

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

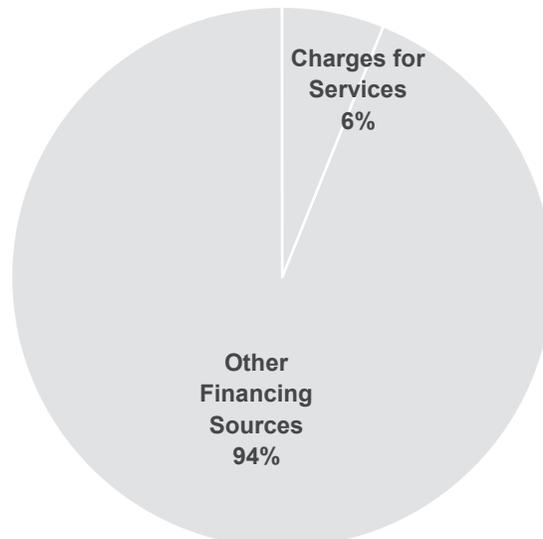
Tax Reduction Reserve

PURPOSE STATEMENT

This fund center provides funding for the implementation of new and replacement automation systems and equipment to allow for the continuation and enhancement of essential public services.

	2014-15 Budget	2014-15 Projected	2015-16 Requested	2015-16 Recommended	Change from 2014-15
Financial Summary					
Taxes	\$ 0	\$ 1,485,775	\$ 0	\$ 0	\$ 0
Revenue from Use of Money & Property	0	465,028	0	0	0
Charges for Current Services	61,000	111,094	0	300,000	239,000
Other Financing Sources	3,486,313	3,486,313	0	4,584,099	1,097,786
Interfund	0	361,644	0	0	0
Total Revenue	\$ 3,547,313	\$ 5,909,854	\$ 0	\$ 4,884,099	\$ 1,336,786
Fund Balance Available	\$ 449,425	\$ 449,425	\$ 443,499	\$ 0	\$ (449,425)
Cancelled Reserves	0	0	770,274	0	0
Total Financing Sources	\$ 3,996,738	\$ 6,359,279	\$ 1,213,773	\$ 4,884,099	\$ 887,361
Salary and Benefits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Services and Supplies	654,938	1,734,788	2,188,527	1,815,721	1,160,783
Other Charges	211,875	118,276	0	595,893	384,018
Fixed Assets	1,430,500	5,176,787	1,390,970	1,440,970	10,470
Gross Expenditures	\$ 2,297,313	\$ 7,029,851	\$ 3,579,497	\$ 3,852,584	\$ 1,555,271
Contingencies	0	0	0	0	0
New Reserves	1,699,425	2,142,924	0	1,031,515	(667,910)
Total Financing Requirements	\$ 3,996,738	\$ 9,172,775	\$ 3,579,497	\$ 4,884,099	\$ 887,361

Source of Funds



SERVICE PROGRAMS

Countywide Automation has a total expenditure level of \$3,852,584 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: \$3,852,584 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 2015-16 depreciation schedule for Countywide Automation identifies that \$1,803,161 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 2015-16 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 financing requirements for FY 2015-16 is \$484,099, a \$887,361 or 22% increase from FY 2014-15 adopted levels. This includes \$3,852,584 in total operating expenditures and \$1,031,515 of new reserves.

Services and supplies are recommended at \$1,815,721, a \$1,160,783 or 177% increase compared to FY 2014-15 adopted levels. The increase is due to expense for various projects discussed below.

Fixed assets are recommended at \$1,440,970, a \$10,470 or less than 1% increase compared to FY 2014-15 adopted levels. Fixed assets include a variety of equipment replacements with the most notable being \$472,478 of funding to replace Planning and Building Department’s permit tracking system.

The recommended total financing sources for this budget is \$4,884,099 a \$887,361 or 22% increase compared to the FY 2014-15 adopted levels. Funding from General Fund from depreciation charges total \$1,803,161, a decrease of \$26,999 or less than 1% compared to the FY 2014-15 adopted budget. Financing for this budget also includes \$300,000 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. The recommended budget also proposes to increase reserves by \$1,031,515 for the Countywide Automation Fund.

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 2015-16 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 2015-16:

1. Planning and Building Department's Permit Tracking System Replacement Project (Non-Recurring)

Expense: \$2,062,915

Source of Funding: County Automation Funds

This project will replace the Planning and Building Department's permit tracking system (Tidemark), which no longer meets the department's business needs with a modern enterprise permit tracking system. The project will provide the department with a new permit tracking system that includes modern features, runs on current operating systems, is designed to be integrated with other systems and applications, and provides in-depth reference and training materials. The funding recommended includes hardware, software, professional and training services, maintenance and limited term staff positions to assist during the Request for Proposal and vendor selection. To complete the permit tracking system replacement, \$549,310 of the project funding will be used in FY 2015-16 to cover the costs of limited term staff positions to operate as back-fill during the implementation phase. The \$2,062,915 total project funding includes both the system cost and the project management cost.

2. Budget Preparation System Replacement (Non-Recurring)

Expense: \$1,115,000

Source of Funding: County Automation Funds

This project replaces the existing Budget Preparation (BP) system which is past the end of its useful and supportable life. 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. The FY 2014-15 budget included \$106,538 in expense for a Limited Term Administrative Analyst as backfill support to offload work being performed by existing staff in the Administrative Office participating in the BP replacement project. The limited term position is expected to have a duration of 2.25 years and \$141,895 is budgeted in FY 2015-16 for the position. In addition, expense for a Limited Term Auditor-Analyst is budgeted in FY 2015-16 as backfill support for the Auditor's Office. In FY 2015-16, the BP replacement project will shift from requirements gathering and RFP selection to implementation. The funding in this project will be used to manage the overall project, purchase the software, and support its installation.

Other Projects Recommended for FY 2015-16

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

Expense: \$300,000

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 in the Board of Supervisor's chambers. Replacing equipment will ensure reliable public broadcast of meetings while maintaining 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 for the public.

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 done over six years. In FY 2013-14 (Year 1), automation funds were used to preserve historic township maps. In FY 2014-15 (Year 2), automation funds were used to preserve subdivision and re-subdivision maps. Recommended funding in FY 2015-16 (Year 3) will be used to preserve City of San Luis Obispo maps.

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

Expense: \$279,300

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 2015-16 includes:

- \$3,500 Fire-Off Air Monitor
- \$24,600 Network Switches
- \$82,200 Channel Bank Cards
- \$28,000 MIII Units
- \$7,000 Receiver (Old & New Courthouse)
- \$7,000 Receiver (Rocky Butte)
- \$15,000 HVAC – Communications Shop
- \$112,000 La Panza Microwave Site

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

Expense: \$477,492

Source of Funding: County Automation Funds

This project replaces and upgrades a variety of hardware and software necessary to maintain the information technology systems in the County's data center. Equipment to be replaced in FY 2015-16 includes:

- \$291,984 Local Area Network
- \$20,226 Network Edge and Security
- \$165,282 Network Critical Spares

5. Replace computers housed in the County’s Kimball training center (Recurring)

Expense: \$34,100

Source of Funding: County Automation Funds

This project replaces and upgrades 31 computers in the Kimball building per the replacement schedule.

BUDGET AUGMENTATION REQUESTS RECOMMENDED

Unit Amount	Description	Results
Gross: \$300,000 funded from Public Government and Education (PEG) Funds General Fund support: \$0	Board of Supervisors Chambers Audio Visual Modernization Project	The following results will be achieved as a result of the project: 1. New digital audiovisual systems installed 2. Public meetings will experience fewer disruptions 3. Improved access to assisted listening technology 4. Each Board member position will have local audio amplification, request to speak, and mute functionality 5. Increased level of vendor-provided support for the audiovisual system

BUDGET AUGMENTATION REQUESTS NOT RECOMMENDED

Unit Amount	Description	Results
Gross: \$60,000 General Fund support: \$0	Information Technology project management staff support for converting existing Assessor’s parcel data into a GIS platform	IT will provide professional, experienced project management needed for GIS Parcel Data Conversion Project.

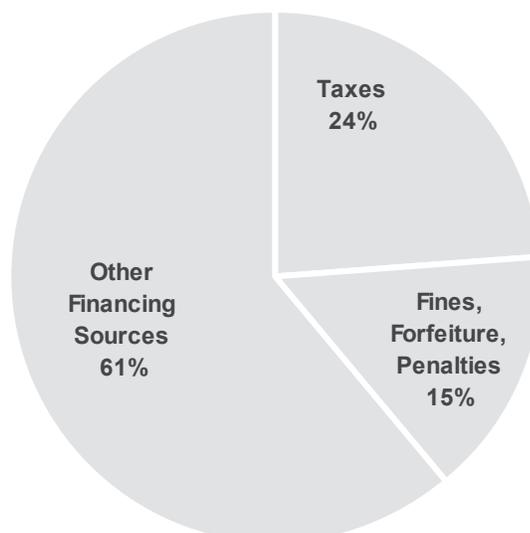
PURPOSE STATEMENT

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.

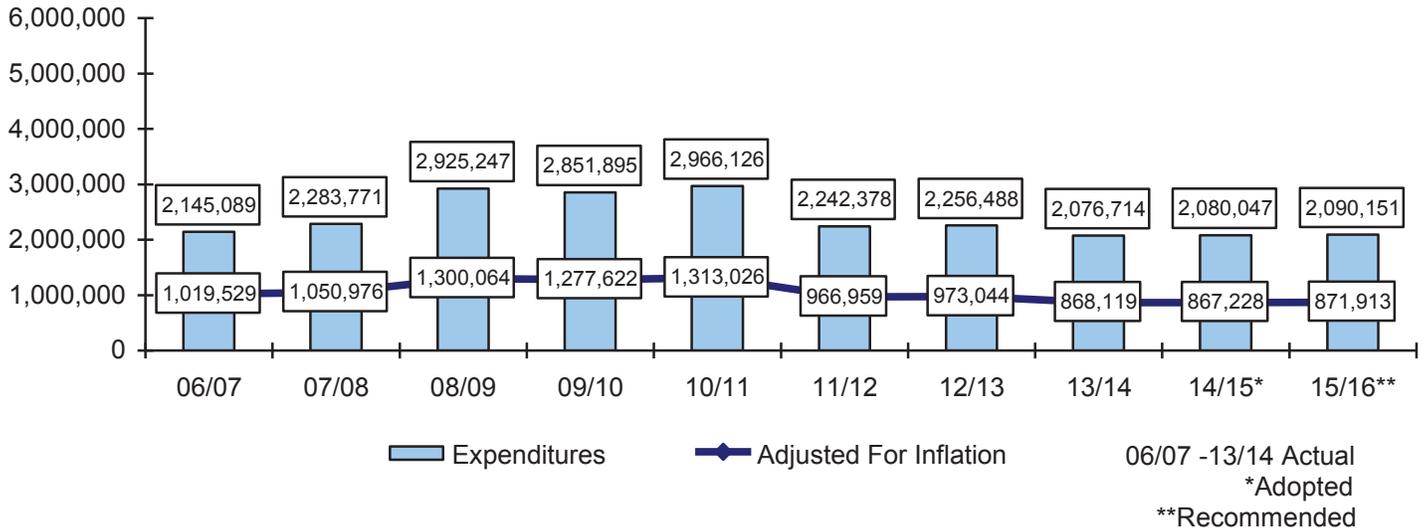
<u>Financial Summary</u>	<u>2014-15 Budget</u>	<u>2014-15 Projected</u>	<u>2015-16 Requested</u>	<u>2015-16 Recommended</u>	<u>Change from 2014-15</u>
Taxes	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 0
Fines, Forfeitures and Penalties	309,918	309,918	310,518	310,518	600
Other Financing Sources	<u>1,270,129</u>	<u>1,270,129</u>	<u>1,279,633</u>	<u>1,279,633</u>	<u>9,504</u>
Total Revenue	\$ 2,080,047	\$ 2,080,047	\$ 2,090,151	\$ 2,090,151	\$ 10,104
Fund Balance Available	\$ 10	\$ 10	\$ 0	\$ 0	\$ (10)
Cancelled Reserves	0	16,300	0	0	0
Total Financing Sources	<u>\$ 2,080,057</u>	<u>\$ 2,096,357</u>	<u>\$ 2,090,151</u>	<u>\$ 2,090,151</u>	<u>\$ 10,094</u>
Salary and Benefits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Services and Supplies	0	16,000	7,500	7,500	7,500
Other Charges	2,080,047	2,078,492	2,082,651	2,082,651	2,604
Fixed Assets	0	0	0	0	0
Gross Expenditures	\$ 2,080,047	\$ 2,094,492	\$ 2,090,151	\$ 2,090,151	\$ 10,104
Contingencies	0	0	0	0	0
New Reserves	10	1,865	0	0	(10)
Total Financing Requirements	\$ 2,080,057	\$ 2,096,357	\$ 2,090,151	\$ 2,090,151	\$ 10,094

Financing

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 2015-16 debt payments made through this fund are essentially flat when compared to FY 2014-15 and total \$2,090,151 or less than 1% of the County’s total debt. The overall debt percentage for FY 2015-16 is projected to be less than 4%.

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

Debt Issuance	Principal	Interest	Total	Funding Source
2002 Certificate of Participation (COP) for the New County Government Center located in the City of San Luis Obispo	\$777,983	\$537,200	\$1,315,183	Payments on this issuance are funded with a variety of sources including: <ul style="list-style-type: none"> • General Government Public Facility Fees: \$400,000 • Teeter-Tax Loss Reserve Funds: \$500,000 • General Fund: \$415,183
2007 COP for the Paso Robles Courthouse	\$125,000	\$183,018	\$308,018	Payments are funded with Courthouse Construction funds.
2008 COP for the Vineyard Drive interchange in North County (near Templeton)	\$170,000	\$281,450	\$451,450	Payments are funded through Road Impact Fees collected in the Templeton area.
Total	\$1,072,983	\$1,001,668	\$2,074,651	

Debt Service
Fiscal Year 2015-16 Proposed Budget

Fund Center 277

In addition to the debt payments noted above, this budget also includes:

- \$8,000 for administrative fees and reporting expenses associated with the issuance and management of the above noted debt
- \$6,000 for bond counsel services which are periodically needed to review debt related matters
- \$1,500 for bond disclosure filing services

The County also issued Pension Obligation Bonds during FY 2004-05. The details can be found in FC 392-Pension Obligation Bonds.

BUDGET AUGMENTATION REQUESTS RECOMMENDED

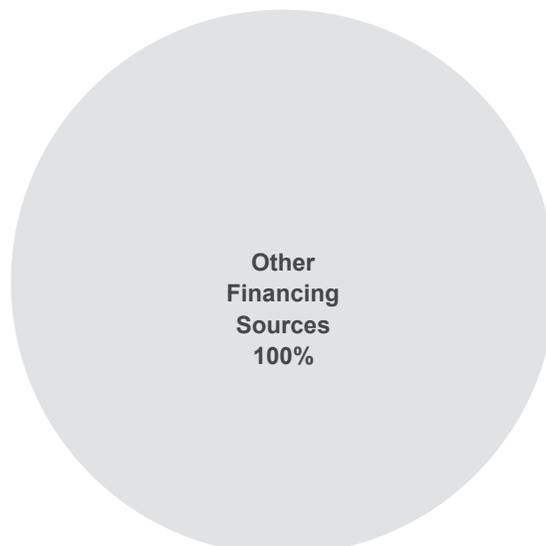
None requested.

PURPOSE STATEMENT

The purpose of this fund center 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.

Financial Summary	2014-15 Budget	2014-15 Projected	2015-16 Requested	2015-16 Recommended	Change from 2014-15
Other Financing Sources	\$ 5,850,498	\$ 5,850,498	\$ 2,669,222	\$ 6,169,222	\$ 318,724
Total Revenue	\$ 5,850,498	\$ 5,850,498	\$ 2,669,222	\$ 6,169,222	\$ 318,724
Fund Balance Available	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cancelled Reserves	0	0	0	0	0
Total Financing Sources	<u>\$ 5,850,498</u>	<u>\$ 5,850,498</u>	<u>\$ 2,669,222</u>	<u>\$ 6,169,222</u>	<u>\$ 318,724</u>
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	5,850,498	5,850,498	2,669,222	6,169,222	318,724
Total Financing Requirements	\$ 5,850,498	\$ 5,850,498	\$ 2,669,222	\$ 6,169,222	\$ 318,724

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.

The depreciation schedule indicates that \$2,669,222 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 fourth 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. In addition to the depreciation amount it is recommended that an additional \$3.5 million be added to the reserves, to serve as a potential funding source for future projects.

BUDGET AUGMENTATION REQUESTS RECOMMENDED

None requested.

**Non-Departmental Other Expenditures
Fiscal Year 2015-16 Proposed Budget**

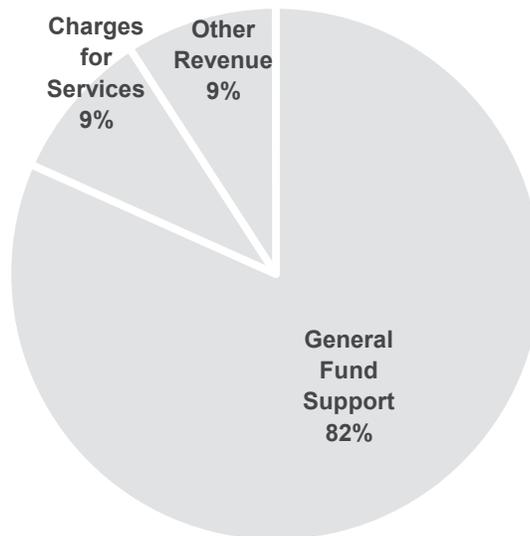
Fund Center 103

PURPOSE STATEMENT

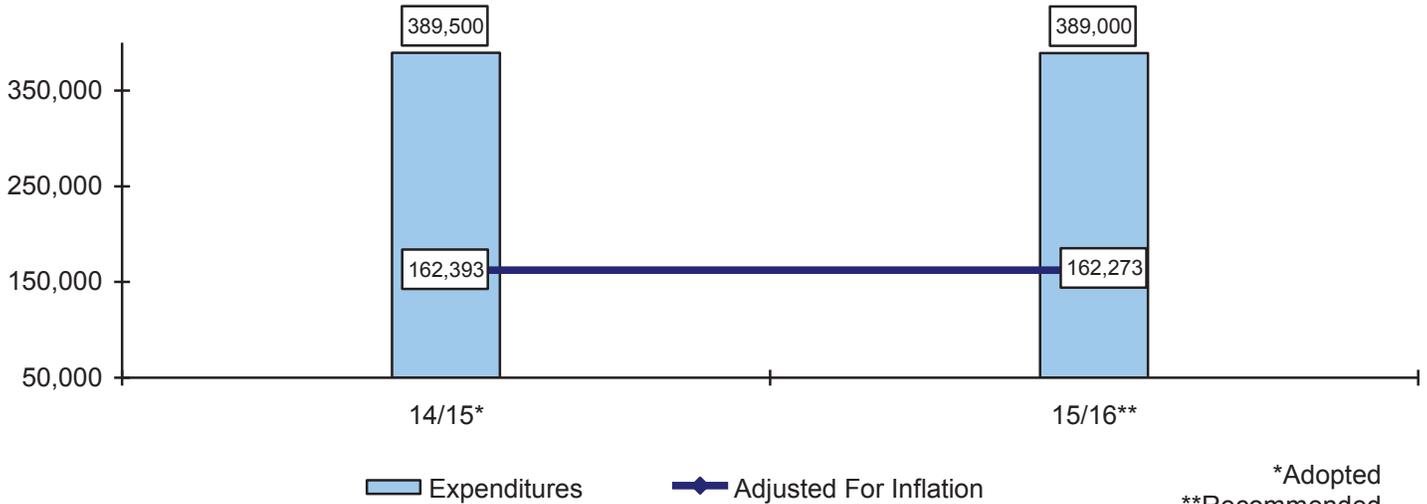
To provide for special General Fund expenditures and revenues which are not directly related to any single County department.

Financial Summary	2014-15 Budget	2014-15 Projected	2015-16 Requested	2015-16 Recommended	Change From 2014-15
Charges for Current Services	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 0
Interfund	36,000	36,000	36,000	36,000	0
**Total Revenue	\$ 71,000	\$ 71,000	\$ 71,000	\$ 71,000	\$ 0
Services and Supplies	389,500	386,779	389,000	389,000	(500)
**Gross Expenditures	\$ 389,500	\$ 386,779	\$ 389,000	\$ 389,000	\$ (500)
General Fund Support (G.F.S.)	<u>\$ 318,500</u>	<u>\$ 315,779</u>	<u>\$ 318,000</u>	<u>\$ 318,000</u>	<u>\$ (500)</u>

Source of Funds



Expenditures Adjusted For Inflation



*Adopted
**Recommended

SERVICE PROGRAMS

Non-Departmental Other Expenditures has a total expenditure level of \$389,000 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: \$354,000 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

General Fund support in the amount of \$318,000 is flat compared to FY 2014-15 adopted amounts. Revenue in the amount of \$71,000 is budgeted at amounts comparable to FY 2014-15 adopted levels and includes reimbursement from Fund Center 405 – Public Works Internal Service Fund for half of the cost of the Federal lobbyist contract. Funding for the Federal (\$72,000) and State (\$60,000) lobbyists and the Deferred Compensation Administrative fee (\$35,000) is recommended to remain at FY 2014-15 amounts. The funding for broadcasting the Board of Supervisors meetings is decreasing by \$14,500 or 26% to \$40,000 based upon actual expenditures for FY 2014-15.

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. The recommended funding in the amount of \$182,800 is an estimate due to the fact that at the time this narrative was written the LAFCO Commission had not approved the LAFCO budget. However, it is anticipated that the LAFCO budget will increase, possibly up to 10%, and therefore, an increase of \$16,528 has been budgeted. This increase is based on the actual FY 2014-15 LAFCO expenditure of \$165,279. 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 budgeted, it will be adjusted to the approved LAFCO budgeted amount at the time of disbursement of the funds.

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.

BUDGET AUGMENTATION REQUESTS RECOMMENDED

None requested.

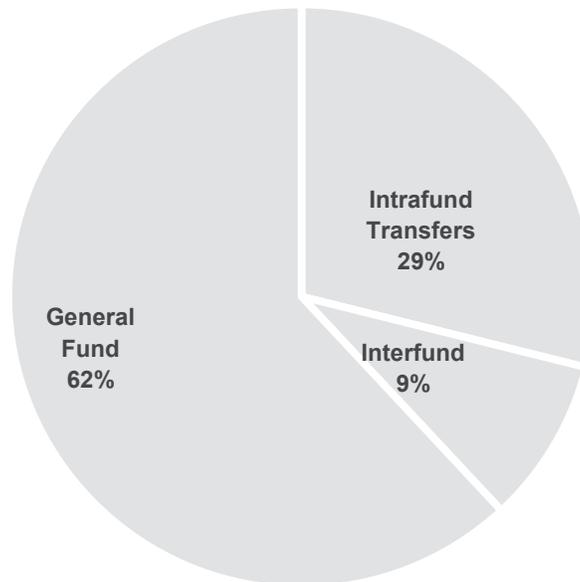
PURPOSE STATEMENT

This 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.

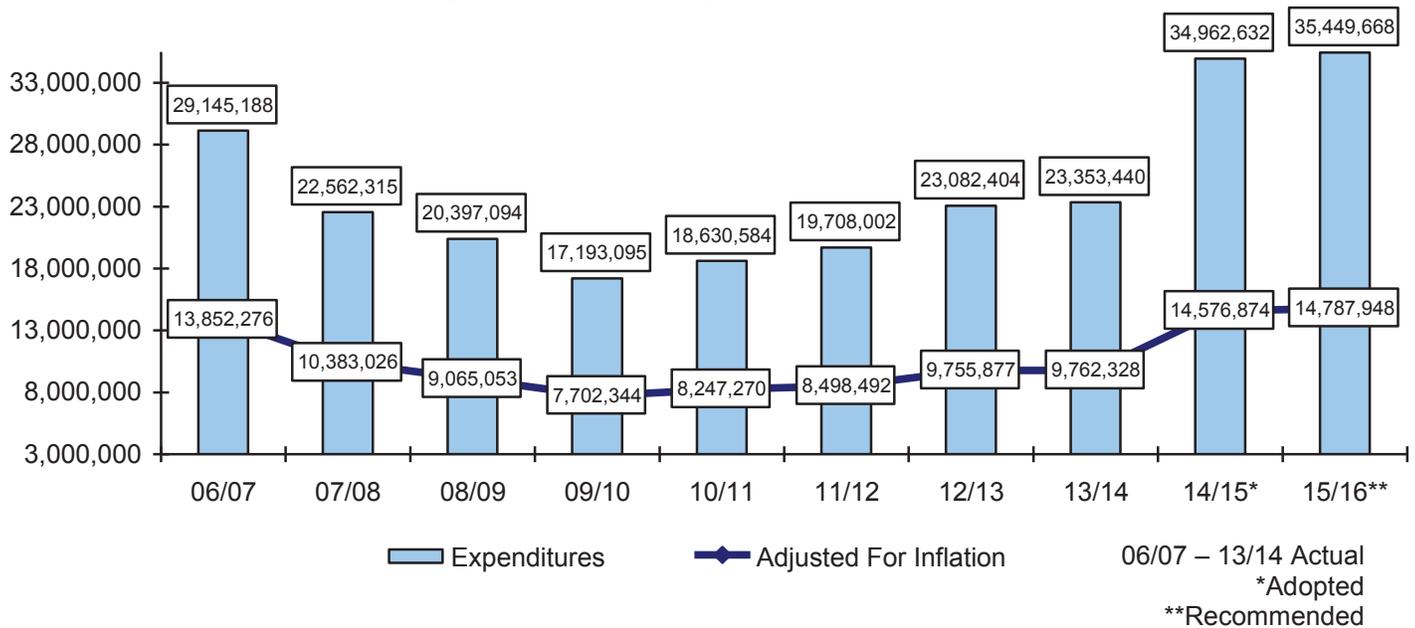
<u>Financial Summary</u>	<u>2014-15 Budget</u>	<u>2014-15 Projected</u>	<u>2015-16 Requested</u>	<u>2015-16 Recommended</u>	<u>Change From 2014-15</u>
Interfund	\$ 1,489,790	\$ 1,489,790	\$ 3,077,354	\$ 3,077,354	\$ 1,587,564
**Total Revenue	\$ 1,489,790	\$ 1,489,790	\$ 3,077,354	\$ 3,077,354	\$ 1,587,564
Other Charges	34,962,632	34,962,632	18,451,573	35,449,668	487,036
**Gross Expenditures	\$ 34,962,632	\$ 34,962,632	\$ 18,451,573	\$ 35,449,668	\$ 487,036
Less Intrafund Transfers	9,042,279	9,042,279	10,255,250	10,334,563	1,292,284
**Net Expenditures	\$ 25,920,353	\$ 25,920,353	\$ 8,196,323	\$ 25,115,105	\$ (805,248)
General Fund Support (G.F.S.)	<u>\$ 24,430,563</u>	<u>\$ 24,430,563</u>	<u>\$ 5,118,969</u>	<u>\$ 22,037,751</u>	<u>\$ (2,392,812)</u>

Financing

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 other funds 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 Other Funds

The recommended General Fund contribution to other funds is just under \$35.2 million, reflecting an increase of \$237,036 or less than 1% compared to FY 2014-15 adopted levels. The recommended contributions include:

Fund Center	FY 2014-15 Adopted	FY 2015-16 Recommended	Percent Change
Parks and Recreation	\$3,528,177	\$3,616,907	2%
Roads	\$8,414,100	\$11,146,107	32%
Capital Projects	\$4,775,790	\$7,095,000	48%
Library	\$607,139	\$633,683	4%
Debt Service	\$420,279	\$425,683	1%
Organizational Development	\$900,000	\$604,839	-32%
Community Development Program	\$391,436	\$391,436	0%
Countywide Automation Replacement	\$3,486,313	\$4,584,099	31%
General Government Building Replacement	\$5,850,498	\$6,169,222	5%
Pension Obligation Bond Debt Service	\$350,000	\$0	-100%
Medically Indigent Services Program	\$1,676,400	\$507,692	-69%
Airports	\$12,500	\$12,500	0%
Golf	\$0	\$12,500	100%
Tax Reduction Reserve	\$4,550,000	\$0	0%
Cayucos Fire Protection District	\$0	*\$250,000	100%
Total	\$34,962,632	\$35,449,668	1%

*This amount was inadvertently left out of the FY 2014-15 budget.

- The General Fund contribution to FC 305- Parks and Recreation is to help fund the parks and recreation facilities in the unincorporated areas of the County. The contribution is increasing as a result of the dissolution of the General Services Agency, which included the realignment of fiscal and administrative staff from FC 113- General Services to Parks and Recreation to enable to department to function independently. This increased General Fund contribution is offset by a decrease in General Services.
- The General Fund contribution to FC 245- Roads is for the pavement management program and various roads projects. In FY 2014-15, Roads received a one-time supplement of \$2 million. Due to improving economic conditions and the projection of a higher than originally anticipated Fund Balance, an ongoing 10% (\$740,555) increase and one-time supplement of \$3 million is recommended to be allocated to Roads in FY 2015-16.
- The General Fund contribution to FC 230- Capital Projects provides funding for improvements to County facilities. The recommended contribution to Capital Projects provides near full funding for all capital projects that have been approved for FY 2015-16 and also includes the addition of \$3.5 million to Capital Projects reserves.
- The General Fund contribution to FC 377- Library is to pay for the Library Director position, as required by statute. The slight increase recommended for FY 2015-16 funds additional positions to support extended hours as approved by the Board in FY 2014-15.
- The General Fund contribution to FC 277- Debt Service is for a portion of the debt service for the new County Government Center building located within the City of San Luis Obispo. The remainder of the annual debt service for the building is paid with General Government Public Facility Fees.
- The General Fund contribution to FC 275- Organizational Development is to support the operations of the Learning and Development Center (formerly the Employee University) and other organizational development programs, including communications and outreach. In FY 2014-15, Organizational Development received a one-time supplement of \$450,000 due to a higher than originally anticipated Fund Balance. The recommended contribution in FY 2015-16 is higher than it has historically been, due to the recommended addition of a position to support the Learning and Development Center.
- The General Fund contribution to FC 290- Community Development includes funding for the Economic Vitality Corporation, the Housing Trust, and homeless services.
- The General Fund contribution to FC 266- Countywide Automation Replacement is to help fund new and replacement automation equipment, systems, and programs. The recommended amount is based in part upon the depreciation schedule for automation assets per the Board adopted Cost Allocation Plan. The recommended contribution to this fund provides full funding for all automation projects that have been approved for FY 2015-16 and also includes the addition of over \$1 million to Countywide Automation Replacement reserves.
- The General Fund contribution to FC 267- General Government Building Replacement is to help offset the costs of new and replacement buildings. The recommended amount is based upon the depreciation schedule for buildings per the Board adopted Cost Allocation Plan and also includes an additional General Fund contribution of \$3.5 million to reserves.
- The General Fund contribution to FC 350- Medically Indigent Services Program is to help cover the cost of the County's obligation to provide for the medical care of indigent residents with no other payer source per Welfare and Institutions Code 17000. The recommended contribution amount is decreasing due to the expansion of Medi-Cal eligibility under the Affordable Care Act which has made many indigent residents eligible for Medi-Cal.
- The General Fund contributions to both FC 425- Airports and FC 427- Golf are intended to fund efforts to market the County airports and golf courses to increase use of those facilities.

- On February 26, 2013, the Board adopted a resolution approving a five year line of credit for the Cayucos Fire Protection District in an amount not to exceed \$250,000.

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 \$13,411,917 which is an increase of \$2,879,821 or 27% compared to FY 2014-15 charges.

BUDGET AUGMENTATION REQUESTS RECOMMENDED

None requested.

**Non-Departmental Revenues
Fiscal Year 2015-16 Proposed Budget**

Fund Center 101

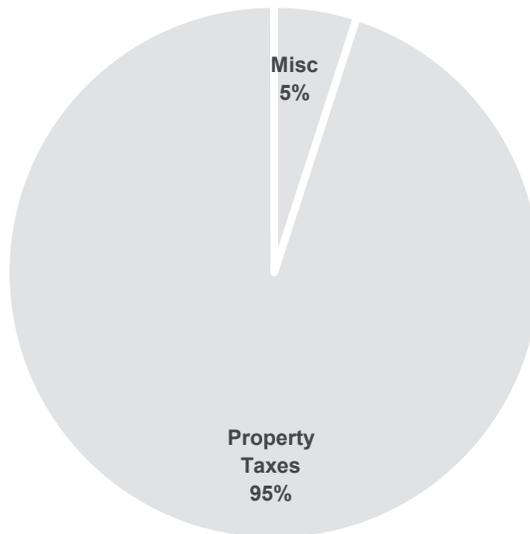
PURPOSE STATEMENT

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.

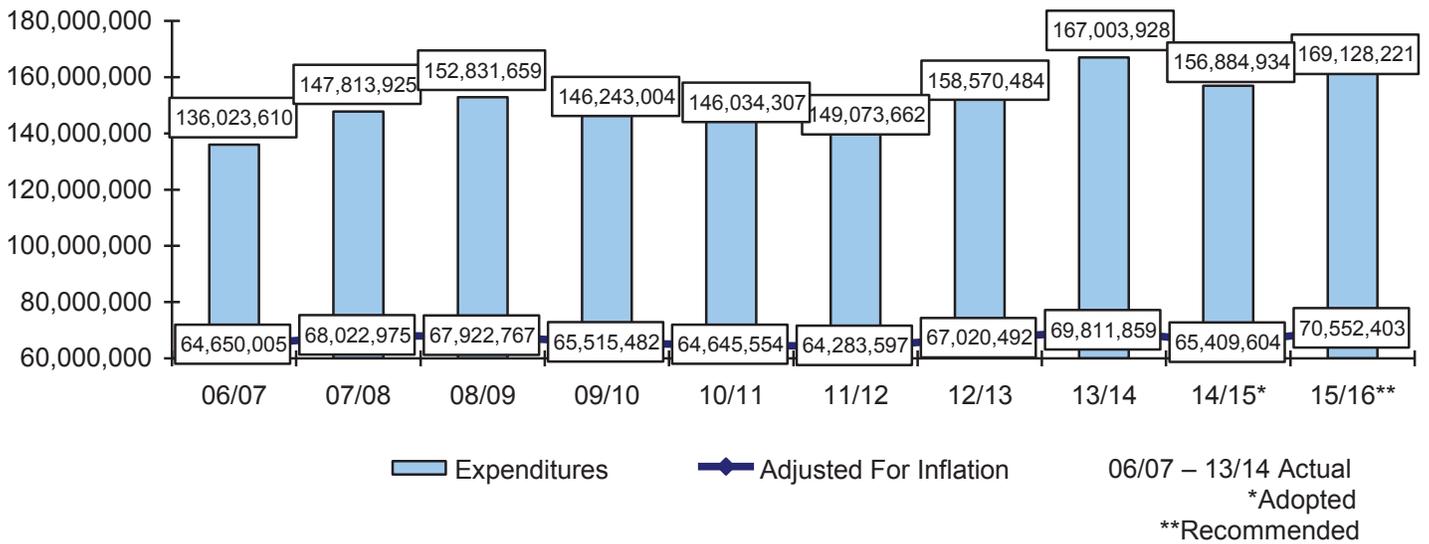
Financial Summary	2014-15 Budget	2014-15 Projected	2015-16 Requested	2015-16 Recommended	Change From 2014-15
Taxes	\$147,433,129	\$157,056,659	\$160,266,521	\$160,603,521	\$ 13,170,392
Licenses and Permits	2,700,000	2,916,000	2,916,000	2,916,000	216,000
Revenue from Use of Money & Property	1,453,000	1,502,600	1,502,600	1,502,600	49,600
Intergovernmental Revenue	3,257,800	2,631,232	1,979,100	1,979,100	(1,278,700)
Charges for Current Services	1,740,000	1,819,000	1,819,000	1,819,000	79,000
Other Revenues	1,005	1,000	1,000	1,000	(5)
Interfund	300,000	307,000	307,000	307,000	7,000
**Total Revenue	\$156,884,934	\$166,233,491	\$168,791,221	\$169,128,221	\$ 12,243,287
Services and Supplies	5	0	0	0	(5)
**Gross Expenditures	\$ 5	\$ 0	\$ 0	\$ 0	\$ (5)
General Fund Support (G.F.S.)	<u>(\$156,884,929)</u>	<u>(\$166,233,491)</u>	<u>(\$168,791,221)</u>	<u>(\$169,128,221)</u>	<u>(\$ 12,243,292)</u>

Financing

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 just over \$169 million, which is approximately \$12 million or 7% over the FY 2014-15 adopted amount of just under \$157 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 \$98.8 million, which is \$7.5 million or 8% higher than FY 2014-15 adopted levels. Housing sales and prices are increasing, reflecting a market that has “bottomed out” and is trending upward. Despite rising mortgage rates, home prices continue to move upwards. Current and Unsecured Property Tax for items such as vessels, airplanes, and farm equipment is budgeted at \$2.4 million, which is \$205,966 or 9% higher than FY 2014-15 adopted levels.
- Property Tax in Lieu of Vehicle License Fee (VLF) revenue is budgeted at \$30.4 million, which is \$2.8 million or 9% higher than FY 2014-15 adopted levels. 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 \$8 million, which is \$296,000 million or 3% higher than FY 2014-15 adopted levels. FY 2015-16 is anticipated to represent the fourth year of consistent growth and is reflective 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 \$7.8 million, which is \$177,209 or 2% higher than FY 2014-15 adopted levels.
- Sales and Use Taxes are budgeted at \$9.6 million, which is \$170,947 or 1.8% higher than FY 2014-15 adopted levels.
- Property Transfer Tax is budgeted at \$2.2 million, which is \$245,000 or 12% higher than FY 2014-15 adopted levels. 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 \$1 million, which is \$337,000 or 50% higher than FY 2014-15 adopted levels.

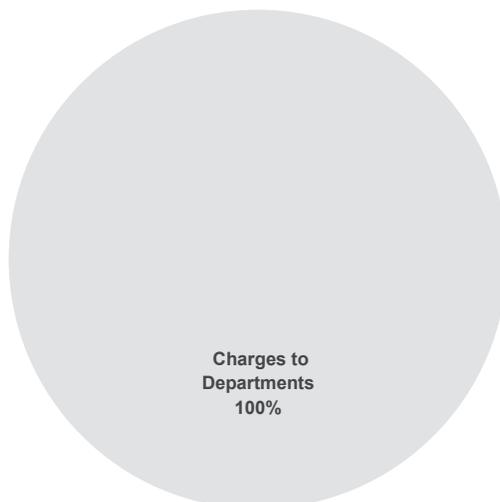
PURPOSE STATEMENT

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)	2013-14 ACTUAL (2)	2014-15 ESTIMATED (3)	2015-16 PROPOSED ESTIMATES (4)	2015-16 RECOMMENDED ESTIMATES (5)
OPERATING REVENUES				
Charges to Department	1,477,294	1,507,497	1,513,640	1,513,640
TOTAL OPERATING REVENUES	1,477,294	1,507,497	1,513,640	1,513,640
OPERATING EXPENSES				
Insurance Benefit Payments	1,147,849	1,247,304	1,260,000	1,260,000
Professional Services	28,500	10,000	10,000	10,000
Audit/Acct Support	0	0	0	0
TOTAL OPERATING EXPENSES	1,176,349	1,257,304	1,270,000	1,270,000
OPERATING INCOME (LOSS)	300,945	250,193	243,640	243,640
NON-OPERATING REVENUES (EXPENSES)				
Interest	905	320	0	0
Fed Aid Medicare Part D	369,976	77,967	0	0
Special Dept Expense	(671,551)	(328,808)	(243,640)	(243,640)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(300,670)	(250,521)	(243,640)	(243,640)
INCOME BEF. CAPITAL CONTRBS. & TRANSFERS	275	(328)	0	0
CHANGE IN NET ASSETS	275	(328)	0	0
Net assets - beginning	53	328	0	0
Net assets - ending	<u>328</u>	<u>0</u>	<u>0</u>	<u>0</u>

Financing

Source of Funds



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 \$12 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 2015-16 is just over \$1.5 million, which is slightly higher than what was set aside in FY 2014-15. Charges are based upon an assumption of \$623 per Full Time Equivalent (FTE) position. Cost increases are directly attributable to staffing increases from FY 2014-15 to FY 2015-16.

BUDGET AUGMENTATION REQUESTS RECOMMENDED

None requested.

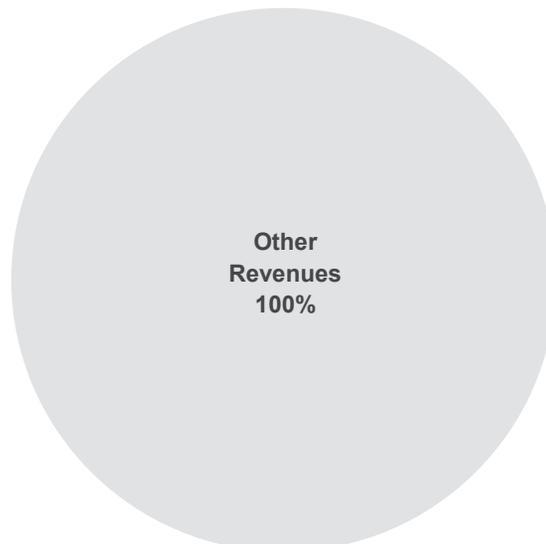
PURPOSE STATEMENT

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. There are no County operations, programs, or services directly associated with this fund center.

	2014-15 Budget	2014-15 Projected	2015-16 Requested	2015-16 Recommended	Change from 2014-15
Financial Summary					
Revenue from Use of Money & Property	\$ 6,600	\$ 9,400	\$ 9,000	\$ 9,000	\$ 2,400
Other Revenues	9,739,845	10,033,037	10,028,420	10,028,420	288,575
Other Financing Sources	350,000	53,684	0	0	(350,000)
Total Revenue	\$ 10,096,445	\$ 10,096,121	\$ 10,037,420	\$ 10,037,420	\$ (59,025)
Fund Balance Available	\$ (199,840)	\$ (199,840)	\$ 0	\$ 0	\$ 199,840
Cancelled Reserves	199,840	199,840	0	0	(199,840)
Total Financing Sources	\$ 10,096,445	\$ 10,096,121	\$ 10,037,420	\$ 10,037,420	\$ (59,025)
Salary and Benefits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Services and Supplies	30,000	30,000	30,000	30,000	0
Other Charges	9,176,318	9,175,994	9,632,205	9,632,205	455,887
Fixed Assets	0	0	0	0	0
Gross Expenditures	\$ 9,206,318	\$ 9,205,994	\$ 9,662,205	\$ 9,662,205	\$ 455,887
Contingencies	0	0	0	0	0
New Reserves	890,127	890,127	375,215	375,215	(514,912)
Total Financing Requirements	\$ 10,096,445	\$ 10,096,121	\$ 10,037,420	\$ 10,037,420	\$ (59,025)

Financing

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 (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.

For FY 2015-16, it is anticipated that a total of \$10,037,420 will be collected from County departments and others to pay the debt service. 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 as follows:

Contributing Agencies	Contribution Amount
County Departments	\$ 9,400,000
San Luis Obispo Superior Courts	\$ 487,500
APCD	\$ 124,800
LAFCO	\$ 16,120
Interest	\$ 9,000
TOTAL	\$ 10,037,420

In FY 2013-14, \$1 million was set aside in a designation to accumulate funding to assist in paying pension debt in the year 2020. In FY 2015-16, it is recommended that an additional \$1 million be added to the same designation to assist in paying pension debt in the year 2020 (note that this addition to the designation is not shown in this fund center, as this fund center is only used to track charges to departments to pay annual POB debt service).

BUDGET AUGMENTATION REQUESTS RECOMMENDED

None requested.

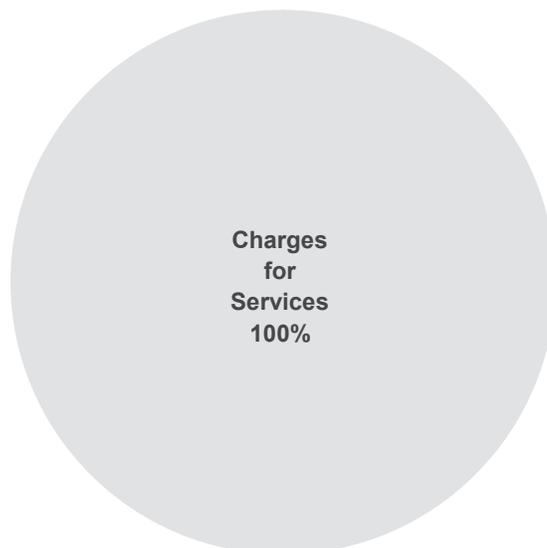
PURPOSE STATEMENT

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.

<u>Financial Summary</u>	<u>2014-15 Budget</u>	<u>2014-15 Projected</u>	<u>2015-16 Requested</u>	<u>2015-16 Recommended</u>	<u>Change from 2014-15</u>
Charges for Current Services	\$ 1,468,500	\$ 1,468,500	\$ 1,851,815	\$ 1,851,815	\$ 383,315
Total Revenue	\$ 1,468,500	\$ 1,468,500	\$ 1,851,815	\$ 1,851,815	\$ 383,315
Fund Balance Available	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cancelled Reserves	202,000	202,000	132,234	132,234	(69,766)
Total Financing Sources	\$ 1,670,500	\$ 1,670,500	\$ 1,984,049	\$ 1,984,049	\$ 313,549
Salary and Benefits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Services and Supplies	0	0	0	0	0
Other Charges	400,000	400,000	400,000	400,000	0
Fixed Assets	0	0	0	0	0
Gross Expenditures	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 0
Contingencies	0	0	0	0	0
New Reserves	1,270,500	1,270,500	1,584,049	1,584,049	313,549
Total Financing Requirements	\$ 1,670,500	\$ 1,670,500	\$ 1,984,049	\$ 1,984,049	\$ 313,549

Financing

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 \$1,984,049, an increase of \$313,549 or 18% compared to the FY 2014-15 adopted level. Recommended financing sources include a combination of new revenues expected to be received in FY 2015-16 and the cancellation of existing PFF reserves. In the current year, PFF receipts are coming in significantly higher than budgeted, due to the improving economy and an increase in development permits.

PFF revenues earned in each category vary based upon the type of development and the fee structure established for each category. The FY 2015-16 recommended revenues are based on PFF receipts in the first half of FY 2014-15 and show increases in all categories. Actual revenues received during FY 2015-16 will be based upon the number and types of development permits received during the year.

PFF Categories:

Fire

Recommended revenue is \$775,674, an increase of \$209,594 or 37%. All Fire PFF revenue is recommended to be added to reserves.

General Government

Recommended revenue is \$267,766, an increase of \$69,766 or 35%. 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 \$132,234 will come from reserves.

Law Enforcement

Recommended revenue is \$151,887, an increase of \$42,747 or 39%. All Law Enforcement PFF revenue is recommended to be added to reserves.

Library

Recommended revenue is \$156,940, an increase of \$12,920 or 8%. All Library PFF revenue is recommended to be added to reserves.

Parks

Recommended revenue is \$499,548, an increase of \$48,288 or 10%. All Parks PFF revenue is recommended to be added to reserves.

BUDGET AUGMENTATION REQUESTS RECOMMENDED

None requested.

PURPOSE STATEMENT

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.

Financial Summary	2014-15 Budget	2014-15 Projected	2015-16 Requested	2015-16 Recommended	Change from 2014-15
Other Financing Sources	\$ 4,550,000	\$ 4,550,000	\$ 0	\$ 0	\$ (4,550,000)
Total Revenue	\$ 4,550,000	\$ 4,550,000	\$ 0	\$ 0	\$ (4,550,000)
Fund Balance Available	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cancelled Reserves	0	0	0	0	0
Total Financing Sources	<u>\$ 4,550,000</u>	<u>\$ 4,550,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (4,550,000)</u>
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	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Contingencies	0	0	0	0	0
New Reserves	<u>4,550,000</u>	<u>4,550,000</u>	<u>0</u>	<u>0</u>	<u>(4,550,000)</u>
Total Financing Requirements	<u>\$ 4,550,000</u>	<u>\$ 4,550,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (4,550,000)</u>

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. During the recent economic downturn, several million dollars of Tax Reduction Reserve funds were used between FY 2009-10 and FY 2011-12 as a short-term budget balancing solution.

In FY 2014-15, \$4.5 million was added to the reserve, which reflected improving economic conditions. No additional funding is recommended to be added to the reserve as part of the FY 2015-16 proposed budget.

BUDGET AUGMENTATION REQUESTS RECOMMENDED

None requested.