

FY2018-19 Budget Recommended for Adoption THE ALL FUNDS BUDGET

The FY2018-19 Adopted All Funds Budget totals \$4,298,376,721 in appropriations. This is a \$7,769,112 (0.2%) increase compared to the Budget approved by the Board in June (the "Approved Budget"). A more detailed comparison of the FY2018-19 Adopted Budget and the FY2018-19 Approved Budget is shown below.

Fiscal Year 2018-19 Approved Budget Compared to Adopted Budget All County Funds			
Fund	FY 2018-19 Approved Budget Appropriations	FY 2018-19 Adopted Budget Appropriations	Difference
General Fund	\$ 1,719,088,300	\$ 1,735,552,943	\$ 16,464,643
Community Investment Program	\$ 596,626	\$ 450,316	\$ (146,310)
Neighborhood Revitalization	\$ 935,162	\$ 938,166	\$ 3,004
Mental Health Services Act	\$ 90,977,015	\$ 91,292,729	\$ 315,714
Public Safety Sales Tax	\$ 123,583,038	\$ 123,583,038	\$ -
1991 Realignment	\$ 337,788,199	\$ 346,112,548	\$ 8,324,349
2011 Realignment	\$ 308,617,745	\$ 314,748,246	\$ 6,130,501
Clerk/Recorder Fees	\$ 1,218,065	\$ 1,218,065	\$ -
Economic Development	\$ 25,245,265	\$ 37,224,381	\$ 11,979,116
Environmental Management	\$ 22,157,155	\$ 22,288,245	\$ 131,090
Golf Fund	\$ 7,894,201	\$ 7,978,162	\$ 83,961
Transient Occupancy Tax	\$ 13,362	\$ 1,028,838	\$ 1,015,476
Transportation	\$ 180,019,495	\$ 183,965,096	\$ 3,945,601
Water Resources	\$ 163,865,703	\$ 168,711,920	\$ 4,846,217
Airport System	\$ 338,608,205	\$ 329,084,389	\$ (9,523,816)
Waste Management & Recycling	\$ 101,134,885	\$ 103,088,121	\$ 1,953,236
Capital Projects Funds	\$ 81,712,494	\$ 73,450,310	\$ (8,262,184)
Debt Service Funds	\$ 28,698,400	\$ 33,596,769	\$ 4,898,369
Other Special Revenue Funds	\$ 94,669,911	\$ 97,796,881	\$ 3,126,970
Other Enterprise Funds	\$ 2,890,100	\$ 3,584,811	\$ 694,711
Other Internal Service Funds	\$ 395,291,036	\$ 376,640,582	\$ (18,650,454)
Other Special Districts & Agencies	\$ 265,603,247	\$ 246,042,165	\$ (19,561,082)
Total	\$ 4,290,607,609	\$ 4,298,376,721	\$ 7,769,112

In addition to the General Fund, funds or fund groups with the largest increase in appropriations include:

- Economic Development, with an increase of approximately \$12 million, due primarily to the re-budgeting of capital projects at the former McClellan Air Force Base.

- 1991 and 2011 Realignment, with a combined increase of approximately \$14.5 million, due to the allocation of additional Realignment resources to General Fund departments to cover the cost of a supplemental wage increase for In Home Supportive Services (IHSS) caregivers, additional Cost of Living Adjustments (COLAs) for County employees and additional Growth requests to address critical needs in the jails, Child Protective Services and Health Services.
- Debt Service Funds, with a \$4.9 million increase, due to the transfer of additional Teeter revenue to the General Fund and increased Teeter debt service costs.
- Water Resources, with a total \$4.8 million increase, due primarily to the re-budgeting of certain capital projects and a shift in some project priorities.

These and other increases in appropriations are offset by decreases in appropriations in other funds or fund groups, including:

- Other Internal Services Funds, with a net \$18.7 million reduction, due primarily to a \$30.5 million decrease in appropriations in the Interagency Procurement Fund, reflecting a decision to end the practice of flowing expenditures and revenues related to all department fixed asset purchases through that Fund (and the Fixed Asset Revolving Fund in the Other Special Districts and Agencies category). This and other decreases in appropriations are partially offset by increases in appropriations in other funds, including a \$6.5 million increase in the General Services – Capital Outlay Fund, due primarily to the re-budgeting for equipment purchases.
- Other Special Districts and Agencies, with a \$19.6 million reduction, due primarily to the \$30.5 million decrease in appropriations in the Fixed Asset Revolving Fund discussed above.
- Airport System, with a \$9.5 million reduction, due primarily to an \$11.7 million reduction in debt service costs as a result of the recent Airport Revenue bond refinancing, partially offset by increased costs due to the re-budgeting of certain capital projects, the inclusion of funding for new maintenance projects and capital project cost increases and costs related to additional Growth requests to address operational needs in a number of areas.

More detailed information regarding appropriation increases in the General Fund and other funds is provided in Attachments 2 and 3.

New Restricted Funds

The Approved Budget included a change in how certain revenue is budgeted and accounted for. Prior to this fiscal year, Realignment, Proposition 172, Mental Health Services Act and Micrographic and certain other Clerk-Recorder Fee revenue was deposited in unbudgeted funds and not budgeted/recognized as revenue until it was transferred to the appropriate General Fund department to cover the cost of eligible expenditures. In the FY2018-19 Approved Budget, those unbudgeted funds were converted to budgeted restricted funds. Revenue is now recognized in those funds when it is received and the transfer to the appropriate General Fund department is budgeted as an appropriation in the restricted fund and a reimbursement (appropriation reduction) in the departments receiving the money. The following tables compare the status of the restricted funds in the Adopted Budget to the status in the Approved Budget.

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New Restricted Funds - Changes in Appropriations - Approved to Adopted			
Fund	Approved Appropriations	Adopted Appropriations	Difference
Public Safety Sales	\$ 123,583,038	\$ 123,583,038	\$ -
1991 Realignment	\$ 337,788,199	\$ 346,112,548	\$ 8,324,349
2011 Realignment	\$ 308,617,745	\$ 314,748,246	\$ 6,130,501
Clerk Recorder Fees	\$ 1,218,065	\$ 1,218,065	\$ -
Mental Health Services Act	\$ 90,977,015	\$ 91,292,729	\$ 315,714
Total	\$ 862,184,062	\$ 876,954,626	\$ 14,770,564

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New Restricted Funds - Changes to Reserves - Approved to Adopted

Fund-Category	Approved Reserves	Adopted Reserves	Difference
Enhancing Law Enforcement Activities			\$ -
Law Enforcement Services	\$ 1,112,289	\$ 5,307,915	\$ 4,195,626
Behavioral Health		\$ 243,418	\$ 243,418
Protective Services		\$ 148,926	\$ 148,926
2011 Realignment Fund	\$ 1,112,289	\$ 5,700,259	\$ 4,587,970
Public Health		\$ 996,098	\$ 996,098
Social Services	\$ 4,960,787	\$ 8,770,822	\$ 3,810,035
CalWORKS			\$ -
1991 Realignment Fund	\$ 4,960,787	\$ 9,766,920	\$ 4,806,133
Public Safety Sales			
Clerk Recorder Fees	\$ 13,317,989	\$ 13,087,303	\$ (230,686)
Mental Health Services Act	\$ 131,421,028	\$ 115,646,383	\$ (15,774,645)
Total New Restricted Funds	\$ 150,812,093	\$ 144,200,865	\$ (6,611,228)

The increase in Law Enforcement Services Reserves includes a new \$3.6 million Community Corrections Reserve to set aside funds for anticipated future-year jail operational improvement costs, funded with AB109 Realignment revenue, and a \$580,000 increase in the Local Innovation Future Cost Reserve funded with additional Local Innovation funds.

The establishment of small Behavioral Health and Protective Services reserves will serve as a hedge against revenue shortfalls, given the uncertainty inherent in making Realignment revenue projections.

The new Public Health Reserve is being proposed to set aside funds for anticipated future-year jail medical service improvement costs.

The \$3.8 million increase in the Social Services – Future Costs reserve will bring that reserve to \$8.8 million. That money is being reserved to help mitigate the impact of future statutorily mandated increases in the In-Home Supportive Services (IHSS) Maintenance of Effort (MOE) requirement and future year costs supplemental wage increase provided to IHSS caregivers. Current estimates are that MOE and caregiver wage increases could increase Net County Cost by as much as \$22 million in FY2019-20 and more in subsequent years.

The \$15.8 million reduction in Mental Health Services Act (MHSA) Fund reserves is proposed because it is estimated that less MHSA resources will be available due to a number of factors, including:

- A \$13.9 million increase in the MHSA beginning fund balance, due to revenue coming in higher than expected and expenditures coming in lower than expected in FY2017-18, partly due to delays in ramping up for new and expanded programs and projects.
- A \$29.4 million reduction in MHSA revenue from the State in FY2018-19, due to a correction of certain errors that were made in how that revenue was estimated.

As proposed, the MHSA Prudent Reserve will remain unchanged, the MHSA Activities – Workforce & Training and MHSA Projects – Technological Needs Reserves will increase and the MHSA Reserves for Future Services – Community Services and Supports and Future Services – Prevention and Early Intervention will be reduced to \$65.2 million and \$15.6 million respectively.