

County Funds Overview

COUNTY OPERATING FUNDS

Government budgets, or appropriations¹, 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 limited to one year. Placer County's 90 appropriations are listed in the Index on page 417. Critical components of a government fund are financing requirements (financing uses and provision for reserves²), which are offset by available financing (financing sources, cancelled reserves and fund balance³ carryover). When total financing requirements equal total available financing, the budget is balanced.

Placer County has 14 operating and two capital and infrastructure funds (Table 1) that make up the Final Budget.⁴ The funds are consistent with the County's organizational and operational structure and differ from how they are reported on the Comprehensive Annual Financial Report (CAFR). The *Public Safety Fund*, *Gold Country Tourism and Promotion Fund*, *Tahoe Tourism and Promotion Fund*, and the *Open Space Fund* are combined into the *General Fund* on the CAFR for reporting purposes per standard accounting practice. The infrastructure funds are reported separately on the CAFR. Further detail about the basis of budgeting and annual reporting can be found under the Budget Process on page 7.

FY 2014-15 FINAL BUDGET

Placer County's FY 2014-15 Final Budget is recommended at \$797.8 million, representing an increase of \$76.9 million or 10.7% compared to the FY 2013-14 Final Budget.

- Funding for the FY 2014-15 Operating Budget includes:
 - \$371.4 million in General Fund revenues
 - \$371.9 million in other fund revenues;
 - \$53.7 million in fund balance carryover (all operating funds):
 - \$29.7 million General Fund
 - \$12.3 million Public Safety Fund
 - \$3.9 million Public Ways & Facilities Fund (Road Fund)
 - \$2.9 million Capital Projects Fund
 - \$0.8 million Lake Tahoe Tourism & Promotions Fund
 - \$3.9 million among other operating funds
 - \$13.7 million in reserves and assigned fund balances (all operating funds)

Fund balance is carefully estimated throughout the budget process and plays an important role as a planned, budgeted resource. In the County's multi-year budget approach, ongoing reliance on carryover fund balance as a primary budgetary source is reduced.

The Final Budget contains \$208.4 million in Capital and Road Infrastructure Funds, an increase of \$54.4 million or 35.5% compared to FY 2013-14. Capital and Road Infrastructure Funds are dedicated to capital construction and maintenance of county buildings and infrastructure to ensure public access to services, road and bridge infrastructure, storm maintenance, and snow removal; and are supported by \$201.6 million in revenues and \$6.8 million in fund balance.

¹ Appropriations are the spending authority to incur expenditures or obligations for specific purposes.

² Reserves are a set-aside amount of funds designated for specific future uses and easily liquidated when needed to meet expenditure requirements, emergency situations, or a series of planned financial events.

³ Fund Balance is the amount of assets and revenues that remain at the end of a fiscal year after offsetting all expenditures.

⁴ Proprietary funds, county service areas, and Board governed special districts are not included in the County Operating Budget, and are addressed separately.

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As indicated in Figure 1 below, the Final Budget is \$76.9 million higher than in FY 2013-14, an increase of 10.7%. This increase is comprised of several components, including a \$59.7 million increase (82.2%) in the Capital Projects Fund, largely from the budgeting approach to regional sewer projects; an increase of \$13.9 million in the General Fund funded by Federal and State revenues connected to increased mandates as well as discretionary revenues supporting local priorities; an increase of \$9.7 million in the Public Safety Fund; and other operating fund decreases totaling \$7.1 million (all discussed below). The Final Budget adds \$3.8 million to various General Fund reserves and assigned fund balances to position the County to address future economic, state and federal fiscal impacts, while maintaining a fiscally sound budget and service delivery model.

Figure 1. Operating & Capital Budgets, Financing Requirements Comparison

Financing Requirements	Final Budget FY 2013-14	Final Budget FY 2014-15	\$ Change FY 2013-14 to FY 2014-15	% Change
Operating Budget				
General Fund	\$ 387,180,199	\$ 401,097,199	\$ 13,917,000	3.6%
Housing Authority Fund	2,348,037	2,412,320	\$ 64,283	2.7%
Community Revitalization Fund	477,300	723,795	\$ 246,495	51.6%
Low & Moderate Income Housing Asset Fund	2,271,605	2,688,635	\$ 417,030	18.4%
Special Aviation Fund	54,273	21,449	\$ (32,824)	-60.5%
Public Safety Fund	148,748,723	158,410,184	\$ 9,661,461	6.5%
DMV Special Collections Fund	1,869,192	1,908,944	\$ 39,752	2.1%
Gold County Tourism & Promotion	207,339	223,254	\$ 15,915	7.7%
Fish & Game Fund	19,124	10,986	\$ (8,138)	-42.6%
Tahoe Tourism & Promotion	7,686,795	7,074,678	\$ (612,117)	-8.0%
Open Space Fund	745,080	644,377	\$ (100,703)	-13.5%
County Library Fund	6,541,131	6,041,748	\$ (499,383)	-7.6%
Fire Control Fund	4,101,318	3,961,589	\$ (139,729)	-3.4%
Debt Service Fund	4,658,556	4,180,039	\$ (478,517)	-10.3%
Subtotal Operating Funds	\$ 566,908,672	\$ 589,399,197	\$ 22,490,525	4.0%
Infrastructure Budget				
Capital Projects Fund	\$ 72,650,387	\$ 132,367,854	\$ 59,717,467	82.2%
Public Ways & Facilities Fund	81,290,283	76,050,004	\$ (5,240,279)	-6.4%
Subtotal Infrastructure Funds	\$ 153,940,670	\$ 208,417,858	\$ 54,477,188	35.4%
Total Financing Requirements:	\$ 720,849,342	\$ 797,817,055	\$ 76,967,713	10.7%
*Provision of Reserves included:				
FY 2013-14: \$5.7 million in General Fund; \$2.3 million in Public Safety Fund; and \$1.5 million in other funds;				
FY 2014-15: \$3.8 million in General Fund; \$8.1 million in Public Safety Fund; and \$1.8 million in other funds.				

County Workforce

As a service driven provider, salary and benefit costs remain the largest expenditure category in the county budget, representing \$303.1 million (38.0%) of the \$797.8 million budget. The Final Budget includes 2,521 funded positions, an increase of 19 over FY 2013-14. This net increase is primarily due to Federal and State mandated workload in Health and Human Services largely funded by State sources, increased building and planning workload including support in the Lake Tahoe area, other priorities offset by reimbursed and fee-based revenues, and new operational opportunities enabling enhanced public communication and service delivery.

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THE GENERAL FUND

The **General Fund** is the largest countywide fund and is a Major Governmental fund. It underwrites most countywide operations either directly as the “net county cost”⁵ 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, library services, and debt service.

The *General Fund* includes the following departments:

- Administrative Services
- Agricultural Commissioner
- Assessor
- Auditor Controller
- Child Support Services
- Community Development Resource Agency
- County Clerk Recorder
- County Counsel
- County Executive Office
- Facility Services
- Farm Advisor
- Health and Human Services
- Personnel
- Public Works
- Treasurer - Tax Collector

General Fund allocated positions in the Final Budget have decreased slightly when compared to FY 2013-14 Final Budget, from 1,623 to 1,621. Funded General Fund positions total 1,422, an increase of 24 (1.6%) from the FY 2013-14 Final Budget.

Figure 2 below displays the General Fund budget for FY 2013-14 compared to FY 2014-15 in addition to the amount of reserves increased.

Figure 2. General Fund Financing Uses and Reserves

Financing Requirements	Final Budget FY 2013-14	Final Budget FY 2014-15	\$ Change FY 2013-14 to FY 2014-15	% Change
General Fund				
Financing Uses	\$ 381,509,209	\$ 397,312,282	\$ 15,803,073	4.1%
Provisions to Reserves	5,670,990	3,784,917	\$ (1,886,073)	-33.3%
Total Financing Requirements:	\$ 387,180,199	\$ 401,097,199	\$ 13,917,000	3.6%

The FY 2014-15 General Fund operating budget (total financing uses and provisions to reserves) is recommended at \$397.3 million, an increase of \$15.8 million or 4.1% from the FY 2013-14 Final Budget. Property Tax, the County’s largest discretionary revenue source, continues to increase due to the recovery in property values. Targeted revenue sources continue to improve, primarily in the Health and Human Services Department, reflecting State program expansions that increase County service responsibilities. The General Fund also includes a higher level of discretionary revenues including Property Tax and Sales Tax to support Board prioritized services. General Fund financing requirements maintain essential services and programs and reflect prioritizing discretionary revenue to cover well over one-half of cost increases, on average, for General Fund departments. This approach provides limited discretionary revenue increases to departments as a means towards maintaining a sustainable budgetary model consistent with the multi-year budget framework.

⁵ 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.

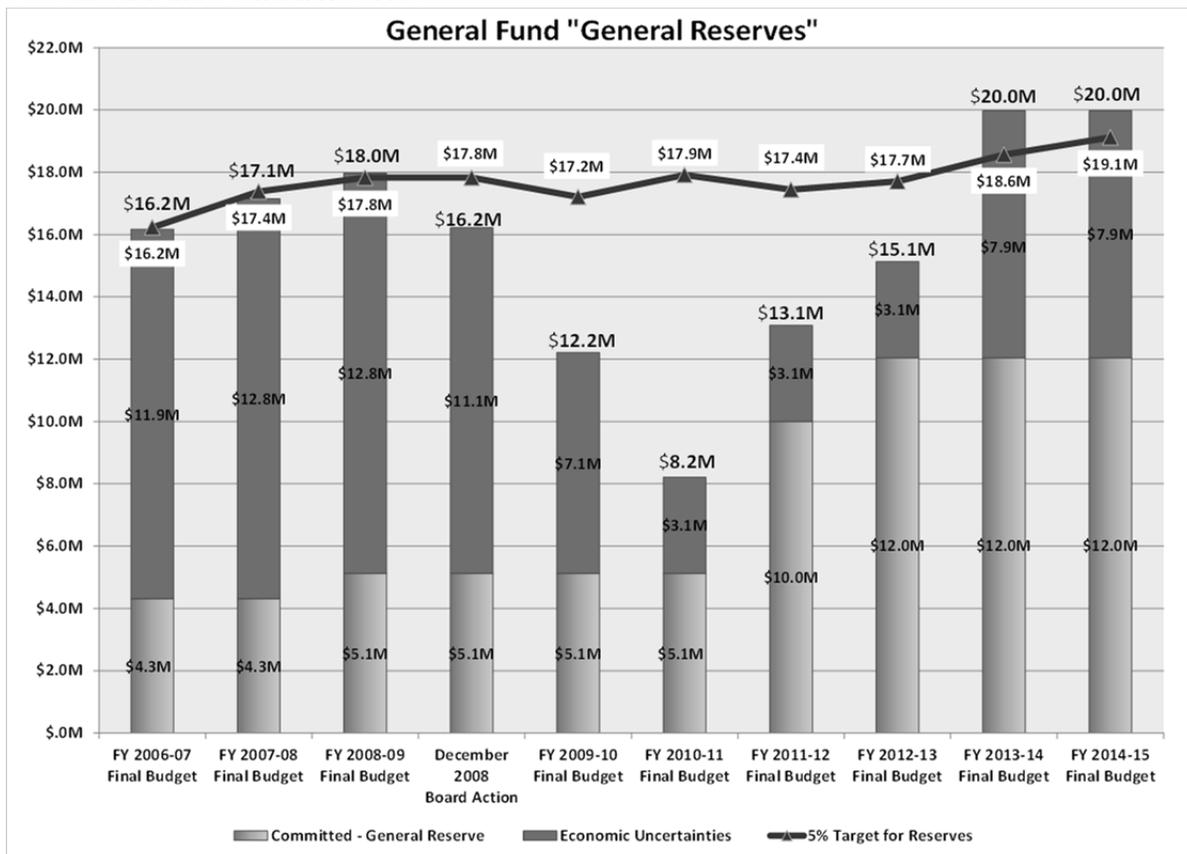
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The year over year increase of \$15.8 million includes increased General Fund support to public safety (maintained at approximately 47% of total discretionary revenues consistent with the multi-year budget framework), resulting in a \$5.1 million increase compared to FY 2013-14. Cost increases of approximately \$3.6 million related to Adult and Children Systems of Care (largely offset by Federal and State revenues) are also incorporated into the budget, along with \$1.0 million in State-mandated foster care expansion (funded 20% by the County General Fund). Recommended one-time General Fund costs include \$525,000 to support the Placer County Conservation Plan (PCCP), a longstanding Board priority, as well as updates to the Sunset Industrial Area (SIA) and Tahoe Basin Community Plans totaling approximately \$800,000. Finally, one-time contributions totaling approximately \$3.1 million supporting several capital, infrastructure and deferred maintenance priorities are recommended in the Final Budget for the General Fund.

Use of Reserves and Contingencies

Maintenance of adequate levels of reserves has been part of the County’s fiscal planning process for many years. Continued implementation of the Budget and Financial Policy has enabled Placer County to set aside resources for difficult budget years, and has provided a solid foundation for County revenues. Although reserves were used for several years to mitigate impacts of the recently experienced “Great Recession,” the County has since achieved the 5% General / Economic Contingency Reserve minimum target in accordance with Budget and Financial Policy. General Reserve levels are noted below:

Figure 3 – General Fund “General Reserves”



For FY 2014-15, it is recommended that a total of \$3.8 million be added to General Fund reserves for the following purposes:

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- Future Unfunded Mandates Reserve (\$540,000)
- Assigned Fund Balance - Unfunded Liabilities (OPEB / CalPERS) - \$3.24 million

The recommendation to fund a reserve for unfunded liabilities serves as a temporary placement of available one-time funding pursuant to completion of a long-term liability funding analysis currently underway. This analysis, which is specifically related to existing and potential methodologies by which long-term, unfunded liabilities for Other Post Employment Benefits (OPEB) and CalPERS Retirement Obligations are funded, will be completed upon receipt of all updated actuarial information for both programs. The actuarial information, along with existing program funding policies and mechanics, will be considered to develop recommendation(s) related to alternative, fiscally prudent funding methodologies. Your Board can anticipate receiving a reporting of findings and recommendations related to final placement of the \$3.24 million in late Fall 2014.

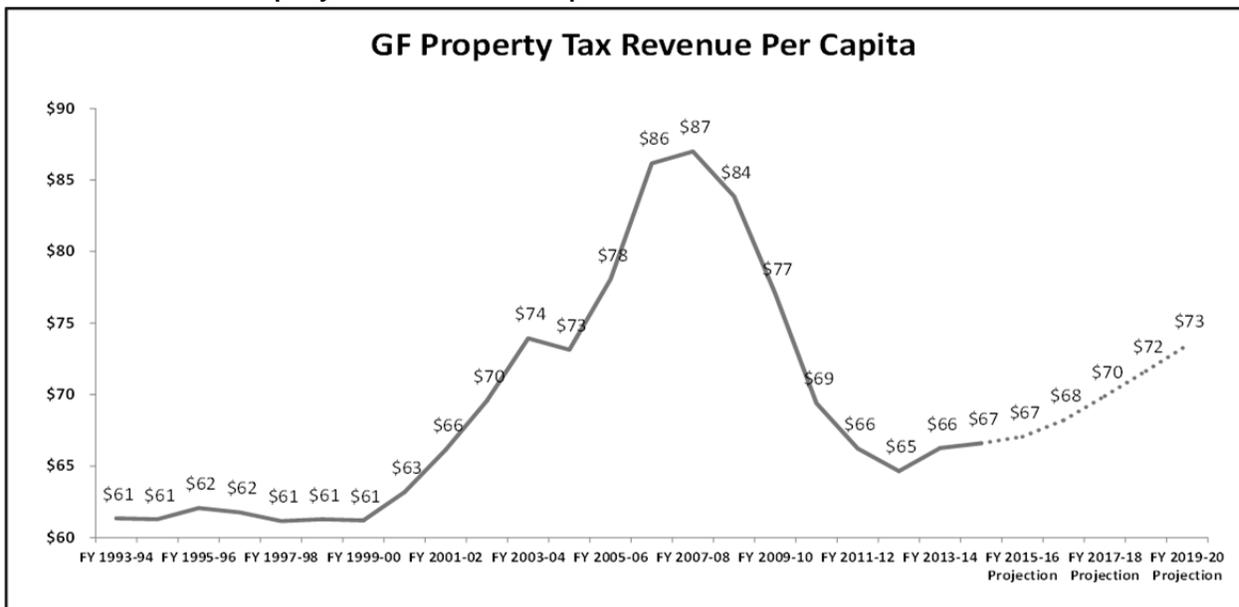
The recommended General Fund contingency funding set-aside for unanticipated expenditures or revenue shortfalls is 1.5% of General Fund operating costs, or \$5.7 million for FY 2014-15. These funds may be used for operating costs and / or unanticipated revenue decreases.

Revenue Estimates

FY 2014-15 budgeted General Fund revenues have increased by approximately \$12.6 million when compared to amounts budgeted for FY 2013-14, and can be directly attributed to the modest economic recovery currently being experienced. FY 2014-15 budgeted revenues include increases for property taxes (\$5.7 million); property tax in lieu of the Vehicle License Fee (VLF) (\$2.2 million); sales tax (\$1.2 million) and development fees (\$1.0 million).

Collections of property tax represent the largest single source of discretionary revenue available in the General Fund. Adjusting for county population and inflation, the per capita amount of property tax collected is anticipated to be at levels experienced in FY 2001-02, as shown in Figure 4 below. Real property assessed valuations are not anticipated to recover to peak levels experienced just before the onset of the “Great Recession” at any time in the foreseeable future, but rather grow modestly at a rate of approximately 2.0% - 2.5% consistent with Proposition 13 valuation growth limits and recovery of property valuation adjustments.

Figure 4 – General Fund Property Tax Revenue Per Capita



Per capita property tax revenue amounts calculated based on actual or projected property tax revenue divided by population estimates and adjusted for inflation.

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PUBLIC SAFETY FUND

The **Public Safety Fund** is a Major Governmental Fund⁶ made up of four departments: Sheriff, District Attorney, Probation and the County Executive Office. The FY 2014-15 Public Safety Fund operating budget is recommended at \$150.3 million, an increase of \$3.9 million or 2.7% over FY 2013-14. In addition to providing departments with important resources for the provision of public safety, the recommended budget also directs \$7.9 million to a Public Safety Fund reserve towards forecasted future Public Safety operational costs and priorities; and \$200,000 towards a vehicle replacement reserve. The Public Safety Fund is in balance with the revenue estimates noted below.

Revenue estimates for public safety are \$146.1 million, \$7.6 million or 5.5% higher than FY 2013-14. Included in these estimates are the following major revenues:

- \$79.8 million in General Fund contribution, an operational increase of \$5.1 million or 6.7% above FY 2013-14. The discretionary General Fund share supporting public safety has been maintained at approximately 47% of total county discretionary revenue to align to the multi-year budget framework.
- \$38.0 million in public safety sales tax (Proposition 172 funding), an increase of \$2.1 million or 5.8% above FY 2013-14 reflecting a higher trend in receipts.
- \$5.8 million in Public Safety Realignment (AB 109) funding, a decrease of \$1.1 million or 15.9%, reflecting a decreased Statewide funding allocation.

The Public Safety Fund is balanced with \$12.3 million in estimated fund balance carryover. It should be mentioned that the Final Budget includes \$11 million for the first full year operation of the South Placer Adult Correctional Facility (SPACF).

PUBLIC WAYS AND FACILITIES FUND

The **Public Ways and Facilities Fund**, commonly referred to as the Road Fund, is a Major Governmental fund maintained by the Department of Public Works, and 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 1,047 miles of roads, and accounts for road and road-related storm maintenance, including snow removal and road engineering and construction. The net budget of \$75 million represents a decrease of \$5.9 million (-7.2%) as compared to FY 2013-14. This difference is due in large part to completion of the Foresthill Bridge Seismic Retrofit and Cook Riolo Bike Bridge projects. An additional \$1 million for road resurfacing/overlay projects will be provided by the General Fund for a total of \$3.5 million in FY 2014-15. The Public Ways and Facilities Fund is balanced and includes over \$380,000 added to reserves.

CAPITAL PROJECTS FUND

The **Capital Projects Fund** is a Major Governmental fund maintained by the Facility Services Department and provides resources for the planning, improvement, and construction of county buildings, sewer and solid waste systems, parks, and trails. Project priority is determined by a series of criteria and immediate or future need. The criteria is based on a projects economic development impact, mitigation of health and safety needs, improvement of departmental operations, or preservation of the life of existing infrastructure. A continuing issue that confronts the County has been the critical need to plan for, maintain, and replace the County's aging infrastructure. To bridge the gap between funding needs and funds on hand, the FY 2014-15 budget development process is accompanied by a Multi-Year Capital Plan and Finance Summary to guide the Board of Supervisors' decision-making on current and

⁶ These Major Governmental funds are combined with the General Fund for CAFR purposes.

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long range financing for the collective countywide need. The plan identifies uncommitted capital reserves, current funding from within county budget resources, impact fees and other potential revenues available for capital. The Board of Supervisors' formation of an Infrastructure Investment Committee two years ago with support from a Capital Projects Team has designed the Capital Plan to assist in aligning project priorities within available funding options from a countywide and growth perspective. The *Capital Projects Fund* is a major component of the Multi-Year Capital Plan, which also includes the *Public Ways and Facilities Fund* and *Countywide Systems Internal Service Fund*.

The FY 2014-15 **Capital Projects Fund** budget is recommended at \$132.4 million, an increase of \$59.7 million from FY 2013-14 Final Budget. Final Budget project costs are \$131.3 million, compared to the \$72.1 million in FY 2013-14. The increase is attributed to the budget approach for large projects such as the Mid-Western Regional Sewer and the Auburn Animal Shelter, with expenditures anticipated to cover multiple fiscal years. The Final Budget includes adjusted project balances and uses fund balance to align the budget with updated project needs. The General Fund contribution to capital projects provides funding for Board priorities, such as feasibility studies to investigate potential projects, and pursuing development and economic development opportunities. In addition, other funding sources offset costs for studies, such as the potential for a Regional Crime Lab, tenant improvements at new and existing facilities, and required projects, such as the landfill closure expansion at Eastern Regional Landfill. The funding sources include the Public Safety Fund, Health and Human Services grants, Clerk-Recorder Trust Funds, Solid Waste Fund reserves, and various fees. The Capital Projects Fund is balanced with \$129.4 million in revenue and project reimbursements and \$2.9 million in fund balance carryover.

OTHER COUNTY OPERATING FUNDS

The Final Budget includes 14 operating and two 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 *Low and Moderate Income Housing Asset 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 a Non-Major Governmental – Special Revenue fund 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). The recommended financing requirements are \$2.4 million, including \$43,076 from carryover fund balance and \$117,867 from reserves. The recommended Final Budget for this fund is \$64,283 more than FY 2013-14.

The **Community Revitalization Fund** is a Non-Major – Special Revenue fund managed by the Community Development and Resources Agency (CDRA), and consists of expenditures made on behalf of several federal and local programs. These programs were previously managed by the Redevelopment Agency but were shifted to CDRA in FY 2012-13 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 recommended Final Budget includes only those projects with approved grant revenue or other in-hand sources. The recommended Final Budget for this fund is \$723,795, or \$246,495 greater than FY 2013-14.

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The **Low and Moderate Income Housing Asset Fund** is a Major Governmental fund managed by the Community Development and Resources Agency (CDRA), and provides for management of loans made under the former Redevelopment Agency, prior to its dissolution under AB1X 26. Funding for loans and administration come from the Redevelopment Property Tax Trust Fund (RPTTF). The recommended Final Budget includes expenditures of \$1.8 million in loans with projected receipts of \$431,830 in RPTTF funding. To balance, this fund uses \$1.8 million in fund balance comprised of revenues received in prior years and provides \$230,545 to reserves. The recommended Final Budget for this fund is \$186,485 more than FY 2013-14.

The **Special Aviation Fund** is a Non-Major Governmental – Special Revenue fund and 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 \$12,500, funded by a state grant (\$10,000) and fund balance (\$2,500). The recommended Final Budget for this fund is \$30,000 less than FY 2013-14.

The **DMV Special Collections Fund** is a Non-Major Governmental – Special Revenue fund managed by the Sheriff's Department, supports the Fingerprint Identification and Auto Theft Task Force activities. Revenues are generated through the collection of Department Of Motor Vehicles (DMV) Licensing Fees assessed for vehicles registered in Placer County. FY 2014-15 financing requirements of \$1.9 million are supported by revenue (\$776,275) and by carryover fund balance (\$1.1 million). The recommended Final Budget for this fund is \$39,751 more than FY 2013-14.

The **Gold Country Tourism and Promotion Fund** is a Major Governmental fund⁷ managed by the County Executive Office and 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 for FY 2014-15 are \$215,527. The budget is balanced with \$190,900 in estimated revenue and \$32,354 in carryover fund balance, while adding \$7,727 to reserves. The recommended Final Budget for this fund is \$8,188 more than FY 2013-14.

The **Fish and Game Fund** is a Non-Major – Special Revenue fund managed by the Agricultural Commissioner, is used to support wildlife and fish propagation and conservation efforts. Revenues from fish and game violations have declined in prior years. This results in a General Fund contribution of \$4,000 in FY 2014-15 which will balance the approximately \$11,000 in financing requirements.

The **Lake Tahoe Tourism and Promotion Fund** is a Major Governmental fund⁷ managed by the County Executive Office and receives 60% of the hotel-motel or transient occupancy taxes (TOT) in the unincorporated areas of the County that are east of the summit. In June 2012, Measure F, the North Lake Tahoe Transient Occupancy Tax Area Initiative, was voter approved to extend the additional 2% TOT in the Lake Tahoe area until September 30, 2022. 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 \$6.9 million is supported by estimated revenue (\$6.2 million) and carryover fund balance (\$849,678). The recommended Final Budget for this fund is \$690,262 less than FY 2013-14.

The **Open Space Fund** is a Major Governmental fund⁷ managed by the County Executive Office and is used to account for contributions and the acquisition of open space in the County under the Placer Legacy program. The

⁷ These Major Governmental funds are combined with the General Fund for CAFR purposes.

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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 \$420,080 are supported by developer fees, a United Auburn Indian Community contribution, and other revenue. The recommended Final Budget for this fund is \$325,000 less than FY 2013-14.

The **Library Fund** is Non-Major Governmental – Special Revenue fund managed by the Library Department and 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 and reserves. Although Library property tax revenue increases \$171,737 (4.4%) over the prior year, structural budget deficiencies are projected each year into the foreseeable future. The Library has taken actions to reduce operating costs and the County continues to study the appropriate balance of sustainable services to available revenues. Recommended financing requirements of \$6.1 million are supported by \$5.6 million of revenue and \$427,526 in carryover fund balance. The General Fund provides direct contributions for salary and benefit support of the Director of Library Services (\$200,139) and \$797,317 for costs of centralized county services that are not charged directly (A-87). A one-time contribution of \$30,000 from the General Fund towards library materials is recommended with the FY 2014-15 Final Budget. Compared to FY 2013-14, the operating budget is reduced \$254,065.

The **Fire Protection Fund** is a Non-Major Governmental – Special Revenue fund managed by the County Executive Office and 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 \$3.7 million are supported by \$3.5 million in estimated revenue, and \$466,269 in carryover fund balance, while \$280,146 is added to reserves. In FY 2014-15 the fund will continue to receive a contribution for fire services from the General Fund of just under \$1.1 million. Other financing sources include dedicated property tax, public safety sales tax and other miscellaneous revenue. The recommended operating budget for this fund is \$107,371 more than FY 2013-14.

The **Debt Service Fund** is a Non-Major Governmental – Debt Service fund and housed within the Auditor-Controller's budget. This 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. The budget is balanced with \$4.1 million in estimated revenue, \$16,541 in carryover fund balance, and \$23,677 from reserves. The recommended Final Budget for this fund is \$166,988 less than FY 2013-14.

INTERNAL SERVICE FUNDS

Placer County operates 12 internal service funds that are primarily used to provide services to other county departments. County departments are charged for services they receive. The Retiree Sick Leave Benefit internal service fund (used in prior years) will no longer be used in FY 2014-15 due to new accounting procedures. Internal service funds adjust rates as necessary to recover their costs. A new internal service fund is established for the Placer County Government Center Campus (replaces former DeWitt Development enterprise fund) utilities and infrastructure 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 \$636,686 to \$12.0 million compared to \$865,031 to \$11.5 million in the prior year. Total cancellation of reserves for internal

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services funds in the Final Budget is \$3.0 million consistent with a four-year plan to utilize reserves to smooth charges. Additions to internal service fund reserves in the Final Budget total \$2.9 million.

Placer County internal services funds are:

- Telecommunication Services
- Countywide Systems
- Countywide Radio Project
- Fleet Operations
- Correctional Food Services
- Central Services
- Placer County Government Center Campus
- State Unemployment
- General Liability Insurance
- Workers Compensation Insurance
- Dental and Vision Insurance
- Special District Services

Since internal service funds charge fees to county departments for services received, including these budgets with the County Final 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. These funds are classified as Proprietary – Internal Service funds.

ENTERPRISE FUNDS

Placer County will operate and manage the following enterprise funds in FY 2014-15:

- Placer County Transit
- TART
- Eastern Regional Landfill
- Solid Waste Management
- 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. These funds are classified as Proprietary – Enterprise funds. New this year, the DeWitt Development enterprise fund is redesigned and is no longer reflected in this section. Placer County enterprise funds range in size of financing requirements from \$1.4 million to \$9.6 million. The total amount of financing uses and reserve additions for the enterprise funds for FY 2014-15 is \$21.4 million, a decrease of \$2.5 million from FY 2013-14.

SPECIAL DISTRICTS

The Final 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 168 Districts and County Service Areas (CSA) zones governed by the Board of Supervisors. The Special District's final 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 are required to reflect year-end fund balance carryover, revenue estimate adjustments, and occasionally for re-budgeted costs or changes in expenditure categories.

Significant changes since the FY 2014-15 Proposed Budget include adjustments to recognize a state funded loan for Sewer Maintenance District #3 - Regional Sewer (\$9.7 million) and Sewer Maintenance District #1-Regional Sewer (\$68.1 million). Aside from these major adjustments, the overall funding uses increased by \$5.7 million which consists of \$232,000 in new expenditures and an additional \$5.5 million in contributions to reserves spread across various CSA zones and Districts.