



**AMADOR COUNTY  
ADMINISTRATIVE AGENCY**

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May 11, 2017

**MEMORANDUM**

TO: Amador County Board of Supervisors

FROM: Chuck Iley, County Administrative Officer  
Karen Scaccianoce, Budget Director

RE: Budget Workshop on May 16, 2017

The goal of the Budget Workshop is to review the requests that have been made by the Department Heads and Elected Officials and to direct changes to the budget during the course of that review so that the Recommended Budget can be finalized and brought back to the Board of Supervisors for approval on or before June 30, 2017 as required by California Code.

Once the fiscal year is closed, the actuals for FY 16/17 will be calculated and a Final Budget will be prepared for the Board's approval, on or before September 8, 2017.

As discussed during the Mid-Year Budget Update, this year's budget is relatively flat. The County is experiencing some growth in property and sales taxes, but those increases are wholly lost to increases in expenses.

The Amador County Requested FY17-18 Budget presented to you today is comprised of \$41 million in General Fund, \$40 million in other governmental funds, and \$4 million for Internal Service Funds and Enterprises Funds, for an all fund total request of \$85 million. We are requesting an overall increase in General Fund expenditures of \$1.45 million over the fiscal year 16-17 Adopted Budget, due primarily to a \$2 million increase in Tree Mortality CDAA expenses and an increase in Public Works contribution of \$615,000.00 as a result of the SB1 maintenance of effort requirement associated with the new gas tax revenues.

The 2017-18 budget is currently estimating an increase in Property Taxes and Vehicle License Fee revenue of 4.25% for fiscal year 17-18, at the recommendation of our County Assessor. We've included an increase in Sales Tax and Prop 172 sales tax of 3% from the 16-17 estimated year end receipts. Also included to fund 17-18 expenditures is a \$1.9 million fund balance carry over and a decrease in reserves of \$.25 million for Tree Mortality local match. These increases in revenue were enough to cover this year's salary and benefit, A-87, GSA Cost allocation, communications and software license increases, so that general fund departments were not required to make cuts to maintain their status quo from FY16-17.

Overall our PERS increases are very moderate this year, and aside from Elected getting a 1% wage increase on 7/1/17 which is offset by their increase to their additional employee contribution to PERS of 1%, there are only step and longevity increases included in salaries. This budget includes an estimated 6% health insurance increase on 1/1/18 for non-safety, and a 5% increase for safety employees. This budget is eliminating one vacant general fund position from the Clerk-Recorder's budget, which was planned with the pre-filling of a position in FY15-16. Public Health has requested a new position, which will be funded by grant revenue.

In the past two years we have opted to pre-pay our PERS unfunded liability to take advantage of a pre-pay discount. This year we have a payment of \$1.94 million in unfunded liability payments for the miscellaneous group that had previously been part of the monthly percentage of payroll payments. This brings our FY17-18 unfunded liability payments for all retirement groups to \$3.26 million. This large lump sum payment coupled with a reduction to our reserves has prompted us to be more conservative with our cash flow.

Budget instructions to departments were to keep their general fund requests to the base budget amount allocated to them. Any increases to budgeted line items needed to come from decreases in other department expenditures, or departmental revenue increases. Department heads did a good job of keeping the requested increases to a minimum. Each department is asked to update their own expenditure and revenue detail pages in the budget, so you will see a variety of formats supporting their budget, but all are for the benefit of the Board to help understand what each department's responsibilities are, and the cost of providing their services.

In 16-17, the Board approved to loan \$1.5 million from the General Fund Reserves for the Jail Expansion Project and Storm Damage repairs, bringing the total from \$7.49 million to \$5.96 million. The 17-18 Requested Budget calls for another \$.25 million reduction of our reserves for the estimated 17-18 County match for Tree Mortality. This amount is not a loan.

The Requested 17-18 budget before you currently sits with a \$31,640.00 deficit. However, the increased contribution to ACRA that the Board approved on 5/9 has not been incorporated into this estimate. During the Budget Workshop, this deficit plus any additional budget increases requested will need to be addressed as to how they will be funded.

Special Revenue funds, Internal Service Funds and Enterprise Funds all are required to submit balanced budgets using revenues within their own funds. All department heads have done this for the 17/18 Requested Budget.

Staff is projecting a General Fund deficit going into the FY 18/19 budget process of approximately \$2.4 million. This represents the \$1.8 million that we discussed previously, caused mostly by increases in the County's PERS contributions, as well as an additional \$600,000 that must be contributed to the Road Fund by the General Fund annually as a result of AB 1.

You will see that there are a few departments that need additional funding for one-time uses. Staff is recommending approval of all requests that do not increase the level of service permanently. This means that staff is not recommending the increase requested by the Library to

add and 0.5FTE to their Literacy Program. This does not mean that staff does not appreciate the Literacy Program or appreciate the important work that it does, but with the deep cuts looming next year, it does not make sense to bring staff on only to potentially lay them off in the next budget cycle.

I would recommend that the Board be very cautious about handing out any other requests for additional funding, given next year's deficit. Every dollar that can be saved this year is one less that we have to cut next year, so please be prudent if you should begin to work in the opposite direction.

If you have any questions, please do not hesitate to let me know.