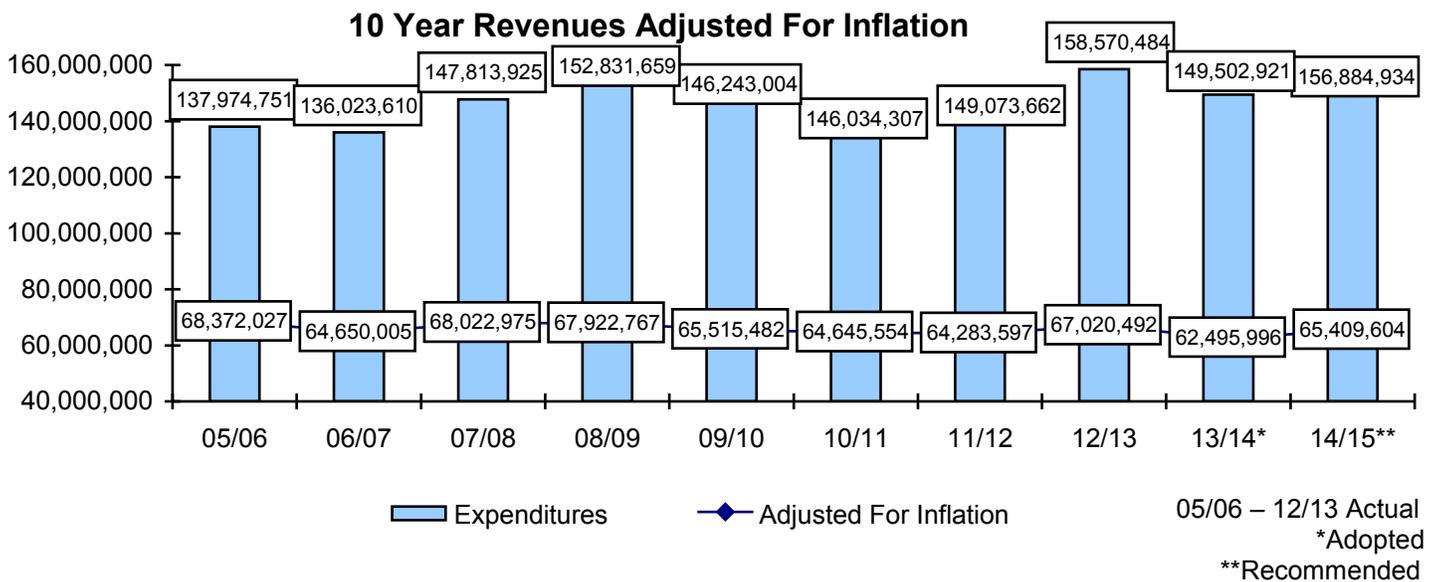
PURPOSE STATEMENT

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.

	2013-14 <u>Budget</u>	2013-14 <u>Projected</u>	2014-15 <u>Requested</u>	2014-15 <u>Recommended</u>	Change From <u>2013-14</u>
Financial Summary					
Taxes	\$141,194,527	\$154,726,001	\$147,477,099	\$147,433,129	\$ 6,238,602
Licenses and Permits	2,700,000	2,700,000	2,700,000	2,700,000	0
Revenue from Use of Money & Property	240,000	153,000	153,000	1,453,000	1,213,000
Intergovernmental Revenue	3,437,389	3,257,819	3,257,800	3,257,800	(179,589)
Charges for Current Services	1,630,000	1,740,000	1,740,000	1,740,000	110,000
Other Revenues	1,005	1,005	1,005	1,005	0
Interfund	300,000	300,000	300,000	300,000	0
**Total Revenue	\$149,502,921	\$162,877,825	\$155,628,904	\$156,884,934	\$ 7,382,013
Services and Supplies	5	5	5	5	0
**Gross Expenditures	\$ 5	\$ 5	\$ 5	\$ 5	\$ 0
General Fund Support (G.F.S.)	<u>\$149,502,916</u>	<u>\$162,877,820</u>	<u>\$155,628,899</u>	<u>\$156,884,929</u>	<u>\$ (7,382,013)</u>

Source of Funds





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 nearly \$157 million, which is approximately \$7 million or 4% more than the FY 2013-14 adopted amount of \$149.5 million. The notable factors associated with this net increase are an increase of \$4 million or 4% in Secured Property Tax and a \$1 million or 17% increase in Transient Occupancy Tax. Additionally, the County is still receiving what is considered “one-time” sales tax revenue as a result of the two, large-scale solar plants in the California Valley. The sales tax receipts associated with the solar plants for FY 2014-15 are projected to be just under \$1 million.

In total, there are over 35 sources of revenue for this fund center. The most significant are noted below:

- Current and Secured Property Tax is budgeted at \$91 million, which is about \$4 million or 4% more than FY 2013-14. The overall housing market appears to have “bottomed out” and is slowly trending upward. Despite rising mortgage rates, home prices and recorded sales continue to move upwards. Current and Unsecured Property Tax for items such as vessels, airplanes, and farm equipment are expected to be flat in FY 2014-15 at \$2.1 million.
- Property Tax in Lieu of Vehicle License Fee (VLF) revenue is budgeted at \$27.6 million, which is \$371,805 or 1% higher than FY 2013-14 adopted amounts. This revenue source is part of the “VLF Swap” whereby counties receive additional property tax from the State in lieu of VLF revenue.
- Transient Occupancy Tax (TOT) (commonly referred to as the bed tax charged on lodging businesses) is budgeted at \$7.7 million, which is \$1.1 million or 17% more than the FY 2013-14 adopted levels. FY 2014-15 will represent the third year of consistent growth and is another indicator of an improving economy.
- Unitary Taxes (the Property Taxes on utilities such as power plants as well as pipelines throughout the County) are budgeted at \$7.6 million, which is a \$305,537 or 3% decrease from FY 2013-14 adopted levels.

- Sales and Use Taxes are budgeted at \$7.1 million, which is \$1.6 million higher than the FY 2013-14 adopted budget. This increase does not include the one time increase associated with the two, large scale solar plants as noted above. The increase is a clear indicator that the local economy is “moving off the bottom.”
- Another indicator of the local economy and the housing market is the Property Transfer Tax which is budgeted to increase to \$2 million, representing a \$200,000 or 11% increase over FY 2013-14. As the local housing market improves, the volume of the Property Transfer Tax filings increases and yields more revenue for the General Fund.
- Supplemental Property Taxes are budgeted at \$663,000, which represents an increase of \$263,000 or 65% over the \$400,000 that was adopted for FY 2013-14.

**Other Post Employment Benefits
Fiscal Year 2014-15 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)	2011-12 ACTUAL (2)	2012-13 ACTUAL (3)	2013-14 RECOMMENDED (4)	2013-14 ADOPTED BY THE BOS (5)
OPERATING REVENUES				
Charges to Department	1,457,623	1,462,346	1,472,560	1,472,560
TOTAL OPERATING REVENUES	1,457,623	1,462,346	1,472,560	1,472,560
OPERATING EXPENSES				
Insurance Benefit Payments	970,076	1,041,378	1,020,000	1,020,000
Professional Services	0	10,000	18,500	18,500
Audit/Acct Support	0	0	10,000	10,000
TOTAL OPERATING EXPENSES	970,076	1,051,378	1,048,500	1,048,500
OPERATING INCOME (LOSS)	487,547	410,968	424,060	424,060
NON-OPERATING REVENUES (EXPENSES)				
Interest	417	447	250	250
Fed Aid Medicare Part D	333,204	19,223	300,000	300,000
Special Dept Expense	(756,583)	(495,450)	(724,310)	(724,310)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(422,962)	(475,780)	(424,060)	(424,060)
INCOME REF. CAPITAL CONTRIBS. & TRANSFERS	64,585	(64,812)	0	0
CHANGE IN NET ASSETS	64,585	(64,812)	0	0
Net assets - beginning	282	64,865	0	53
Net assets - ending	<u>64,865</u>	<u>53</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. Beginning in FY 2007-08, the County began to set aside funds to pay for these future expenses. At just under \$1.5 million, County liabilities for these expenses are modest compared to many other governmental agencies who are required to account for hundreds of millions of dollars in Other Post Employment Benefits (OPEB).

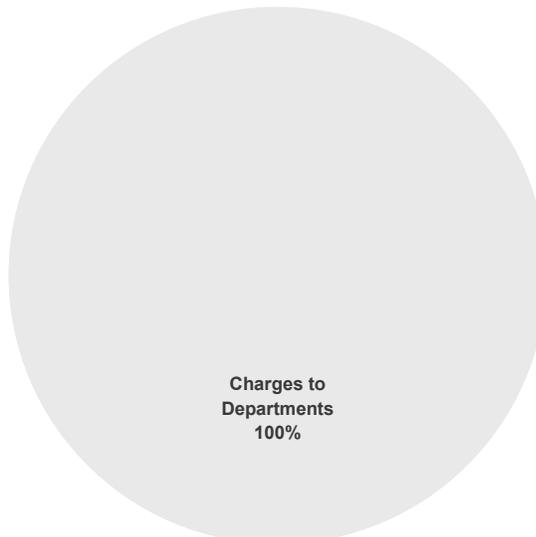
Departments are charged via payroll costs in order to fund this liability. The total amount to be set aside for FY 2014-15 is \$1.488 million, which is slightly higher than FY 2013-14. Charges are based upon an assumption of \$623 per Full Time Equivalent (FTE) position. Cost increases are directly attributable to FTE increases from 2,334 FTEs in FY 2013-14 to 2,355 FTEs in FY 2014-15.

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.

	2013-14	2013-14	2014-15	2014-15	Change from
<u>Financial Summary</u>	<u>Budget</u>	<u>Projected</u>	<u>Requested</u>	<u>Recommended</u>	<u>2013-14</u>
Revenue from Use of Money & Property	\$ 12,000	\$ 9,600	\$ 6,600	\$ 6,600	\$ (5,400)
Other Revenues	<u>10,002,626</u>	<u>10,002,750</u>	<u>10,088,845</u>	<u>10,088,845</u>	<u>86,219</u>
Total Revenue	\$ 10,014,626	\$ 10,012,350	\$ 10,095,445	\$ 10,095,445	\$ 80,819
Fund Balance Available	\$ 215,077	\$ 215,077	\$ 0	\$ 0	\$ (215,077)
Cancelled Reserves	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Financing Sources	<u>\$ 10,229,703</u>	<u>\$ 10,227,427</u>	<u>\$ 10,095,445</u>	<u>\$ 10,095,445</u>	<u>\$ (134,258)</u>
Salary and Benefits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Services and Supplies	30,000	30,000	30,000	30,000	0
Other Charges	8,732,661	8,730,385	9,175,318	9,175,318	442,657
Fixed Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Gross Expenditures	\$ 8,762,661	\$ 8,760,385	\$ 9,205,318	\$ 9,205,318	\$ 442,657
Contingencies	0	0	0	0	0
New Reserves	<u>1,467,042</u>	<u>1,467,042</u>	<u>890,127</u>	<u>890,127</u>	<u>(576,915)</u>
Total Financing Requirements	\$ 10,229,703	\$ 10,227,427	\$ 10,095,445	\$ 10,095,445	\$ (134,258)

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 were amortized over a 30 year period and create 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.

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 was set to increase. 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.

In FY 2013-14, an additional \$1 million was set aside in a reserve to accumulate funding to assist in paying pension debt in year 2020.

For FY 2014-15, it is anticipated that a total of \$10,095,445 will be collected. Collections are derived not only from charges to County departments, but also from the San Luis Obispo Superior Courts, the Air Pollution Control District (APCD), and the Local Agency Formation Commission (LAFCO), as they are participants in the County retirement system. Finally, a small amount of interest accrues. The contributions are itemized as follows:

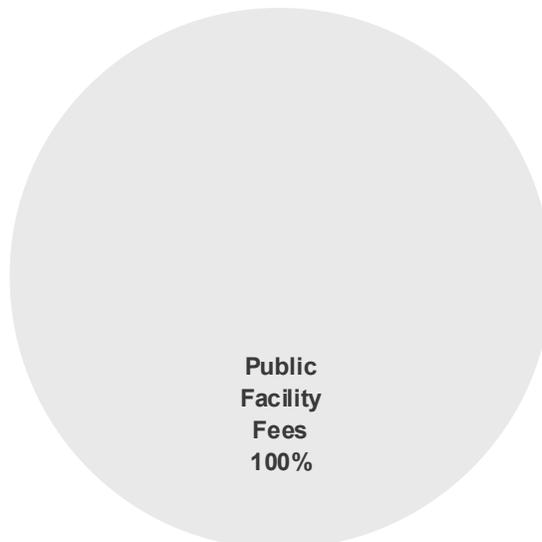
County Departments	\$ 9,435,725
San Luis Obispo Superior Courts	\$ 514,800
APCD	\$ 124,358
LAFCO	\$ 13,962
Interest	\$ 6,600
TOTAL	\$ 10,095,445

PURPOSE STATEMENT

This fund center contains the revenue from development fees which are used to finance 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 and libraries were added in 1996.

	2013-14	2013-14	2014-15	2014-15	Change from
<u>Financial Summary</u>	<u>Budget</u>	<u>Projected</u>	<u>Requested</u>	<u>Recommended</u>	<u>2013-14</u>
Charges for Current Services	\$ 864,500	\$ 0	\$ 1,468,500	\$ 1,468,500	\$ 604,000
Total Revenue	\$ 864,500	\$ 0	\$ 1,468,500	\$ 1,468,500	\$ 604,000
Fund Balance Available	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cancelled Reserves	1,032,500	1,032,500	202,000	202,000	(830,500)
Total Financing Sources	\$ 1,897,000	\$ 1,032,500	\$ 1,670,500	\$ 1,670,500	\$ (226,500)
Salary and Benefits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Services and Supplies	0	0	0	0	0
Other Charges	1,570,500	0	400,000	400,000	(1,170,500)
Fixed Assets	0	0	0	0	0
Gross Expenditures	\$ 1,570,500	\$ 0	\$ 400,000	\$ 400,000	\$ (1,170,500)
Contingencies	0	0	0	0	0
New Reserves	326,500	326,500	1,270,500	1,270,500	944,000
Total Financing Requirements	\$ 1,897,000	\$ 326,500	\$ 1,670,500	\$ 1,670,500	\$ (226,500)

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 ensure that 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 \$1,670,500, a decrease of \$226,500 or 11% compared to the FY 2013-14 adopted level. Recommended financing sources include a combination of new revenues expected to be received in FY 2014-15 and the cancellation of existing PFF reserves. In the current year, PFF receipts are coming in higher than budgeted, due to the improving economy and an increase in development permits due in part to the major solar projects in California Valley. No additional large scale solar permits are expected in FY 2014-15, but the continued improving economy and development activity drives the increased PFF revenue budget.

PFF revenues earned in each category vary based upon the type of development and the fee structure established for each category. The FY 2014-15 recommended revenues are based on PFF receipts in the first half of FY 2013-14 and show fairly significant increases in all categories. Actual revenues received during FY 2014-15 will be based upon the number and types of development permits received during the year.

PFF Categories:

Library

Recommended revenue is \$141,200, an increase of \$68,220 or 90%. All Library PFF revenue is recommended to be added to reserves.

Fire

Recommended revenue is \$566,080, an increase of \$212,280 or 60%. All Fire PFF revenue is recommended to be added to reserves.

Parks

Recommended revenue is \$451,260, an increase of \$200,560 or 80%. All Parks PFF revenue is recommended to be added to reserves.

General Government

Recommended revenue is \$198,000, an increase of \$78,000 or 65%. Expenditures are budgeted at \$400,000 in order to help pay a portion of the debt service for the County Government Center. The difference of \$202,000 will come from reserves.

Law Enforcement

Recommended revenue is \$109,140, an increase of \$44,940 or 70%. All Law Enforcement PFF revenue is recommended to be added to reserves.

PURPOSE

This reserve was established in order to offset a potential loss of property tax revenue related to the depreciation of the Diablo Canyon Nuclear Power Plant. There are no County operations, programs, or services directly associated with this Fund Center.

<u>Financial Summary</u>	<u>2013-14 Budget</u>	<u>2013-14 Projected</u>	<u>2014-15 Requested</u>	<u>2014-15 Recommended</u>	<u>Change from 2013-14</u>
Other Financing Sources	\$ 1,399,033	\$ 0	\$ 0	\$ 3,300,000	\$ 1,900,967
Total Revenue	\$ 1,399,033	\$ 0	\$ 0	\$ 3,300,000	\$ 1,900,967
Fund Balance Available	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cancelled Reserves	0	0	0	0	0
Total Financing Sources	\$ 1,399,033	\$ 0	\$ 0	\$ 3,300,000	\$ 1,900,967
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	1,399,033	1,399,033	0	3,300,000	1,900,967
Total Financing Requirements	\$ 1,399,033	\$ 1,399,033	\$ 0	\$ 3,300,000	\$ 1,900,967

COUNTY ADMINISTRATOR’S COMMENTS AND RECOMMENDATIONS

This fund was established a number of years ago when changes were made to the depreciation method for the Diablo Canyon Power Plant, which resulted in lower property tax revenue for the County. In order to help offset this change in methodology, the County was allocated additional funds. These funds were placed into this reserve for future use. The intention was to use this reserve to help balance the budget during economic downturns such as has been seen since FY 2008-09. For FY 2014-15, it is recommended that \$3,300,000 be added to this reserve. The \$3.3 million is being added from anticipated FY 2013-14 Fund Balance Available (FBA) and is a reflection of an improving economy.

The reserve represents the County’s true “rainy day” funds. With the additional \$3.3 million, the overall reserve will be \$16,937,558 and equate to just under 4% of the County’s overall contingencies.