



**MEMORANDUM**  
OFFICE OF THE  
**COUNTY EXECUTIVE**  
**COUNTY OF PLACER**

**TO:** Honorable Board of Supervisors

**FROM:** Holly Heinzen, Interim County Executive Officer  
By: Graham Knaus, Finance and Budget Operations Manager

**DATE:** June 5, 2012

**SUBJECT:** Adoption of the FY 2012-13 Proposed Budget

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**Action Requested**

The Board is requested to take the following actions:

1. Adopt the FY 2012-13 Proposed Budget.
2. Adopt the FY 2012-13 Proposed Budgets for Lighting Districts, County Service Area Zones (CSAs), and Sewer Maintenance Districts governed by your Board.
3. Approve early purchase of equipment on the Master Fixed Asset List.

**Background**

***Role and Purpose of the County Budget***

Government budgets, or appropriations, are legal limits on how much a department can spend and may not be exceeded unless additional funding is authorized through Board approved budget revisions. In practice, appropriations are the authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes, and are time limited to one year. In total, the County Budget reflects the planned balance of revenues and expenditures to meet annual countywide priorities.

Critical components of a government fund are financing requirements (financing uses and provision for reserves), which are offset by available financing (financing sources, cancelled reserves and fund balance carryover). When total financing requirements equal total available financing, the budget is balanced.

Placer County has fourteen operating and two capital and infrastructure funds that make up the Proposed Budget.

***Summary***

The Board's proactive measures over recent years have enabled Placer County to remain fiscally healthy throughout the prolonged recession that began in 2007. The Board has reprioritized declining revenues to preserve core service levels, and instituted measures to control cost growth, including a hiring freeze and greater employee cost sharing of health benefits and pension costs. Further, the Board has implemented employee cost savings ideas

and alternative service delivery models to leverage remaining limited resources and minimize service impacts.

The economy now shows mixed signs of recovery, as revenues appear less certain than before the recession, and cost pressures continue to grow. As a result, the Proposed Budget continues to be lower than pre-recession levels. Since FY 2007-08, the total budget has declined \$102.1 million (12.9%), largely a reflection of completed buildings and roads projects as well as significantly scaled back General Fund support for infrastructure due to the economic downturn. Filled positions have been reduced 15.4% to 2,150 since the hiring freeze was put in place in 2007. Over this same period, the General Fund budget has been reduced \$17.8 million (4.8%) as a result of declining discretionary revenues. This is particularly the case with property taxes, the County largest discretionary revenue source, which is projected to decline an additional 1.1% in FY 2012-13, for a cumulative \$16.4 million (12.4%) drop since FY 2007-08.

The Proposed Budget continues to maintain core services to constituents and meets important obligations to the Placer County community. However, local challenges still exist in areas such as library services, fire protection, deferred building maintenance and capital infrastructure needs, and the timing and approach related to the opening of the new South Placer Adult Correctional Facility. Although some targeted revenues are increasing among Public Safety and Health and Human Services programs, discretionary revenues as a whole continue to decline. As the shape of the recovery remains unclear, the county should continue to prepare for a nimble service delivery model that can provide a high level of service to our residents with fewer staff and less resources.

Since 2007, many departments have worked together to reduce operational costs. However, under the current service model the county's costs of doing business will continue to rise beyond available revenues. In recognition of this economic necessity, the Board has directed staff to identify available options for reprioritization and flexibility to best position the county to respond to the changing economy as well as Federal and State impacts. This includes development of the multi-year budget strategy following the March 27, 2012 discussion with the Board. This strategy is being finalized and will be presented for Board consideration in the near future. The strategy is intended to strengthen the County's fiscal footing while strategically meeting short-term and long-term priorities of the Board.

#### **FY 2012-13 Proposed Budget**

Placer County's FY 2012-13 Proposed Budget is recommended at \$690.1 million. As displayed in Table 1, the Proposed Budget is \$59.2 million lower than in FY 2011-12, a decrease of 7.9%. This decrease is driven largely by the reduction of \$53.9 million (24.6%) in the Infrastructure Budget, primarily a function of the project schedule for the Foresthill Bridge project and the wind down of costs related to the South Placer Adult Correctional Facility. Other significant year over year reductions include the General Fund (-\$4.5 million) and provisions to reserves (-\$7.1 million). Legislation dissolving California's Redevelopment agencies is reflected in the one-year establishment of the Redevelopment Obligation Retirement Fund (\$5.8 million). The most significant year over year increase is to the Public Safety Fund (\$4.9 million), primarily due to a \$4.0 million increase in Public Safety Sales Tax.

**Table 1. Operating & Capital Budgets, Financing Requirements Comparison**

| Financing Uses & Provision for Reserves        | Final Budget *<br>FY 2011-12 | Proposed Budget<br>FY 2012-13 | \$<br>Change           | %<br>Change   |
|--|------------------------------|-------------------------------|------------------------|---------------|
| <b>Operating Budget</b>                        |                              |                               |                        |               |
| General Fund (100)                             | \$ 359,188,479               | \$ 354,659,190                | \$ (4,529,289)         | -1.3%         |
| Housing Authority Fund (103)                   | 2,611,070                    | 2,591,722                     | (19,348)               | -0.7%         |
| Community Revitalization Fund (104)            | 4,565,965                    | 1,336,134                     | (3,229,831)            | -70.7%        |
| Redevelopment Obligation Retirement Fund (105) | -                            | 5,849,222                     | 5,849,222              | N/A           |
| Special Aviation Fund (107)                    | 32,500                       | 12,500                        | (20,000)               | -61.5%        |
| Public Safety Fund (110)                       | 133,909,571                  | 138,847,999                   | 4,938,428              | 3.7%          |
| DMV Special Collections Fund (111)             | 1,660,779                    | 914,141                       | (746,638)              | -45.0%        |
| Gold County Tourism & Promotion (115)          | 205,523                      | 186,450                       | (19,073)               | -9.3%         |
| Fish & Game Fund (130)                         | 11,862                       | 7,768                         | (4,094)                | -34.5%        |
| Tahoe Tourism & Promotion (145)                | 6,767,535                    | 6,091,362                     | (676,173)              | -10.0%        |
| Open Space Fund (150)                          | 605,000                      | 420,000                       | (185,000)              | -30.6%        |
| County Library Fund (160)                      | 5,886,283                    | 6,097,074                     | 210,791                | 3.6%          |
| Fire Control Fund (170)                        | 3,013,216                    | 3,309,209                     | 295,993                | 9.8%          |
| Debt Service Fund (190)                        | 4,358,569                    | 4,356,603                     | (1,966)                | 0.0%          |
| <b>Subtotal Operating Funds</b>                | <b>\$ 522,816,352</b>        | <b>\$ 524,679,374</b>         | <b>\$ 1,863,022</b>    | <b>0.4%</b>   |
| <b>Infrastructure Budget</b>                   |                              |                               |                        |               |
| Capital Projects Fund (140)                    | \$ 74,648,702                | \$ 66,193,060                 | \$ (8,455,642)         | -11.3%        |
| Public Ways & Facilities Fund (120)            | 144,093,972                  | 98,635,562                    | (45,458,410)           | -31.5%        |
| <b>Subtotal Infrastructure Funds</b>           | <b>\$ 218,742,674</b>        | <b>\$ 164,828,622</b>         | <b>\$ (53,914,052)</b> | <b>-24.6%</b> |
| <b>Total Financing Uses:</b>                   | <b>\$ 741,559,026</b>        | <b>\$ 689,507,996</b>         | <b>\$ (52,051,030)</b> | <b>-7.0%</b>  |
| Provision to reserves                          | \$ 7,732,615                 | \$ 600,000                    | \$ (7,132,615)         | -92.2%        |
| <b>Total Financing Requirements:</b>           | <b>\$ 749,291,641</b>        | <b>\$ 690,107,996</b>         | <b>\$ (59,183,645)</b> | <b>-7.9%</b>  |

### THE GENERAL FUND

The **General Fund** is the largest countywide fund. It underwrites most countywide operations either directly as the "net county cost"<sup>1</sup> of General Fund budgets, or indirectly through contributions to other funds. The General Fund supports the operations of most county funds through direct contributions, which may include required state "maintenance of effort" payments for certain programs. The General Fund includes appropriations for general government, finance, planning and building inspection, facility services and health and human services. The General Fund makes contributions to other funds for public safety services, fire protection services, capital construction, road maintenance and construction, open space acquisition and maintenance, library services, and debt service.

The FY 2012-13 General Fund is recommended at \$354.7 million, a \$4.5 million or 1.3% decrease from FY 2011-12. The reduction reflects relatively flat salaries and benefits (decrease in salaries and wages offset by increase in benefits costs), lower services and supplies (\$2.6 million), a reduction to the contribution to other funds (\$2.0 million), an increase to capital infrastructure of \$1.0 million consistent with the Capital Facilities Financing Plan (CFFP), and other adjustments. General Fund support for Health and Human Services decreases by \$1.2 million in recognition of increased Health and Human Services dedicated revenues including

<sup>1</sup> Net county cost is the portion of an appropriation that is funded from general-purpose revenue or available fund balance; total appropriation costs less direct fees, grants or reimbursements.

reprioritization of \$600,000 to the Committed Reserve for Future Occurrences (Client Aid reserve).

### Financing Requirements

|              | Estimated<br>Financing<br>Uses | Increases to<br>Committed Fund<br>Balance | Total<br>Financing<br>Requirements |
|--------------|--------------------------------|---|------------------------------------|
| General Fund | 354,659,190                    | 600,000                                   | 355,259,190                        |

General Fund financing requirements maintain essential services and programs where possible, however reductions in some areas have been necessary to balance the budget and county departments were directed to reduce expenditures wherever feasible, despite the fact that the cost of doing business has continued to rise.

The General Fund contribution to capital projects is proposed at \$4.5 million, or \$1.0 million higher than FY 2011-12 in order fund Board-prioritized capital projects as affirmed by the Board in the Capital Facilities Financing Plan July 25, 2011. Contributions also increase \$264,000 for the County Library Fund to offset increased costs of centralized county services not charged directly (A-87). Contributions to most other funds including the Road Fund are equal to the FY 2011-12 amount; however the General Fund contributions to Public Safety departments of Sheriff, Probation, District Attorney and Criminal Justice CEO decrease by just over \$2.0 million to \$73.8 million in recognition of increased Public Safety dedicated revenues including a \$4.0 million increase to Public Safety Sales Tax. With the change, the General Fund contribution to Public Safety will have increased by \$9.2 million (14.2%) since FY 2007-08 at the same time available discretionary Property Tax revenues have declined \$16.4 million.

Recommended General Fund contingencies set-aside for unanticipated expenditures or revenue shortfalls, are recommended to remain at the FY 2011-12 level of \$5.3 million, or 1.54% of the operating budget which slightly exceeds the 1.5% required in County financial policies. These funds may be used for operating costs and / or unanticipated revenue decreases, and for items that need to be carried forward and re-budgeted from the prior fiscal year.

The County attempts to reserve approximately 5% of its General Fund operating expenditures for possible emergencies or economic downturns. Indeed maintenance of prudent reserves has been part of the County's fiscal planning process for many years. This policy has allowed Placer County to set aside resources for difficult budget years, and has provided a solid foundation to respond to sharp changes in county revenues as has occurred over the past several years. The long term approach is outlined in the County Budget and Financial Policy and has enabled the metered use of reserves in FY 2008-09, FY 2009-10 and FY 2010-11 followed by the FY 2011-12 addition to reserves. The Proposed Budget includes a General Fund reserve at 3.8% of operating expenditures.

The Proposed Budget balances the General Fund without the use of reserves for the second time in five years; \$600,000 is added to the fund balance Assigned for Future Occurrences from the reduction in General Fund support among the Health and Human Services budgets.

General Fund allocated positions in the Proposed Budget have increased slightly when compared to FY 2011-12 Final Budget, from 1,625, to 1,627. However, since FY 2007-08, as a

result of county hiring restrictions designed to reduce operational costs, there are 332 fewer funded positions in the General Fund, resulting in a 20.6% smaller workforce.

### **Available Financing**

|              | Estimated<br>Fund Balance<br>June 30, 2012 | Decreases to<br>Obligated Fund<br>Balance | Financing<br>Sources | Total Available<br>Financing |
|--------------|--|---|----------------------|------------------------------|
| General Fund | 27,000,000                                 | -   | 328,259,190          | 355,259,190                  |

General Fund revenues are projected to decrease by \$3.7 million (1.1%) from FY 2011-12. Property Tax revenue is projected to drop by \$1.3 million or 1.1% in FY 2012-13. This amounts to a cumulative decrease of \$16.4 million (12.4%) in Property Tax revenue since FY 2007-08.

Carryover fund balance is anticipated due to FY 2011-12 expenditure savings and revenue received in excess of the amount budgeted. In Placer County, fund balance is carefully estimated and is an important part of planned, budgeted resources. General Fund balance carryover from FY 2011-12 is anticipated at \$27.0 million or 7.6% of total financing sources, which is consistent with the level used in previous budgets.

### **THE PUBLIC SAFETY FUND**

The **Public Safety Fund** is made up of four departments: Sheriff, District Attorney, Probation and the County Executive Office. The FY 2012-13 Public Safety Fund budget is recommended at \$138.8 million, an increase of \$4.9 million or 3.7% over the Final Budget. The recommended budget provides the departments with important resources and is in balance with the revenue estimates noted below.

Revenue estimates for public safety are \$132.7 million, which is \$4.4 million or 3.5% higher than the FY 2011-12 Final Budget and \$16.0 million or 13.7% higher than in FY 2007-08. Included in this amount is an estimated \$33.7 million in public safety sales tax (Proposition 172 funding). This increase of \$4.0 million or 13.3% above FY 2011-12 reflects a higher trend in receipts, and will be reevaluated in the FY 2012-13 Final Budget. In recognition of these increased revenues, the General Fund contribution to the Public Safety Fund decreases from \$75.8 million to \$73.8 million. The discretionary General Fund share supporting Public Safety has increased from 34.9% in FY 2007-08 to 48.2% in FY 2011-12 and down to 46.8% in FY 2012-13. The General Fund contribution of \$7.9 million to offset State Controller's Cost Allocation Plan costs is unchanged from FY 2011-12. The Public Safety Fund is balanced with \$6.1 million in estimated fund balance carryover.

### **PUBLIC WAYS AND FACILITIES FUND**

The **Public Ways and Facilities Fund**, commonly referred to as the Road Fund, provides engineering services in the area of design, construction and contract administration for both the County and private land development projects. The fund also maintains, protects and improves approximately 1,057 miles of roads, and accounts for road and road-related storm maintenance, including snow removal and road engineering and construction. The net budget of \$98.6 million represents a decrease of \$45.5 million (-31.5%) as compared to FY 2011-12. This difference is due in large part to the timing of the Foresthill Bridge painting and seismic retrofit project. The Public Ways and Facilities Fund is balanced with \$190,960 in reserves.

### CAPITAL PROJECTS FUND

The **Capital Projects Fund** provides resources for the construction and remodeling of county buildings. Project priority is determined by whether a project is identified in the Capital Improvements Master Plan, mitigates health and safety needs, improves departmental operations, or preserves and extends the life of an existing county facility. A continuing issue that confronts the County has been the critical need to plan for and replace the County's aging facilities. To bridge the gap between funding needs and funds on hand, the County's long range financing plan assumes a combination of accumulated reserves, current funding from within county budget resources, prudent debt obligation, growth fees and other revenue. To assist this effort, in May 2002 the Board of Supervisors approved the securitization of tobacco settlement revenue through year 2036 to support funding for infrastructure. Pursuant to the bond issuance, 100% of the funding was dedicated to Placer County's capital projects. In May 2006 the Board of Supervisors approved a second action to restate the utilization of bond proceeds to support funding for additional infrastructure projects through year 2056.

The FY 2012-13 **Capital Projects Fund** budget is recommended at \$66.2 million, a decrease of \$8.5 million from the FY 2011-12 Final Budget. Recommended project costs are \$65.4 million, compared to the \$73.7 million in FY 2011-12. The decrease in project construction costs reflects a decrease in funding for the South Placer Adult Correctional Facility to reflect its final year of funding, as well as the completion of other projects.

Among the projects included in the recommended budget are the Auburn Animal Shelter (\$8.8 million), South Placer Adult Correctional Facility (\$5.0 million), Applegate Sewer Improvements (\$2.3 million) and Dry Creek Park (\$1.2 million). The General Fund contribution to capital projects is \$4.5 million, or \$1.0 million higher than FY 2011-12 consistent with the Capital Facilities Financing Plan (CFFP). The Capital Projects Fund is balanced with \$57.4 million in revenue and project reimbursements and \$8.8 million in estimated fund balance carryover.

### OTHER COUNTY OPERATING FUNDS

The Placer County Proposed Budget includes 14 operating and 2 capital and infrastructure funds, the largest of which have been summarized above. Other County operating funds include the Housing Authority Fund; the Community Revitalization Fund; the Special Aviation Fund; the DMV Special Collections Fund; the Gold Country Tourism and Promotion Fund; the Fish and Game Fund; the Lake Tahoe Tourism and Promotion Fund; the Open Space Fund; the Library Fund; the Fire Protection Fund; the Debt Service Fund; and the Redevelopment Obligation Retirement Fund. While none of these funds is as large as those previously discussed, each fund was established to keep its assets, liabilities, and revenue and expenditures separate, usually for legal or programmatic reasons.

Managed by the Health and Human Services Department, the **Housing Authority Fund** is used to account for the Section 8 housing program. Funding provides direct and contracted social services to low income and high-risk target populations (including program effectiveness evaluation), and to provide technical assistance to subcontractors. The recommended financing requirements are \$2.6 million, including \$113,390 from fund balance.

The **Community Revitalization Fund** consists of expenditures made on behalf of several federal and local programs. These programs were previously managed by the Redevelopment Agency but have been shifted in FY 2012-13 to CDRA due to the dissolution of Redevelopment Agencies under AB1X 26. These programs include the Community Development Block Grant

(CDBG) General Allocation, the Economic Development Block Grant (EDBG), the HOME Investment Partnership Program, the CalHome Program, and the Neighborhood Stabilization Program (NSP). These programs primarily benefit low-income persons through housing and public improvements, housing rehabilitation, and reduction of blighted conditions. The Proposed Budget includes only those projects with approved grant revenue or other in-hand sources. Federal aid is projected to decrease by \$2.0 million.

The **Special Aviation Fund** supports the Blue Canyon Airport via federal funding by providing for capital improvements, equipment maintenance and administrative support. The Public Works Department manages this fund and the recommended financing requirements are \$914,141, funded by a state grant (\$716,000) and fund balance (\$198,141).

The **Redevelopment Obligation Retirement Fund** is used to effectively and efficiently wind down activities of the former Placer County Redevelopment Agency consistent with the provisions of AB1X 26, the Dissolution Act. On January 24, 2012, the Board of Supervisors took action to create the limited term Redevelopment Department to serve as staff of the Successor Agency of the former Placer County Redevelopment Agency to wind down activities. Department duties include administration of programs that implement AB1X 26, including but not limited to; making required payments and disposing of assets and properties. The recommended budget is \$5.8 million, funded by dedicated Redevelopment property taxes and bond proceeds.

The **DMV Special Collections Fund** supports the Fingerprint Identification and Auto Theft Task Force activities within the Sheriff's Department. Revenues are generated through the collection of Department Of Motor Vehicles (DMV) Licensing Fees assessed for vehicles registered in Placer County. Recommended financing requirements of \$12,500 are supported by revenue (\$10,000) and by carryover fund balance (\$2,500).

The **Gold Country Tourism and Promotion Fund** receives hotel-motel or transient occupancy taxes (TOT) in the unincorporated areas of the County that are west of the summit. Western slope promotional activities that encourage tourism are funded from TOT taxes. Recommended financing requirements are \$186,450. The budget is balanced with \$185,650 in estimated revenue, and \$800 in carryover fund balance.

The **Fish and Game Fund** is used to support wildlife and fish propagation and conservation efforts. Revenues from fish and game violations have declined compared to prior years. Due to reduced fund reserves, a General Fund contribution of \$5,370 is recommended FY 2012-13, to balance the \$7,768 in financing requirements with \$1,200 revenues and \$1,198 in Fish and Game projected fund balance carryover.

The **Lake Tahoe Tourism and Promotion Fund**, receives 60% of the hotel-motel or transient occupancy taxes (TOT) in the unincorporated areas of the County that are east of the summit. Tahoe area promotional activities that encourage tourism are funded from the TOT taxes under a contract with the North Lake Tahoe Resort Association. In 1995 the Board of Supervisors approved the formation of the North Lake Tahoe Resort Association and appointed a Board of Directors, comprised of representatives from various North Lake Tahoe tourism related industries to recommend and oversee funding for the Tahoe community. Resort Association activities include marketing and promotions, visitor services, public improvements and infrastructure projects. Recommended required financing of \$6.1 million is supported by estimated revenue (\$6.0 million) and carryover fund balance (\$91,362).

The **Open Space Fund** is used to account for contributions and the acquisition of open space in the County under the Placer Legacy program. The Placer Legacy program conserves the County's diversity of landscapes and natural resources. It supports the County's economic viability, provides enhancement of property values and furthers the natural resource goals of the Placer County General Plan. Recommended funding requirements of \$420,000 are supported by developer fees, a United Auburn Indian Community contribution, and other revenue.

The **Library Fund** provides public library services that support the educational, recreational and cultural endeavors of citizens within the community. The County Library System serves all of Placer County except for the cities of Roseville and Lincoln, which have their own library systems. The most significant, immediate challenge facing the Library is continuing to provide quality services to a growing population with limited revenues. Over the last few years, Library property tax revenues have declined \$421,000 (10.5%) and State funding (\$100,000 in FY 2007-08) was eliminated. The Library has taken actions to reduce operating costs and the County will continue to study the appropriate level of sustainable services. Recommended financing requirements of \$6.1 million have been offset by \$5.7 million of revenue, \$314,637 in carryover fund balance, and \$55,000 in reserves. The Library receives an indirect General Fund contribution through the provision of grounds maintenance services. The General Fund also provides direct contributions for salary and benefit support of the Director of Library Services (\$206,907) and \$1.3 million for costs of centralized county services that are not charged directly (A-87).

The **Fire Protection Fund** provides fire protection services through a contract with the California Department of Forestry and Fire Protection (CalFIRE) and provides hazardous material response (HAZMAT) capability. Recommended financing requirements of \$3.3 million are supported by \$3.2 million in estimated revenue, and \$135,618 in carryover fund balance. In FY 2012-13 the fund will continue to receive a contribution for fire services from the General Fund of just over \$1.0 million. Other financing sources include dedicated property tax, public safety sales tax and other miscellaneous revenue.

The **Debt Service Fund** accounts for principal, interest and fees on county debt service issued for certificates of participation (COP). The County's current COP's finance the juvenile hall, the Finance and Administration Center at the Placer County Government Center and the Bill Santucci Justice Center. The General Fund contributes the net cost of the County's annual debt service to this fund, less reimbursements paid by other funds and revenue received. All of the \$4.4 million in recommended financing requirements is funded by revenues.

### **INTERNAL SERVICE FUNDS**

Placer County operates 12 internal service funds that are used to provide services primarily to other county departments. County departments are charged for services they receive. Internal service funds adjust rates as necessary to recover their costs. These funds are not intended to make a cumulative profit, nor should they indefinitely sustain operating losses. The internal service funds range in size of financing requirements from \$513,380 to \$10.8 million. Total cancellation of reserves for internal services funds in the Proposed Budget is \$945,237. Recommended additions to internal service fund reserves in the Proposed Budget total \$181,370. Placer County internal services funds are: Telecommunication Services, Countywide Systems, Countywide Radio Project, Fleet, Correctional Food Services, Central Services, Special District Services, State Unemployment, General Liability Insurance, Workers Compensation Insurance, Dental and Vision Insurance and Retiree Sick Leave Benefit. Since internal service funds charge fees to county

departments for services received, including these budgets with the County Proposed Budget for operating funds would result in duplication of budgetary figures. As a result, these funds are considered separately from the operating budget, and are not included in the State Controller's Schedules.

### **ENTERPRISE FUNDS**

Placer County will operate and manage six enterprise funds in FY 2012-13: Transit, TART, Eastern Regional Landfill, Solid Waste Management, Property Management, and the Placer mPower Fund. Enterprise funds typically provide utility, property management, and health services to the public and charge for the services provided. Enterprise funds are not required to recover full costs, but should remain solvent. Placer County enterprise funds range in size of financing requirements from \$554,007 to \$9.3 million. The total amount of recommended financing uses and reserve additions for the enterprise funds for FY 2012-13 is \$22.0 million.

### **FY 2012-13 PROPOSED BUDGET FOR SPECIAL DISTRICTS**

The FY 2012-13 Proposed Budget for Special Districts consists of a summary schedule, detail of provisions for reserves and designations, and revenue and expenditure line-item detail schedules for approximately 195 Districts and CSA zones. The Proposed Budgets for Special Districts governed by your Board are in a separate volume from the Placer County Proposed Budget due to the size of the book. The Special District's proposed expenditure budgets and additions to reserves have been balanced through a combination of estimated revenues, fund balance carryover, and cancellation of reserves for each fund. In most cases, final budget adjustments will be required to reflect year-end fund balance carryover, revenue estimate adjustments, and occasionally for re-budgeted costs or changes in expenditure categories.

The total FY 2012-13 amount of \$37,603,013 reflects a net decrease of \$6.4 million from FY 2011-12. This includes various adjustments in the Lighting Districts, County Service Area Zones, and Sewer Maintenance Districts as well as \$2.0 million in provisions to reserves compared to \$8.9 million in the FY 2011-12 Final Budget. Typically there are significant adjustments between Proposed Budget and Final Budget to reflect the close of the prior fiscal year and adjustments to reserves.

Significant adjustments total \$3.7 million which includes reductions to county services such as road overlay and a completed capital improvement project. Total increases include \$4.2 million, primarily due to the implementation of a revised payment approach for the treatment facility costs of the South Placer Wastewater Authority (Sewer Maintenance District 2, Dry Creek, Sunset Industrial Area, and Livoti), which will fulfill an existing funding commitment. There is also an increase due to the one-time cost of a ladder truck purchase for Fire services.

### **FISCAL IMPACT**

The total recommended Proposed Budget for County expenditures is in balance, based on FY 2012-13 revenue projections as well as estimated fund balance. The County Charter and the County Budget Act (Government Code Sec. 29000) directs the County Executive Officer to prepare and submit an annual Proposed Budget to your Board for approval. The Proposed Budget becomes Placer County's interim spending plan until your Board conducts public hearings and adopts the Final Budget by October 2, 2012.

Additional information about the county budget can be found at the following link:  
<http://www.placer.ca.gov/Departments/CEO/LatestBudgetInformation.aspx>

