

BUDGET SUMMARY BY FUND

Recommended Budget for Butte County
Fiscal Year 2017-18

| Fund | Adopted 2016-17 | Recommended 2017-18 | Percent Change |
|--------------------------------------|----------------------------|--------------------------------|---------------------------|
| General | 168,775,624 | 163,889,566 | -2.9% |
| Social Services | 142,525,897 | 135,204,720 | -5.1% |
| Public Health | 21,790,334 | 21,779,801 | 0.0% |
| Behavioral Health | 66,599,372 | 67,332,172 | 1.1% |
| Child Support Services | 9,187,363 | 9,182,363 | -0.1% |
| Road Operations | 28,217,041 | 34,502,383 | 22.3% |
| SO-Equipment Replacement | 668,971 | 502,816 | -24.8% |
| DA-Equipment Replacement | 100,000 | - | -100.0% |
| FIRE-Equipment Replacement | 1,362,628 | 498,310 | -63.4% |
| PROB-Equipment Replacement | - | 185,000 | |
| ASSR-Equipment Replacement | - | - | |
| GS-Equipment Replacement | 53,659 | 22,521 | -58.0% |
| IS-Equipment Replacement | 370,434 | 1,445,370 | 290.2% |
| ISF-Equipment Replacement | 1,599 | - | -100.0% |
| AG-Equipment Replacement | 35,000 | 30,000 | -14.3% |
| Local Transportation - Transit | 3,092,191 | 3,292,000 | 6.5% |
| CDBG Program Grants | 1,824,000 | 1,609,134 | -11.8% |
| CDBG Program Income | 701,000 | 641,000 | -8.6% |
| HOME Program Income | - | - | |
| Fish & Game | 30,550 | 38,485 | 26.0% |
| Total Non-Operating Funds | 50,827,916 | 48,995,958 | -3.6% |
| Capital Project | 9,664,811 | 9,325,876 | -3.5% |
| Debt Service | 857,565 | 1,578,676 | 84.1% |
| POB Debt Service | 2,654,995 | 3,065,061 | 15.4% |
| Bangor Reserve | - | - | |
| Hall of Records Reserve | - | - | |
| Total Governmental Funds | 509,340,950 | 503,121,212 | -1.2% |
| Other Funds | | | |
| Internal Service Funds | 11,893,576 | 11,901,161 | 0.1% |
| Enterprise Funds | 12,320,516 | 11,952,308 | -3.0% |
| Special Districts and Other Agencies | 1,809,314 | 1,535,735 | -15.1% |
| Total All Funds | 535,364,356 | 528,510,416 | -1.3% |

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The fiscal year 2017-18 Recommended Budget is \$528,510,416 for all funds, which is a decrease of \$6.9 million or 1.3% compared to the fiscal year 2016-17 Adopted Budget. This is a reflection of all County funds including governmental funds (operating funds and non-operating funds), internal service funds (insurance and utilities), enterprise funds (the Neal Road Recycling and Waste Facility), special districts and County Service Areas.

For the governmental funds, the Recommended Budget is \$503,121,212, which is a decrease of 1.2% or \$6.2 million compared to the fiscal year 2016-17 Adopted Budget. Of this total, \$59.1 million is from recommended operating transfers between funds. The majority of these transfers, \$49.0 million, are from non-operating to operating funds. An additional \$3.0 million in transfers from the General Fund to support expenditures in Special Revenue, Capital Project and Debt Service Funds is included in this total. The remaining \$7.1 million in transfers is made up of other departmental transfers between funds including transfers to equipment replacement funds and the Capital Project Fund.

Governmental Funds

The Recommended Budget for the **General Fund** is \$163,889,566. The General Fund finances most discretionary services the County provides such as law enforcement, fire and rescue, libraries, building and planning services, elections, and support services. The Recommended Budget for the General Fund reflects a decrease of \$4,886,058 compared to the fiscal year 2016-17 Adopted Budget. The decrease includes a reduction in the General Fund Appropriation for Contingencies, decreases related to one-time projects funded in the fiscal year 2016-17 Adopted Budget, and a variety of adjustments to department budgets.

The Recommended Budget maintains the existing General Reserve of \$8 million and includes an Appropriation for Contingencies target of \$7.5 million. This target is a \$2.2 million decrease from the fiscal year 2016-17 Adopted Budget of \$9.7 million, which was higher than originally targeted due to a larger than anticipated year end available fund balance. The final fiscal year 2017-18 Appropriation for Contingencies will be dictated by the actual available fund balance, which can result in the amount being higher or lower than budgeted. The combined General Fund Appropriation for Contingency and General Reserve achieves the County goal of a reserve that totals 10%-15% of prior year General Fund operating expenditures and ensures the County will have funds readily available to address emergencies and manage cash flow.

The available fund balance in the General Fund on July 1, 2017 is estimated to be \$16.6 million. The estimated fund balance presumes an unused General Fund Appropriation for Contingencies balance of \$8.4 million and \$8.2 million in savings from departments. The departmental savings is due to salary or other expenditure savings as well as revenues in excess of what was originally budgeted. General purposes revenues are expected to come in as budgeted. The available fund balance remains an essential component of the resources available to fund the Recommended Budget.

The Recommended Budget for the **Social Services Fund** is \$135,204,720. The Social Services Fund is a special revenue fund which accounts for mandated programs such as Child Welfare, Foster Care, CalFresh, and CalWORKs. This is a decrease of \$7,321,177 compared to the fiscal year 2016-17 Adopted Budget. The decrease is primarily due to lower State and federal allocations to administer mandated programs. The recommendation includes a realignment transfer of \$885,263 from Public Health, thereby reducing the transfer from the General Fund by an equal amount.

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The Recommended Budget for the **Public Health Fund** is \$21,779,801. The Public Health Fund is a special revenue fund which accounts for health programs such as public health clinics; the Women, Infants and Children (WIC) Program; and environmental health functions. This is a decrease of \$10,533 compared to the fiscal year 2016-17 Adopted Budget. The recommendation includes a realignment transfer of \$885,263 to the Social Services Fund.

The Recommended Budget for the **Behavioral Health Fund** is \$67,332,172. The Behavioral Health Fund is a special revenue fund which accounts for mental health and drug/alcohol programs such as community-based mental health services, the Psychiatric Health Facility, and Mental Health Services Act programs. This is an increase of \$732,800 due to higher reimbursement rates for clinical services. The Recommended Budget includes a set-aside of approximately \$500,000 in realignment revenues to further improve the Behavioral Health Department's cash position. Furthermore, this set-aside will assist the department in creating a reserve to minimize impacts of unpredictable State reimbursements.

The Recommended Budget for the **Child Support Services Fund** is \$9,182,363. The Child Support Services Fund is a special revenue fund which accounts for programs related to child support collections. The program is completely funded by federal and State revenues. This year's budget is \$5,000 less than the fiscal year 2016-17 Adopted Budget.

The Recommended Budget for the **Road Fund** is \$34,502,383. The Road Fund is a special revenue fund which accounts for construction and maintenance of roads and bridges. This is an increase of \$6,285,342 compared to the fiscal year 2016-17 Adopted Budget. The increase is primarily due to the planned road and bridge projects, such as the Midway Bridge construction. The Road Fund expenditures fluctuate from year to year as the number and scope of projects changes.

The Recommended Budget for the **Sheriff Equipment Replacement Fund** is \$502,816. This is a decrease of \$166,155 from the fiscal year 2016-17 Adopted Budget. The Fund accounts for depreciation payments from the Sheriff's operating budget each year and is used to replace vehicles included in the equipment replacement program.

The Recommended Budget for the **District Attorney Equipment Replacement Fund** includes no appropriations. The Fund accounts for depreciation payments from the District Attorney's operating budget each year and is used to replace vehicles included in the equipment program. No equipment is currently due for replacement in this fund.

The Recommended Budget for the **Fire Equipment Replacement Fund** is \$498,310. This is a decrease of \$864,318 from the fiscal year 2016-17 Adopted Budget. The Fund accounts for depreciation payments from the Fire Department's operating budget each year and is used to replace vehicles included in the equipment replacement program.

The Recommended Budget for the **Probation Equipment Replacement Fund** is \$185,000. This is an increase of \$185,000 from the fiscal year 2016-17 Adopted Budget. The Fund accounts for depreciation payments from the Probation Department's operating budget each year and is used to replace vehicles in the equipment replacement program.

The Recommended Budget for the **Assessor Equipment Replacement Fund** is \$0, which is the same as the fiscal year 2016-17 Adopted Budget. The Fund accounts for depreciation

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payments from the Assessor Department's operating budget each year and is used to replace vehicles in the equipment replacement program. No equipment is currently due for replacement in this fund.

The Recommended Budget for the **General Services Equipment Replacement Fund** is \$22,521. This is a decrease of \$31,138 from the fiscal year 2016-17 Adopted Budget. The Fund accounts for depreciation payments from the General Services' operating budget each year and is used to replace vehicles included in the equipment replacement program.

The Recommended Budget for the **Information Systems Equipment Replacement Fund** is \$1,445,370. This is an increase of \$1,074,936 from the fiscal year 2016-17 Adopted Budget. The Fund accounts for depreciation payments from the Information Services' operating budget each year and is used to replace vehicles and equipment included in the equipment replacement program. The increase reflects the resources directed to the Butte Regional Radio Project for communication tower rehabilitation work and the first lease payment to Motorola for the new 700 MHz system. The budget also includes a transfer to the General Fund to replace equipment originally purchased through the equipment replacement program that no longer meets the threshold for capital assets.

The Recommended Budget for the **ISF (Risk Management) Equipment Replacement Fund** is \$0. This is a decrease of \$1,599 from the fiscal year 2016-17 Adopted Budget. The Fund accounts for depreciation payments from Risk Management's operating budget each year and is used to replace vehicles and equipment included in the equipment replacement program.

The Recommended Budget for the **Agriculture Equipment Replacement Fund** is \$30,000. This is a decrease of \$5,000 from the fiscal year 2016-17 Adopted Budget. The Fund accounts for depreciation payments from Agriculture's operating budget each year and is used to replace vehicles included in the equipment replacement program.

The Recommended Budget for the **Local Transportation – Transit Fund** is \$3,292,000. This is an increase of \$199,809 compared to the fiscal year 2016-17 Adopted Budget. The Transit Fund is a special revenue fund, which accounts for transit services. The County receives revenues from the State's Local Transportation Fund, which comes from 0.25% of the 7.25% statewide sales tax. Much of this funding is transferred to the Butte County Association of Governments (BCAG) to pay for the County's portion of operating costs for the local consolidated transit system.

The Recommended Budget for the **Community Development Block Grants (CDBG) Program Grants Fund** is \$1,609,134. This is a decrease of \$214,866 compared to the fiscal year 2016-17 Adopted Budget due to the expiration of the awarded program grant. The Fund is a special revenue fund used to account for CDBG and Home Investment Partnership (HOME) Program eligible activities.

The Recommended Budget for the **CDBG-Program Income Fund** is \$641,000. This is a decrease of \$60,000 compared to the fiscal year 2016-17 Adopted Budget. The Fund is a special revenue fund used to record the County's Housing Rehabilitation Revolving Loan Program and revenue that must be used solely for CDBG eligible activities.

The Recommended Budget for the **HOME-Program Income Fund** is \$0, which is the same as the fiscal year 2016-17 Adopted Budget. The fund is a special revenue fund used to record

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revenue from the Housing Rehabilitation Loan Program and repayments must be used for additional HOME housing activities.

The Recommended Budget for the **Fish and Game Fund** is \$38,485. This is an increase of \$7,935 compared to the fiscal year 2016-17 Adopted Budget. The Fish and Game Fund is a special revenue fund used to account for fish and game protection, conservation, propagation and preservation programs overseen by the Fish and Game Commission.

The Recommended Budget for the **Non-Operating Funds** combined is \$48,995,958. This is a decrease of \$1,831,958 from the fiscal year 2016-17 Adopted Budget. The Non-Operating Funds hold balances from restricted revenue sources that cross fiscal years such as Mental Health Services Act, 2011 Realignment, Impact Fees, and Community Cost Share funds. The Non-Operating section of the Recommended Budget contains financial and narrative information about the allowable and planned use of these funds and anticipated fund balances.

The Recommended Budget for the **Capital Project Fund** is \$9,325,876. This is a decrease of \$338,935 compared to the fiscal year 2016-17 Adopted Budget. The Capital Project Fund accounts for the acquisition or construction of major capital facilities based upon the Capital Improvement Program. The Capital Project Fund includes facility funds, which are the accumulation of facility depreciation payments from County departments, intended to be used for the eventual replacement of County facilities. Additionally, the Capital Project Fund receives transfers from department budgets, grant funds, and loan proceeds to fund capital projects. Projects planned for fiscal year 2017-18 include replacement of the communications tower at the Chico Sheriff Substation, architectural design and begin construction of both an expanded jail and evidence storage & morgue facilities, funding to continue work on 3 and 25 County Center Drive remodels, continue improvements to the government campus in order to accommodate future facility expansion, and purchase of the building and property at 655 Oleander, Chico from the State.

The Recommended Budget for the **Debt Service Fund** is \$1,578,676. This is an increase of \$721,111 from the fiscal year 2016-17 Adopted Budget. The Debt Service Fund accounts for the accumulation of the repayment of money borrowed and the interest on those debts. The increase is a result of the Butte Regional Radio Project lease payment. Other current debt service includes payment for the solar project, Certificates of Participation for the Bangor Fire Station and Hall of Records, and lease financing on the Chico Veterans Memorial Hall.

The Recommended Budget for the **POB Debt Service Fund** is \$3,065,061. This is an increase of \$410,066 from the fiscal year 2016-17 Adopted Budget. The increase reflects an anticipated upturn in the historically low interest rates applied to Series B bonds in recent years and a scheduled increase in principal payments. The POB Debt Service Fund accounts for the debt payments on the 2004 Pension Obligation Bonds.

The Recommended Budgets for the **Bangor Reserve** and the **Hall of Records Reserve Funds** are \$0, which is the same as the fiscal year 2016-17 Adopted Budget. Pursuant to the loan covenants, funds are being accumulated to make future loan payments for the Bangor and Hall of Records Certificates of Participation.

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Other Funds

The operating plan for all **Internal Service Funds (ISF)** is \$11,901,161. This is an increase of \$7,585 from the fiscal year 2016-17 Adopted Budget. The net increase in Internal Service Funds is largely due to anticipated increases in the Workers' Compensation program. Internal Service Funds are used for activities associated with the various insurance programs utilized by the County including, but not limited to, Workers' Compensation and General Liability. The funds are also used to process utility bills for all departments. All expenses in these funds are allocated throughout the organization and fully funded by operating and enterprise revenues.

The operating plan for all **Enterprise Funds** is \$11,952,308. This is a decrease of \$368,208 from the fiscal year 2016-17 Adopted Budget. The decrease is primarily due to fewer capital improvements occurring in fiscal year 2017-18 because the excavation for Module 5 will be substantially completed in fiscal year 2016-17. Module 5 is the next phase of landfill operations. Enterprise funds are established to account for operations that are financed in a manner similar to private businesses with the intent that the cost of goods or services provided will be recovered primarily through user charges. In Butte County, the only use of enterprise funds is to account for activities related to the Neal Road Recycling and Waste Facility.

The Recommended Budget for **Special Districts and Other Agencies** is \$1,535,735. This is an increase of \$273,579 from the fiscal year 2016-17 Adopted Budget. The increase is due largely to an expansion of powers in County Service Area (CSA) #4, Sierra Del Oro, to include road maintenance services. As a result, a street overlay is planned for that district next year. Special Districts and other agencies include over 100 CSAs created to provide a variety of services such as street lighting, drainage, landscaping, and sewer, as well as the County's Permanent Road Division. The amount required to fund those CSAs fluctuates year to year depending on maintenance and capital needs.