

4th Quarter Budget Update

Report to the Board of Supervisors
August 15, 2006

4th Quarter Budget Update

- A Very Positive Year-end for the County General Fund:
 - Ended the year with a \$16.2 million unreserved, undesignated fund balance
 - Only \$1.3 million was used for FY 06-07 operations
 - Balance went to one-time projects and to reserves

4th Quarter Budget Update

- Of the \$16.2 million General Fund unreserved, undesignated fund balance:
 - \$13.8 million was from unanticipated discretionary revenues, major sources were:

□ Supplemental Property Tax	\$5.2 M
□ Property Tax in lieu of VLF	2.0 M
□ Interest Earnings	1.2 M
□ Property Transfer Tax	1.0 M

4th Quarter Budget Update

- A Very Positive Year-end for most Other Funds:
 - Road Fund received Federal/State 2005 storm reimbursements and ended with \$4.4 million cash
 - Public Health Fund added \$140,000 to its operating fund balance. It had projected using \$1.5 million of its fund balance to cover FY 05-06 operating costs
 - Social Services Fund added \$739,000 to its fund balance increasing it to \$1.5 million
 - Workers Compensation Fund financial position improved by \$2.1 million (negative \$8.8 to negative \$6.7 million). FY 06-07 rates to departments unchanged from FY 05-06.

4th Quarter Budget Update

- State Budget contained a number of positives and no new negatives for the County:
 - Early payback of Proposition 42 (transportation funds) provides \$2.7 million
 - Funding for Proposition 36 (treatment for adult drug offenders) continued; County gets approximately \$2 million
 - State funding for other Social Services, Public Health and ADMHS programs appears stable.
 - No funding yet for Property Tax Administration Program nor reimbursement of November 2005 State Special Election costs.

4th Quarter Budget Update

□ Areas to Watch:

- Alcohol, Drug and Mental Health Fund had to draw \$2.4 million from its operating and capital reserves due to revenue shortfalls
- Laguna Sanitation District used \$325,000 in retained earnings to offset a net operating loss
- New jail booking fee program, effective FY 07-08, looks like a new net cost to counties
- We will continue to closely monitor the local economy and especially the housing market to discern discretionary revenue impacts.

4th Quarter Budget Update

- Allocation of the \$16.2 million General Fund Balance:
 - \$1.3 M to operations, as indicated
 - \$7.7 M to Capital Designation
 - \$4.7 M to EOC, \$2 M to Cuyama, \$1 M to Public Defender
 - \$1.1 M to Salary & Retirement Designation
 - \$0.3 M more to Deferred Maint. Designation
 - \$5.8 M to the Strategic Reserve
 - Result: Strategic Reserve is at \$29.2 M or \$4.2 M over its \$25 M goal.

4th Quarter Budget Update

- Fund Balance (FB) Allocation Process begins with the Proposed Budget which contains both a FB estimate and the CEO's proposed uses
- During Budget Hearings, the Board can redirect estimated FB; it also adopts the Budget Resolution which directs how any additional FB will be allocated

4th Quarter Budget Update

□ FY 06-07 Fund Balance Allocations

Component	Uses in Proposed Budget	Budget Hearing Revisions	Budget Resol. Allocations	Total
Capital Designation	\$6.0	0	\$1.7	\$7.7
Strategic Reserve	1.5	0	4.3	5.8
Salary & Retirement Desig.	1.1	-0.7	0.7	1.1
Contingency	0.6	-0.6	0	0
Operations	0.0	1.3	0	1.3
Deferred Maint. Designation	<u>0.0</u>	<u>0</u>	<u>0.3</u>	<u>0.3</u>
	\$9.2	\$0.0	\$7.0	\$16.2

4th Quarter Budget Update

- Potential Uses of the \$4.2 Million:
 - \$1.468 M for Santa Maria CARES Building
 - \$1.3 M for Emergency Operations Center (project has \$4.7 million)
 - Potential and Additional funding requirements for current capital projects such as Isla Vista Foot Patrol Building, Public Defender office access and remodel
 - \$1.5 M “bridge” loan for Isla Vista property purchase (adopt loan policy)
 - Budget expansions deferred until October.