

FY 2011-12

Year End Financial  
Status Report

8/21/2012

*Auditor-Controller and County Executive Office*

# Year End Financial Status Report

- Economic Indicators
- Governmental Funds
- General Fund
- Other Funds
- Conclusions

# Economic & Financial Indicators

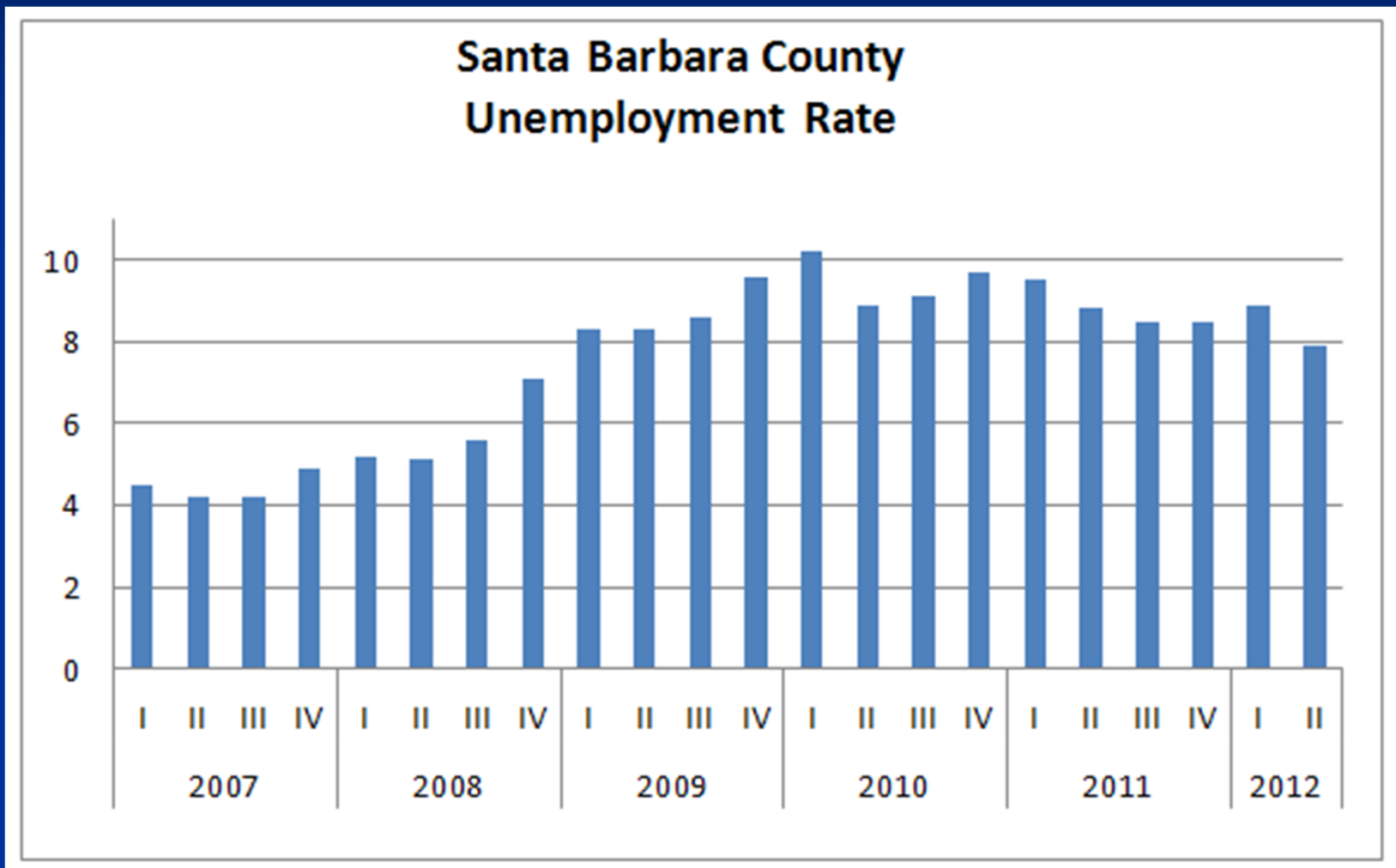
- Ten consecutive quarters of GDP Growth
- Showing a recovery in:
  - Property Tax
  - Sales Tax
  - Transient Occupancy Tax
- Still in the midst of a recovery
- Unemployment remains high but notably has declined from 8.9% in 2011 to 7.9% in 2012
- Real estate market is struggling

# Qtr to Qtr GDP Growth



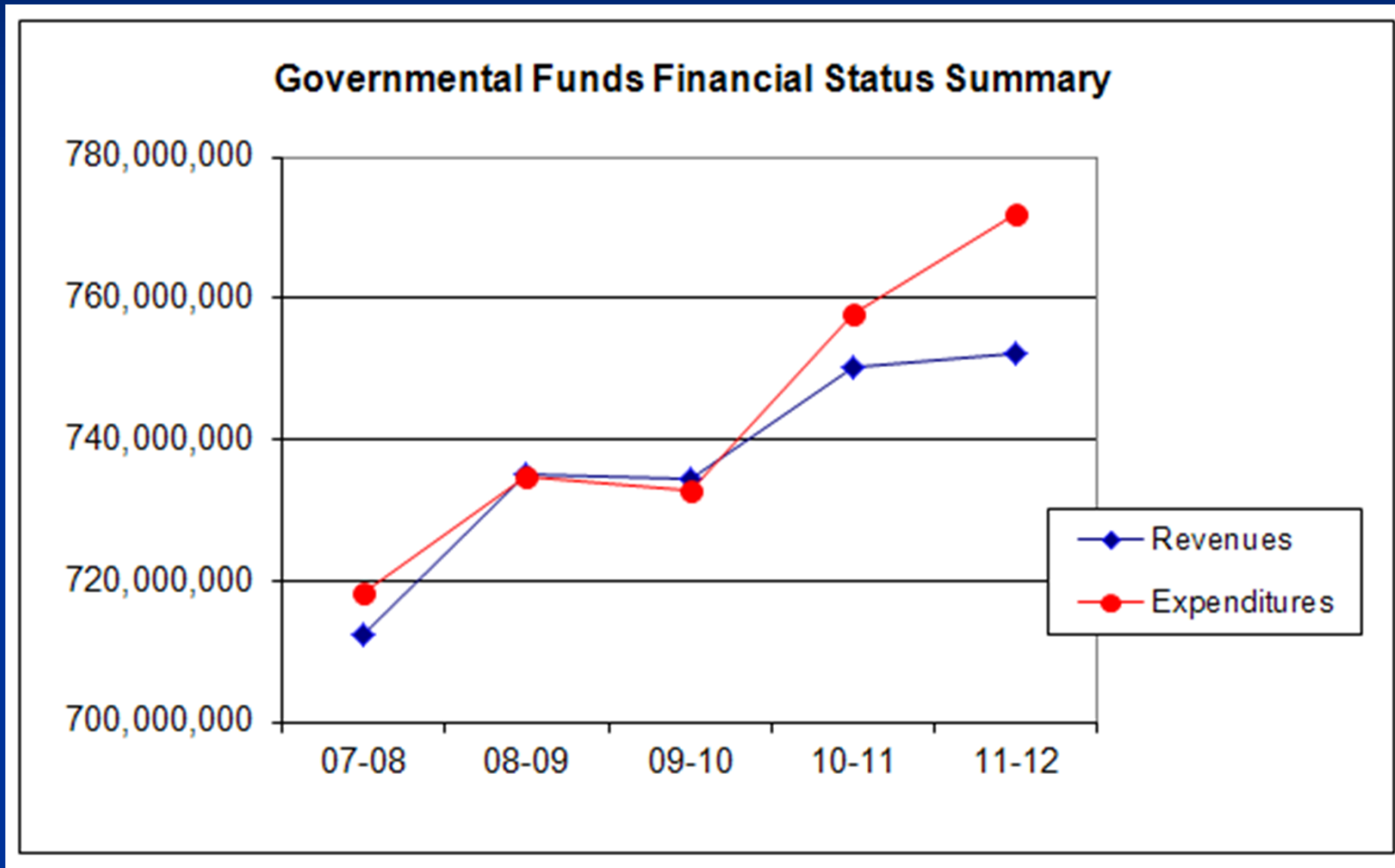
SOURCE: WWW.TRADINGECONOMICS.COM | BUREAU OF ECONOMIC ANALYSIS

# Unemployment Rate



# Governmental Funds

# Governmental Funds



**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)**

	General	Roads	Public Health	Social Services	ADMHS	Flood Control District	Other Gov Funds	Total Current Year	Prior Year	% Change
<b>Revenues</b>										
Taxes	\$ 190,029	\$ 6,767	\$ --	\$ --	\$ --	\$ 8,542	\$ 35,804	\$ 241,142	\$ 234,354	2.9%
Licenses, permits, franchises	12,411	274	153	73	--	--	55	12,966	12,639	2.6%
Fines, forfeitures, penalties	6,107	--	736	7	5	--	4,135	10,990	13,299	-17.4%
Use of money and property	2,231	113	114	276	51	369	1,154	4,307	4,582	-6.0%
Intergovernmental	67,648	25,140	26,568	117,802	31,038	1,193	37,246	306,635	304,347	0.8%
Charges for services	68,942	4,794	36,426	--	31,592	3,197	5,114	150,065	164,630	-8.8%
Other	8,982	83	4,268	978	5,081	36	6,542	25,970	16,372	58.6%
Total revenues	356,350	37,171	68,265	119,136	67,767	13,337	90,050	752,075	750,223	0.2%
<b>Expenditures</b>										
Current:										
Policy & executive	15,172	--	--	--	--	--	--	15,172	15,661	-3.1%
Law & justice	28,248	--	--	--	--	--	15,215	43,463	44,256	-1.8%
Public safety	205,096	--	--	--	--	--	1,586	206,682	197,603	4.6%
Health & public assistance	3,833	--	77,551	127,525	80,242	--	17,691	306,842	307,900	-0.3%
Community resources & facilities	34,386	37,171	--	--	--	12,905	16,818	101,280	97,672	3.7%
General gov. & support services	42,640	--	--	--	--	--	3	42,643	47,073	-9.4%
General county programs	3,935	--	--	--	--	--	10,411	12,287	18,957	-35.2%
Debt service:										
Principal	15	--	--	--	--	--	23,734	23,749	5,621	322.5%
Interest	511	--	--	--	--	--	3,672	4,183	4,918	-14.9%
Capital outlay	--	--	--	--	--	--	15,795	15,795	18,094	-12.7%
Total expenditures	333,836	37,171	77,551	127,525	80,242	12,905	104,925	772,096	757,755	1.9%
Excess (deficiency) of revenues over (under) expenditures	22,514	--	(9,286)	(8,389)	(12,475)	432	(14,875)	(20,021)	(7,532)	
<b>Other Financing Sources (Uses)</b>										
Transfers in (Note 18)	37,364	2,223	7,164	10,138	8,596	45	31,456	96,986	88,586	
Transfers out (Note 18)	(41,656)	(122)	(1,951)	(61)	(1,892)	(2,273)	(48,957)	(96,912)	(91,204)	
Proceeds sale of capital assets	192	23	--	--	3	2	--	220	174	
Long-term receivable collected	--	--	--	--	--	--	356	356	--	
Long-term debt & issuance costs	--	--	--	--	--	--	16,957	16,957	--	
Total financing sources(uses)	(4,100)	2,124	5,213	10,077	6,707	(2,226)	(188)	17,607	(2,444)	
Net change in fund balances before extraordinary items	18,414	2,124	(4,073)	1,688	(5,768)	(1,794)	(15,063)	(2,414)	(9,976)	
<b>Extraordinary Items</b>										
RDA dissolution transactions	--	--	--	--	--	--	(11,034)	(13,092)	--	
RDA A/R elimination	(16,345)	--	--	--	--	--	16,345	--	--	
Total extraordinary items	(16,345)	--	--	--	--	--	5,311	(13,092)	--	
Net change in fund balances	2,069	2,124	(4,073)	1,688	(5,768)	(1,794)	(9,752)	(15,506)	(9,976)	
Fund balances - beginning	83,840	15,728	25,353	5,694	9,798	62,540	51,510	254,463	264,439	
Prior period adjustment	--	--	--	--	5,147	--	--	5,147	--	
Fund balances - beg, as restated	83,840	15,728	25,353	5,694	14,945	62,540	51,510	259,610	264,439	
Fund balances - Ending	\$ 85,909	\$ 17,852	\$ 21,280	\$ 7,382	\$ 9,177	\$ 60,746	\$ 41,758	\$ 244,104	\$ 254,463	



# Governmental Funds Financial Status

- Revenues:
  - Both total governmental fund revenues and tax revenues within the funds continued to increase, ending at \$752 million and \$241 million respectively. Overall, revenues increased by \$1.9 million or 0.2%
- Expenditures:
  - Increased by \$14 million or 1.9%
  - Total of \$772 million
- Expenditures exceeded Revenue by \$20 million
  - Excluding debt refinancing expenditures of \$17.5 million (2001 COPs) results in expenditures exceeding revenue by only \$ 2.5 million

# Salary & Benefits Costs

- Salary and Benefits of \$10 million to a total of \$441 million (57% of total county expenditures)
- Cost Increases:
  - Retirement cost increases of \$13.2 million
  - Health Insurance cost increases of \$1.2 million
  - Overtime constant staffing of \$1 million
  - Unemployment Insurance \$0.6 million
- Cost decreases:
  - Salary cost decreases of \$6.8 million
    - FTE reductions (213)—across all departments
    - Negotiated salary concessions

# General Fund

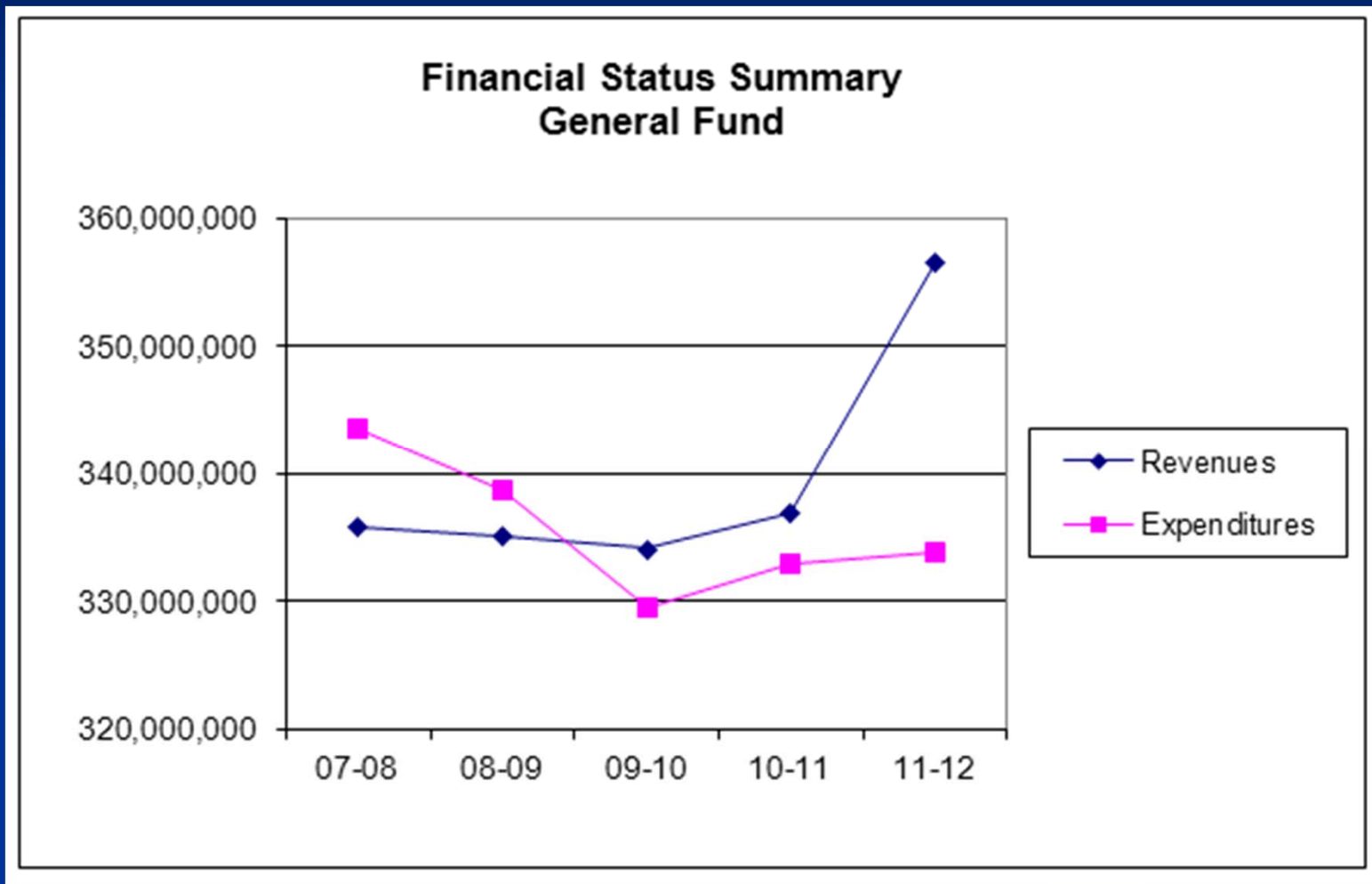
# General Fund Highlights

- General Fund Revenues exceeded expenditures by \$18.4 million
  - Revenues increased by \$19.5 million or 5.8%
  - Expenditures increased by \$0.9 million or 0.3%
- General Fund total fund balance increased by \$2.2 million
- Total fund balance equaled 85.9 million or 26%
- The year ended with an unassigned fund balance of \$7.6 million

# General Fund Highlights (cont.)

- Restricted & Committed Fund Balance increased a net \$11.8 million (the following were significant increases and decreases):
  - Increases:
    - Public Safety Prop 172 of \$2.3
    - Public Safety Realignment 2011 of \$2.8 million
    - P & D offsite mitigation \$1.2 million
    - FY 12/13 Operating Plans \$5.1 million
    - Facility maintenance \$1.2 million
    - New jail \$1 million
    - Program restoration \$2.4 million
    - Strategic reserve \$2.4 million
  - Decreases:
    - ADMHS settlements of \$5 million
    - Elections voting equipment \$1.1 million
  - Nonspendable fund balance decrease of \$16.8 million

# General Fund



# General Fund

## Departmental Variances

- General Revenues
  - \$3.5 million positive variance due to unanticipated revenues from the dissolution of RDAs and other tax revenue coming in higher than estimates
- General County Programs
  - \$1.7 million positive variance is attributed to transactions related to the settlement of ADMHS liabilities
- Human Resources
  - \$380 thousand positive variance due to expenditure savings
- Sheriff
  - \$855 thousand positive variance mostly due to salary savings (significant vacancies offset by overtime & extra help)
- Probation
  - \$403 thousand positive variance due to unanticipated revenue from the new state realignment program

# Other Funds



# Status of Other Funds

- Roads
  - Healthy with expenditures of \$37 million and a \$2 million fund balance increase
- Public Health & Social Services
  - Large Federal & State funded programs with expenditures of over \$204 million representing 26% of total governmental fund expenditures - appear financially stable
  - However Public Health drew on fund balance \$4 million and Social Services increased fund balance by \$1.7 million
- Workers' Compensation Self-Insurance
  - \$7.9 million deficit – due generally to adverse experience per the actuarial reports related to older tail claims
- Fire Protection District
  - Contributed \$32 million to the General Fund for Fire operations & decreased fund balance by \$2 million

# ADMHS

- Mental Health Services Fund 0044: Ended with \$3.5 million negative variance due to outstanding liabilities
  - This fund continues to have liabilities related to cost settlements, audits and audit appeals that are difficult to estimate
- Mental Health Services Act Fund 0048: Has a total fund balance of \$10.1 million which was reduced by \$8.4 million from the prior year-end fund balance of \$18.5 million

# Conclusions

- Considering the slow economic recovery the County was still able to end the year with a slight draw on overall governmental fund balance. However, the General Fund was able to increase spendable fund balance by \$18 million
- The County has an underlying credit rating of SP+1 from Standard and Poor's (the highest possible short-term rating) and a AA+ long-term rating (the highest among California Counties)
- The County has a conservative debt profile with a future jail financing being considered
- The County significantly increased its General Fund cash position by 33% ending at \$60 million and reducing the size of its short-term borrowing (TRAN)
- There were significant changes in funding from the State and Federal government related to Realignments 2011 and 1991
- Unemployment remains high and the real estate market is struggling

# Conclusions

- The County continued contributions to the Strategic Reserve (\$ 2.4 million in FY 11-12)
- Previously negotiated wage increases are also driving up costs, the County has attained concessions to mitigate some of the costs
- County eliminated 213 FTEs
- Dissolution of RDAs is returning funds to the County
- FY 11-12 ended with a minor (\$2 million) draw on fund balance
- FY 12-13 continues to be balanced with some draws on fund balance
- Pension fund investment losses in 2008 and 2009 continue to cause significant increases in unfunded pension liabilities
- The State continues to have a structural deficit and could impact the County negatively

# Questions?

