

EL DORADO COUNTY CALIFORNIA
Chief Administrative Office

February 23, 2009

Memo To: Board of Supervisors
From: Gayle Erbe-Hamlin, Chief Administrative Officer
Subject: FY 2008-09 Mid-Year Budget Status Report

The Mid-year Budget Status Report provides the Board of Supervisors a picture of how well the County is managing its financial resources. The report summarizes departmental year-end financial forecasts and related issues. Anticipated year-end variances from the Board approved budgets have been provided by every County department and summaries of departmental budget projections are provided in Attachment A.

County Year-End General Fund Forecast

The following table recaps the status of the General Fund budget as amended through December 31, 2008:

	FY 2008-09 Amended Budget	Projected June 30, 2009	Projected as a % of Budget
Estimated Current Year Revenues	\$203,652,084	\$196,840,043	97%
Appropriated Fund Balance	15,327,378	15,327,378	100%
Total General Fund Revenues	218,979,462	212,167,421	97%
Estimated Current Year Expenditures	\$218,979,462	\$205,685,963	94%

At mid-year, actual revenues of \$74,344,790 were recorded as received in the General Fund, or 35% of projected revenues. The year-end General Fund revenue projection is estimated to fall short of budget by 3%.

Non-departmental revenues are projected to be \$5.1 million below budget and departmental revenues are projected to be \$1.7 million below budget. The projected shortfalls in non-departmental revenue are primarily attributed to the following:

- \$555,000 shortfall in property taxes in lieu of Vehicle License Fees
- \$1,414,787 shortfall in supplemental property taxes
- \$1,270,492 shortfall in sales tax
- \$226,531 shortfall in property transfer taxes
- \$1,270,000 shortfall in interest earnings

The majority of the department shortfalls in revenue are offset with associated projected savings in expenditures.

Total General Fund appropriations were adopted and subsequently amended in the sum of \$218,979,470. Total actual expenditures at mid-year were equal to \$86,615,576 or 42.1% of projected appropriations in the General Fund. The year-end expenditure projection is estimated to equal 94 % of budget. The analysis of individual department budget projections generally reflects that the remaining expenditure savings are primarily generated by salary savings from the reductions in force and hiring freeze implemented in November.

The following is a quick summary of department vacancies as reported on the County-wide vacancy report as of 2/17/09:

Department	Vacancies
Child Support	1.20
County Counsel	1.00
District Attorney	0.80
Environmental Management	5.00
General Services	3.50
Health Services	3.35
Human Services	30.31
Information Technologies	2.00
Library	0.40
Probation	9.00
Sheriff	15.00
DOT	14.53
Treasurer / Tax Collector	2.00
Total	88.09

The net result of lower revenues and lower appropriations is a year-end fund balance projection of \$6,481,466. At the end of FY 2007-08, the County ended the year with \$15,327,378 in fund balance. At the end of FY 2006-07, the County ended the year with \$27,278,109 in fund balance. This large reduction in fund balance over a two year period is indicative of the structural problem that the county has faced for the past several years. The County was utilizing fund balance to fund ongoing operations. **The only two ways to fix this structural deficit are to either grow revenues or reduce expenditures.** Revenues continue to decline and the County has taken steps to reduce expenditures in FY 2008-09 and going forward.

Actions taken to date include the following:

- Total FTE reductions of 172.91 to date in FY 2008-09
- Hard hiring freeze
- Reduction in use of Extra Help
- Reduced Fixed Asset purchases
- Reductions in services and supplies, especially employee training and travel

- Reduction in contract services
- Voluntary furlough program
- 10 day mandatory temporary layoff in Development Services to mitigate one time costs associated with payoffs related to a large reduction in force
- Elimination of the 7% Sheriff stipend
- Closure of satellite offices and consolidation within current County facilities

Actions recommended:

- Establishment of department Net County Cost targets using the Department FY 2008/09 Mid-year projections detailed in Attachment B(Results in \$3.6M in ongoing savings)
- Eliminate Aid to Fire Contribution (\$1.4M in ongoing savings)
- Implement a rate holiday for Retiree Health pre-funding (\$4.1M in General Fund savings and \$2M in special revenue department savings)
- Eliminate Retiree Health benefit for all new hires
- Utilize tobacco settlement annual revenue as an ongoing funding stream to fund current operations (\$1.5M annually)
- Do not allow the addition of any new positions or programs unless they are 100% revenue offset for at least 3 years

Attachment A provides the Chief Administrative Office recommendation for a balanced budget in FY 2009/10, 2010/11, 2011/12 and 2012/13.

Additional detail is provided in Attachment B: Summaries of Department Mid-year Summaries. Staff and I remain available to discuss this report at the Board's workshop on Monday, February 23, 2009

Attachment A: CAO Balanced Budget Recommendation
Attachment B: Department Mid-year Summaries

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