

# MIDYEAR BUDGET REPORT



**FEBRUARY 10, 2009**

# Key Factors

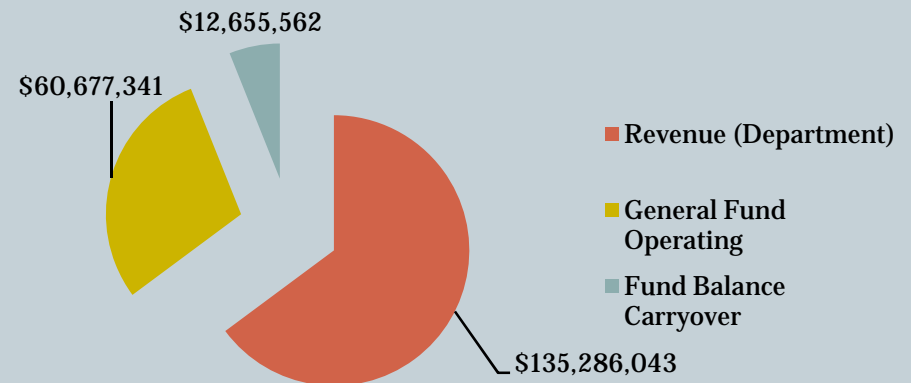


- **Current State of the Economy**
  - Economic downturn translates directly into loss of revenue for the County
    - ✦ County assessed property valuation down
    - ✦ Sales Tax dollars are down
  - State Budget uncertainty
    - ✦ State's budget – over expended
    - ✦ State's inability to generate cash will result in Controller delaying payments to County
    - ✦ State grants are being eliminated or reduced

# Overall General Fund Budget FY 08-09



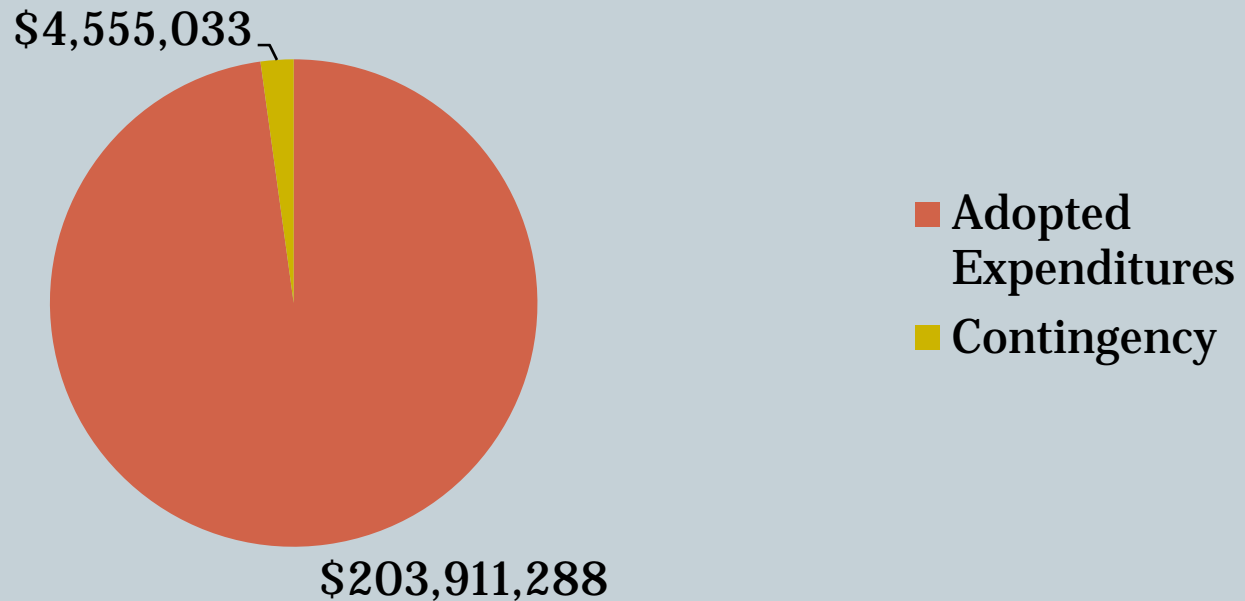
- **Budget: \$ 211,338,404**
  - Includes Prior FY encumbrances of \$2,719,458
- **Adopted Revenue: \$208,618,946**
  - Revenue (Departmental): \$135,286,043
  - General Fund Operating: \$60,677,341
  - Fund Balance Carryover: \$12,655,562



# Overall General Fund Budget FY 08-09



- **Adopted General Fund Expenditures: \$208,466,321**
  - Budgeted Expenditures : \$203,911,288
  - Contingency: \$4,555,033



# REVENUE



- **Through January 31, 2009**
  - Adopted Revenue: \$113,658,762 (58% of FY)
  - Actual Revenue Received: \$97,334,645
  - Difference: [\$16,324,117]

# Expenditures



- **Through January 31, 2009**
  - Adopted Expenditure: \$122,307,389 (58% of FY)
  - Actual Expenditures: \$111,172,729
  - Difference: [\$11,134,660]

# Revenue v. Expenditure



- **As of January 31, 2009**

○ Actual Revenue Received:	\$97,334,645
○ Actual Expenditures:	<u>- \$111,172,729</u>
○ Difference:	[\$13,838,084]
○ Current Fund Balance:	\$12,655,562
○ Total Shortfall:	[\$1,182,522]

# Bottom Line



- **What does this all mean?**
  - If we balanced our books out today, there would be a shortfall of \$1,182,522
  - Bottom Line for FY:
    - Remaining Adopted Expenditures: \$85,642,741
    - Outstanding Adopted Revenue: \$82,304,621
    - Anticipated Shortfall: \$3,338,120
  - Total FY Shortfall: \$4,520,642

# Balance



- **How do we balance a \$4.52 million dollar deficit?**
  - Contingency : \$3.45 million
  - Revenue Stabilization Reserve: \$600,000
  - Reserve General: \$4,447,781
  - Prior Year Encumbrances? \$975,087 is unspent but?
  - Salary Savings?
    - ✦ **General Fund: Overall Cost per pay period/day: \$2,717,151/\$271,715**
    - ✦ **Extra Help cost per pay period/day: \$108,866/\$10,866**
    - ✦ **Overtime:**
      - Cost to date: \$1,533,954
      - Cost per pay period/day: \$102,263/\$10,226
    - ✦ **Out of County Travel? Possible cut backs**

# Direction for Current FY



## DIRECTION/AUTHORITY REQUESTED:

- Continue Hiring Freeze – CEO may approve in extenuating circumstance
- Limit use of Overtime – implement policy
- Review current Use of Extra Help
- Review Prior Year Encumbrances
- Out of County Travel must be approved by CEO
- Review Per Diem cost
- Review Cell Phone cost
- **Why is this necessary..**

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- While we may be able to make it through the year..  
But what about next year?
  - Increase cost in salary & benefits including COLA and Merit Increases: \$1,789,669 (2.5% COLA) and 3,668,823 (5% Merit) = \$5,458,492 (1.4 million short)
    - Accounts for all funded positions
  - We don't know what the State's budget will be next year, except that it will not be good
  - Last year carry over was 12.6 but 4.5 million in contingency
  - 8 million + 1.4 million = 9.4 million to begin the year
  - Deplete Reserves (general & revenue stabilization)

# Proposed Delay Of Payments to County



- **State Controller has advised that unless the Legislature makes necessary midyear budget adjustments to ensure a balanced budget there will be significant delays in payments to Counties for state mandated programs – perhaps up to 7 months - for a total of 3.3 billion in delayed payments**
- **What does this mean for the County of Imperial**
  - **Any delay in payments would have devastating effect and render the County virtually bankrupt within several months**
    - ✦ **Department of Social Services would require more than 1 million dollars per month to meet basic obligations for their clients who are among the most vulnerable of our community**
    - ✦ **Behavioral Health would require \$400,000 monthly**
    - ✦ **Public Works would be forced to use Prop 1b bond funds; delaying numerous County and Regional projects and continuous use of Prop 1b funds in this manner could jeopardize the availability of the funds altogether**