



3rd Quarter Budget Update

Report to the Board of Supervisors

May 24, 2005



3rd Quarter Budget Update

- ❖ We are in reasonably good financial shape for this year.
- ❖ General Fund discretionary revenues should exceed adjusted budget amounts, but may not reach anticipated levels.
 - ❖ Revenues were adjusted upward at mid-year to offset current year State budget impacts.
- ❖ The General Fund should end the year with a positive fund balance of between \$2.7 and \$4.2 million.



3rd Quarter Budget Update

Status of General Fund Departments

- ❖ As a whole, General Fund department budgets are within General Fund Contribution allocations.
- ❖ In our mid-year report, we expressed concern that Michael Jackson trial costs could cause a cost overrun in the Sheriff's budget. This does not now appear likely.



3rd Quarter Budget Update

Status of General Fund Departments

- ❖ Also at mid-year, we noted revenue difficulties in the Parks budget. This matter, plus the need for additional life guard funding, is scheduled for review on May 17.



3rd Quarter Budget Update

Status of Special Revenue & Other Funds

- ❖ While the ADMHS (Mental Health) Fund has a -\$4.3 million variance, this is attributable to a lag in reimbursements which should be received, or accrued, by the end of the fiscal year.
- ❖ The Social Services Fund and its related In-home Supportive Services Fund both show net positive variances which, when carried over, will help with FY 05-06 costs.



3rd Quarter Budget Update

Status of Special Revenue & Other Funds

- Similarly, the Fire Fund has a large positive variance which will be retained by the fund for use in future years.



3rd Quarter Update on State Budget Impacts

- ❖ Most known State Budget Impacts have been recognized in the Proposed FY 05-06 Budget
 - ❖ Property Tax Shift (ERAF III)
 - ❖ Sending Undesignated Court Fees to the State
 - ❖ No Reimbursement for State Mandates
- ❖ Potential impacts that have not been included:
 - ❖ Rollback of State share of in-home supportive services wages
 - ❖ Various potential reductions to social services programs



3rd Quarter Update on State Budget Impacts

- ❖ Potential beneficial impacts that have not been included in the Proposed FY 05-06 Budget
 - ❖ Proposition 42 funding for local roads
 - ❖ State payment of ½ the Vehicle License Fee Gap Loan



Updated Five Year Forecast

- ❖ The recommended FY 05-06 budget is balanced, but contains significant expansion requests and no increase to the Strategic Reserve.
- ❖ A small revenue-expenditure gap of \$1.8 million in FY 06-07 expands to \$6.3 million in FY 07-08 and increases further in subsequent years.
- ❖ Repayment of VLF gap loan is not part of the forecast.



Updated Five Year Forecast

- ❖ The Strategic Scan discussion later this Summer will explore how the financial future of the County is linked to revenue generating development and service level policy decisions.