

Fiscal Year 2007-2008

**Second Quarter
Financial Status Report**

2/19/2008

Issued by the

County Executive Office and

Auditor-Controller

This agenda item consists of 3 issues

- Second Quarter financial status report
 - Softening revenues and rising expenditures
 - Two departments on track to end year negative – Sheriff and ADMHS
- Federal and State proposed budgets
 - Federal budget released February 4
 - Governor's proposed budget released Jan. 10
- Five-year forecasts
 - 6 funds: General, Health, ADMHS, Social Services, Fire, Road

Overview

Financial Report

Fed/State budget

5-yr forecasts

Highlights for All Funds

- General Fund: Sheriff; Clerk, Recorder, Assessor (CRA) to end the year negative
 - Sheriff will legally balance due to Board action
 - CRA includes unbudgeted February election
- ADMHS has Q2 net negative variance of \$14.9m (up from -\$11.4m in Q1)

Overview

Financial Report

Fed/State budget

5-yr forecasts

Projected Annual Status Report

0001 General Fund Type: **General**

As Of: 12/31/2007
Accounting Period: CLOSED

A-1

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	2,454,295.12	2,482,535.00	28,239.88	28,239.88
012 County Executive Office	1,064,599.00	1,012,797.00	51,802.00	3,950,938.08	3,960,875.00	9,938.92	61,740.92
013 County Counsel	5,215,840.62	5,078,503.00	137,337.62	7,320,965.95	7,281,703.00	-39,262.95	98,074.67
021 District Attorney	7,447,996.49	7,600,504.00	-152,507.51	17,532,741.48	17,620,222.00	87,480.52	-65,026.99
022 Probation	22,797,390.68	22,592,817.75	204,572.93	41,698,982.00	41,839,254.75	140,272.75	344,845.68
023 Public Defender	3,052,971.27	3,227,533.00	-174,561.73	9,402,219.75	9,545,340.00	143,120.25	-31,441.48
031 Fire	47,127,413.30	47,224,151.00	-96,737.70	49,307,145.62	49,793,813.00	486,667.38	389,929.68
032 Sheriff	66,349,072.06	66,504,466.83	-155,394.77	98,878,801.00	97,390,686.83	-1,488,114.17	-1,643,508.94
041 Public Health	2,755,487.21	2,676,272.40	79,214.81	5,609,468.87	5,565,058.40	-44,410.47	34,804.34
051 Agriculture & Cooperative Ext	1,847,518.06	1,878,712.00	-31,193.94	3,636,360.94	3,789,364.00	153,003.06	121,809.12
052 Parks	7,318,230.51	7,210,165.53	108,064.98	11,697,009.79	11,564,984.53	-132,025.26	-23,960.28
053 Planning & Development	15,189,130.34	15,536,913.94	-347,783.60	21,232,011.26	22,176,766.94	944,755.68	596,972.08
054 Public Works	3,506,954.67	3,797,168.00	-290,213.33	4,189,269.44	4,480,968.00	291,698.56	1,485.23
055 Housing/Community Develop	1,606,271.90	1,691,072.00	-84,800.10	1,882,025.66	2,415,968.00	533,942.34	449,142.24
061 Auditor-Controller	2,959,541.06	2,900,105.00	59,436.06	6,873,756.78	7,137,040.00	263,283.22	322,719.28
062 Clerk-Recorder-Assessor	14,758,102.99	15,727,579.00	-969,476.01	26,007,088.30	24,854,867.00	-1,152,221.30	-2,121,697.31
063 General Services	11,558,696.94	11,185,404.00	373,292.94	18,969,393.58	19,038,506.00	69,112.42	442,405.36
064 Human Resources	2,533,278.12	2,635,100.00	-101,821.88	4,654,415.72	4,943,839.00	289,423.28	187,601.40
065 Treasurer-Tax Collector-Publi	3,065,869.93	3,288,761.00	-222,891.07	6,090,348.87	6,272,992.00	182,643.13	-40,247.94
990 General County Programs	1,674,823.83	1,684,357.00	-9,533.17	82,466,546.47	82,540,341.21	73,794.74	64,261.57
991 General Revenues	191,981,896.43	189,977,220.28	2,004,676.15	176,534.07	176,930.07	396.00	2,005,072.15
Fund Totals	413,819,034.41	413,437,551.73	381,482.68	424,030,316.75	424,872,054.73	841,737.98	1,223,220.66

Other variances: General Fund

(Attachment A, page A-1)

- Probation: proactively managing revenue shortfall & growing workload
- Salary savings: Fire, P&D, HCD, A-C
- General Services: unanticipated revenue
- General Revenues: +\$2m – revenues appear to be tracking budget projections

Overview

Financial Report

Fed/State budget

5-yr forecasts

Other variances: Other Funds

(Attachment A, pages A-2 – A-4)

Overview

Financial Report

Fed/State budget

5-yr forecasts

- Children and Families First (0010): First Five continues to have stronger revenue than anticipated.
- Road Fund (0015): the Road Fund shows a negative variance of \$389,855. Public Works has made certain expenditure reductions and anticipates Proposition 1B revenue enabling the fund to end the year within limits.
- ADMHS (0044, 0047, 0048): Fund 0044 has a structural deficit and a proposed budget reforecast was presented to the Board on February 5, 2008. Attachment A shows Fund 0044 with a projected negative variance of \$14.9 million, 0047 with a negative variance of \$484,763, and Fund 0048 with a negative variance of \$547,449. These variances are all primarily driven by revenue shortfalls or State payment delays.
- Affordable Housing (0065): this fund of Housing and Community Development is benefiting from unanticipated revenue coupled with a delay in certain expenditures.
- Isla Vista RDA (3100): this fund has a positive variance of \$909,733 due to higher property tax receipts.

Federal and State Budget Impacts

(Attachment B)

- President's proposed budget
 - Preliminary budget of \$3.1 trillion
 - Reductions generally focus on state and local governments
- Governor's proposed budget
 - \$14.5 billion deficit + \$3 billion this fiscal year
 - Fiscal emergency special session of the legislature expires February 23
 - Impacts: 10% state general fund across the board cuts, delayed payments to counties, cash flow issues

Overview

Financial Report

Fed/CA Budgets

5-yr forecasts

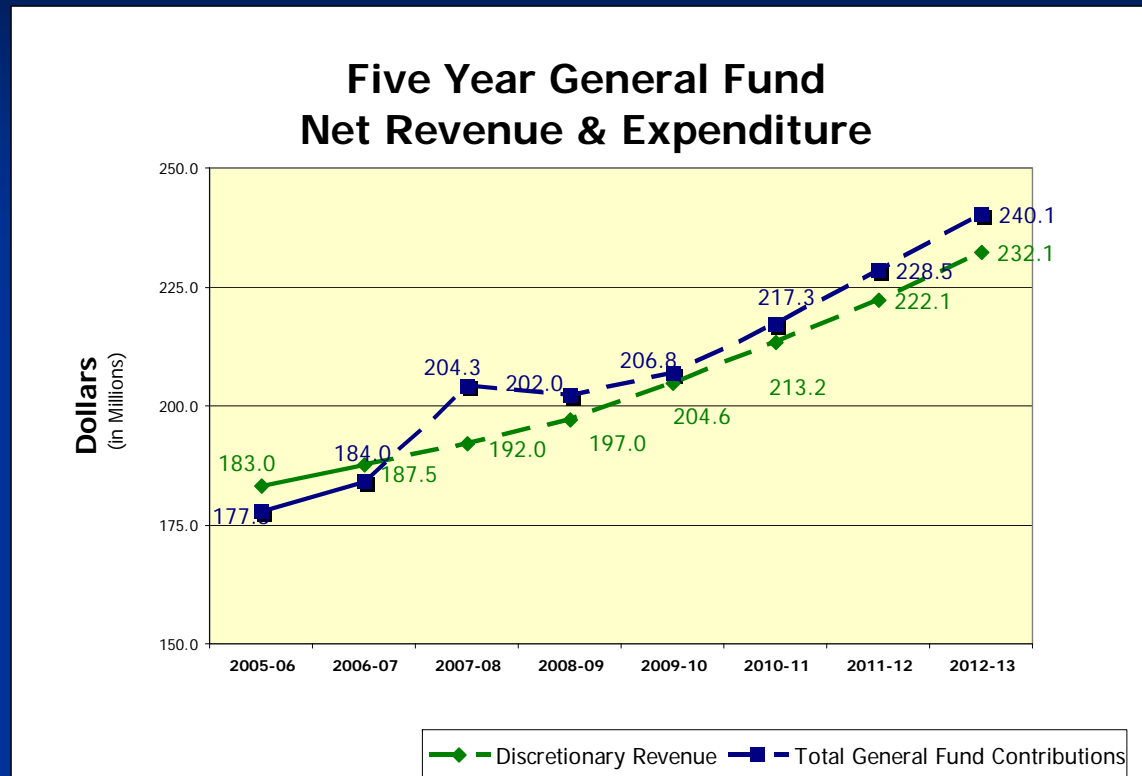
Five-Year Forecasts – General

Overview

Financial Report

Fed/State budget

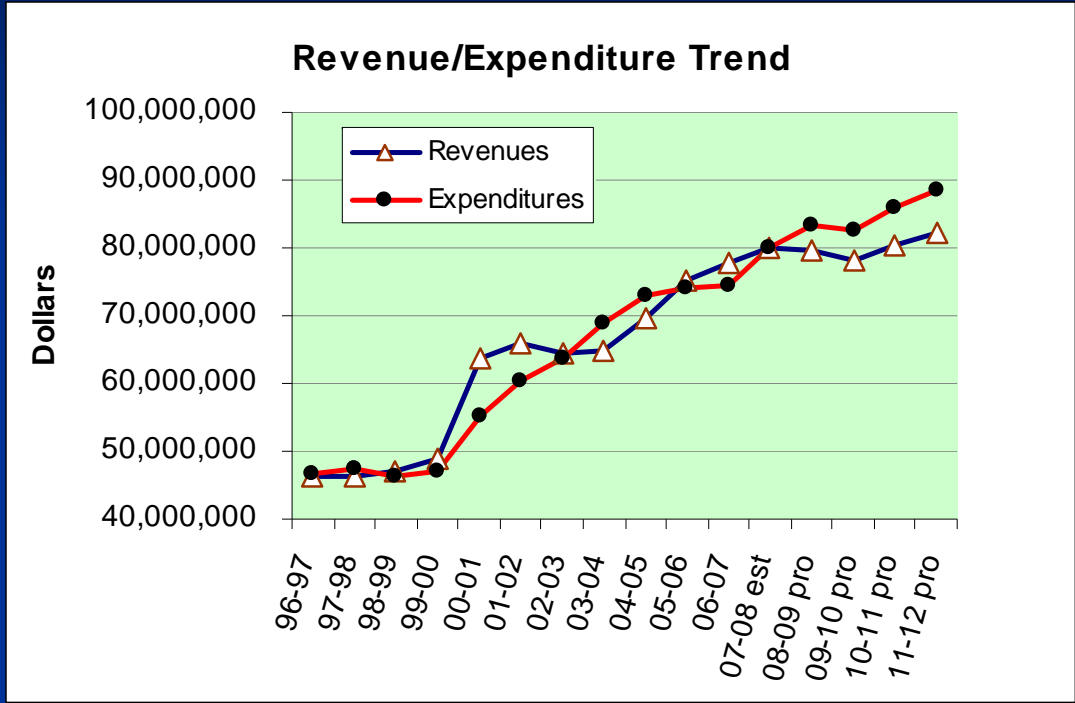
5-yr forecasts



- General Fund
 - Slowing revenue growth and reduced service levels in fiscal year 2008-2009 with those lower service levels continuing through the forecast period

Five-Year Forecasts – Public Health

- Overview
- Financial Report
- Fed/State budget
- 5-yr forecasts**



- **Public Health**
 - The health of this fund has improved since the last report, but beginning in fiscal year 2008-2009, expenditures are expected to increase faster than revenues creating an increasing deficit

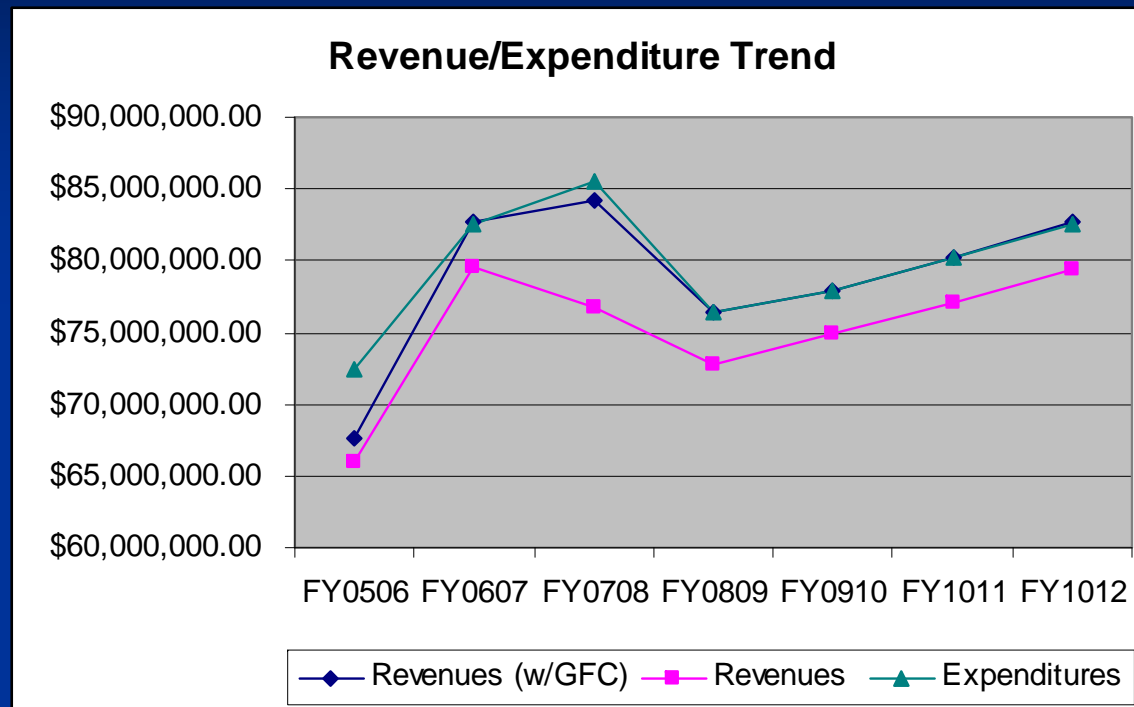
Five-Year Forecasts - ADMHS

Overview

Financial Report

Fed/State budget

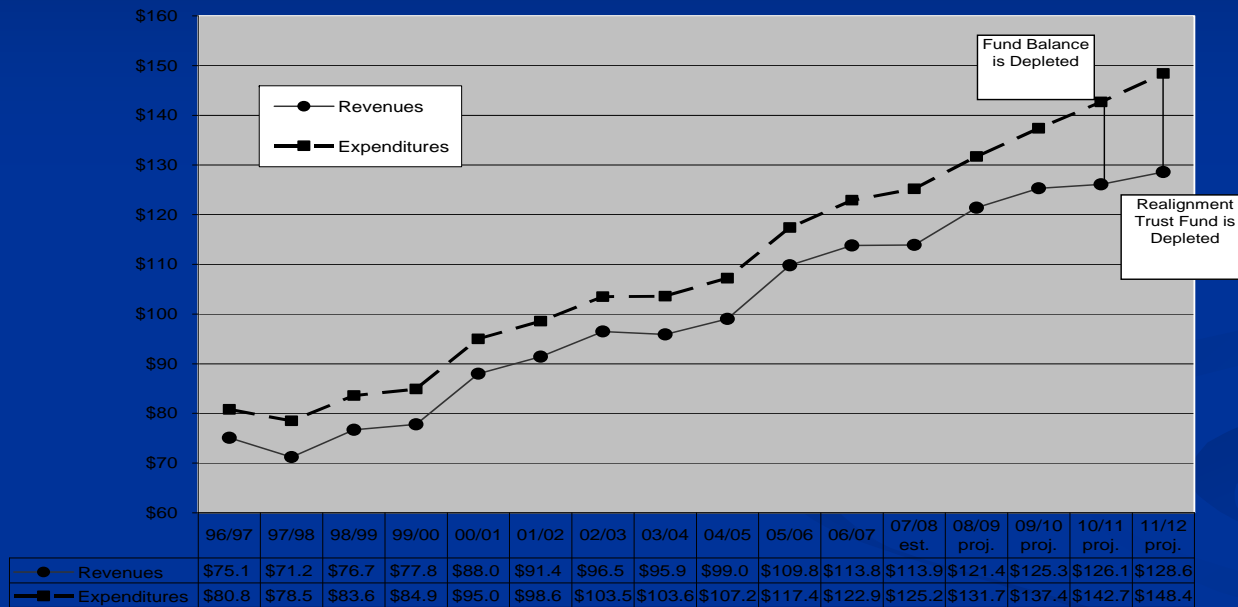
5-yr forecasts



- Alcohol, Drug, Mental Health Services
 - The forecast assumes significant changes will be made during fiscal year 2008-2009 to balance the department's budget and General Fund Contribution will increase

Five-Year Forecasts – Social Services

Department of Social Services
Revenue/Expenditure Trend
(in Millions)



Overview

Financial Report

Fed/State budget

5-yr forecasts

■ Social Services

- The forecast projects this fund's expenditures will increase faster than its revenues as costs increase and caseloads grow

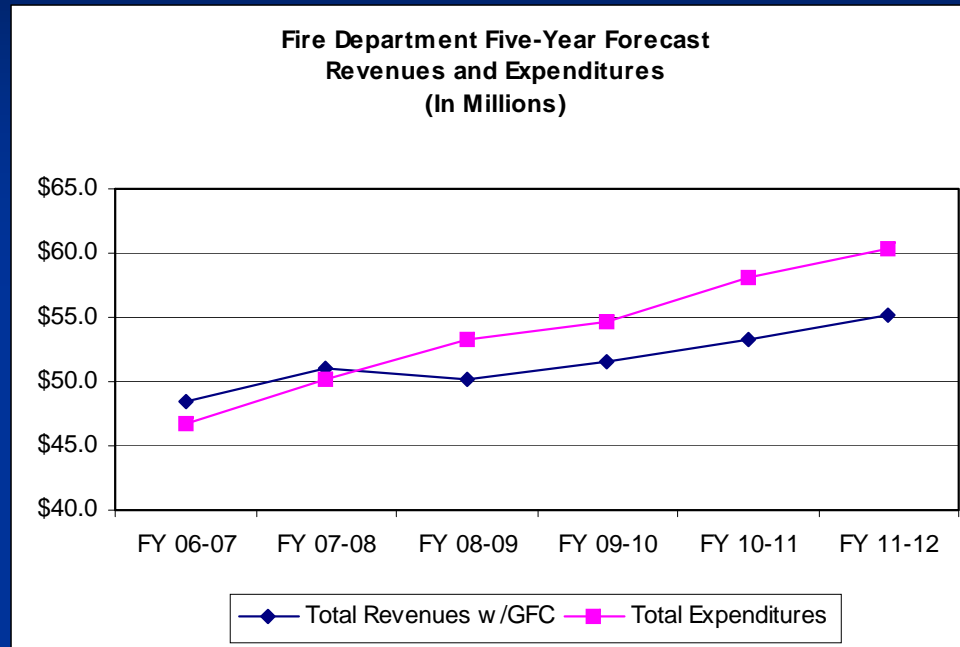
Five-Year Forecasts - Fire

Overview

Financial Report

Fed/State budget

5-yr forecasts



- Fire
 - The department is able to sustain existing service levels during the next two years only by using existing fund balance to cover operational costs. However, the Fire District fund balance will then be depleted in fiscal year 2010-2011

Five-Year Forecasts – Road Fund

■ Road Fund

- This forecast is improved from prior Road Fund forecasts due to strategic initiatives to address the structural deficit in the Road Fund. Voter consideration of a Measure D reauthorization has a significant impact on the Fund
- Plan A and Plan B depending on Measure D
- Road Map revised

Overview

Financial Report

Fed/State budget

5-yr forecasts