

SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
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(805) 568-2240

Agenda Number:
Prepared on: 11/02/06
Department Name: CEO & Auditor/Controller
Department No.: 012 & 061
Agenda Date: 11/21/06
Placement: Departmental
Estimate Time: 45 minutes
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Michael F. Brown, County Executive Officer
Robert Geis, CPA, Auditor-Controller

STAFF CONTACT: Ken Masuda and Edwin Price
568-3411 568-2181

SUBJECT: FY 06-07 Budget Update & FY 07-08 Budget Workshop # 1

Recommendation(s):

That the Board of Supervisors set a hearing on November 21, 2006 to:

- A. Accept and file, per the provisions of Government Code Section 29126.2, the Fiscal Year 2006-07 Financial Status Report as of September 30, 2006, showing the status of appropriations and financing for all departmental budgets adopted by the Board of Supervisors.
- B. Approve the following principles and policies: 1) Budget Principles for use in development of the FY 07-08 Operating Budget, and 2) Financial Policies regarding the Strategic Reserve
- C. Approve amendments to the County's Strategic Goals

Alignment with Board Strategic Plan:

[An efficient government able to anticipate and respond effectively to the needs of the community.](#)

Introduction

Section A of this report is the first of four financial status reports for Fiscal Year 2006-07. Staff has conducted Monthly Projection (MOPROs) meetings with departments during which their actual performance was compared to their budget for the first three months of this fiscal year. As indicated in Section A during these meetings we have found few major differences (variances) between budgeted and actual amounts through September 2006. The Sheriff and Court Special Services budgets are two areas of concern.

Section B presents our proposed budget principles as well as new and updated policies regarding the County's Strategic Reserve. The principles have been modified to reflect the Board of Supervisors concern about adding positions and the number and types of budget expansion requests. In addition, the performance measurement principles have been expanded in recognition of the various initiatives currently underway to improve what gets measured and how measurement data is collected.

Section C proposes amending the County's Strategic Goals by merging Goal #1 – Efficient Government and Goal #3 – Professionally Managed Organization.

Discussion:

A. Financial Status Report as of September 30, 2006

Introduction

Variances to be discussed are defined as follows: 1) for General Fund departments as well as Discretionary General Fund revenues, the narrative discusses projected negative variances over \$100,000 and positive variances over \$200,000 as shown in the Projected Annual Status Report, General Fund (Attachment A) and 2) for non-General Fund departments, the narrative discusses projected variances over \$500,000 per fund as shown in the Projected Annual Status Report, by Fund Type (Attachment B). Both these reports take actual revenues and expenditures for the first three months, add department projections for the next nine months, and compare these totals to budgeted amounts.

General Fund Summary

The General Fund, when all of the plusses and minuses are accounted for, **had an estimated net negative variance of \$1.85 million through September 30, 2006**. Large negative variances are confined to three departments; Fire, Sheriff and Discretionary General Fund Revenues. The Fire Department's negative variance, \$1.01 million, is largely a short-term problem which will be cured once reimbursable overtime is paid. The second largest variance, \$995,000, is in General Fund Discretionary Revenues. Much of this is an accounting adjustment that will be corrected with a Budget Revision. The third major variance, \$774,000, is in the Sheriff's Department, with salary costs being the major factor. Other significant individual department variances are discussed below.

General Fund Departments

- Fire. The department shows a **\$1.017 million net negative variance**, and an \$781,000 net negative expenditure variance. The department has exceeded its reimbursable overtime budget by \$989,000, largely as a result of the Day Fire (Ventura and Los Angeles Counties). When reimbursement is received, an appropriation transfer will reverse this negative situation.
- General Fund Discretionary Revenues. These revenues are a **negative \$995,000** through September; the main reason: Interest Income is a -\$844,000. The County did not issue TRANS (Tax and Revenue Anticipation Notes) this year due to its improved financial position. As a result, the County will not receive interest earnings from this source. At the same time, interest expense and issuance costs in Department 990, General County Programs will be avoided. A Budget Revision has been prepared for approval at the November 14 Board meeting to recognize this change and correct the budget.

Our mid-year report, with 3 months of additional data, will provide an initial assessment of how discretionary revenues are doing for the year.

- Sheriff. Of the net **negative \$774,000 variance**, \$165,000 is due to payment delays from the Superior Court for bailiff services, which is not unusual for this time of year. Our concern is on the expenditure side, which is \$610,000 over budget and \$689,000 over in salaries and benefits. The department has 25 fewer vacancies than a year ago, which reduces salary savings. However, overtime, which would be expected to fall with fewer vacancies, is \$100,000 more than a year ago. The department has indicated that newly hired deputy sheriffs and corrections officers are not immediately assigned to the field or a corrections post but that "We will see a gradual decline in overtime as qualified staff are placed in posts and on patrol, relieving the need for overtime staff to be in place."
- Planning and Development. For the first quarter, the department has a **\$302,000 overall negative variance**. The department has been filling vacancies so that salary savings, at \$251,000 are lower than usual. This time last year the department had 21.75 vacant positions

including 11.75 vacant planner positions, now the department has only 15 vacant positions. Permit revenues are \$491,000 less than budgeted. Discretionary permit revenue is \$271,000 less than budgeted. The department indicates that permits in the review inventory and new fees might reverse the situation. Building permit revenue is down \$61,000 as the number of permits was lower than anticipated in the first quarter. This looks like a continuing problem.

- Public Works. The **net \$127,000 negative variance** is a timing issue related to delayed internal billing for surveyor services.
- Treasurer-Tax Collector. This department has a **net positive \$342,000 variance**. The largest portion is in Salaries and Benefits due to 6 vacant positions.

Special Revenue Funds and Other Funds Summary

At this early date there are only three funds that meet our reporting criteria, and two of them have positive net financial variances.

Fund Detail

- Roads (Fund 0015). Through September, this fund is a **positive \$3.59 million**. Of this total \$3.22 million is unanticipated Proposition 42 revenue received for fiscal years 2003-04 and 2004-05 and a first quarter payment for FY 06-07. None of this revenue was anticipated to be received in FY 06-07.
- Public Health (Fund 0042). This fund has a **net positive \$850,000** variance. Revenues are positive in several areas and offset a negative Medi-Cal revenue variance that reflects claims approved but not yet paid. Expenditures are below budgeted amounts by \$719,000, however, \$407,000 of this amount is a payment timing difference and not a true savings.
- Court Special Services (Fund 0069). This fund contains county activities that are administered by the Superior Court. Included are such things as court revenue collections, the alternate public defender contracts, and the grand jury. Overall, this fund is a **negative \$909,000**. Revenues are a negative \$271,000. Of this total, \$227,000 are revenues the County receives from traffic citations. The Court attributes this to staff vacancies at the California Highway Patrol (CHP) and City of Santa Barbara. The following table shows the number of traffic citations entered by month by the Figueroa Division (South Coast) of the Superior Court.

Month	Number of Traffic Citations Entered
May, 2006	3883
June	4136
July	2727
August	2957
September	2940

The Court indicates that they would expect to receive 4,000 citations in an average month. This is lost revenue that will not be made up during the year. In addition, a recent State Controller's audit has found that the County owes \$126,000 for revenue payments that were under paid or under reported during the period from July 1, 2000 to June 30, 2004 (four fiscal years). Combined, these amounts total an annual shortfall of \$397,000.

B. Principles for Development of the FY 2007-08 Budget

Budget Principles

The proposed principles (Attachment C) will be used by departments and the County Executive Office in development of the FY 07-08 proposed budget. These principles are identical to those used in development of the FY 06-07 budget, with the following exceptions:

- New Section 3: Mindful of the need to budget conservatively due to real estate market conditions, it is proposed that any new position, except positions to be fully funded by city contracts, be submitted as a budget expansion request.
- New Section 4: While budget expansion requests will still be considered, departments are encouraged to refrain from appealing requests not recommended by the CEO at budget hearings.
- Revised Section 7: Performance measurement principles are expanded to include not only program performance measures but also the resident survey (external opinions) and employee performance reviews. The need to review project performance through the Project Reporting System is reinforced.

Strategic Reserve Policies

In addition to these policies, it is proposed that the Board of Supervisors adopt Strategic Reserve purpose statement and policies that set a new reserve target, a new annual contribution level until the target is reached, and lay out policies for possible short-term loans from the Strategic Reserve. These recommendations are shown in the boxes below.

Strategic Reserve Purpose

The Strategic Reserve is an important component of the County's fiscal policy. Its primary purpose is to act as a reserve which can be used during an economic downturn, along with appropriate budget reductions, to maintain essential services in the face of declining local and state revenues.

The Strategic Reserve may also be used when a one-time unforeseen event, such as a natural disaster, requires significant unanticipated expenditures beyond the capacity of the General Fund Contingency.

Reserve Amount

The County's Strategic Reserve should be roughly equal to 1/12 of the annual General Fund operating budget. In line with this policy the County will increase its Strategic Reserve from \$25 million to \$30 million over a period of 5 years. Beginning with Fiscal Year 2007-08, the County will budget at least \$1 million for the Strategic Reserve until the new reserve amount is reached.

History: The Strategic Reserve was first established in 1997. At that time the reserve goal was set at 1/12th of the General Fund operating budget. The 1/12th ratio is the criteria recommended by the Government Finance Officers Association or GFOA. The Fiscal Year 1997-98 General Fund operating budget was approximately \$310 million and a reserve goal of \$25 million was adopted. This goal was reached at the close of the 2005-06 fiscal year. The Fiscal Year 2006-07 General Fund operating budget, excluding funds set aside for capital outlay and reserves is approximately \$363 million. Using the same 1/12th criteria a new reserve goal of \$30 million is recommended.

Short-term Loans from the Strategic Reserve

Purpose: To take advantage of unexpected opportunities that help the County achieve a strategic goal or address a critical issue, short-term loans from the Strategic Reserve of up to 12 months duration may be approved by the Board of Supervisors.

Policies: 1) any loan proposal must be reviewed by the Debt Advisory Committee prior to Board of Supervisors action, 2) any loan request would include a guaranteed 100% pay-back from an identified source (or transfer of the physical asset securing the loan) by whichever county fund was requesting the loan, 3) the loan amount cannot be for more than 10% of the SR, 4) total outstanding SR loans (with an exception for the long-term loan to the City of Goleta) cannot be more than 20% of the total SR.

History: Recently the Strategic Reserve was used as the source of a short-term loan for a transaction involving a land swap in Isla Vista. With this loan, it became apparent that policy and procedures were needed to cover any future short-term loan proposal.

C. Modification of County Strategic Goals

One of the uses of the County's Strategic Goals is to provide the framework for the operating plan narrative in the department pages of the proposed budget. Current Goals #1- Efficient Government and #3- Professionally Managed Organization overlap and departments often cite these together. It is proposed that these two goals be merged as shown below. The merger strengthens Goal #1 and reduces redundancy in our goal structure. A listing of all the current goals is included as Attachment D. The Strategic Goals do not detract from the adopted Critical Issues. Rather, they provide an overarching framework, with work on each critical issue contributing to several, but not every, Strategic Goal.

Current Goals	Proposed Change
1. <i>Efficient Government</i> - An efficient government able to anticipate and respond effectively to the needs of the community	<i>Efficient and Responsive Government</i> – An efficient professionally managed government able to anticipate and to effectively respond to the needs of the community
3. <i>Organizational Effectiveness</i> - A strong, professionally managed County organization.	Delete and merge with #1.

Mandates and Service Levels: Quarterly financial reports are not mandated. They are a part of the ongoing effort of our two departments to keep the Board informed as to the financial condition of the County.

Fiscal and Facilities Impacts: Actual and hypothetical impacts are stated in this letter.

Cc: Each Department Head
 Deputy/Assistant County Executive Officers and CEO Analysts
 Recognized Employee Organizations

- Attachment A - Projected Annual Status Report, General Fund
- Attachment B - Projected Annual Status Report, Special Revenue and Other Funds
- Attachment C – Proposed FY 2007-08 Budget Principles
- Attachment D – County Strategic Goals
- Attachment E – Powerpoint Slides (to be provided with November 21 agenda items)

Projected Annual Status Report

0001 General Fund Type: General

As Of: 09/30/2006
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	3,500.00	3,500.00	0.00	2,293,627.62	2,301,187.00	7,559.38	7,559.38
012 County Executive Office	584,329.95	576,229.00	8,100.95	3,364,936.80	3,405,660.00	40,723.20	48,824.15
013 County Counsel	4,584,723.94	4,750,917.00	-166,193.06	6,401,650.93	6,604,879.00	203,228.07	37,035.01
021 District Attorney	7,121,203.05	7,223,407.00	-102,203.95	16,049,643.48	16,152,248.00	102,604.52	400.57
022 Probation	20,832,617.12	20,955,990.45	-123,373.33	38,298,075.95	38,429,852.45	131,776.50	8,403.17
023 Public Defender	3,091,914.47	3,204,932.00	-113,017.53	8,756,825.41	8,891,674.00	134,848.59	21,831.06
031 Fire	42,919,691.54	43,156,295.00	-236,603.46	46,946,925.72	46,165,795.00	-781,130.72	-1,017,734.18
032 Sheriff	61,383,522.70	61,548,325.05	-164,802.35	89,154,330.08	88,544,485.05	-609,845.03	-774,647.38
041 Public Health	2,465,438.45	2,516,983.77	-51,545.32	5,310,439.38	5,323,431.77	12,992.39	-38,552.93
051 Agriculture & Cooperative Ext	1,860,485.50	1,809,500.00	50,985.50	3,801,884.03	3,912,172.00	110,287.97	161,273.47
052 Parks	7,372,423.59	7,337,048.23	35,375.36	10,879,492.65	10,907,452.23	27,959.58	63,334.94
053 Planning & Development	14,211,994.37	14,848,581.93	-636,587.56	17,254,533.80	17,588,583.93	334,050.13	-302,537.43
054 Public Works	3,109,829.46	3,278,290.00	-168,460.54	3,788,810.51	3,830,235.00	41,424.49	-127,036.05
055 Housing & Community Develo	1,381,751.26	1,405,353.00	-23,601.74	2,030,122.84	2,102,253.00	72,130.16	48,528.42
061 Auditor-Controller	2,648,352.67	2,664,363.00	-16,010.33	6,490,492.98	6,684,770.00	194,277.02	178,266.69
062 Clerk-Recorder-Assessor	16,624,039.42	16,699,700.00	-75,660.58	24,314,195.74	24,513,594.00	199,398.26	123,737.68
063 General Services	8,047,051.89	8,076,828.00	-29,776.11	18,309,874.40	18,515,379.00	205,504.60	175,728.49
064 Human Resources	2,059,602.74	2,067,948.00	-8,345.26	4,208,738.64	4,262,929.00	54,190.36	45,845.10
065 Treasurer-Tax Collector-Publi	2,893,082.28	3,087,600.00	-194,517.72	5,403,305.53	5,940,600.00	537,294.47	342,776.75
990 General County Programs	4,965,881.96	5,121,575.00	-155,693.04	89,167,761.87	89,460,403.00	292,641.13	136,948.09
991 General Revenues	176,366,924.40	177,362,841.02	-995,916.62	364,893.02	364,889.02	-4.00	-995,920.62
Fund Totals	384,528,360.76	387,696,207.45	-3,167,846.69	402,590,561.38	403,902,472.45	1,311,911.07	-1,855,935.62

Projected Annual Status Report - Fund Type

As Of: 09/30/2006
Accounting Period: CLOSED

Fund Type/Fund	Projected Actual			Financing Sources			Financing Uses			Variance: Favorable/ (-)Unfavorable	
	Projected	Actual	Projected	Annual	Adj Budget	Projected	Annual	Adj Budget	Projected		Variance
			Variance								
General											
0001 General	384,528,360.76	384,528,360.76	-3,167,846.69	387,696,207.45	387,696,207.45	402,590,561.38	403,902,472.45	403,902,472.45	1,311,911.07	1,311,911.07	-1,855,935.62
<i>Fund Type Totals</i>											
	384,528,360.76	384,528,360.76	-3,167,846.69	387,696,207.45	387,696,207.45	402,590,561.38	403,902,472.45	403,902,472.45	1,311,911.07	1,311,911.07	-1,855,935.62
Special Revenue											
0010 Children and Families First	6,822,487.89	6,822,487.89	-251,142.11	7,073,630.00	7,073,630.00	7,154,454.37	7,928,784.00	7,928,784.00	774,329.63	774,329.63	523,187.52
0015 Road	37,434,454.12	37,434,454.12	3,476,160.38	33,958,293.74	33,958,293.74	33,838,525.82	33,960,289.74	33,960,289.74	121,763.92	121,763.92	3,597,924.30
0040 Public and Educational Acces	378,178.31	378,178.31	12,601.71	365,576.60	365,576.60	369,155.48	366,405.60	366,405.60	-2,749.88	-2,749.88	9,851.83
0041 Fish and Game	27,301.50	27,301.50	-2,768.50	30,070.00	30,070.00	26,368.70	32,304.00	32,304.00	5,935.30	5,935.30	3,166.80
0042 Health Care	75,216,016.58	75,216,016.58	130,751.02	75,085,265.56	75,085,265.56	74,710,708.59	75,430,064.56	75,430,064.56	719,355.97	719,355.97	850,106.99
0043 CA Health-Indigents Program	37,817.25	37,817.25	-227,158.75	264,976.00	264,976.00	11,082.56	265,740.00	265,740.00	254,657.44	254,657.44	27,498.69
0044 Alcohol,Drug,&Mental Hlth Sv	68,305,430.53	68,305,430.53	-1,602,809.47	69,908,240.00	69,908,240.00	68,499,102.73	69,939,631.00	69,939,631.00	1,440,528.27	1,440,528.27	-162,281.20
0045 Petroleum Department	314,148.81	314,148.81	-32,947.19	347,096.00	347,096.00	307,883.26	364,379.00	364,379.00	56,495.74	56,495.74	23,548.55
0046 Tobacco Settlement	9,443,566.20	9,443,566.20	-0.02	9,443,566.22	9,443,566.22	9,443,567.07	9,443,566.22	9,443,566.22	-0.85	-0.85	-0.87
0047 Substance Abuse & Crime Pr	2,178,504.51	2,178,504.51	33,612.51	2,144,892.00	2,144,892.00	2,163,366.00	2,163,366.00	2,163,366.00	0.00	0.00	33,612.51
0048 Mental Health Services Act	5,323,009.88	5,323,009.88	-9,316.58	5,332,326.46	5,332,326.46	5,332,326.46	5,332,326.46	5,332,326.46	0.00	0.00	-9,316.58
0052 Special Aviation	997,763.82	997,763.82	3,773.75	993,990.07	993,990.07	994,015.34	993,990.07	993,990.07	-25.27	-25.27	3,748.48
0055 Social Services	118,638,355.08	118,638,355.08	-140,730.81	118,779,085.89	118,779,085.89	120,207,430.75	120,293,365.89	120,293,365.89	85,935.14	85,935.14	-54,795.67
0056 SB IHSS Public Authority	6,742,540.77	6,742,540.77	13,556.77	6,728,984.00	6,728,984.00	6,645,386.70	6,729,301.00	6,729,301.00	83,914.30	83,914.30	97,471.07
0057 Child Support Services	9,531,868.62	9,531,868.62	-65,838.38	9,597,707.00	9,597,707.00	9,482,765.01	9,639,951.00	9,639,951.00	157,185.99	157,185.99	91,347.61
0061 Fisheries Enhancement	5,658.12	5,658.12	-1,585.06	7,243.18	7,243.18	10,811.71	12,432.18	12,432.18	1,620.47	1,620.47	35.41
0062 Local Fishermen Contingency	29,600.15	29,600.15	4,100.15	25,500.00	25,500.00	27,011.53	33,116.00	33,116.00	6,104.47	6,104.47	10,204.62
0063 Coast Resource Enhanceme	2,217,686.51	2,217,686.51	17,686.51	2,200,000.00	2,200,000.00	2,497,557.55	2,505,936.00	2,505,936.00	8,378.45	8,378.45	26,064.96
0065 Affordable Housing	4,620,410.17	4,620,410.17	165,382.17	4,455,028.00	4,455,028.00	4,596,486.69	4,619,343.00	4,619,343.00	22,856.31	22,856.31	188,238.48
0066 Home Program	2,455,539.33	2,455,539.33	442.33	2,455,097.00	2,455,097.00	2,520,631.98	2,519,473.00	2,519,473.00	-1,158.98	-1,158.98	-716.65
0067 Collateralized Loan Fund	1,240,186.86	1,240,186.86	13,637.34	1,226,549.52	1,226,549.52	1,553,561.82	1,553,561.52	1,553,561.52	-0.30	-0.30	13,637.04
0069 Court Activities	14,692,064.19	14,692,064.19	-271,248.88	14,963,313.07	14,963,313.07	15,615,329.63	14,977,354.07	14,977,354.07	-637,975.56	-637,975.56	-909,224.44
0070 Crim Justice Facility Const	1,325,097.34	1,325,097.34	-59,264.66	1,384,362.00	1,384,362.00	1,388,493.00	1,388,493.00	1,388,493.00	0.00	0.00	-59,264.66
0071 Courthouse Construction SB6	1,211,180.36	1,211,180.36	-34,561.80	1,245,742.16	1,245,742.16	1,255,545.35	1,285,725.16	1,285,725.16	30,179.81	30,179.81	-4,381.99
0075 Inmate Welfare	970,714.15	970,714.15	-120,051.85	1,090,766.00	1,090,766.00	1,116,277.28	1,145,374.00	1,145,374.00	29,096.72	29,096.72	-90,955.13
2120 CSA 3	952,910.96	952,910.96	-2,418.04	955,329.00	955,329.00	1,027,596.25	1,024,004.00	1,024,004.00	-3,592.25	-3,592.25	-6,010.29
2130 CSA 4	30,347.01	30,347.01	147.01	30,200.00	30,200.00	31,762.22	31,885.00	31,885.00	122.78	122.78	269.79
2140 CSA 5	91,852.50	91,852.50	-347.50	92,200.00	92,200.00	98,859.47	98,835.00	98,835.00	-24.47	-24.47	-371.97
2170 CSA 11	314,756.91	314,756.91	3,352.91	311,404.00	311,404.00	395,177.40	395,987.00	395,987.00	809.60	809.60	4,162.51
2185 Mission Canyon Swr Svc Chg	448,394.52	448,394.52	4,245.52	444,149.00	444,149.00	488,535.00	498,587.00	498,587.00	10,052.00	10,052.00	14,297.52
2220 CSA 31	54,169.61	54,169.61	1,444.61	52,725.00	52,725.00	35,375.89	54,629.00	54,629.00	19,253.11	19,253.11	20,697.72

Projected Annual Status Report - Fund Type

As Of: 09/30/2006
Accounting Period: CLOSED

Fund Type/Fund	Projected			Financing Sources			Financing Uses			Variance:	
	Actual	Annual Adj Budget	Projected Variance	Actual	Annual Adj Budget	Projected Variance	Actual	Annual Adj Budget	Projected Variance	Favorable/	(-)Unfavorable
Special Revenue											
2230 CSA 32	23,384,738.00	23,384,738.00	0.00	23,384,738.00	23,384,738.00	0.00	23,384,738.00	23,384,738.00	0.00	0.00	0.00
2242 CSA 41	26,591.56	25,924.00	667.56	50,579.00	50,579.00	0.00	50,579.00	50,579.00	0.00	667.56	667.56
2270 Orcutt CFD	57,065.49	56,074.07	991.42	116,176.07	120,578.07	4,402.00	120,578.07	120,578.07	4,402.00	5,393.42	5,393.42
2271 Providence Landing CFD	618,999.54	619,000.00	-0.46	619,000.00	619,000.00	0.00	619,000.00	619,000.00	0.00	-0.46	-0.46
2280 Fire Protection Dist	28,145,472.77	28,111,131.41	34,341.36	28,123,511.41	28,156,529.41	33,018.00	28,156,529.41	28,156,529.41	33,018.00	67,359.36	67,359.36
2400 Flood Ctrl/W/tr Cons Dst Mt	5,241,584.46	5,245,360.00	-3,775.54	5,462,272.88	5,582,154.00	119,881.12	5,582,154.00	5,582,154.00	119,881.12	116,105.58	116,105.58
2420 SBFC Orcutt Area Drainage	95,182.16	80,915.00	14,267.16	100,816.00	100,816.00	0.00	100,816.00	100,816.00	0.00	14,267.16	14,267.16
2430 Bradley Flood Zone Number	34,234.03	32,785.00	1,449.03	45,877.22	45,242.00	-635.22	45,242.00	45,242.00	-635.22	813.81	813.81
2460 Guadalupe Flood Zone Numb	77,361.32	75,205.00	2,156.32	83,504.77	85,705.00	2,200.23	85,705.00	85,705.00	2,200.23	4,356.55	4,356.55
2470 Lumpoc City Flood Zone 2	490,610.98	473,195.00	17,415.98	617,104.66	616,398.00	-706.66	616,398.00	616,398.00	-706.66	16,709.32	16,709.32
2480 Lumpoc Valley Flood Zone 2	246,963.06	243,440.00	3,523.06	397,364.77	406,635.00	9,270.23	406,635.00	406,635.00	9,270.23	12,793.29	12,793.29
2500 Los Alamos Flood Zone Num	111,038.19	106,555.00	4,483.19	126,628.58	137,037.00	10,408.42	137,037.00	137,037.00	10,408.42	14,891.61	14,891.61
2510 Orcutt Flood Zone Number 3	345,464.13	339,145.00	6,319.13	410,797.34	408,792.00	-2,005.34	408,792.00	408,792.00	-2,005.34	4,313.79	4,313.79
2560 SM Flood Zone 3	1,120,385.00	1,116,115.00	4,270.00	2,296,077.72	2,305,167.00	9,089.28	2,305,167.00	2,305,167.00	9,089.28	13,359.28	13,359.28
2570 SM River Levee Maint Zone	254,833.55	247,555.00	7,278.55	302,983.75	285,193.00	-17,790.75	285,193.00	285,193.00	-17,790.75	-10,512.20	-10,512.20
2590 Santa Ynez Flood Zone Num	322,148.64	316,990.00	5,158.64	332,444.85	335,531.00	3,086.15	335,531.00	335,531.00	3,086.15	8,244.79	8,244.79
2610 So Coast Flood Zone 2	7,199,138.63	7,050,325.00	148,813.63	11,810,470.21	12,111,737.00	301,266.79	12,111,737.00	12,111,737.00	301,266.79	450,080.42	450,080.42
2670 North County Lighting Dist	502,719.52	504,731.00	-2,011.48	554,273.64	563,460.00	9,186.36	563,460.00	563,460.00	9,186.36	7,174.88	7,174.88
2700 Mission Lighting District	6,346.58	6,209.00	137.58	7,133.55	7,185.00	51.45	7,185.00	7,185.00	51.45	189.03	189.03
3000 Sandyland Seawall Maint Dist	63,079.44	62,700.00	379.44	68,703.78	63,360.00	-5,343.78	63,360.00	63,360.00	-5,343.78	-4,964.34	-4,964.34
3050 Water Agency	3,297,230.21	3,313,730.00	-16,499.79	4,145,601.70	4,183,413.00	37,811.30	4,183,413.00	4,183,413.00	37,811.30	21,311.51	21,311.51
3060 Water Agency Special	664,393.22	845,649.00	-181,255.78	951,492.33	958,355.00	6,862.67	958,355.00	958,355.00	6,862.67	-174,393.11	-174,393.11
3100 SB RDA - Isla Vista Proj	2,108,878.86	1,852,641.00	256,237.86	1,951,972.07	2,172,001.00	220,028.93	2,172,001.00	2,172,001.00	220,028.93	476,266.79	476,266.79
3102 SB RDA Housing-Isla Vista P	1,982,622.79	1,572,778.00	409,844.79	2,390,513.00	2,390,513.00	0.00	2,390,513.00	2,390,513.00	0.00	409,844.79	409,844.79
<i>Fund Type Totals</i>	448,449,094.69	446,676,197.95	1,772,896.74	456,195,188.91	460,118,317.95	3,923,129.04	460,118,317.95	460,118,317.95	3,923,129.04	5,696,025.78	5,696,025.78
Debt Service											
0036 Municipal Finance Debt Svc	8,195,527.24	8,386,645.00	-191,117.76	8,347,292.07	8,390,675.00	43,382.93	8,390,675.00	8,390,675.00	43,382.93	-147,734.83	-147,734.83
3108 SB RDA - Debt Svc	412,326.34	416,310.00	-3,983.66	424,245.13	421,856.00	-2,389.13	421,856.00	421,856.00	-2,389.13	-6,372.79	-6,372.79
<i>Fund Type Totals</i>	8,607,853.58	8,802,955.00	-195,101.42	8,771,537.20	8,812,531.00	40,993.80	8,812,531.00	8,812,531.00	40,993.80	-154,107.62	-154,107.62
Capital Projects											
0030 Capital Outlay	24,973,616.98	24,989,421.62	-15,804.64	25,647,566.82	25,773,234.40	125,667.58	25,773,234.40	25,773,234.40	125,667.58	109,862.94	109,862.94
0034 2005 COP Capital Projects	5,556,727.16	6,863,213.24	-1,306,486.08	5,462,218.85	6,900,833.24	1,438,614.39	6,900,833.24	6,900,833.24	1,438,614.39	132,128.31	132,128.31

Projected Annual Status Report - Fund Type

As Of: 09/30/2006
Accounting Period: CLOSED

Fund Type/Fund	Financing Sources			Financing Uses			Variance: Favorable/ (-)Unfavorable
	Projected Actual	Annual Adj Budget	Projected Variance	Projected Actual	Annual Adj Budget	Projected Variance	
Capital Projects							
<i>Fund Type Totals</i>	30,530,344.14	31,852,634.86	-1,322,290.72	31,109,785.67	32,674,067.64	1,564,281.97	241,991.25
Enterprise							
1930 Resource Recovery & Waste	31,283,615.41	30,987,909.00	295,706.41	30,879,516.35	30,987,909.00	108,392.65	404,099.06
1935 County Transit	131,170.51	124,000.00	7,170.51	128,283.15	124,000.00	-4,283.15	2,887.36
2870 Laguna Co Sanitation-Genera	6,108,971.09	6,053,546.00	55,425.09	6,119,905.17	6,053,546.00	-66,359.17	-10,934.08
<i>Fund Type Totals</i>	37,523,757.01	37,165,455.00	358,302.01	37,127,704.67	37,165,455.00	37,750.33	396,052.34
Internal Service							
1900 Vehicle Operations/Maintena	9,770,477.90	9,486,330.00	284,147.90	10,523,559.89	10,692,592.00	169,032.11	453,180.01
1910 Medical Malpractice Self Ins	481,056.97	461,000.00	20,056.97	667,202.47	790,970.00	123,767.53	143,824.50
1911 Workers' Comp Self Insuranc	17,288,135.63	17,233,000.00	55,135.63	14,653,377.81	14,981,531.00	328,153.19	383,288.82
1912 County Liability-Self Insuranc	6,681,165.22	6,663,276.00	17,889.22	7,116,953.52	7,231,778.00	114,824.48	132,713.70
1913 County Unemp Ins-Self Ins	539,844.91	605,605.00	-65,760.09	580,571.49	605,605.00	25,033.51	-40,726.58
1914 Dental Self-Insurance Fund	2,854,690.73	2,944,000.00	-89,309.27	2,799,999.24	2,944,000.00	144,000.76	54,691.49
1915 Information Technology Svcs	6,261,926.33	6,266,946.00	-5,019.67	6,681,628.74	7,069,687.00	388,058.26	383,038.59
1919 Communications Services-IS	3,793,167.98	3,807,451.00	-14,283.02	3,528,945.30	3,625,312.00	96,366.70	82,083.68
<i>Fund Type Totals</i>	47,670,465.67	47,467,608.00	202,857.67	46,552,238.46	47,941,475.00	1,389,236.54	1,592,094.21
All Funds Total	957,309,875.85	959,661,058.26	-2,351,182.41	982,347,016.29	990,614,319.04	8,267,302.75	5,916,120.34

PRINCIPLES FOR DEVELOPMENT OF THE FY 2007-08 BUDGET

1. **Balanced Budget**

The County Executive Officer shall present a balanced budget for all County operating funds, on an annual basis, to the Board of Supervisors for scheduled public hearings in June of each year.

- a) Available funding sources shall be at least equal to recommended appropriations.
- b) As a general rule, the year-end undesignated General Fund balance should not be used to fund ongoing operations, but could be used to fund designations such as the Strategic Reserve and the General Fund Contingency.

2. **Budget Target Allocation**

- a) Each department's base General Fund contribution for FY 07-08 will be the adopted contribution for FY 06-07 reduced by Board adopted ~~ongoing General Fund contribution reductions and~~ one-time expenditures and revenues.
- b) To the base General Fund contribution ~~an~~ amount will be added ~~which is equal to~~ the proportional impact of approved COLAs, equity adjustments, and employee benefit increases not included in the adopted FY 06-07 amount. For example, if the COLA, equity, and benefit cost impacts total \$100, and the General Fund contribution makes up 30% of the department's funding sources, then the increase would be no more than \$30. Adjustments may be made for capped revenue amounts. ~~and 100% revenue offset expenditures.~~ All General Fund contribution increases are subject to the availability of funds.
- c) For the District Attorney, Public Defender, Probation, Sheriff, and Parks departments, an amount of General Fund contribution equal to each department's proportionate loss of Proposition 172 (Public Safety Sales Tax) revenue due to the annual shift of 1.5% of Proposition 172 revenue to Fire, will be added to their General Fund contribution base amount beginning in FY 05-06 and continuing over a five year period.
- d) For departments receiving General Fund contribution amounts, no budget submission will be considered complete unless the requested General Fund contribution is equal to or less than the County Executive Office's approved budget target amount. Any requested amount over the County Executive Office's approved budget target amount will be submitted as a Budget Adjustment (Expansion) Request.

3. **New Positions**

- a) Requests for new legal positions that would result in an increase to the total number of full-time equivalent budgeted positions authorized for a department or for new contractors on payroll, must be submitted as budget expansion requests regardless of their funding source.
- b) The only exception to this request would be a new position to fill a city contract where the city is paying 100% of billable costs.
- c) To offset workload increases that would otherwise trigger a need for additional staff, departments are encouraged to: 1) use automation investments that allow customer self-service, 2) reduce existing support or overhead positions and replace these with front line service delivery positions, and 3) explore sharing like resources among departments with similar functions.

4. **Budget Expansion Requests**

- a) While there is no guarantee than any expansion request will be recommended, expansion requests can be requested for the following: 1) any new position as defined above, 2) new programs or initiatives that address Critical Issues, 3) the substitution of General Fund resources for revenues lost due to grant termination or other revenue loss not associated with fees or charges for services, and 4) additional resources needed due to workload increases in existing programs.

PRINCIPLES FOR DEVELOPMENT OF THE FY 2007-08 BUDGET

- b) While Government Code 29080 allows Department Heads the opportunity to present requests to fund expansions during Budget Hearings, departments are encouraged to refrain from appealing requests not recommended by the CEO.

5. Costs and Revenues

- a) The full cost of county services will be calculated in all cases where fees are charged and/or service contracts (such as with cities or by one department to another) are negotiated.
- i. For charges to outside agencies, such as cities, full cost includes cost allocation charges unless prohibited by law.
 - ii. For charges from County internal service funds and special revenue funds, full cost includes cost allocation charges.
 - iii. For other charges between County departments, full cost includes departmental overhead but does not include cost allocation charges.
- b) In all cases, unless precluded by law, contracts, or current Board policy, full costs shall be recovered. As with budget reductions or enhancements, a provider department shall inform and discuss cost calculation changes with user departments prior to budgeting the change.
- c) Departments are encouraged to identify new revenue sources and to develop proposals, which would generate new revenues, to pay for services provided to county residents and visitors.
- d) Where not prohibited by law, departments must maximize the use of non-General Fund revenue, existing designations, and agency trust funds, before using General Fund contribution amounts to fund programs.

6. Discretionary Reserves and Designations

- a) The \$1 million annual strategic reserve contribution, provided to build a reserve approximately equal to 30 days working capital (\$30 million), will be continued if funds are available.
- b) The \$2 million designation for capital maintenance and repair, the \$500,000 for new capital projects, and the \$500,000 for roads/concrete repair will be continued, subject to review and prioritization during the budget process.

7. Performance Measurement

Departments are encouraged to review, refine, and extend performance measures at the cost center, division and department level working with their CEO analyst. ~~that measure the level/amount/unit cost of program services provided.~~ Other keys to performance measurement include:

- a) Installation and use of Advanced Management of Performance and Projects (AMPP) software.
- b) Review of the 2006 Resident Survey for potential new customer service performance measures.
- c) Installation and use of the Leadership Project's new Employee Performance Reviews for executives and managers.
- d) Use of the Project Reporting System to report all projects (as defined in Project Reporting System guidelines), and presenting any proposed project (other than discretionary land use permits) to the CEO for initial review prior to initiation beyond the problem analysis phase.

8. Budget Coordination

On any proposed budget adjustment (reduction or enhancement), the department proposing the change shall consider impacts on other departments, and discuss possible impacts with these departments, so that all positive and negative impacts can be considered before the reduction or enhancement is formally proposed to the County Executive Officer.

Attachment D: Current Strategic Goals and Proposed Change

Current Goals	Proposed Change
1. <i>Efficient Government</i> - An efficient government able to anticipate and respond effectively to the needs of the community	1. <i>Efficient and Responsive Government</i> – An efficient professionally managed government able to anticipate and to effectively respond to the needs of the community
3. <i>Organizational Effectiveness</i> - A strong, professionally managed County organization.	Delete and merge with #1.
2. <i>Health and Safety</i> - A safe and healthy community in which to live, work and visit.	None
4. <i>Economic Vitality</i> - A community that is economically vital and sustainable.	None
5. <i>Quality of Life</i> - A high quality of life for all residents.	None
6. <i>Citizen Involvement</i> - A County government that is accessible, open and citizen friendly.	None
7. <i>Families and Children</i> - A community that fosters the safety and well-being of families and children.	None