

Fiscal Year 2009-2010

Third Quarter Financial Status Report

5/4/2010

*Issued by the
County Executive Office and
Auditor-Controller*

Fiscal Status as of March 31, 2009

- Third Quarter financial status report
 - Various revenues below estimates throughout the County
- Departments generally are holding vacancies and constraining expenditures to prepare for FY 2010-11 budget reductions
- Fiscal Issues Update
 - Presented quarterly to update the October 2009 report

Overview

Financial Report

Highlights for All Funds

- Cyclical and general revenues remain depressed but in some areas show possibilities of positive trends
- Costs of Retirement Incentive Program have been applied to departments
 - Holding vacancies will result in savings

Overview

Financial Report

Financial Summary

General Fund Departments

As of: 3/31/2010 (75% Elapsed)
Accounting Period: CLOSED

Selection Criteria: FundType = 01-06

Layout Options: Summarized By = Fund, Department; Columns = SrcUseYEP

Department	Sources Fiscal Year Adjusted Budget	Sources Projected Actual	Sources Projected Variance	Uses Fiscal Year Adjusted Budget	Uses Projected Actual	Uses Projected Variance	Net Financial Projected Variance
Fund 0001 -- General							
011 -- Board of Supervisors	0.00	-135.00	-135.00	2,740,525.00	2,663,866.55	76,658.45	76,523.45
012 -- County Executive Office	2,017,321.00	1,995,647.00	-21,674.00	4,419,587.00	4,294,020.56	125,566.44	103,892.44
013 -- County Counsel	4,604,934.00	4,823,030.39	218,096.39	7,213,318.00	7,276,505.41	-63,187.41	154,908.98
021 -- District Attorney	7,081,445.00	7,299,836.92	218,391.92	18,041,565.00	19,013,381.93	-971,816.93	-753,425.01
022 -- Probation	18,392,152.33	16,776,287.50	-1,615,864.83	39,856,764.33	39,684,363.84	172,400.49	-1,443,464.34
023 -- Public Defender	2,790,149.00	2,741,572.39	-48,576.61	10,087,775.00	10,450,249.62	-362,474.62	-411,051.23
031 -- Fire	49,310,919.00	48,481,056.68	-829,862.32	50,910,701.00	50,103,183.72	807,517.28	-22,345.04
032 -- Sheriff	66,115,450.78	65,983,540.89	-131,909.89	101,908,409.78	102,239,899.84	-331,490.06	-463,389.95
041 -- Public Health	3,058,588.00	3,027,817.43	-30,770.57	5,889,679.00	5,885,671.77	4,007.23	-26,763.34
051 -- Agriculture & Cooperative Exte	2,063,992.00	1,827,705.02	-236,286.98	3,741,220.00	3,477,686.22	263,533.78	27,246.80
052 -- Parks	7,918,890.23	7,510,054.78	-408,835.45	11,590,216.23	11,974,173.08	-383,956.85	-792,792.30
053 -- Planning & Development	10,550,711.28	11,809,427.85	1,258,716.57	16,592,349.28	16,432,559.59	159,789.69	1,418,506.26
054 -- Public Works	3,726,889.00	3,618,398.69	-108,490.31	4,314,021.00	4,173,067.76	140,953.24	32,462.93
055 -- Housing/Community Development	1,183,970.00	979,930.11	-204,039.89	1,876,988.00	1,693,849.61	183,138.39	-20,901.50
061 -- Auditor-Controller	3,855,055.00	4,048,520.01	193,465.01	7,729,606.00	7,238,089.92	491,516.08	684,981.09
062 -- Clerk-Recorder-Assessor	11,027,025.00	9,162,966.58	-1,864,058.42	20,102,057.00	18,842,077.18	1,259,979.82	-604,078.60
063 -- General Services	9,799,207.00	9,788,959.88	-10,247.12	16,238,396.00	16,228,126.27	10,269.73	22.61
064 -- Human Resources	3,365,175.00	3,327,775.01	-37,399.99	5,293,160.00	5,000,532.67	292,627.33	255,227.34
065 -- Treasurer-Tax Collector-Public	3,905,927.00	3,863,430.12	-42,496.88	6,611,570.00	6,572,355.14	39,214.86	-3,282.02
066 -- Information Technology	884,788.00	862,056.15	-22,731.85	1,671,665.00	1,591,123.51	80,541.49	57,809.64
990 -- General County Programs	20,848,110.00	20,817,384.16	-30,725.84	91,462,482.00	91,717,519.02	-255,037.02	-285,762.86
991 -- General Revenues	195,498,622.78	195,702,489.18	203,866.40	128,846.78	128,846.78	0.00	203,866.40
992 -- Debt Service	0.00	0.00	0.00	1,681,571.00	1,681,570.40	0.60	0.60
Total General	427,999,321.40	424,447,751.74	-3,551,569.66	430,102,472.40	428,362,710.39	1,739,762.01	-1,811,807.65

General Fund Summary

- General Fund projected to end the year with a shortfall
- Departments have commenced certain expenditure reductions; more are needed
- One time reserves will need to be appropriated this fiscal year

Overview

Financial Report

Variances: Other Funds

(Attachment A, pages 1 of 13 through 13 of 13)

- Road Funds (0015, 0016, 0017): The three funds +\$1,333,000.
 - Measure D sales tax below budget estimates.
 - Staffing vacancies
- Mental Health Services Fund (0044): -\$2.4 million
 - Medi-Cal and EPSDT revenue shortfalls due to service changes
 - The expenditure is a positive \$2 million as the department has been controlling costs and realigning services

Overview

Financial Report

Fiscal Issues Report

- Issues changed

- State budget impacts:

- Governor's Budget released January 8, 2010.
 - \$19.9 billion over next 18 months: \$6.6 billion in FY 2009-10, \$12.3 billion in FY 2010-11, \$1.0 billion reserve.
 - Relies heavily on federal "fairness" funds of \$6.9 billion.
 - Additional program cuts if federal funds do not materialize by June 2010 (for example-elimination of CalWORKS, Healthy Families, and IHSS programs).
 - Legislature passed almost \$4 billion in cuts and the Governor signed a mid-year budget package on March 23, 2010 that addressed approximately \$2.2 billion in cuts.
 - Sales tax on gasoline and Proposition 42 was eliminated and replaced with excise tax (short cuts the constitutional protection).

Overview

Financial Report

Fiscal Issues Report

■ Issues changed

■ Indian gaming:

- SB 357 was introduced on 2/25/09 and amended on 4/1/09 to extend the Special Distribution Fund grants for mitigation of gaming until 1/1/2021.
- Bill passed in Governmental Organization Committee 17-0.
- Bill currently on Appropriations Suspense File.
- No SDF funding in FY 2009-10 State budget.
- Legislation extended sunset date until 2021, but did not appropriate funding.
- A current bill, AB 2198, being considered in the Legislature to appropriate \$30 million from the SDF to local jurisdictions. No hearing date has been set yet on the new legislation.

Overview

Financial Report

2009 Fiscal Issues Report (5/4/10)

ISSUE		IMPACT	SUMMARY
FISCAL YEAR 2009-2010			
A	State Budget Impacts	\$ unknown at this time	Governor's Budget released January 8, 2010. Deficit of \$19.9 billion over next 18 months: \$6.6 billion in FY 2009-10, \$12.3 billion in FY 2010-11, \$1.0 billion reserve. Significant reliance on federal "fairness" funds of \$6.9 billion. Severe additional program cuts if federal funds do not materialize by June 2010 (for example-elimination of CalWORKS, Healthy Families, and IHSS programs). Legislature passed almost \$4 billion in cuts and the Governor signed a mid-year budget package on March 23, 2010 that addressed approximately \$2.2 billion in cuts. Sales tax on gasoline and Proposition 42 was eliminated and replaced with excise tax (short cuts the constitutional protection).
B	Indian Gaming	\$ (1,200,000)	SB 357 was introduced on 2/25/09 and amended on 4/1/09 to extend the Special Distribution Fund grants for mitigation of gaming until 1/1/2021. Bill passed in Governmental Organization Committee 17-0. Bill currently on Appropriations Suspense File. No SDF funding in FY 2009-10 State budget. Legislation extended sunset date until 2021, but did not appropriate funding. However, there is a current bill, AB 2198, being considered in the Legislature to appropriate \$30 million from the SDF to local jurisdictions. No hearing date has been set yet on the new legislation.
C	Social Services	Unknown	Department challenges include double digit caseload growth, State freeze on Cost of Doing Business at 2001 levels, State/Federal funding reductions in FY 2009-10 of \$1.5 million in 12 DSS programs, continued decline in Realignment Fund revenue in FY 2009-10 and 2010-11, projected depletion of the Realignment Trust Fund balance in FY 2009-10, and projected depletion of the Social Services Special Revenue Fund in FY 2010-11. All of these factors will contribute to a projected deficit in FY 2011-12.
D	ADMHS Cost Report Settlement Issues	\$ (12,649,056)	County's accrued liability was \$12.6M as of June 2009. In FY 08-09, the liability was reduced by \$2.8 million and includes payments of \$2.2 million to the State. FY 09-10 Adopted Budget includes \$12.5M from General Fund Strategic and Audit reserves to ADMHS.
E	Mental Health and Partner Agencies Medi-Cal Billing Exposure	\$ (14,400,402)	Potential disallowable MISC/CEC program costs extrapolated over the period of FY 2002-03 through FY 2007-08 are estimated at \$14.4M. \$1.6M was transferred from Strategic Reserve to fund FY 2008-09 liability. No repayment source has been identified. Ongoing negotiations are taking place to reduce/eliminate potential costs to County.
F	Retiree Healthcare Benefits	\$ (6,600,000)	3% (\$8.7M) represents the estimated pay-as-you-go rate for funding retiree healthcare benefits adopted for FY 2009-10. 5.27% (\$15.3M) represents the last actuarially determined annual required contribution, which would pay the normal cost as well as amortize the unfunded actuarial accrued liability over a 15-year period for a difference of \$6.6M.
G	May Statewide Special Election	\$ (1,363,000)	A Statewide special election took place May 19, 2009. Counties were required to conduct the election and fund the cost of the election pending reimbursement by the State. The County budgeted the use of Strategic Reserve to fund the election costs, expecting the reimbursement to be included in the FY 2009-10 State Budget. It was not included in the State budget but is in the Governor's FY 2010-11 budget proposal.
H	Cachuma Lake Surcharge	\$ (4,100,000)	Project cost \$12.7M, \$4.1M unfunded, \$8.6M funded: Department of Boating and Waterways \$2.7M, Bureau of Reclamation (Bureau) \$2.1M, American Recovery and Reinvestment Act 2009 (ARRA) via Bureau \$ 3.3M, and ARRA via Bureau for Americans with Disabilities Act \$487K.
FISCAL YEAR 2010-2011 AND BEYOND			
I	Fire Financial Forecast	\$ (5,300,000)	The Fire District's financial health has deteriorated and is projected to continue to deteriorate as expenditures continue to rise at a faster rate than revenues. In the past, the District has been able to use fund balance to maintain services levels; however, current assumptions show fund balance depleted in FY 2010-11. The District is facing a negative financial impact of at least \$5.3 million for FY 2010-11 which will be highlighted to the Board and analyzed as part of the budget development process.
J	Fiscal Year 2010-2011 Budget Gap	\$ (16,600,000)	Projected General Fund shortfall of \$16.6M for Fiscal Year 2010-11 growing to \$21.6M in FY 2011-12 as a result of continuing revenue declines, growing expenditures demands, and reliance in past years on one-time sources of funding for ongoing operations.
K	Pension Fund Stability	\$ (20,200,000)	Rates increased by 1% for FY 2009-10 (\$3.9M or 5%). On November 18, 2009 the Retirement System adopted rates to increase by 5.58% for FY 2010-11 (\$20.2M or 28.5%). Rates spiked up primarily due to significant investment losses during FY 2008-09.
L	Goleta Revenue Neutrality	\$ (2,400,000)	Mitigation Period of revenue neutrality agreement expires in FY 2012-13, which will result in loss of estimated \$2.4M (\$1.1M lost sales tax revenue and \$1.3M lost TOT revenue).
M	City of Santa Barbara RDA	\$ 6,600,000	The City of Santa Barbara RDA will expire in FY 2018-19, resulting in the County once again receiving the tax increment apportionment: General Fund (\$6.1M), Flood Control (\$399K), and Water Agency (\$93K). However, the City has until 2012 to issue debt, which could extend the RDA to as late as 2022.
N	County Jail - Northern Branch	\$ (23,850,000)	AB 900 grant of \$56.3M was conditionally awarded. The grant process is currently held up by the State. County capital contribution is \$23.8M (\$20.5M unfunded, \$3.3M spent for land purchase). Estimated operating cost beginning in FY 2013-14 = \$17.4M.
O	Maddy EMS Fund	\$ (760,000)	The County is able to assess fines on certain vehicle violations to fund Fire and Sheriff Department operations. AB 1900 extends the sunset date from 1/1/2009 to 1/1/2011. However, AB 1900 omits many fines currently included, which will result in reduced revenue.
P	Goleta Beach Long Term Protection Plan	\$ (10,000,000)	The cost of the new project is not known at this time as one or more conceptual alternatives will be identified by Spring 2010 and selected by the Board. The previous alternatives considered were estimated to range from \$11 to \$13 Million. Current available funding for this project totals \$2 million from: Coastal Impact Assistance Program (CIAP) grants (\$1.5 million) and Proposition 40 Bond Act (\$500,000).