

Executive Summary



EXECUTIVE SUMMARY

The Quarterly Budget Report provides the Board of Supervisors, County departments, members of the public, and other interested parties with an overview of the current status of revenues, expenditures, Net County Cost (NCC), total budgeted positions and various departmental issues requiring recommended changes to the County's budget. The Executive Summary provides information at a summary level. Detailed information is provided following the Executive Summary.

Revenue

Year-to-date revenues are measured against a budget plan modeled after last year's actual receipts. Overall, total County revenues are 11% below budget. General Fund total revenues are 24% below budget. These variances are due primarily to the timing of revenue receipts in the current fiscal year compared to FY 06-07. Detailed variance explanations are provided in the Revenue section of the report for those agencies/funds with variances greater than 10% and \$100,000, or greater than \$1,000,000. All significant unfavorable variances are researched and, where necessary, the responsible department and the CEO develop corrective action plans to address those variances.

General Purpose revenues are \$3 million, or 9%, above budget. This is primarily due to higher property tax, interest and miscellaneous revenues compared to this time last fiscal year. Public Safety Sales Tax is \$1.9 million, or 7.8%, below budget. Health and Welfare Realignment Revenues are \$2.4 million, or 7.6%, below budget compared to last year.

New this quarter, is presentation of economic indicator data in the Revenue section. The data is not intended to be a projection or forecast of the economy; but, is to provide the user with an overall perspective of current and historical activity within the County that might impact General Purpose Revenue, in particular property tax revenue. It appears that there is an economic slowdown on the horizon as it relates to property tax; the magnitude is uncertain at this time.

Expense

Year-to-date expenditures/encumbrances are measured against a budget plan modeled after last year's actual. Overall, total County expenditures/encumbrances are about 12.5% below budget compared to FY 06-07. This variance is due primarily to the timing of expenditures compared to FY 06-07. Specific variance explanations are provided in the Expense section of the report for those agencies/funds with variances greater than 10% and \$100,000, or greater than \$1,000,000. All significant unfavorable variances are researched and, where necessary, the responsible department and the CEO develop corrective action plans to address those variances. Provided in the Expense section of this report is detail of actual salary and benefit, services and supplies, and fixed asset expenditures for each applicable fund/agency.

Net County Cost

Net County Cost (NCC) is \$91 million or 17% above budget. This variance is predominately due to the timing of revenue receipts compared to FY 06-07. NCC departmental requests recommended for approval in this report will result in a NCC decrease of \$686,771. Details of these requests are provided in the Budget Issues section.

Cash and Reserves

Overall, total County cash balances are 2.6% greater than the level 12 months ago; however, General Fund cash is down 60% (\$97,919,396 as of 9/30/07 vs. \$244,026,885 as of 9/30/06). The three-month net increase to reserves of \$58.5 million is attributable to budgeted increases to reserves that were booked in August.

The variance in General Fund cash is predominately due to the timing of the retirement payment to OCERS and subsequent collection of revenues from departments. The variance is also due to the timing of booking public safety sales tax revenue, an increase in the cost of salaries and benefits, and a \$21 million investment of excess cash due to yield restrictions.

Budget Issues

This report contains recommended budget changes related to a variety of departmental issues including fund balance available adjustments, recommendations for allocation of the final FY 2006-07 General Fund balance available, reconciliation to the final State budget, recognition of grant funds, position changes, and technical budget adjustments. Also included in the Budget Issues section are the results of the Grant Survey.

Positions

The FY 07-08 adopted position count is 18,748. Position changes included in this report will result in a revised position count of 18,726. Details of the position changes made in this report are included in the Human Resources Issues section.