OFFICE OF THE
PLACER COUNTY EXECUTIVE

TO:	Honorable Board of Supervisors
FROM:	Thomas Miller, County Executive Officer By Therese Leonard, Principal Management Analyst
DATE:	February 20, 2007
SUBJECT:	Mid-Year Budget Performance Review

Recommendation

It is recommended that the Board of Supervisors receive the mid-year budget review for fiscal year 2006-07.

Background

Annually, the County Executive Office provides a mid year review of the County Budget's performance to the Board of Supervisors. Included with this review are a synopsis of the January State Budget proposal impacts on Placer County and briefing on the FY 2007-08 budget process. Following Final Budget hearings in September a Final Budget document was approved by the Board of Supervisors that allocated FY 2006-07 appropriations and staffing levels. Development of this budget factored in State of California budget impacts as well as the rising costs to provide County services.

Placer County's rapid population growth and resulting demographic and social changes continually reshape County programs and services. Anticipating these changes provides the basis for sound, strategic planning and financial management when considering future service delivery, staffing patterns and infrastructure needs. The County has navigated this growth dynamic for the past several years, and will continue to position programs and services to be responsive to the additional needs that this population generates. The diversity of development projects proposed for south-county, and the urban nature of these proposals, require strategic planning for infrastructure and municipal levels of service. The demands for countywide services and infrastructure are diverse, and are expected to accelerate as the population and density increase.

State of California

Over the last several years Placer County's financial health and the programs and services that we provide to our constituents has been significantly impacted by the State budget:

1. State deferral of mandated program reimbursement to counties has had a significant impact on the County as the deferral has resulted in an obligation of over $12 million due to Placer County

19

from the State of California as of June 30, 2006. The cost to provide these services in prior years was essentially advanced by the County pending reimbursement by the State. Of this amount, over $10.2 million related to state mandate reimbursements from 2004 and years prior is expected to be received from the State over the next 15 years. The FY 2007-08 State Budget does not include an allocation to reimburse counties for state mandates.

2. Over the last several years, the major portion of any increased state or federal revenues received have been provided to counties for the implementation of new services and programs. The State continues not to fund county increases related to the cost-of-doing-business in current programs. This exclusion for cost of living adjustments has resulted in tens of millions of dollars in flat/reduced Health and Human Services program revenue over the last several years.

3. County increased fiscal impacts from the Governor's January release of the FY 2007-08 State Budget are as follows:
   - Health and Human Services lack of cost-of-doing-business adjustments / negative $6+ million
   - February 2008 primary election / negative $1.1 million
   - State mandate reimbursements / negative $300,000
   - Other Programs & Services / negative $2.5 million

Additional impacts could occur with the Governor's proposed shift of low-level inmates who would serve sentences of up to three years in county facilities. In addition, the county does not expect to receive Proposition 42 road funding next year. The County Executive Office continues to monitor the progress of State budget, and changes to county funding that result from the State's adoption of its budget will be reflected in the County's budget.

FY 2007-08 County Budget

Development of the FY 2007-08 County Budget is a complex ten month process that requires policy direction from the Board of Supervisors, identifies funding requests for current and expanded programs and services by departments, and involves a thorough review and financial analysis by Executive Office staff. Significant step in the process include:

1. Strategic Planning Workshop with the Board of Supervisors on March 27th.
2. Development of a balanced County Budget by the County Executive Office.
3. Proposed Budget presented to the Board for consideration of adoption in June.
4. Board of Supervisors conduct Budget Workshops conducted in August.
5. The County Budget's Public Hearing will be held in August.
6. Final Budget presented to the Board for consideration of adoption in September.

This process results in budget recommendations that are presented to the Board first as a Proposed Budget in June and later as a Final Budget in September. Throughout the process, in addition to when the budgets are adopted, the Board of Supervisors have numerous opportunities to influence budget development including during the presentation planned for February 20th, the March 27th Strategic Planning Session and three days of Board Budget Workshops in August.

Recently County Executive Office staff met with each department head and their senior management team to discuss next year's program and/or service delivery options. Of particular

20

interest was information regarding what additional dollars the department's felt would be needed next year in order to add new positions, implement new programs, expand a current program or service, or to make a special purchase. These department requests are estimated at $26 million, with the majority of the dollars requested in Public Safety departments at $16 million. Of note, department requests primarily relate to program or staffing enhancements and do not necessarily include funding to cover the increasing cost-of-doing-business due to labor cost increases which will also be needed. Included in departments requests are the addition of approximately 61 new position allocations and the reclassification of at least a dozen that are currently allocated.

While many of the proposals are reasonable, the County will not have the ability to fund all of the department requests due to limited new and reduced revenue projections, State budget impacts and other funding considerations identified for next year. As an illustration, in order to provide the funding required under the Board adopted Other Post Employment Benefits Policy, about $7.5 million dollars would need to be obligated for the retiree health obligation associated with all of the 61 new position allocations. Total new General Fund revenue projections are $6.3 million. Clearly, there will not be enough new revenue available to fund all of the new department requests.

County Budget Funding Considerations

The focus of the FY 2007-08 County Budget will be to maintain critical programs and services, and preserve current staffing levels when possible. In addition, the County will need to absorb other new operating costs: full year operating costs for the Community Development Resource Center, the Auburn Justice Center and Children's Emergency Shelter; absorb a new debt service payment for the South Placer Courthouse; and provide funding for labor agreement costs.

As new facility construction is completed, and County staffs move into the buildings, a new cost will be added to next year's budget to maintain and operate these large, technologically advanced facilities. An example, the direct costs for utilities, custodial and maintenance for the Community Development Resource Center, South Placer Office Complex and the Auburn Justice Center are an additional $1 million per year. Some of these costs may be offset by taking existing Dewitt facilities out of services (demolition).

The County's Finance Committee has worked closely with Facility Services to provide the Board and county management team with a framework that supports capital facility project construction by matching potential funding sources with the established project priority and construction timelines. When the South Placer Courthouse construction is complete, the current plan is to issue approximately $25 million in debt service (certificate of participation / COP). The ongoing cost for principal and interest on this COP is estimated at $2 million per year for 20 years. As outlined to the Board in July, prior to the issuance of debt, a critical review will be conducted to determine the best means to fund each project when the funding is required. Staff will evaluate funding needs from several perspectives such as pay-as-you-go vs. the issuance of new debt; looking at the current borrowing rate vs. the amount of interest that can be earned on reserves; identify policy and credit rating implications related to debt and use of reserves; and continually look grants and other funding opportunities.

The County has two labor agreements: Placer County Public Employee Organization (PPEO - contract period ends June 30, 2010) and Placer County Deputy Sheriff's Association (PCDSA -

contract expired on December 31, 2006). Management and confidential employees that are not represented by either of these groups have been closely linked with PPEO agreements and timelines for their salary and benefit adjustments. As previously communicated, these labor agreements are expected to have a significant impact on the FY 2007-08 County Budget and the allocation of available resources. Until the DSA agreement is finalized the total cost of these agreements for the next fiscal year remains uncertain, however next years salary and primarily health care and pension benefit increases are estimated at $25 million.

Other Post Employment Benefits

Placer County's most critical resource continues to be its workforce. While employee efforts can be enhanced through technology and process improvement, a stable workforce committed to the principles of public service is critical to the success of the County's mission. The principal reason employers promise retirement benefits to employees is to attract and retain qualified personnel. Over the last couple of years, fulfillment of retiree benefit obligations has become a major concern in both the government and private sectors as retirees are living longer and the actual retirement age is decreasing. In addition, a new challenge has appeared in the form financial reporting requirements for retiree benefit costs. Government Accounting Standards Board (GASB) Statement 45 requires the reporting of the liability associated with payments and services provided for retirees other than pensions, primarily for health care. A 2006 actuarial report placed Placer County's other post employment benefits (OPEB) liability at $328 million dollars[1]. The large size of this liability can be directly related to the generous benefits that our employees receive upon retirement.

Placer County's Board of Supervisors took proactive measures to address this actuarial liability exposure by setting aside $20 million over the last two fiscal cycles, and in FY 2006-07 imposed a new charge as a percent of every salary dollar paid to begin to fund the OPEB trust. This percent charge will continue in future budget cycles, with the OPEB percent increasing every year, until the actuarially determined annual required contribution is fully funded. While pre-funding the obligation was a first step, an equally important step was to ease the pressure of OPEB benefits on the County by increasing employee contributions to health insurance plans. Given that the County's OPEB promise was made through labor agreements, this action could only be achieved through collective bargaining. Through recent negotiations, a cost shift in the County's provided health benefit will occur effective January 1, 2008 when the majority of the County's workforce will begin to cost share their health insurance benefits on a 90/10% ratio. This new health insurance cost sharing agreement marks a significant change from past practice, and was critical to limiting future County OPEB liability exposure.

On November 7, 2006 the Board adopted the Placer County Other Post Employment Benefits Policy in an effort to promote financial stability and provide strategic direction to the County Executive Office in managing the County's financial affairs and includes for post employment benefits as part of the annual budget process (Attachment #3).

Capital Infrastructure

Capital facility construction is dynamic and activities such as planning, estimated costing and funding, and project prioritization are reviewed periodically. To that end, in July 2006 Facility

[1] Assumes a 20 year amortization period and 4.5% rate of return.

Services and Executive Office staff evaluated and then updated facility project data for projects pending construction under the original Capital Facilities Financing Plan[2], and identified recommended priority projects to incorporate. In order to accommodate the rising cost of construction, land acquisition, and other project costs, staff were challenged with identifying additional, realistic funding alternatives that would support timely construction. On July 24, 2006 the Board of Supervisors affirmed $394 million[3] in capital facility construction priorities through FY 2015-16 and provided direction to staff to proceed with capital financing recommendations for these projects.

Funding for these projects has been identified as coming from a variety of sources, including State and Federal Grants, Capital Facility Impact Fees (CFIF), securitization of the Master Settlement Agreement revenues, debt proceeds (Certificates of Participation) and General Fund contributions and reserves. As of the mid 1990's, your Board implemented the CFIF collection process in the unincorporated areas of the County and secured the approval for collection of the CFIF in all but one of the cities in the County. This fee is applied to new development to offset the cost of capital facilities required to accommodate growth. Your Board has also had the foresight to set aside over $30 million in capital infrastructure reserves over the last decade, made ongoing contributions to the operating budget for facility construction projects, and dedicated securitized funds from the Master Settlement Agreement in the amount of $52 million for building construction.

As a result of these efforts, several large capital projects are currently under construction or have recently been completed. The Community Development Resource Center ($30 million) was completed in 2006. The Auburn Justice Center ($36.3 million), the South Placer Courthouse ($46.5 million), and the Children's Emergency Shelter ($13.7 million) are expected to be completed over the next 8 months. On the planning horizon are several additional facilities identified for construction over the next 3-5 years: Burton Creek Justice Center ($20 million), South Placer Jail ($75 million / Phase I), and West Placer Animal Control Shelter ($15 million). While the County has General Fund reserves available, and can use impact fees to pay for part or all of these construction projects, additional funding will be needed and financing alternatives are being identified.

FY 2006-07 Expenditure and Revenue Review

Placer County budgets are developed prior to the beginning of the fiscal year and are built with assumptions that are relevant when the budgets are prepared. On September 26, 2006 your Board adopted the County's Final Budget in the amount of $688.6 million dollars, which included $497.2 million for operations, $89.7 million for road and bridge projects and $101.7 million to fund facility construction projects. A performance budget review measures how well the budget is functioning under current conditions and identifies areas of concern. This budget review compares the two years of FY 2005-06 and 2006-07 for the period ending December 31.

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[2] Capital Facilities Financing Plan was first approved by the Board of Supervisors in May 2002.

[3] The Capital Facilities Financing Plan reviewed by the Board of Supervisors on July 24, 2006 identified facility construction needs of $394 million through 2015-16 with an additional $298 million required in subsequent years.

The General Fund – (Fund 100)

The *General Fund* is the largest county fund, and it underwrites most countywide operations either directly as the "net county cost" of General Fund budgets, or indirectly through contributions to other funds. General Fund financing requirements have been developed to maintain essential services and programs, however with the development of the budget funding restrictions were necessary to balance the budget and stabilize service delivery systems.

Prudent advance planning by the County's Board of Supervisors was clearly demonstrated when as of December 31st the General Fund budget continues to perform reasonably well (Attachment 1). The secured property tax revenue performance continues to benefit from increases primarily due to prior year's strong real estate economy. However the slowing in the real estate and building sector markets has resulted in a decline in several other revenue receipts during FY 2006-07, most notably supplemental property tax, construction permit and real estate transfer tax revenues. Given the current, stagnant real estate economy, the decline in these revenues is expected to continue well into the next budget cycle and, in addition, the County can also expect to see a slowing in the "growth" rate of secured property tax revenues for FY 2007-08 and FY 2008-09. The risk for even slower growth would exist if there is a longer, deeper decline in the housing sector coupled with higher mortgage rates at a time when home owners with adjustable rate mortgages are refinancing.

Current year expenditure trends continue to keep pace with prior year spending trends. Employee related expenses are expected to continue to trend upward in future years due to existing and new agreements with labor.

The General Fund consists of about 45 appropriations, managed by 22 departments. As can be seen in the following table, for the period ending December 31st the General Fund's operating revenue receipts were consistent with the prior year's performance at approximately 42% of budget respectively.

Revenue

	[illegible]	[illegible]		FY 2006-07		
				Budget	Revenue Received at 12/31	% of Bud.
General Fund	297,318,166	128,992,986	43%	326,919,188	136,502,086	42%

Total FY 2006-07 General Fund revenues were budgeted 10% higher than the prior year, with actual receipts were 5.8% more this year than were received at this same time last year. In FY 2006-07 the categories with the largest dollar **increases** over prior year receipts are:

Category	**Midyear Collection Increase**
Secured Property Tax	$7.7 million
Triple Flip & Sales Tax	$1.3 million
Interest Revenue	$1.8 million

24

In FY 2006-07 the categories with the largest dollar **declines** are:

Category	Midyear Collection Decline
Real Property Transfer Tax	$952,909
Supplemental Property Tax	$997,354
Construction Permits	$507,045
Intergovernmental (exclude VLF[4])	$1 million

Secured Property Tax
Secured property tax is a significant revenue source for the General Fund and is apportioned as a result of levies made against the secured roll of the County for the current fiscal year. Placer County's property tax is used to support countywide public safety, health and human services, public works, land development, and finance and administrative functions. Property tax also fills the gap when there are shortfalls in state and federal funding, provides for prudent reserves and operating contingencies, and provides necessary funding for capital construction projects. Several years ago, counties, cities and special districts agreed to participate in the Governor's ongoing budget solution by contributing $1.3 billion in property tax revenue over a two year period for a total of $2.6 billion from local governments. Placer County's share of this property tax shift to the State was $2.2 million during FY 2004-05 and FY 2005-06 ($4.4 million total). This property tax shift ended June 30, 2006 at which point the property tax revenues reverted back to the County and account for some of the increase in this revenue stream, with the balance due to growth in the Assessment Roll for property tax allocated to the General Fund.

Triple Flip – Sales Tax Revenue
California voters approved a deficit bond measure that included the "triple flip". The flip reduces the local Bradley Burns sales tax by one-quarter percent, increases the State sales tax by this amount and replaces the local sales tax reduction with property taxes from the countywide Education Augmentation Revenue Fund (ERAF). Jurisdictions receive three-quarters of their sales tax allocation with the difference backfilled by the County Auditor in December and April from expropriated ERAF monies. The Department of Finance (DOF) estimates Placer County's "triple flip" amount at $3.7 million, and in December 2006 the General Fund received $1.9 million of these funds. Last year, collections included a one-time reduction of $659,737 that resulted from a State calculation error in FY 2004-05 where by the State overpaid the County. The "triple flip" is a temporary measure that should last for about a decade and end when the bonds are repaid by the State of California.

Sales tax revenue includes the net amount received from the levy of a sales and use tax under the Bradley-Burns Uniform Sales Tax Law (specifically the .75% of the total 7.25% collected). Allocation of the total sales tax of 7.25% collected within Placer County is as follows: 5.25% - State general fund; .75% - unincorporated (Bradley Burns), .25% countywide transportation (Bradley Burns); .50% County mental health & welfare realignment and .50 % public safety (Proposition 172). The County General Fund's sales tax revenues are trending about 10% or $426,585 higher than at this time last year.

[4] Vehicle license fee (VLF) is collected for Health and Human Service programs by the State Controller through the annual auto registration process. The general purpose VLF is now allocated though the property tax system.

Interest Revenue
Interest revenues are generated by the Treasury on pooled investments that are allocated based upon each customers proportionate share of cash. All investment transactions and decisions are made in full compliance with the California Government Code and Placer County's Statement of Investment Policy. The effective rate of return earned by the Treasury through December 31, 2006 was 4.83% vs. the 3.01% earned this same time last year.

Real Property Transfer Tax
Real property transfer tax revenue is collected at "change in ownership", or transfer of a present interest in real property. As a result of the robust real estate economy, this revenue stream grew rapidly from $2.7 million in FY 1999-00 to its peak in FY 2004-05 of $6.7 million. Last year, revenue collections were down moderately at $5.8 million. While budgeted conservatively at $4.47 million (23% less than prior year collections), staff project that year-end revenue receipts will be less than the amount budgeted by approximately $650,000.

Supplemental Property Tax
Supplemental property tax includes all taxes apportioned as a result of supplemental levies made against the secured and unsecured property of the County in the current fiscal period. These revenues are directly affected by the slowing in the housing market.

Construction Permits
Construction revenues are collected on commercial and residential building permits issued by the County. Building permit activity is one indicator used to measure and forecast economic conditions. Consistent with the regional slowdown in the construction industry, building permit activity is less vigorous than seen in previous years. As of December, single family dwelling permits are down 37% over the previous year's activity. Overall, construction revenues are 41% of budget through December and while activity is anticipated to increase in the 4th quarter construction levels will be more moderate as compared with recent years. Current building activity is reflective a flattening market and overall leveling from extraordinary activity. The Building Department has identified steps to reduce expenses consistent with their reduction in revenues. It is noted, however, that Planning and Improvement Plan permits have yet to experience a significant slowdown.

Intergovernmental Revenues (excluding VLF)
When the Board adopts the Final Budget it is prior to notification of the State's final allocation amounts. For the last several years, State revenues have remained relatively flat, despite the significant rise in costs to provide services, which required Health and Human Services to reduce staff and other resources in order to manage programs within the available funding. As of December 31st, most intergovernmental revenue receipts are on track, and collections are only $1 million less than at this time last year. Given that these revenues represent 35% of total General Fund revenues staff monitor them closely.

In conclusion, General Fund revenue performance remains steady at approximately 42% of budget at December 31st.

Expenditures

				FY 2006-07		
				Budget	Expenses & Encumbrances at 12/31	% of Bud.
General Fund	338,107,749	141,618,416	42%	360,569,248	156,722,857	43%

As can be seen in the table for the period ending December 31st, General Fund expenses were slightly higher than the prior year's performance at approximately 43% of budget (up from 42%). Actual expenditures are higher when compared with last year at $132 million ($12.9 million more than the prior year). Encumbrances at $24.5 million reflect obligations from construction, road and other projects where contracts are entered into, but are paid upon completion of specific completion steps or phases as identified in the agreement.

Two categories of expenses make up the majority of General Fund expenses: salaries and benefits (41%) and services and supplies (24%). As a percent of budget, salary and benefit expenditures are trending slightly higher than the previous year (41%, vs. 39%) with dollars spent $5.4 million more ($60.7 million vs. $55.3 million). Services and supplies are also higher this fiscal year primarily due to the encumbrance amount note above, with actual dollars spent about $1 million more than last year.

At the end of the year, savings realized in expense categories and excess revenue receipts make up a significant portion of fund balance carryover to assist in balancing next year's budget. Carryover fund balance is *not* used to fund ongoing operations, but instead is used to fund one-time expenses such as capital improvement, equipment, automation or road projects, contributions to reserves and operating contingencies.

Other Operating Funds – (Funds #103 through 190)

In addition to the General Fund, the County manages twelve other governmental operating funds and two capital project funds. Other operating funds consist of 18 appropriations, managed by 11 departments. Most revenue and expenditure performance is on par with that of the prior year for the periods ending December 31st. Other Operating Fund's revenue and expenditure detail can be seen in Attachment #2. The largest of these operating funds include the Public Safety Fund, the Road Fund, the Capital Projects Fund and Capital Securitization Fund.

Attachments

27

Attachment #1

BUDGET MONITORING

General Fund

DESCRIPTION	FY 2005/2006 YEAR TO DATE Approved Budget	FY 2005/2006 PERFORMANCE Year to Date Encumbrance	FY 2005/2006 PERFORMANCE Months 1-6	Cash $ 114,477,512 Year to Date	FY 2006/2007 YEAR TO DATE Approved Budget	FY 2006/2007 PERFORMANCE	FY 2006/2007 PERFORMANCE	Cash $99,857,786	Budget	Mth 1-6	Year to Date	FY 05-06 % Budget	
REVENUE													
Taxes													
Secured Property Tax	74,709,363		42,863,708	42,863,708	87,003,415		50,616,086	50,616,086	16%	18%	18%	57%	58%
Unitary & Op Non-Unitary	2,030,340		1,128,408	1,128,408	2,054,515		1,154,493	1,154,493	1%	2%	2%	56%	56%
Unsecured Prop. Tax	2,210,982		2,144,606	2,144,606	2,210,982		2,245,222	2,245,222	0%	5%	5%	97%	102%
Triple Flip Sales Tax	3,243,465		1,052,817	1,052,817	3,243,465		1,949,387	1,949,387	0%	85%	85%	32%	60%
Sales & Use Tax	10,250,043		4,323,368	4,323,368	10,250,043		4,749,953	4,749,953	0%	10%	10%	42%	46%
TOT - General Fund	3,269,297		1,037,085	1,037,085	3,269,297		1,251,452	1,251,452	0%	21%	21%	32%	38%
Real Prop. Transfer Tax	4,462,898		2,711,210	2,711,210	4,475,000		1,758,301	1,758,301	0%	-35%	-35%	61%	39%
Supplemental Prop. Tax	5,600,000		4,420,299	4,420,299	6,326,222		3,422,945	3,422,945	13%	-23%	-23%	79%	54%
VLF / Prop. Tax in Lieu	20,058,611		13,834,660	13,834,660	28,213,357		14,106,679	14,106,679	41%	2%	2%	69%	50%
Other	211,000		297,211	297,211	188,000		295,202	295,202	-11%	-1%	-1%	141%	157%
Subtotal	126,045,999			73,813,372	147,234,296			81,549,720	17%		10%	**59%**	**55%**
Licenses, Permits & Franchises													
Const. Permits / Energy	5,022,646		2,342,875	2,342,875	4,480,028		1,835,830	1,835,830	-11%	-22%	-22%	47%	41%
Franchises	1,333,356		197,842	197,842	1,344,656		183,140	183,140	1%	-7%	-7%	15%	14%
Other	2,124,144		985,420	985,420	2,222,415		886,728	886,728	5%	-10%	-10%	46%	40%
Subtotal	8,480,146			3,526,137	8,047,099			2,905,698	-5%		-18%	**42%**	**36%**
Fines, Forfeits & Penalties													
Traffic School Fees	2,308,075		858,039	858,039	2,200,000		908,306	908,306	-5%	6%	6%	37%	41%
Property Penalties	2,652,700		-	-	2,840,000		-	-	7%	-	-	0%	0%
Other	4,478,522		2,331,961	2,331,961	4,593,522		2,156,458	2,156,458	3%	-8%	-8%	52%	47%
Subtotal	9,439,297			3,190,000	9,633,522			3,064,764	2%		-4%	**34%**	**32%**
Rev. from Use of Money & Prop.													
Interest	2,855,000		2,594,464	2,594,464	4,800,234		4,460,058	4,460,058	68%	72%	72%	91%	93%
Other	112,345		25,247	25,247	47,029		22,263	22,263	-58%	-12%	-12%	22%	47%
Subtotal	2,967,345			2,619,711	4,847,263			4,482,321	63%		71%	**88%**	**92%**
Intergovernmental Revenue													
VLF - realignment	5,501,212		2,586,501	2,586,501	5,845,625		2,750,545	2,750,545	6%	6%	6%	47%	47%
Other	107,383,971		30,387,416	30,387,416	115,122,164		29,355,052	29,355,052	7%	-3%	-3%	28%	25%
Subtotal	112,885,183			32,973,917	120,967,789			32,105,597	7%		-3%	**29%**	**27%**
Charges for Services	32,748,680		11,908,700	11,908,700	33,115,326		11,175,357	11,175,357	1%	-6%	-6%	36%	34%
Misc. Revenues & Other	4,751,516		961,149	961,149	3,073,893		1,218,629	1,218,629	-35%	27%	27%	20%	40%
TOTAL REVENUE:	**297,318,186**		**128,992,986**	128,992,986	**328,919,188**		**136,602,086**					43%	
EXPENSE													
Salaries & Benefits	140,085,563	-	55,284,536	55,284,536	149,808,629	-	60,686,110	60,686,110	7%	10%	10%	39%	41%
Services & Supplies	81,720,504	21,061,591	26,783,295	47,844,886	85,320,400	20,149,421	27,805,550	47,954,971	4%	4%	0%	59%	56%
Other Charges	36,970,558	1,154,560	15,884,156	17,038,716	38,130,759	3,003,220	18,433,201	21,436,421	3%	16%	26%	46%	56%
Capital Assets	2,061,174	126,543	138,731	265,274	3,018,325	1,387,733	167,227	1,554,960	46%	21%	486%	13%	52%
Other Financing Uses	80,721,898		24,993,127	24,993,127	89,912,965		29,768,297	29,768,297	11%	19%	19%	31%	33%
Intra Fund Transfers	(8,605,656)		(3,808,123)	(3,808,123)	(12,003,046)		(4,677,902)	(4,677,902)	39%	23%	23%	44%	39%
Appropriation Contingency	5,153,708		-	-	6,381,216		-	-	24%	0%	0%	0%	0%
TOTAL EXPENSE:	**338,107,749**	**22,342,694**	**119,275,722**	141,618,416	**380,569,248**	**24,540,374**	**132,182,483**					42%	

Attachment #2

OTHER OPERATING FUNDS

	FY 2005-06 Budget	FY 2005-06 Revenue Received at 12/31	FY 2005-06 % of Bud.	FY 2006-07 Budget	FY 2006-07 Revenue Received at 12/31	FY 2006-07 % of Bud.
Community Services	$ 1,708,486	$ 643,615	38%	$ 1,724,410	$ 22,326	1%
Community Revitalization	3,671,809	555,774	15%	3,913,658	227,907	6%
Special Aviation	10,000	10,251	103%	10,000	464	5%
Public Safety	99,835,518	40,096,352	40%	109,041,931	43,539,792	40%
Gold Country Advertising	209,000	106,132	51%	226,000	108,629	48%
Public Ways	49,470,746	9,868,680	20%	86,205,974	16,690,707	19%
Fish & Game	2,200	997	45%	2,200	4,591	209%
Capital Projects	58,391,334	1,231,990	2%	79,710,686	1,689,116	2%
Capital Securitization	23,377,009	12,982,583	56%	-	-	-
North Lake Tahoe TOT	4,100,000	1,439,960	35%	4,100,000	1,809,630	44%
Open Space	1,738,000	107,214	6%	1,513,750	174,724	12%
Library	4,529,161	2,104,581	46%	5,083,736	2,353,299	46%
Fire	4,211,367	736,384	17%	6,483,592	837,542	13%
Debt Service	2,042,014	1,939,014	95%	3,438,026	1,916,400	56%
	$ 253,296,644	$ 71,823,528	28%	$ 301,453,963	$ 69,375,127	23%

	FY 2005-06 Budget	FY 2005-06 Expenses & Encumbrances at 12/31	FY 2005-06 % of Bud.	FY 2006-07 Budget	FY 2006-07 Expenses & Encumbrances at 12/31	FY 2006-07 % of Bud.
Community Services	$ 1,709,340	$ 887,531	52%	$ 1,723,527	$ 945,517	55%
Community Revitalization	4,203,174	949,989	23%	4,266,888	624,314	15%
Special Aviation	12,500	4,271	34%	12,500	7,855	63%
Public Safety	107,673,481	40,790,313	38%	116,895,842	44,358,710	38%
Gold Country Advertising	350,754	1,484	0%	405,552	62,796	15%
Public Ways	58,735,141	20,511,416	35%	94,573,496	35,335,270	37%
Fish & Game	23,567	11,133	47%	6,501	915	14%
Capital Projects	76,154,627	10,834,235	14%	94,628,106	24,341,795	26%
Capital Securitization	30,925,371	28,209,960	91%	14,231,215	-	0%
North Lake Tahoe TOT	7,019,118	6,747,847	96%	7,791,935	7,133,024	92%
Open Space	1,960,882	-	0%	344,000	-	0%
Library	4,799,918	1,780,985	37%	5,412,200	1,849,871	34%
Fire	4,538,651	525,831	12%	6,519,028	179,489	3%
Debt Service	2,042,014	994,913	49%	3,438,026	674,598	20%
	$ 300,148,538	$ 112,249,908	37%	$ 350,248,815	$ 115,514,155	33%

Attachment #3

PLACER COUNTY
OTHER POST EMPLOYMENT BENEFIT POLICY

PURPOSE

To promote fiscal prudence and long-term planning by establishing an Other Post Employment Benefit (OPEB) Policy that will assist the County in addressing, as well as providing for, post employment benefits as part of the annual budget process.

POLICY

1. IRREVOCABLE TRUST FUND: When available, establish and transfer all OPEB plan assets to an irrevocable trust in order to maximize the investment's long-term rate of return.

2. HEALTH INSURANCE COST SHARING: Employer will transfer an amount equal to the employee health care contributions for health insurance premiums into the OPEB Irrevocable Trust Fund at no less than their annual basis.

3. COUNTY BUDGET:

    - PAYROLL: Charge a percent of every dollar of salary paid each payroll cycle, and deposit these funds into the OPEB Irrevocable Trust Fund. Increase this percent every year until the actuarially determined, annual required contribution is fully funded.

    - NEW POSITION ALLOCATIONS: Every new position allocation added to the Position Allocation Listing will require the department to advance fund the anticipated OPEB cost, less projected payroll contributions. The intent of this action is to fully fund the OPEB obligation for that position. Said advance funding shall be transferred to the OPEB Irrevocable Trust Fund in the year the position is added.

    - BENEFIT SAVINGS: During each budget cycle, personnel benefit cost reductions will be redirected to the OPEB Irrevocable Trust Fund. Examples of personnel benefits include, but are not excluded to, workers compensation, health insurance, pension, dental and vision, and FICA.

4. LEGISLATION: Monitor legislation for changes in investment options and other actions related to Government Accounting Standards Board Statement 45.