



FY2017/18

Midyear Financial Update

- Projection on remainder of FY2017/18
- Recommendations – Appropriation
Adjustments, Position Allocation Changes
- Establish parameters for FY2018/19 Budget

March 13, 2018
County Administrator's Office



Midyear Update Overview

- **Departments continue to contain costs**
 - Operational efficiencies, managing vacancies, utilizing technology and capturing revenues.
- **Departments using current budget strategies to manage expenditures and revenues**
- **Changes in Fund Balance for the General Fund**
 - Started FY2017/18 with \$28.4 million in Fund Balance, including \$14.7 million in Contingencies.
 - Adopted Budget includes \$18.8 million from reserves (\$1.0 million from Unfunded Employee Leave Payoff, \$7.8 million from Deferred Maintenance/Capital Renewal) and \$10 million from General Reserves to fund the SCIPS – Property Tax Replacement System.
 - Anticipate starting FY2018/19 with \$26.9 million in Fund Balance, which includes \$10 to \$12 million in Contingencies.



Compared to the Working Budget (Excluding Contingencies)

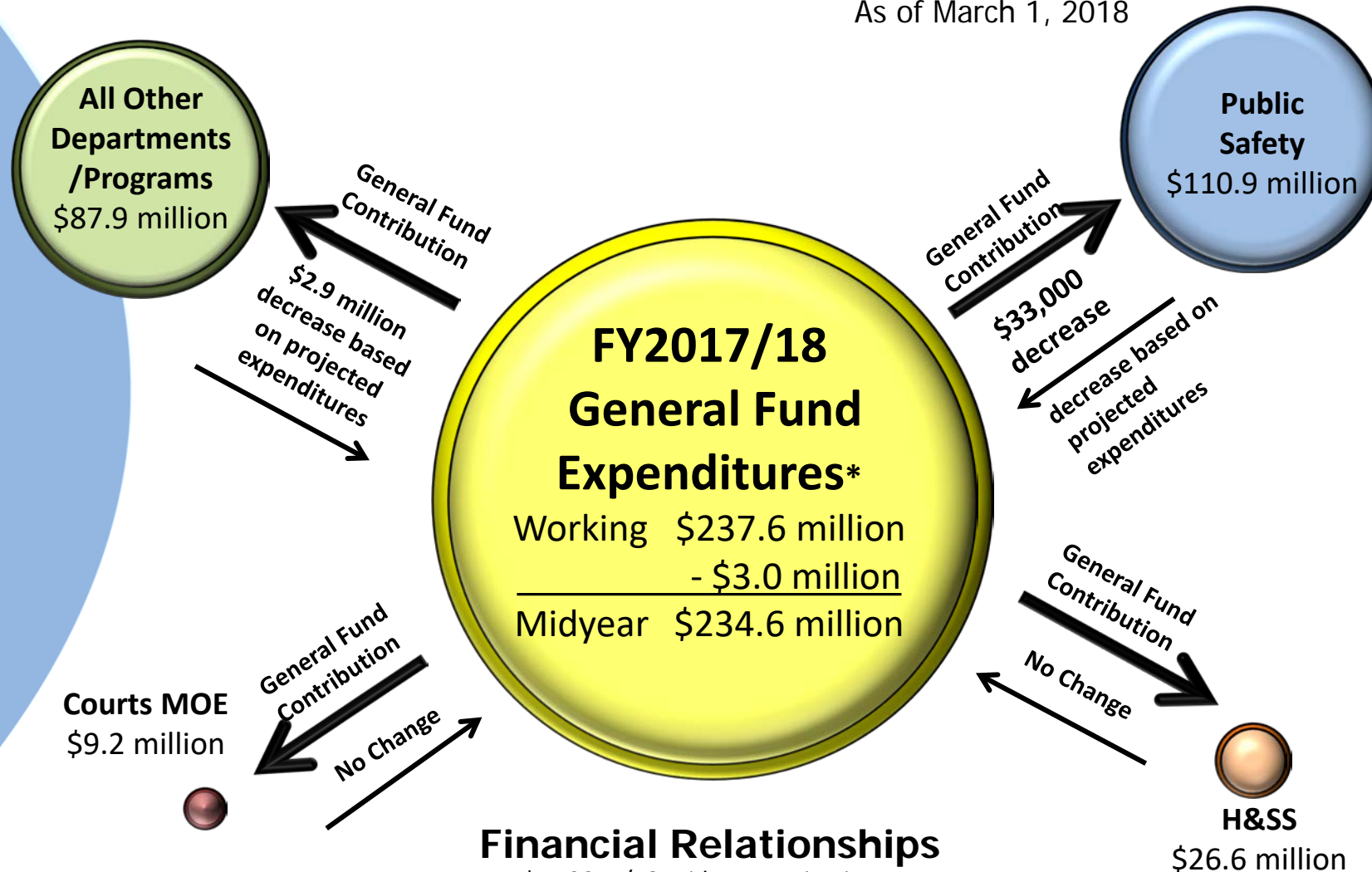
Midyear: Changes in Key Funds

- **General Fund – 001: \$234.6 million**
 - Revenue increase, \$5.7 million
 - Expenditure decrease, \$3 million
- **Public Safety Fund – 900: \$193 million**
 - Revenue decrease, \$1.2 million
 - Expenditure decrease, \$1.2 million
 - General Fund Contribution decrease, \$33,000
- **H&SS Fund – 902: \$334 million**
 - Revenue decrease, \$8.8 million
 - Expenditure decrease, \$23.2 million
 - No Projected Change in General Fund Contribution



FY2017/18 Midyear Projections of General Fund Contributions to Other Funds

As of March 1, 2018





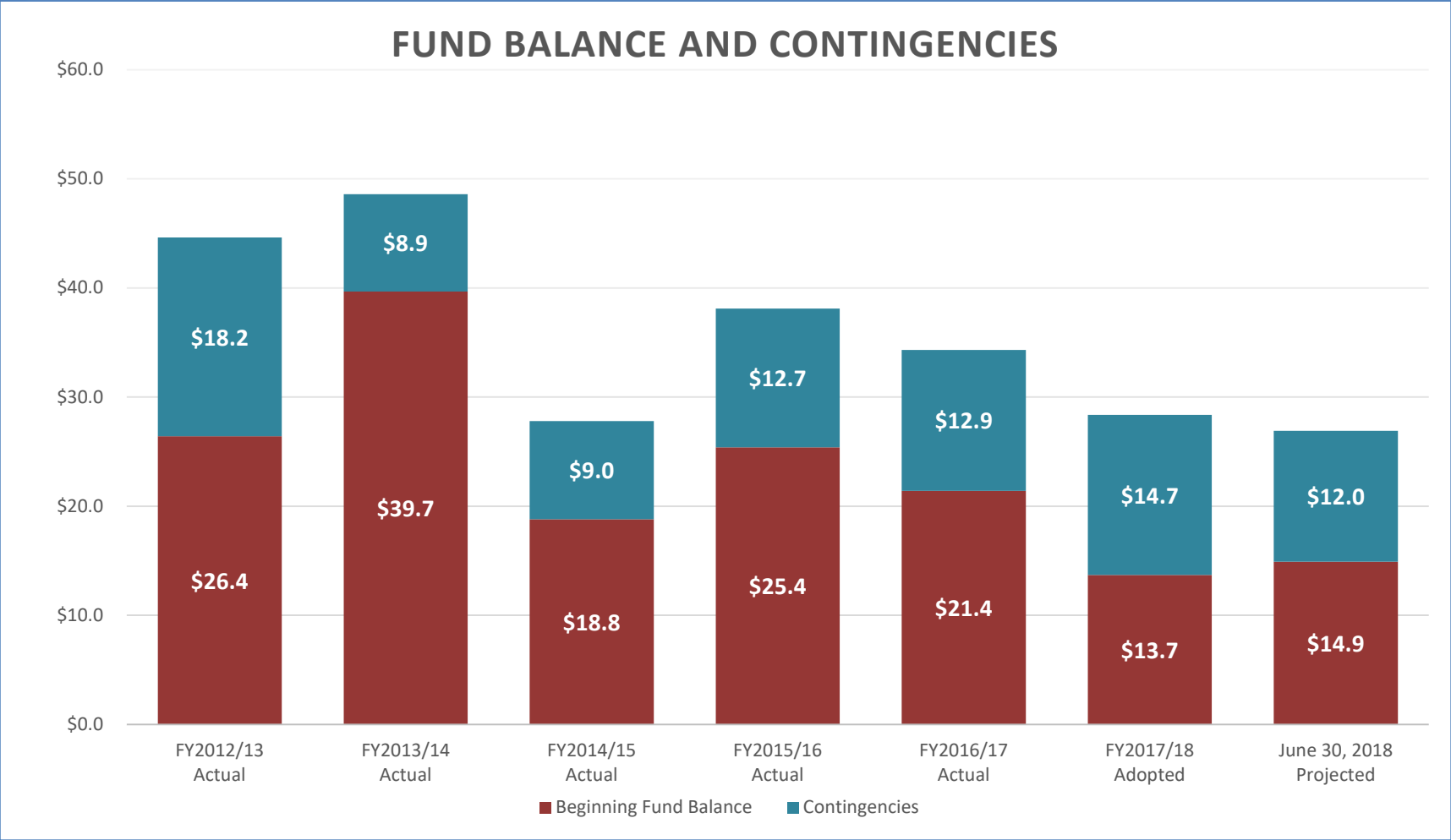
Midyear Financial Update

Midyear Projections for General Fund	
Expenditures	\$234,612,281
Revenues	232,118,328
Midyear Net County Cost	(2,493,953)
Beginning Fund Balance <i>(July 1, 2017)</i>	28,366,971
Reserves for Encumbrances	732,190
To Reserves	(21,994,638)
From Reserves	18,768,300
Exclude Contingencies	(14,675,799)
Subtotal	11,197,024
Projected Net Change <i>(June 30, 2018)</i>	\$8,703,071

Proposed Use of General Fund Contingency	
Contingencies <i>(December 31, 2017)</i>	\$14,675,799
Anticipated Transfers	0
Contingency Balance	\$14,675,799
Other Adjustments	3,500,000
Projected Net Change	8,703,071
Projected Fund Balance with Contingencies	\$26,878,870

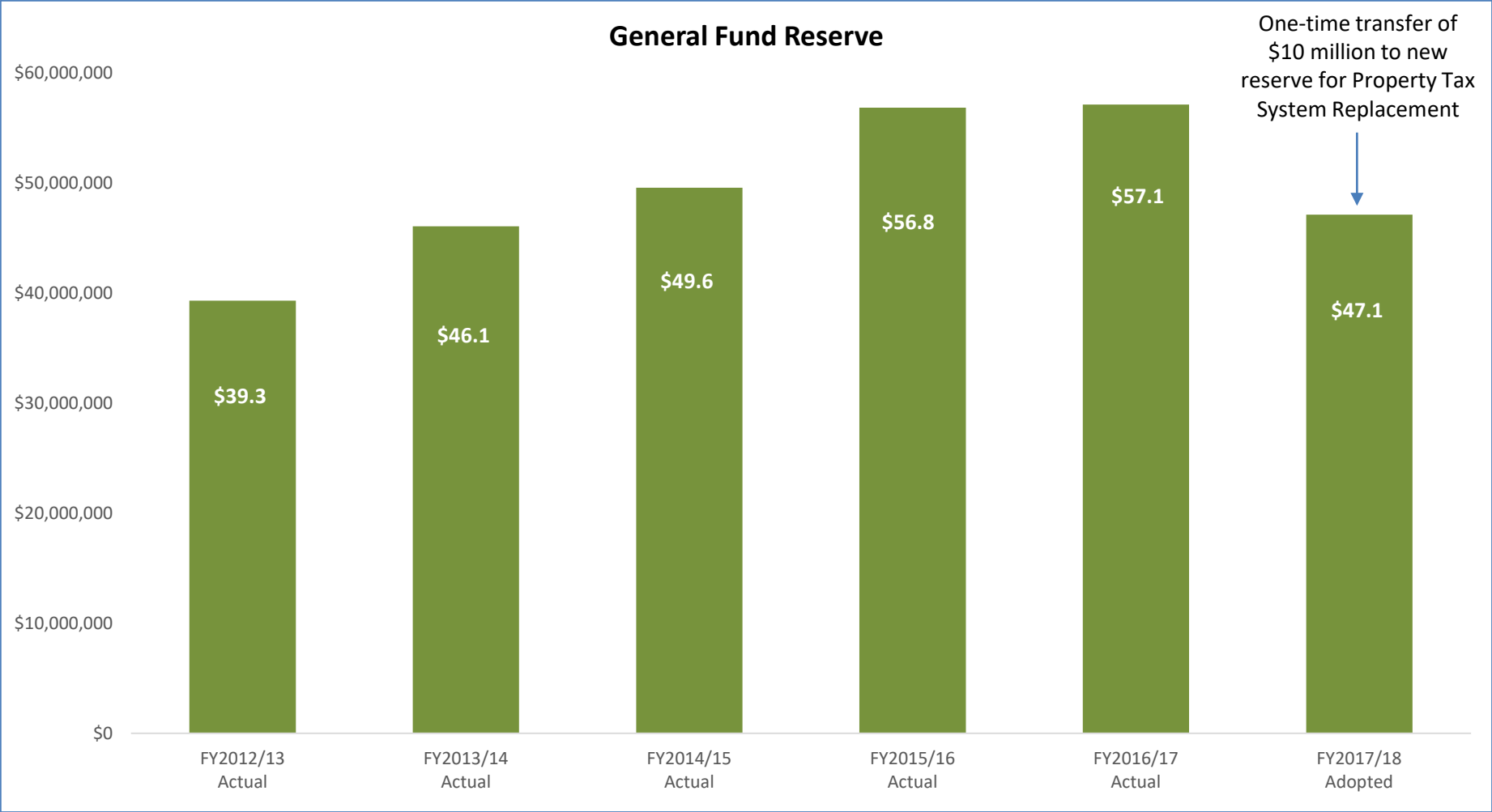


General Fund Balance & Contingencies



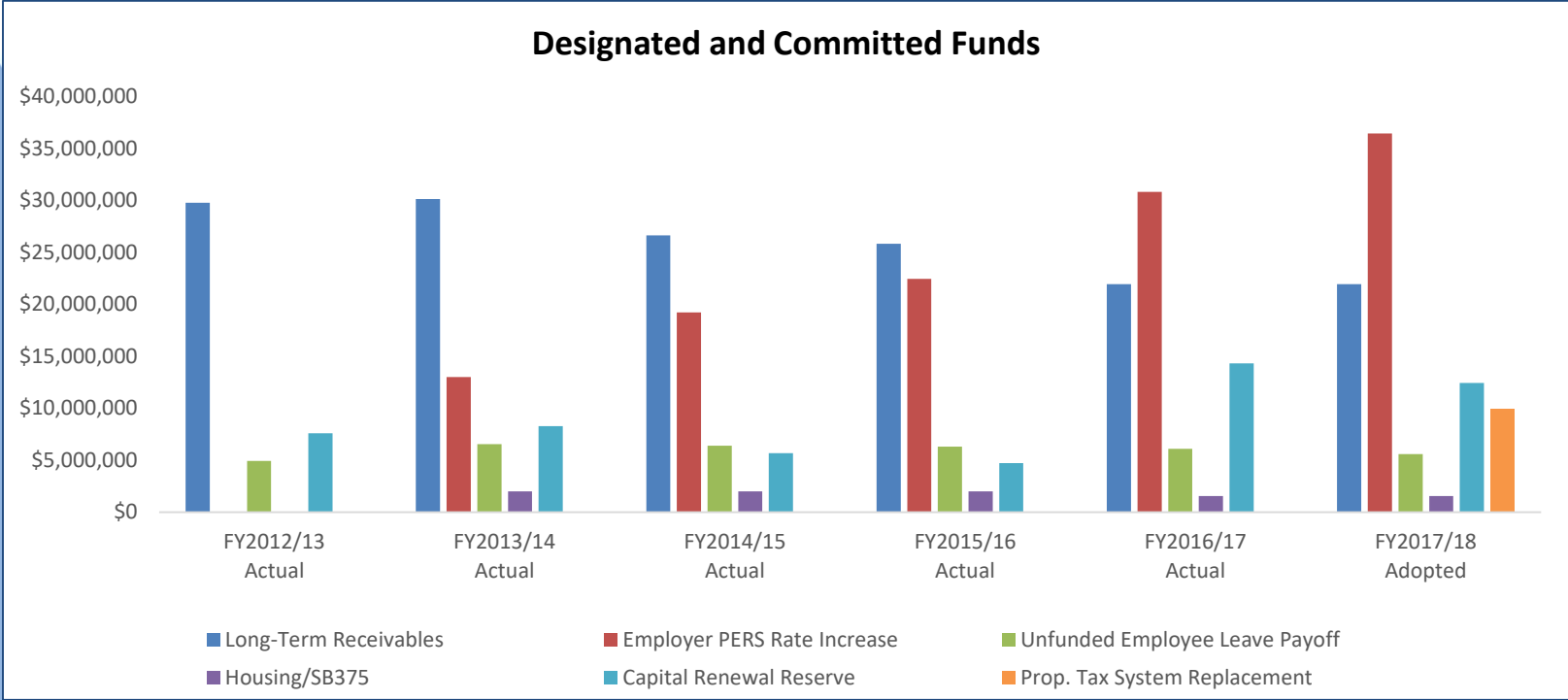


General Fund Reserve





General Fund - Designated & Committed Reserves



Employer PERS Rate Increase

- The FY2017/18 Adopted Budget for the Employer PERS Rate Increases includes both the value of the IRS 115 Trust at \$20.3 million and the Reserve for Employer PERS Rate Increase at \$16.1 million for a total reserve of \$36.4 million.

Capital Renewal Reserve (Deferred Capital/Maintenance Projects)

- The Reserve balance in the FY2017/18 Adopted Budget is \$12.4 million.
- Board Adopted target for “Good” level of maintenance requires \$2 - \$3 million per year.



General Fund Reserve & Contingency Policies

Description	Policy Target	FY2017-18 Budget Target	FY2017-18 Budgeted Amount	% of Target
General Fund Reserve	10% of the County's total budget (excluding inter-fund Transfers) Minimum balance of \$20 million	\$85.9 million	\$47.1 million	55%
General Fund Contingencies	10% of the General Fund Budget	\$27.3 million	\$14.7 million	54%

- The General Fund General Reserve Target is 10% of the County's total budget excluding inter-fund transfers, with a minimum balance of \$20 million at all times . Up to \$6 million may be drawn annually to support one-time costs for the following purposes:
 - Economic recession/depression that require budget action
 - Natural disaster or any other emergency
 - Unexpected declines in revenues and/or unpredicted large one-time expenditures
- When General Fund General Reserve has fallen below the established target (goal), the County shall replenish the deficiency within five fiscal years or as soon as the economic conditions allow.



FY2018/19 Budget Assumptions

- **Projected beginning Fund Balance in General Fund at \$26.9 million on July 1, 2018** - Propose \$10 to \$12 million in Contingencies for FY2018/19
- **Labor Cost Assumptions for FY2018/19:**
 - Includes the annualized cost of raises that became effective in FY2017/18.
 - Includes the annualized cost of new positions added in FY2017/18.
 - **Retirement (PERS) Rates**
 - Misc. 20.967% in FY17/18 to 22.939% in FY18/19; Safety from 27.542% in FY17/18 to 30.258% in FY18/19
 - **Pension Obligation Bonds (POB)**
 - Misc. from 4.437% in FY17/18 to 1.543% in FY18/19 ; Safety from 4.574% in FY17/18 to 2.708% in FY18/19
 - **Workers' Compensation Insurance**
 - Rates based on Actuarial Confidence Level of 75%.
 - No available balance to fund costs to departments.
 - Departments will see significant increases resulting from claims.
 - **Liability Insurance**
 - No available balance to fund costs to departments.
 - Departments will see increases or decreases based on loss experience.



Recommended Board Action Summary

- **Review and Accept FY 17/18 Midyear Financial Report**
- **Approve Appropriation Transfer Requests**
- **Approve Position Resolution**
 - Net increase of 3.5 positions
- **Affirm Initial Budget Assumptions for FY2018/19**
- **Confirm Budget Hearings dates commencing Tuesday June 19 through Friday June 22, 2018**



Questions & Answers

