

County Funds Overview

Placer County's FY 2015-16 Proposed Budget was developed based upon the policy considerations outlined in this section and included in the County Executive Officer's Budget Message.

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 429. 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 (Figure 1) that make up the Proposed 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 2015-16 PROPOSED BUDGET

Placer County's FY 2015-16 Proposed Budget is recommended at \$803,311,476, representing an increase of \$5.5 million or 0.7% compared to the FY 2014-15 Final Budget.

- Funding for the FY 2015-16 Operating Budget includes:
 - \$389.1 million in General Fund revenues
 - \$380.7 million in other fund revenues;
 - \$33.1 million in fund balance carryover (all operating funds):
 - \$22.4 million General Fund
 - \$6.4 million Public Safety Fund
 - \$2.7 million Capital Projects Fund
 - \$787,300 Lake Tahoe Tourism & Promotions Fund
 - \$788,261 among other 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 Proposed Budget contains \$203.2 million in Capital and Road Infrastructure Funds, a decrease of \$5.2 million or 2.5% compared to FY 2014-15. 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 \$200.5 million in revenues and \$2.7 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 Proposed Budget is \$5.5 million higher than in FY 2014-15, an increase of 0.7%. This increase is comprised of several components, including an increase of \$10.4 million in the *General Fund* funded by Federal and State revenues connected to Health and Human Services programs as well as discretionary revenues supporting local priorities; an increase of \$2.5 million in the *Public Safety Fund*; a \$5.2 million decrease (2.5%) in the *Public Ways and Facilities Fund*; and other operating fund adjustments totaling a decrease of \$2.2 million (all discussed below).

Figure 1. Operating & Capital Budgets, Financing Requirements Comparison

Financing Requirements	Final Budget FY 2014-15	Proposed Budget FY 2015-16	\$ Change FY 2014-15 to FY 2015-16	% Change
Operating Budget				
General Fund	\$ 401,097,199	\$ 411,534,972	\$ 10,437,773	2.6%
Housing Authority Fund	2,412,320	2,401,889	\$ (10,431)	-0.4%
Community Revitalization Fund	723,795	656,000	\$ (67,795)	-9.4%
Low & Moderate Income Housing Asset Fund	2,688,635	513,905	\$ (2,174,730)	-80.9%
Special Aviation Fund	21,449	12,500	\$ (8,949)	-41.7%
Public Safety Fund	158,410,184	160,868,458	\$ 2,458,274	1.6%
DMV Special Collections Fund	1,908,944	1,241,229	\$ (667,715)	-35.0%
Gold County Tourism & Promotion	223,254	237,353	\$ 14,099	6.3%
Fish & Game Fund	10,986	10,673	\$ (313)	-2.8%
Tahoe Tourism & Promotion	7,074,678	8,135,164	\$ 1,060,486	15.0%
Open Space Fund	644,377	420,950	\$ (223,427)	-34.7%
County Library Fund	6,041,748	6,165,869	\$ 124,121	2.1%
Fire Control Fund	3,961,589	3,781,952	\$ (179,637)	-4.5%
Debt Service Fund	4,180,039	4,156,894	\$ (23,145)	-0.6%
Subtotal Operating Funds	\$ 589,399,197	\$ 600,137,808	\$ 10,738,611	1.8%
Infrastructure Budget				
Capital Projects Fund	\$ 132,367,854	\$ 125,751,739	\$ (6,616,115)	-5.0%
Public Ways & Facilities Fund	76,050,004	77,421,929	\$ 1,371,925	1.8%
Subtotal Infrastructure Funds	\$ 208,417,858	\$ 203,173,668	\$ (5,244,190)	-2.5%
Total Financing Requirements:	\$ 797,817,055	\$ 803,311,476	\$ 5,494,421	0.7%
*Provision for Reserves includes: FY 2014-15: \$3.8 million in General Fund; \$8.1 million in Public Safety Fund; and \$1.8 million in other funds; FY 2015-16: \$56,408 in Public Ways and Facilities Fund				

County Workforce

As a service driven provider, salary and benefit costs remain the largest expenditure category in the county budget, representing \$301.4 million (37.5%) of the \$803.3 million budget. The Proposed Budget includes 2,565 funded positions, an increase of 44 over FY 2014-15. This net increase is primarily in the Land Use and Public Protection Systems, due to a sustained uptick in land development and long range planning and the phased opening of the remaining beds at the South Placer Adult Correctional Facility, respectively.

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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
- Veterans Services

General Fund allocated positions in the Proposed Budget have decreased when compared to FY 2014-15 Final Budget, from 1,621 to 1,539 mostly due to the Information Technology and Employee Benefits programs moving from the *General Fund* to a newly created Internal Service Fund. Funded *General Fund* positions total 1,349, a decrease of 73 (-5.1%) from the FY 2014-15 Final Budget.

Figure 2 below displays the *General Fund* budget for FY 2014-15 compared to FY 2015-16 in addition to the amount of reserves increased.

Figure 2. General Fund Financing Uses and Reserves

Financing Requirements	Final Budget FY 2014-15	Proposed Budget FY 2015-16	\$ Change FY 2014-15 to FY 2015-16	% Change
General Fund				
Financing Uses	\$ 397,312,282	\$ 411,534,972	\$ 14,222,690	3.6%
Provisions to Reserves	3,784,917	-	\$ (3,784,917)	-100.0%
Total Financing Requirements:	\$ 401,097,199	\$ 411,534,972	\$ 10,437,773	2.6%

The FY 2015-16 *General Fund* operating budget (total financing uses and provisions to reserves) is recommended at \$411.5 million, an increase of \$10.4 million or 2.6% from the FY 2014-15 Final Budget. Property Tax, the County’s largest discretionary revenue source, continues to increase due to the recovery in property values in the wake of the recently experienced recession. 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 a majority of base budget

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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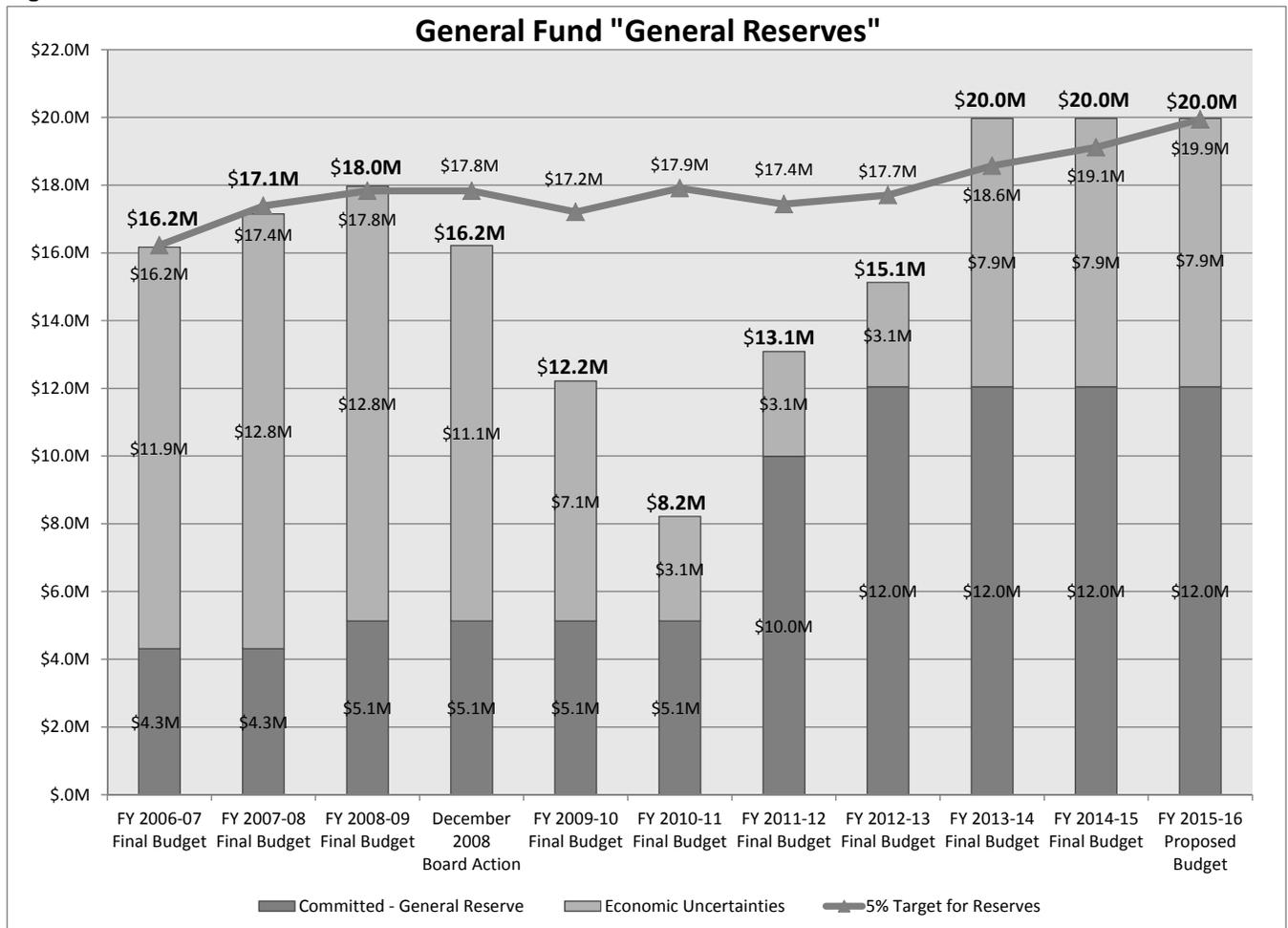
cost increases for *General Fund* departments. This approach, coupled with the goal to decrease annual carryover fund balance attributable to vacant funded positions by integrating salary savings into departmental base budgets, works to maintain a sustainable budgetary model consistent with the multi-year budget framework.

The year over year increase of \$10.4 million includes increased *General Fund* support to public safety (maintained at approximately 48.6% of total discretionary revenues consistent with the multi-year budget framework), resulting in a \$5.9 million increase compared to FY 2014-15. Cost increases of approximately \$8.2 million related to Adult and Children Systems of Care (largely offset by Federal and State revenues) are also incorporated into the budget. Recommended one-time contributions totaling approximately \$3.75 million supporting several capital, infrastructure and deferred maintenance priorities are recommended in the Proposed 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”



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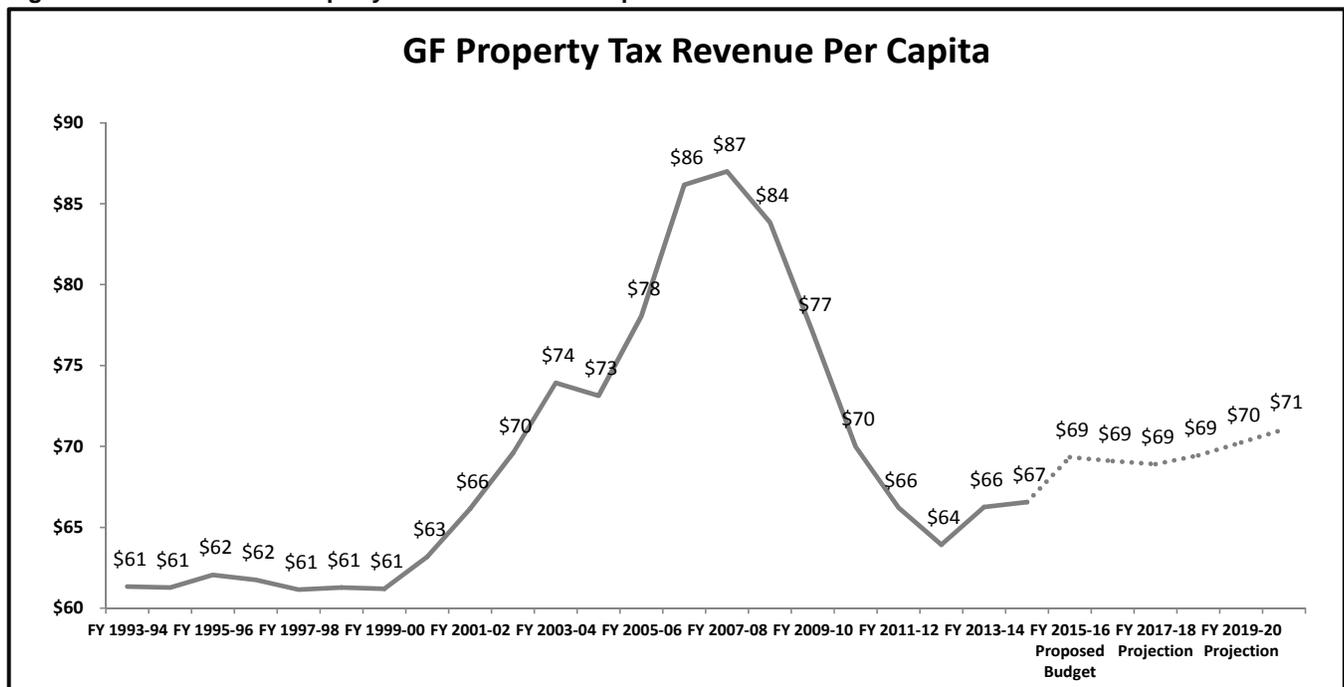
The recommended *General Fund* contingency funding set-aside for unanticipated expenditures or revenue shortfalls is 1.5% of *General Fund* operating costs, or \$6.0 million for FY 2015-16. These funds may be used for operating costs and / or unanticipated revenue decreases.

Revenue Estimates

FY 2015-16 budgeted *General Fund* revenues have increased by approximately \$17.7 million when compared to amounts budgeted for FY 2014-15, attributable to the continuing economic recovery. FY 2015-16 budgeted revenues include increases for property taxes and related in lieu collections in the amount of \$13.1 million and sales tax collections in the amount of \$2.0 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 (note: amounts are adjusted for inflation). 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.

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 2015-16 *Public Safety Fund* operating budget is recommended at \$160.8 million, an increase of \$10.5 million or 6.5% over FY 2014-15. Revenue estimates for public safety are

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

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\$154.5 million, \$8.3 million or 5.3% higher than FY 2014-15. Included in these estimates are the following major revenues:

- \$85.7 million in *General Fund* contribution, an operational increase of \$5.9 million or 7.4% above FY 2014-15. The discretionary *General Fund* share supporting public safety has been maintained at approximately 46.83% of total county discretionary revenue to align to the multi-year budget framework.
- \$39.1 million in public safety sales tax (Proposition 172 funding), an increase of \$1.1 million or 2.8% above FY 2014-15 reflecting a higher trend in receipts.
- \$6.3 million in Public Safety Realignment (AB 109) funding, an increase of \$550,000 or 9.5% above FY 2014-15, reflecting an increase in statewide funding allocation.

The *Public Safety Fund* is balanced with estimated fund balance carryover from FY 2014-15. It should be mentioned that the Proposed Budget includes \$2.95 million in ongoing expenditures to implement the county's Criminal Justice Master Plan which includes additional jail capacity, evidence-based in and out-of-custody treatment and programs, and enhanced out-of-custody supervision.

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 road engineering and maintenance services in the area of design, construction and contract administration for both the County and private land development projects. The activities of the fund also maintain, protect, and improve approximately 1,045.7 miles of roads, and include road-related storm maintenance, and snow removal. The net budget of \$77.4 million represents an increase of \$2.1 million as compared to the FY 2014-15 Final Budget. This difference is mostly attributed to an increase to the Alpine Meadows Bridge Replacement project, but also reflects the net of various road, bridge, and water quality projects, plus an additional \$1 million contribution from the General Fund. The additional General Fund amount brings the total annual contribution to \$4.8 million in support of road resurfacing / overlay projects, which is consistent with the Multi-Year Capital Plan specific to ongoing maintenance of roads. The FY 2015-16 budget development process is accompanied by an update to the Multi-Year Capital Plan's *Finance Summary*. The Summary is geared to guide the Board of Supervisors' decision-making on current and long range financing for the County. The plan identifies uncommitted capital reserves, current funding from within county budget resources, impact fees and other potential revenues available for capital and infrastructure maintenance. The comprehensive FY 2015-16 Capital Plan will be published during the final budget process in September 2015. The *Public Ways and Facilities Fund* is a major component of the Multi-Year Capital Plan, which also includes the *Capital Projects Fund*, and major Information Technology projects in the *Countywide Systems Internal Service Fund*.

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, major maintenance, and construction of county buildings, sewer and solid waste systems, parks, and trails. Project priority is determined by a series of criteria, including immediate and future needs. The criteria is generally 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 available, the FY 2015-16 budget development process is accompanied by an update to the Multi-Year Capital Plan's *Finance Summary*. The Summary is geared to guide the Board of Supervisors' decision-making on current and long range financing for the County. The plan identifies uncommitted capital reserves, current funding from within county budget resources, impact fees and other potential revenues available for capital and infrastructure maintenance. The comprehensive

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FY 2015-16 Capital Plan will be published during the final budget process in September 2015. The *Capital Projects Fund* is a major component of the Multi-Year Capital Plan, which also includes Roads in the *Public Ways and Facilities Fund* and major Information Technology projects in the *Countywide Systems Internal Service Fund*.

The FY 2015-16 **Capital Projects Fund** budget is recommended at 125.8 million, a decrease of \$6.6 million from FY 2014-15 Final Budget. Proposed Budget project costs are \$125.2 million, compared to the \$131.3 million in FY 2014-15. The net decrease is mostly attributed to spending down the budget for the multi-year Mid-Western Regional Sewer project; however, many project budgets are also adjusted. The *General Fund* contribution to capital projects provides funding for the Board's capital priorities, maintenance of existing facilities and trails, and the pursuit of economic development opportunities. In addition to the *General Fund* source, funding sources include the *Public Safety Fund*, Health and Human Services grants, *Solid Waste Fund* reserves, and Park Dedication Fees. The funding sources offset costs for facilities in which employees deliver mandated service programs, sewer and solid waste facility projects, parks, and trails. The *Capital Projects Fund* is balanced with \$123.1 million in revenue and reimbursements and \$2.7 million in projected fund balance carryover.

OTHER COUNTY OPERATING FUNDS

The Proposed 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.

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 Proposed Budget includes only those projects with approved grant revenue or other in-hand sources. The recommended Proposed Budget for this fund is \$656,000, or \$67,795 less than FY 2014-15.

The **Low and Moderate Income Housing Asset Fund** is a Major Governmental fund⁷ 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 Proposed Budget for this fund is \$513,905 or \$1.9 million less than FY 2014-15.

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

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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 estimated fund balance (\$2,500).

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 2015-16 financing requirements of \$1.2 million are supported by revenue (\$793,456) and by carryover fund balance (\$151,070). The recommended Proposed Budget for this fund is \$667,715 less than FY 2014-15.

The **Gold Country Tourism and Promotion Fund** is a Major Governmental fund⁸ 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 2015-16 are \$237,353. The budget is balanced with \$234,900 in estimated revenue and \$2,453 use of reserves. The recommended Proposed Budget for this fund is \$21,826 more than FY 2014-15.

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 2015-16 which will balance the approximately \$10,600 in financing requirements with \$9,200 in revenues and \$1,400 in Fish and Game fund balance carryover.

The **Lake Tahoe Tourism and Promotion Fund** is a Major Governmental fund⁸ 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 \$8.1 million is supported by estimated revenue (\$6.9 million), carryover fund balance (\$787,300) and use of reserves (\$421,364). The recommended Proposed Budget for this fund is \$1.2 million more than FY 2014-15.

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 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 \$420,950 are supported by developer fees, a United Auburn Indian Community contribution, and other revenue. The recommended Proposed Budget for this fund is \$870 more than FY 2014-15.

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

⁸ These Major Governmental funds are combined with the General Fund for CAFR purposes.

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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 \$249,549 (6.6%) 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 \$6.2 million are supported by \$6.0 million of revenue and \$139,389 in carryover fund balance. The *General Fund* provides direct contributions for salary and benefit support of the County Librarian (\$200,139) and \$516,799 for costs of centralized county services that are not charged directly (A-87). A one-time contribution totaling \$400,000 is recommended with the FY 2015-16 Proposed Budget to fund materials and E-resources (\$190,000) a feasibility study for automated materials handling (\$10,000) and partial bridge funding for anticipated budget shortfall (\$200,000). Compared to FY 2014-15, the operating budget is increased by \$124,121.

The **Fire Control 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 \$196,000 in carryover fund balance. In FY 2015-16 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 \$100,509 more than FY 2014-15.

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 COPs 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 and \$30,486 from reserves. The recommended Proposed Budget for this fund is \$23,145 less than FY 2014-15.

INTERNAL SERVICE FUNDS

Placer County operates 14 internal service funds that are primarily used to provide services to other county departments. County departments are charged for services they receive. Two new internal service funds are established for functions that were previously housed within the General Fund: (1) the Employee Benefits Fund - which administers comprehensive, cost effective benefit options related to retirement, insurances, and employee assistance programs; and (2) the Information Technology Fund - which accounts for the comprehensive management, implementation, and maintenance of the County's data systems. Internal service 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 \$504,669 to \$15.1 million compared to \$636,686 to \$12.0 million in the prior year. Total cancellation of reserves for internal services funds in the Proposed Budget is \$1.5 million for equipment purchases and planned drawdown of reserve balances. Additions to internal service fund reserves in the Proposed Budget total \$1.2 million.

Placer County internal services funds are:

- Telecommunication Services
- Countywide Radio Project
- Countywide Systems
- Information Technology

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- Fleet Operations
- Correctional Food Services
- Central Services
- Employee Benefits
- 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 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. These funds are classified as Proprietary – Internal Service funds.

ENTERPRISE FUNDS

Placer County will operate and manage the following enterprise funds in FY 2015-16:

- Placer County Transit
- TART
- Kings Beach Center
- 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 Kings Beach Center fund provides for the operation, maintenance and disposition costs associated with the Kings Beach Center properties, which were transferred by the Placer County Successor Agency to the County. Placer County enterprise funds range in size of financing requirements from \$457,520 to \$10.7 million. The total amount of financing uses and reserve additions for the enterprise funds for FY 2015-16 is \$30.8 million, an increase of \$9.4 million from FY 2014-15.