

General Fund – General Revenues & Other Operations

RECOMMENDED BUDGET • FY 2021-22

MAJOR BUDGET CHANGES

Revenue

Taxes

- \$3,709,816 Increase in Property Taxes and the Property Tax In-Lieu of Vehicle License Fee revenue based on projected increase in property assessed valuation, currently estimated at a 3.8% increase over FY 2020-21 projected receipts.
- \$5,415,053 Increase in Sales and Use Tax to align more closely with prior year actuals.
- \$1,638,500 Increase in Transient Occupancy Taxes to bring revenues back from a 25% budget reduction as part of the FY 2020-21 Adopted Budget that was due to possible impacts from the coronavirus pandemic.
- \$348,626 Increase in Cannabis Activities Taxes, projected at same levels as FY 2020-21.
- (\$221,085) Decrease in Tax Loss Reserve revenue to align with FY 2019-20 actuals.

Franchise Fees

- (\$30,000) Decrease in Cable Franchise Fees to align with actuals.

Federal Intergovernmental

- \$40,810 Increase in Federal Payments In-Lieu of Taxes (PILT) to align with actuals.
- (\$17,620,236) Decrease in Federal Revenue due to the CARES Act revenue received in FY 2020-21.

Other Intergovernmental

- \$110,408 Increase as outlined in the Memorandum of Understanding with the Shingle Springs Band of Miwok Indians.

Services Charges

- \$441,774 Increase in Assessment and Tax Collection Fees to align with actuals.
- \$955,332 Increase in Interfund Transfers In due to the cost allocation plan as provided by the Auditor-Controller's Office.

Residual Equity

- \$1,810 Increase in Residual Equity Transfer In from the Hawk View Zone of Benefit that is being dissolved.

Fund Balance

- (\$5,563,584) Decrease in estimated carryover Fund Balance available for general operations, as compared to the FY 2020-21 Adopted Budget.

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(\$822,129)	Decrease in estimated carryover Fund Balance committed for Accumulative Capital Outlay projects.
\$620,500	Increase in use of funds designated for the Industrial Drive Intersection Project for transfer to the Department of Transportation for use in FY 2021-22.
\$1,120,092	Increase in use of funds designated for Transient Occupancy Tax Special Projects per Board direction on March 30, 2021, and to fund the Parks Master Plan revision.
(\$302,761)	Decrease in use of funds designated for CalPERS cost increases, based on the CalPERS annual actuarial.
(\$2,500,000)	Decrease in use of the Capital Projects Reserve, as \$2.5 million of the reserve was used in FY 2020-21 for the Shakori Garage project, and there is no use of the Capital Projects Reserve in the FY 2021-22 Recommended Budget.

Appropriations

Salary and Benefits

\$5,000	Increase in Salaries and Benefits for the CalPERS 1959 Survivor Benefit employer premium.
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Services and Supplies

(\$9,575,735)	Decrease in Special Department Expenses (\$4,575,735) and Contribution to Non-Governmental Agency (\$5,000,000) due to CARES Act funded expenses in FY 2020-21 that are not continued into FY 2021-22.
\$85,000	Increase in Special Projects to reflect a change in accounting practice where the El Dorado Hills County Water District payment of the Educational Revenue Augmentation Fund (ERAF) encumbrance equivalent amount is paid out of Special Projects instead of Contributions to Non-County Government.

Other Charges

\$2,300,000	Increase in Retirement of Long-Term Debt for the first annual USDA loan payment for the Public Safety Facility.
\$645,800	Increase in Contributions to Non-County Governments for Transient Occupancy funded contributions to Fire Districts per Board direction on March 30, 2021.
(\$77,912)	Decrease in Contribution to Non-County Government as a result of: the move of the ERAF payment to Special Projects (\$85,000 decrease), the agreement with the Resource Conservation District after the four-year General Fund prepayment (\$210,000 increase), the move of the UCCE contribution to the Agriculture Department (\$275,535 decrease), and adjustments in other contributions to align with amounts for FY 2021-22 as outlined in the agreements (\$72,623 increase).

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(\$7,295,236) Decrease in Contribution to Non-County Government (\$6,400,400) and Interfund Transfers Out (\$895,236) due to CARES Act funded expenses in FY 2020-21 that are not continued into FY 2021-22.

Other Financing Uses

\$1,990,000 Increase in Operating Transfers Out of Transient Occupancy Tax funds per Board direction provided on March 30, 2021, and \$250,000 for the Parks Master Plan update.

\$822,129 Decrease in Operating Transfers Out to the Accumulative Capital Outlay (ACO) fund to re-budget General Fund contributions for projects approved in prior year work plans, using carryover fund balance from the prior year. This includes \$2,350,000 in carry-over funding for the Shakori Garage Project.

\$1,262,481 Increase in new General Fund ACO project funding requests.

\$620,300 Increase in Operating Transfers Out to the Department of Transportation for the Industrial Drive Intersection Project, using designated funds.

\$88,067 Increase in Operating Transfers Out to the Georgetown and Placerville Airports to support operations.

\$597,054 Increase in Operating Transfers Out to Community Services primarily due to the increased cost of providing Senior Nutrition Services modification as a result of the coronavirus pandemic.

\$149,496 Increase in Operating Transfers Out to Public Health due to the Jail and Juvenile Hall Medical Contract increase.

\$233,492 Increase in Operating Transfers Out to Public Health for the CMSP participation fee. The fee has been waived for several years, but the decision will not be made until a later date.

Intrafund Abatements

(\$217,212) Decrease in Intrafund Abatement revenue (reimbursement for overhead costs) based on the Countywide Cost Allocation Plan as provided by the Auditor-Controller's Office.

Reserves Budgetary

(\$860,518) Decrease in the addition of funds to the CalPERS Cost Increases Designation based the CalPERS annual actuarial.

(\$7,319,019) Decrease in Designation and Reserve of Fund Balance as compared to the FY 2020-21 Adopted Budget, directly related to carryover Fund Balance designated for future uses during the September budget adoption. Similar increases to Designations/Reserves will be considered in September of 2021, based on actual carryover Fund Balance available.

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COURT - MAINTENANCE OF EFFORT

Description	Prior Year Actual	Current Year Adopted	CAO Recommended	Difference from Adopted
Fines & Penalties	0	0	408,670	408,670
Service Charges	0	0	742,872	742,872
Total Revenue	0	0	1,151,542	1,151,542
Other Charges	0	0	1,167,608	1,167,608
Total Appropriations	0	0	1,167,608	1,167,608
FUND 1000 GENERAL FUND TOTAL	0	0	16,066	16,066

MAJOR BUDGET CHANGES

Revenue

Fines and Penalties

\$408,670 Increase in Court Fine revenue of \$64,129; \$344,541 of the increase is related to the move of the Court MOE.

Service Charges

\$742,872 Increase in court services charges of \$60,670; \$682,202 of the increase is related to the move of the Court MOE.

Appropriations

Other Charges

\$832,608 Increase due to the required contribution of Court MOE to the State of a portion of certain fine and forfeiture revenue received in excess of the base MOE amount, a \$68,608 increase from the \$764,000 budgeted in the prior budget unit.

\$832,608 Increase in Contribution to Non-County Governmental Agency for annual County Facilities Payment as required by the State Trial Court Facilities Act, budgeted the same as in the prior year in the prior budget unit.

GENERAL FUND REVENUES AND OTHER OPERATIONS

Property Tax

Property Tax is the County's largest source of revenue in the General Fund. The property tax is levied annually on the assessed value of real property including land and permanently attached improvements, and tangible personal property (movable property). El Dorado County distributes property tax proceeds to a number of local governments, school districts, and special districts within the County in accordance with state law. The County receives an estimated \$23 for every \$100 collected from County taxpayers. Revenue is projected at \$78.8 million, a 3.8% increase over FY 2020-21 projected actual receipts.

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Education Revenue Augmentation Fund (ERAF)

In FY 1992-93, the State took action to reduce its obligation for school funding, as mandated by Proposition 98, by shifting local property tax revenues to school districts via the Education Revenue Augmentation Fund (ERAF I). This was followed by two subsequent shifts in property taxes in FY 1993-94 (ERAF II) and FY 2004-05 (ERAF III). FY 2005-06 represented the second and last year of ERAF III where the County was obligated to shift \$1.45 million to the State as part of the State's budget solution in FY 2004-05.

Upon adoption of the ERAF program the voters were asked to approve Proposition 172 (Local Law Enforcement Sales Tax) as a backfill of property tax dollars shifted. It is important to note that the County only received 50 cents on the dollar and exchanged discretionary revenue for one that is restricted to law enforcement (Sheriff, District Attorney, Probation, and Public Defender) with statutory anti-supplanting language.

Proposition 13

Proposition 13, passed by voters in 1978, limits the real property tax rate to one percent of assessed value, plus any rates imposed to fund indebtedness approved by the voters. Proposition 13 also allows increases to the value of real property at the rate of the Consumer Price Index (CPI), not to exceed two percent per year based on the 1975 value, unless the property is improved or sold, at which time the property is reassessed at market value. Since most property tax is guaranteed by placing a lien on the real property, properties are classified as secured or unsecured.

Secured property includes real and personal property located upon the property of the same owner. Secured roll property taxes are paid in two installments, due on December 10 and April 10. Unsecured property is property for which the value of the lien is not sufficient to assure payment of the tax. Unsecured roll taxes are due on August 31.

Secured Property Tax revenue is recommended at \$76,429,028 for FY 2021-22. The Recommended Budget for Property Tax revenue assumes an increase of 3.8% in the Secured Roll over the FY 2020-21 Adopted Budget and projected actual receipts.

Sales and Use Tax

The California Department of Tax and Fee Administration (CDTFA) administers revenues from Sales and Use taxes. Sales and Use Tax is collected at the point of sale, and then forwarded to CDTFA. The County receives monthly Sales and Use Tax revenue payments based on estimates, with quarterly adjustments made for actual receipts. Sales and Use Tax revenue can be used for any governmental purpose.

Sales and Use Tax revenue is recommended at \$15,696,653 for FY 2021-22. The Recommended Budget for Sales and Use Tax assumes no increase from the projected Sales and Use Tax Revenue for FY 2020-21. There have been significant changes in Sales and Use tax collection methods and laws since 2019. The County has been cautious in projecting Sales and Use Tax. FY 2021-22 will be the second full year with the new collection practices. To more closely align budget with actuals, the FY 2021-22 Recommended Budget increases Sales and Use Tax budgeted revenue by \$1 million when compared to the FY 2019-20 actual receipts.

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Property Tax In-Lieu of VLF (Motor Vehicle License Fees)

Prior to 2004, a primary source of revenue for California counties was the motor vehicle in-lieu tax. Due to the voter approved Proposition 1A (Protection of Local Government Revenues Act of November 2004), the State now receives the motor vehicle in-lieu revenues and has “swapped” that revenue for property tax. That revenue is budgeted in the Property Tax In-Lieu of Vehicle License Fee (VLF) account. The intent of Proposition 1A was to protect revenues collected by local governments (cities, counties, and special districts) from being transferred to the California state government for statewide use. This was a permanent change to the County-State relationship regarding these revenues, and the County will continue to receive Property Tax revenues in lieu of VLF. Property Tax In-Lieu of VLF revenues are calculated each year by a formula determined by the State Controller’s Office. It should be noted that the In-Lieu Property Tax revenue grows in relation to each jurisdictions assessed valuation, but should not in any way impact the amount received in the Property Tax – Secured account.

Property Tax In-Lieu of VLF revenue is recommended at \$23,734,569 for FY 2020-21, increasing by 3.8% when compared to the FY 2020-21 projected receipts.

Transient Occupancy Tax (TOT)

The Transient Occupancy Tax (TOT), or Hotel/Motel Occupancy Tax, is imposed on the daily rental price of a room in a lodging facility, including vacation home rentals, when used by visitors staying in the unincorporated portions of El Dorado County for less than 30 days. The tax rate for the County is 10% of gross room receipts.

TOT revenue is recommended at \$5,000,000 for FY 2021-22. As discussed with the Board on March 30, 2021, this is a conservative estimate of revenue that will allow for seasonal impacts, like fires or lack of snow, which may impact TOT revenue.

Other Taxes

Other miscellaneous taxes include property transfer taxes, tax loss reserve, cannabis activities tax, and timber yield. Cannabis Activities Tax was added in FY 2019-20 and is recommended at \$732,626 for FY 2021-22. The remaining miscellaneous taxes’ combined revenues are anticipated to remain relatively flat in FY 2021-22.

License/Permit/Franchise

The County receives franchise fees from a number of garbage and cable companies. Garbage franchise fees total \$840,000. Cable franchise fees total \$850,000.

Fines/Forfeitures/Penalties

Revenue recorded in this category represents delinquent property tax payments. This revenue is anticipated to remain relatively flat in FY 2021-22 and is recommended at \$500,000.

State Revenue

Pursuant to a statewide Master Settlement Agreement, California counties receive an annual Tobacco Settlement payment. Tobacco Settlement payment will remain the same in FY 2020-21 pursuant to the 1998 Master Settlement Agreement and MOU between the State of California and local governments. This revenue is recommended at \$1.7 million in FY 2021-22.

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El Dorado County also receives one source of state subvention revenues: the homeowner property tax relief (\$610,000). A minor amount for mandate payments (SB90) of \$100,000 is also included in this category.

Federal Revenue

The County receives federal revenue for Payments in Lieu of Taxes (PILT). This payment is budgeted to remain at \$790,810 for FY 2021-22 to match the actual amount for FY 2020-21, as FY 2021-22 amounts have not been announced by the federal government.

Other Governmental

This category includes Tribe funding in the amount of \$7.4 million, as well as funding from other governmental agencies (\$245,000). This annual payment from the Shingle Springs Band of Miwok Indians is budgeted pursuant to the current Agreement.

Charges for Service

Charges for service includes a fee for the collection of property taxes for the cities of Placerville and South Lake Tahoe and a number of special districts under the account name “Assessment/Tax Collection Fees” (\$2,489,860); the General Fund Countywide Cost Allocation Plan charges to various non-General Fund operations, which used to be referred to as A-87 (\$4,429,484); and recording fees of \$200,000. The combined revenue in this category is anticipated to increase by \$1.4 million in FY 2020-21, primarily due to increased Cost Plan charges.

Fund Balance

The Recommended Budget includes \$27,074,809 in Fund Balance carryover. These are one-time funds that are anticipated to be available at the end of FY 2020-21 as a result of operational savings, unspent appropriations designated for capital project work, and unanticipated revenues.

The carryover Fund Balance committed for Accumulative Capital Outlay projects is estimated at \$3,739,004 for FY 2020-21. The estimated unspent contingency is \$5,866,200. This leaves \$17,469,605 available to meet operational funding requirements. Of this \$5,648,820 is from unanticipated general revenues, which represents 4% of total general revenues in the FY 2020-21 Adopted Budget. The remaining \$11,820,785 of carryover fund balance is from departmental savings, representing 2.4% of total General Fund appropriations in the FY 2020-21 Adopted Budget. This carryover fund balance projection does not include excess Transient Occupancy Tax revenue from FY 2020-21, as this revenue is designated by Board Budget Policy B-16. Actual excess Transient Occupancy Tax revenue will be incorporated in the Adopted Budget in the Fall. It should be noted that these budgeted amounts are estimates and are subject to change with the close of the FY 2020-21 financial records in the fall.

\$5 million of this carryover fund balance is used in the FY 2021-22 Recommended Budget to increase the Designation for Capital Projects, and \$6 million used to replenish the Appropriation for Contingency.

General Reserve and Appropriation for Contingency

The General Reserve and Contingency calculations are determined based on adjusted General Fund appropriations. The General Fund Appropriation for Contingency is recommended at \$6 million. Board Budget Policy No. 8 directs that the Contingency be set at a minimum of 3% of the adjusted General Fund appropriations. This funding is a set aside to provide resources in the event of unforeseen fiscal issues throughout the year.

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The General Fund General Reserve is recommended at \$10 million. Board Budget Policy No. 9 directs that the General Reserve be set at an amount equivalent to approximately 5% of the adjusted General Fund appropriations. The General Reserve is established to provide for additional resources in the event of significant emergency situations where additional funds are required, and functions as a cash flow reserve during the year.

Use of Designations (Reserved Fund Balance)

The Recommended Budget includes a use of \$2,068,017 of funds previously set aside to offset growth in the General Fund's share of CalPERS Retirement cost increases. The Recommended Budget also includes the addition of \$936,713 to this designation for CalPERS Retirement cost increases anticipated in FY 2023-24.

With the adoption of the FY 2017-18 Budget, the Board began a budgeting practice of establishing and funding a reserve equal to the General Fund's estimated additional contribution for the following two years. In concept, this reserve serves as a revolving fund, with funds being drawn down in the immediate budget year's Recommended Budget based on the budgeted General Fund cost increase and replenished in the same year based on the updated two year estimated cost. Maintaining this reserve, and using funds to help cover the increase in CalPERS costs in each subsequent budget year, will help ensure the County is able to fund those required contributions in future years.

Community Funding Requests

The Recommended Budget includes \$30,000 for Community Funding Requests. El Dorado County has provided varying levels of funding for a variety of community organizations in the past. During the Budget discussions for FY 2017-18, \$50,000 was allocated for Community Funding Requests based on Board direction, and has been allocated each year since. This amount was lowered to \$30,000 with the FY 2020-21 Adopted Budget. No specific requests for funding were received for the FY 2021-22 Recommended Budget. However, requests may be made throughout the year, with amounts allocated based on Board direction.

Requests are for one-time funding allocations for cultural and community events or efforts that benefit residents. Some may have an economic development or promotions-related impact; however, it is not required for consideration. Funds may be allocated to projects or events at the time of Budget adoption, or throughout the year by request of any Board member. The maximum amount for an individual request is \$5,000, and funds may be provided to private nonprofits, public organizations, or community-based associations without formal nonprofit status. The Chief Administrative Office does not make recommendations for funding on these requests, as these funding decisions are made solely at the discretion of the Board.

SUPERIOR COURT MAINTENANCE OF EFFORT (MOE)

Court Facilities

Appropriations for court facilities are provided in compliance with statutory requirements that the County pay for the operation and maintenance of court facilities. This budget provides funding for the County Facility Payment (CFP) under AB1491.

AB1491 (formerly SB1732), the State Trial Court Facilities Act, required the County to transfer Court occupied facilities and properties to the State either by title or responsibility. The County completed the transfer of Court facilities in November 2008, with the transfer becoming effective January 2, 2009.

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Upon transfer of the facilities and properties an annual County Facilities Payment (CFP) was established requiring the County to sustain a level of financial support for the ongoing maintenance and utilities of the State’s court facilities.

Superior Court Maintenance of Effort

The Court Maintenance of Effort budget reflects the County’s share of fines and forfeitures levied during Court proceedings, some of which are collected and distributed by the State Superior Court, El Dorado County branch. The Court MOE budget unit also includes appropriations for the County’s payment of the mandated revenue “maintenance of effort” for ongoing support of the State Superior Court. Appropriations for local Court operations are not reflected in the County Budget since the Court is now a part of the State system. The State’s appropriations to the local courts Statewide are determined by the State Judicial Council based upon recommendations from the State Administrative Office of Courts.

RECOMMENDED BUDGET

The Recommended Budget for General Fund Other Operations is \$32,842,190. The total revenue in the unit is recommended at \$180,836,069. This reflects a decrease in revenue of \$11,505,532 and a decrease in appropriations of \$17,485,322 when compared to the FY 2020-21 Adopted Budget. This decrease is primarily due to the actual fund balance amounts accounted for in the Adopted Budget when compared to conservative projections in the Recommended Budget and the CARES Act revenue and appropriations in FY 2020-21.

Description	Recommended Budget
General Fund Contingency	\$ 6,000,000
General Fund Contributions to	
Accumulative Capital Outlay Facilities Investment	\$ 5,191,485
Broadband Grant Match	\$ 450,000
Miwok Indians for Health Programs	\$ 2,870,610
DOT for Industrial Drive Project	\$ 620,500
DOT for Office Space	\$ 1,800
Georgetown Airport	\$ 133,485
Placerville Airport	\$ 112,986
HCED	\$ 115,000
LAFCO	\$ 165,000
Tahoe Regional Planning Agency (TRPA) Compact	\$ 46,000
El Dorado Hills Fire ERAF	\$ 85,000
EDC Transportation Commission Federal Advocacy	\$ 40,000
MOU	
Resource Conservation District Contracts (El Dorado & Georgetown)	\$ 210,000
General Fund Contribution to Health - Public Health Programs	\$ 4,386,613
Jail & Juvenile Hall Medical Services Contract	\$ 3,688,599
California Children's Services (CCS)	\$ 464,522
California Medical Services Program (CMSP)	\$ 233,492
Participation Fee	
General Fund Contribution to Human Services - Community Services	\$ 3,154,017
Area Agency on Aging Programs	\$ 2,394,707
Senior Day Care	\$ 428,831

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In-Home Supportive Services (IHSS) Public Authority	\$ 89,131
Community Services Administration	\$ 139,848
Senior Shuttle	\$ 10,000
Public Housing Authority	\$ 91,500
General Fund Contribution Health - State Local Program Realignment Match	\$ 704,192
General Fund Contribution Mental Health - State Local Program Realignment Match	\$ 16,510
Annual Audit Contract	\$ 80,000
Sales Tax Audit Services	\$ 40,000
Arch Social	\$ 8,000
CalPERS annual bill	\$ 25,000
CalPERS reports required for GASB 68	\$ 5,000
SB 90 Mandates	\$ 20,000
A87 Charges to Child Support (expenditure abatement)	\$ (282,768)
A87 Charges to Social Services	\$ (2,617,552)
A87 Charges to HHS Admin, Planning & Building, CDA Admin, Animal Services & Public Guardian	\$ (4,234,231)
Countywide Legislative Memberships (CSAC, NACO)	\$ 36,100
Community Funding Requests	\$ 30,000

GENERAL FUND RESERVES & DESIGNATIONS	FY 2020-21 ENDING BALANCE	FY 2021-22 ADDITIONS	FY 2021-22 USES	FY 2021-22 ENDING BALANCE
GENERAL RESERVE	\$10,000,000			\$10,000,000
CAPITAL PROJECTS	\$16,931,645	\$5,000,000		\$21,931,645
PUBLIC SAFETY FACILITY LAST LOAN PAYMENT	\$2,300,000			\$2,300,000
PUBLIC SAFETY FACILITY LOAN PAYMENTS	\$2,300,000			\$2,300,000
PARKS ACQUISITION & DEVELOPMENT	\$250,000			\$250,000
EL DORADO CENTER	\$969,019			\$969,019
AUDIT RESERVE	\$944,430			\$944,430
TOT SPECIAL PROJECTS	\$1,854,965		(\$1,120,092)	\$734,873
CALPERS COST INCREASES	\$4,028,893	\$936,713	(\$2,068,017)	\$2,897,589
CALPERS OPEB	\$1,368,765			\$1,368,765
RAY LAWYER DR	\$3,000,000			\$3,000,000
RD INFRASTRUCTURE	\$1,651,282			\$1,651,282
JUVENILE HALL	\$1,722,556			\$1,722,556
GENERAL LIABILITY & WORKERS' COMPENSATION	\$3,000,000			\$3,000,000
OTHER - INDUSTRIAL DRIVE	\$1,241,000		(\$620,500)	\$620,500