

Fiscal Year 2007-2008

**Third Quarter
Financial Status Report**

5/6/2008

Issued by the

County Executive Office and

Auditor-Controller

This agenda item consists of 2 issues

- Third Quarter financial status report
 - County's financial status is one of fragile positive variances
 - Many revenues below budget
 - Very narrow year-end General Fund balance
- Service Level Reductions
 - Service level reductions begun to meet budget

Overview

Financial Report

May Revise

Reductions

Projected Annual Status Report

0001 General Fund Type: **General**

As Of: 03/31/2008
Accounting Period: CLOSED

Department	Financing Sources			Financing Uses			Variance: Favorable/ (-)Unfavorable
	Projected Actual	Annual Adj Budget	Projected Variance	Projected Actual	Annual Adj Budget	Projected Variance	
011 Board of Supervisors	7,949.00	7,949.00	0.00	2,423,222.07	2,482,535.00	59,312.93	59,312.93
012 County Executive Office	1,064,893.20	1,012,797.00	52,096.20	3,931,589.13	3,960,875.00	29,285.87	81,382.07
013 County Counsel	5,666,756.06	5,078,503.00	588,253.06	7,434,157.80	7,281,703.00	-152,454.80	435,798.26
021 District Attorney	7,408,786.87	7,797,604.00	-388,817.13	17,638,867.62	17,817,322.00	178,454.38	-210,362.75
022 Probation	22,786,373.83	22,986,576.60	-200,202.77	42,564,362.52	42,233,013.60	-331,348.92	-531,551.69
023 Public Defender	3,035,796.73	3,227,533.00	-191,736.27	9,429,199.49	9,545,340.00	116,140.51	-75,595.76
031 Fire	46,739,157.40	47,250,151.00	-510,993.60	49,308,818.74	49,819,813.00	510,994.26	0.66
032 Sheriff	66,513,303.16	66,609,416.00	-96,112.84	99,846,910.06	97,495,636.00	-2,351,274.06	-2,447,386.90
041 Public Health	2,826,682.32	2,718,944.48	107,737.84	5,724,197.21	5,607,730.48	-116,466.73	-8,728.89
051 Agriculture & Cooperative Ext	1,808,530.04	1,878,712.00	-70,181.96	3,682,500.42	3,789,364.00	106,863.58	36,681.62
052 Parks	7,436,026.53	7,420,183.90	15,842.63	11,790,712.50	11,775,002.90	-15,709.60	133.03
053 Planning & Development	15,139,639.71	15,630,182.72	-490,543.01	20,957,184.14	22,270,035.72	1,312,851.58	822,308.57
054 Public Works	3,406,366.29	3,797,168.00	-390,801.71	4,074,362.11	4,480,968.00	406,605.89	15,804.18
055 Housing/Community Develop	1,392,598.90	1,720,516.00	-327,917.10	1,862,171.64	2,445,412.00	583,240.36	255,323.26
061 Auditor-Controller	2,976,304.19	2,900,105.00	76,199.19	6,899,576.67	7,137,040.00	237,463.33	313,662.52
062 Clerk-Recorder-Assessor	13,929,152.19	15,927,579.00	-1,998,426.81	24,937,733.67	25,054,867.00	117,133.33	-1,881,293.48
063 General Services	11,468,434.14	11,185,404.00	283,030.14	18,995,081.67	19,038,506.00	43,424.33	326,454.47
064 Human Resources	2,492,307.56	2,635,100.00	-142,792.44	4,756,539.80	4,943,839.00	187,299.20	44,506.76
065 Treasurer-Tax Collector-Publi	3,037,111.14	3,288,761.00	-251,649.86	6,033,194.79	6,272,992.00	239,797.21	-11,852.65
990 General County Programs	7,221,384.09	7,348,391.00	-127,006.91	87,992,425.27	88,204,375.21	211,949.94	84,943.03
991 General Revenues	193,870,165.36	189,984,633.97	3,885,531.39	184,542.76	184,343.76	-199.00	3,885,332.39
Fund Totals	420,227,718.71	420,406,210.67	-178,491.96	430,467,350.08	431,840,713.67	1,373,363.59	1,194,871.63

Highlights for General Fund

- General Fund: net positive variance of \$1.194 million
 - 7 departments have negative variances
 - General County revenue keeping the General Fund positive overall
- Departmental revenues below budget resulting in a negative variance of \$178,492

Overview

Financial Report

May Revise

Reductions

Declining Revenues

	REVENUE	SOURCE & PURPOSE	PRIMARILY AFFECTED	REASON FOR DECLINE
Overview	Proposition 172	Public safety sales tax	Sheriff, District Attorney, Probation, Public Defender, Fire, Parks	Economic slowdown; mid-year reforecast is holding
Financial Report				
May Revise				
Reductions	Title IV-E of Social Security Act	Federal reimbursement for child placement	Probation	Tightening eligibility requirements
	Recording fees and tax administration fees	Real estate transaction revenues	Clerk, Recorder, Assessor	Slowdown of real estate market
	Development Fees	Construction and land use	Planning and Development	Decline of real estate market

Specific variances: General Fund

Overview

Financial Report

May Revise

Reductions

- Probation: -\$531,552
 - Negative revenue variance is Prop 172 and Title IV-E.
 - Negative expenditure variance is higher juvenile hall avg. daily attendance thereby increasing staffing costs.
- Sheriff: -\$2,447,387
 - Negative revenue variance is Prop 172
 - Negative exp variance primarily a result of having more staff than budgeted
 - Variance expected to grow by year end; Board authorized up to \$3.4 million from strategic reserve to meet the projected year-end shortfall
- Planning and Development: +\$822,308
 - Negative revenue variance is slowdown of development revenue
 - Positive expenditure variance primarily reflects proactive staffing level reductions
 - Anticipate ending the year without a variance as revenues continue to decline
- Clerk-Recorder-Assessor: -\$1,881,293
 - Negative revenue variance is recording fees and tax administration fees
 - Department has costs related to the unbudgeted February election
- General Revenues: +\$3,885,332
 - Positive revenue variance is retail sales taxes (\$1.4 million), property taxes (\$1.4 million), and transient occupancy taxes (\$527,102)

Projected Annual Status Report - Fund Type

As Of: 03/31/2008
Accounting Period: CLOSED

Fund Type/Fund	Financing Sources			Financing Uses			Variance:
	Projected Actual	Annual Adj Budget	Projected Variance	Projected Actual	Annual Adj Budget	Projected Variance	(-)Unfavorable
General							
0001 General	420,227,718.71	420,406,210.67	-178,491.96	430,467,350.08	431,840,713.67	1,373,363.59	1,194,871.63
<i>Fund Type Totals</i>	420,227,718.71	420,406,210.67	-178,491.96	430,467,350.08	431,840,713.67	1,373,363.59	1,194,871.63
Special Revenue							
0010 Children and Families First	7,945,374.78	7,728,859.27	216,515.51	8,489,068.50	8,508,552.27	19,483.77	235,999.28
0015 Road	40,352,721.41	39,841,704.11	511,017.30	39,574,684.95	39,835,412.11	260,727.16	771,744.46
0040 Public and Educational Acces	241,820.31	274,991.76	-33,171.45	312,770.76	312,820.76	50.00	-33,121.45
0041 Fish and Game	19,425.23	21,076.35	-1,651.12	13,174.56	24,585.35	11,410.79	9,759.67
0042 Health Care	83,062,968.42	83,350,671.54	-287,703.12	84,383,992.91	85,518,072.54	1,134,079.63	846,376.51
0043 CA Health-Indigents Program	286,952.28	286,796.00	156.28	287,585.82	287,589.00	3.18	159.46
0044 Alcohol,Drug,&Mental Hlth Sv	57,236,059.26	76,846,975.00	-19,610,915.74	68,936,458.50	75,505,194.00	6,568,735.50	-13,042,180.24
0045 Petroleum Department	361,952.13	360,102.99	1,849.14	333,946.47	378,438.99	44,492.52	46,341.66
0046 Tobacco Settlement	9,288,247.60	9,278,914.08	9,333.52	9,278,914.38	9,278,914.08	-0.30	9,333.22
0047 Substance Abuse & Crime Pr	2,407,409.02	2,859,500.00	-452,090.98	1,807,572.00	2,877,196.00	1,069,624.00	617,533.02
0048 Mental Health Services Act	5,123,692.33	8,393,700.00	-3,270,007.67	8,508,535.76	10,626,294.00	2,117,758.24	-1,152,249.43
0052 Special Aviation	1,276,868.95	1,276,868.58	0.37	1,299,341.34	1,299,341.58	0.24	0.61
0055 Social Services	124,931,535.60	129,994,599.97	-5,063,064.37	127,624,654.46	133,473,695.97	5,849,041.51	785,977.14
0056 SB IHSS Public Authority	7,079,503.43	7,145,892.88	-66,389.45	6,914,973.29	7,146,330.88	231,357.59	164,968.14
0057 Child Support Services	9,802,595.63	9,925,749.49	-123,153.86	9,726,355.18	9,992,661.49	266,306.31	143,152.45
0061 Fisheries Enhancement	22,084.82	20,072.38	2,012.44	27,401.53	28,645.38	1,243.85	3,256.29
0062 Local Fishermen Contingency	32,293.45	27,842.52	4,450.93	29,341.93	48,103.52	18,761.59	23,212.52
0063 Coast Resource Enhanceme	2,081,990.69	2,046,425.77	35,564.92	2,481,667.05	2,533,129.77	51,462.72	87,027.64
0064 CDBG Federal	2,074,285.32	2,074,256.08	29.24	2,074,255.68	2,074,256.08	0.40	29.64
0065 Affordable Housing	3,988,633.97	3,749,132.27	239,501.70	3,491,993.43	3,978,154.27	486,160.84	725,662.54
0066 Home Program	1,617,314.47	1,484,194.34	133,120.13	1,778,655.43	1,884,344.34	105,688.91	238,809.04
0069 Court Activities	14,408,862.74	14,700,678.51	-291,815.77	14,676,763.32	14,693,129.51	16,366.19	-275,449.58
0070 Crim Justice Facility Constrt	1,252,076.54	1,374,738.20	-122,661.66	1,347,608.74	1,387,650.20	40,041.46	-82,620.20
0071 Courthouse Construction SB6	1,159,248.24	1,221,808.58	-62,560.34	1,183,081.21	1,221,809.58	38,728.37	-23,831.97
0075 Inmate Welfare	990,024.08	1,012,323.27	-22,299.19	1,092,632.37	1,060,146.27	-32,486.10	-54,785.29
2120 CSA 3	1,122,111.97	1,139,899.05	-17,787.08	1,109,876.12	1,157,750.05	47,873.93	30,086.85
2130 CSA 4	37,419.17	35,217.11	2,202.06	41,239.16	42,181.11	941.95	3,144.01
2140 CSA 5	103,657.62	102,193.03	1,464.59	114,932.63	115,042.03	109.40	1,573.99
2170 CSA 11	173,429.32	173,258.57	170.75	343,763.05	334,383.57	-9,379.48	-9,208.73
2185 Mission Canyon Swr Svc Chg	508,049.29	503,951.72	4,097.57	540,630.39	556,963.72	16,333.33	20,430.90
2220 CSA 31	104,263.16	108,529.10	-4,265.94	107,534.20	126,767.10	19,232.90	14,966.96

Variations: Other Funds

- Road Fund (0015): +\$771,744
 - Positive variance is unanticipated revenue received for transportation projects
 - Positive expenditure variance is salary savings from keeping funded positions vacant
- Health Care (0042): +\$846,377
 - Positive exp variance is staff vacancies and lower staffing costs
- Alcohol Drug and Mental Health Services (0044): -\$13,042,180
 - Negative revenue variance of \$19.6 million from “Earned but not yet claimed” amounts for services, lower than budgeted Medi-Cal revenue and delayed Medi-Cal and EPSDT payments coupled with the fact that only \$2.3 million of the \$6.9 million of the Strategic Reserve transfer posted
 - Positive expenditure variance of \$6.6 million due to a slight lag in provider payments, and department efforts to reduce expenditures to more closely meet ongoing available revenue
- Mental Health Services Act (0048): -\$1.152,249
 - Negative revenue variance is a result of State payment delays and billing issues
 - Positive expenditure variance results from delays in starting new MHSA programs

Overview

Financial Report

May Revise

Reductions

Variations: Other Funds

- Social Services (0055): +785,977
 - This variance split between revenues and expenditures is a result of fewer foster care cases than anticipated

- Redevelopment Agency – Isla Vista Project (3100): +\$1,027,415
 - Positive revenue variance is due to higher property tax receipts

- 2005 COP Capital Projects (0034): +\$1,014,581
 - Positive revenue variance is a result of project delays

- Resource Recovery and Waste (1930): +\$857,091
 - Positive revenue variance is higher interest earnings due to project delays
 - Positive expenditure variance is a result of salary savings from nine vacancies

Overview

Financial Report

May Revise

Reductions

Economic Context of Revise

- Less revenue in May than January
 - Personal Income Tax: -\$2.7M or -4.8%
 - Sales tax: -\$1.8M or -6.3%
- Impacts of housing sector for 2 years
- Little growth in 2008, slow growth in 2009 and moderate growth in 2010

Overview

Financial Report

May Revise

Reductions

Highlights of Revise

- Budget shortfall projected at \$17.2B
- Revenues via State lottery or sales tax
- \$828M from gas tax windfall to balance
- \$627M in cuts to health and human service
- Major changes from January
 - Fully fund education/Prop 98, no closure of 48 parks, no early release of 22,000 prisoners, surcharge on insurance for Emergency Response Initiative

Overview

Financial Report

May Revise

Reductions

Revenue Options

- Lottery to generate \$5B/year
- Borrow against future profits
- To voters as early as November **OR**
- Sales tax increase of one cent for \$6B/year
- Until 2010 or until rainy day fund of \$15B
- 2/3 of Legislature to pass, not voters

Overview

Financial Report

May Revise

Reductions

Potential County Impacts

- Reimbursement for Primary Election
- Fully fund Prop 42 (roads)
- Changes in Medi-Cal program
- Changes in programs administered by Social Services

Overview

Financial Report

May Revise

Reductions

Budget reductions occurring

- Department Directors required to stay within their appropriation limits
- Some of the proposed fiscal year 2008-09 service level reductions have started this year
- Table in the report provides examples

Overview

Financial Report

May Revise

Reductions

Questions?

- Staff recommendation:
 - That the Board of Supervisors accept and file, per the provisions of Government Code Section 29126.2, the Fiscal Year 2007-08 Financial Status Report as of March 31, 2008, showing the status of appropriations and financing for all departmental budgets adopted by the Board of Supervisors

Overview

Financial Report

May Revise

Reductions