

# County of Orange



## FY 2009-10 Second Quarter Budget Report



# Economic Condition

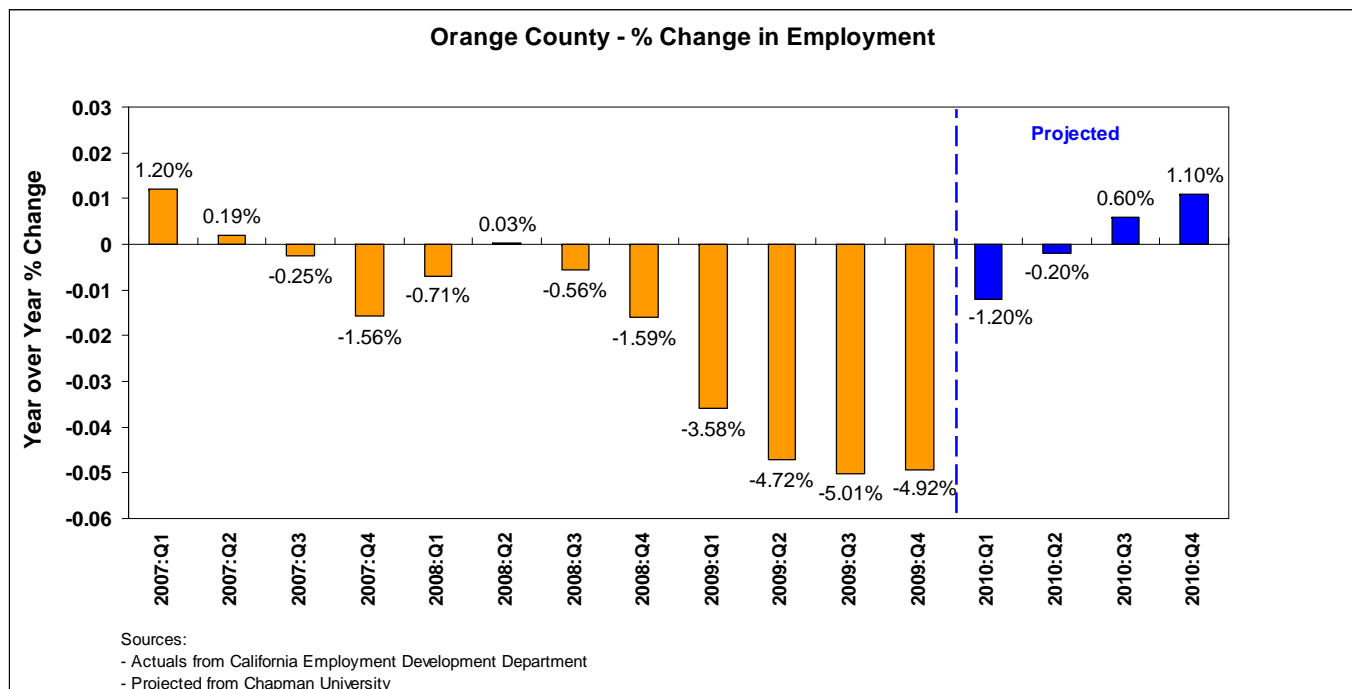


- Mixed Signals Continue
  - Home Values Stabilizing / Foreclosures Continue
  - GDP Up / Unemployment Increases
  - Increased Levels of Federal & State Debt
  - Retail Sales Decline May Be Leveling



# Economic Conditions

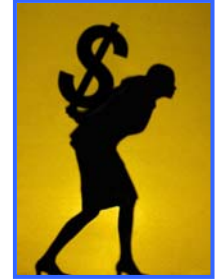
- Employment Rates
  - Key indicator for County revenues
    - Property Tax
    - Sales Tax



# Taxable Sales Trends



# Federal & State Budgets



- Federal

- \$1.56 trillion deficit
- \$8.5 trillion increase over 10 years in Natl. Debt
- Statutory pay-as-you-go (PAYGO) legislation
- 3 year overall cap on non-security discretionary funding



- State

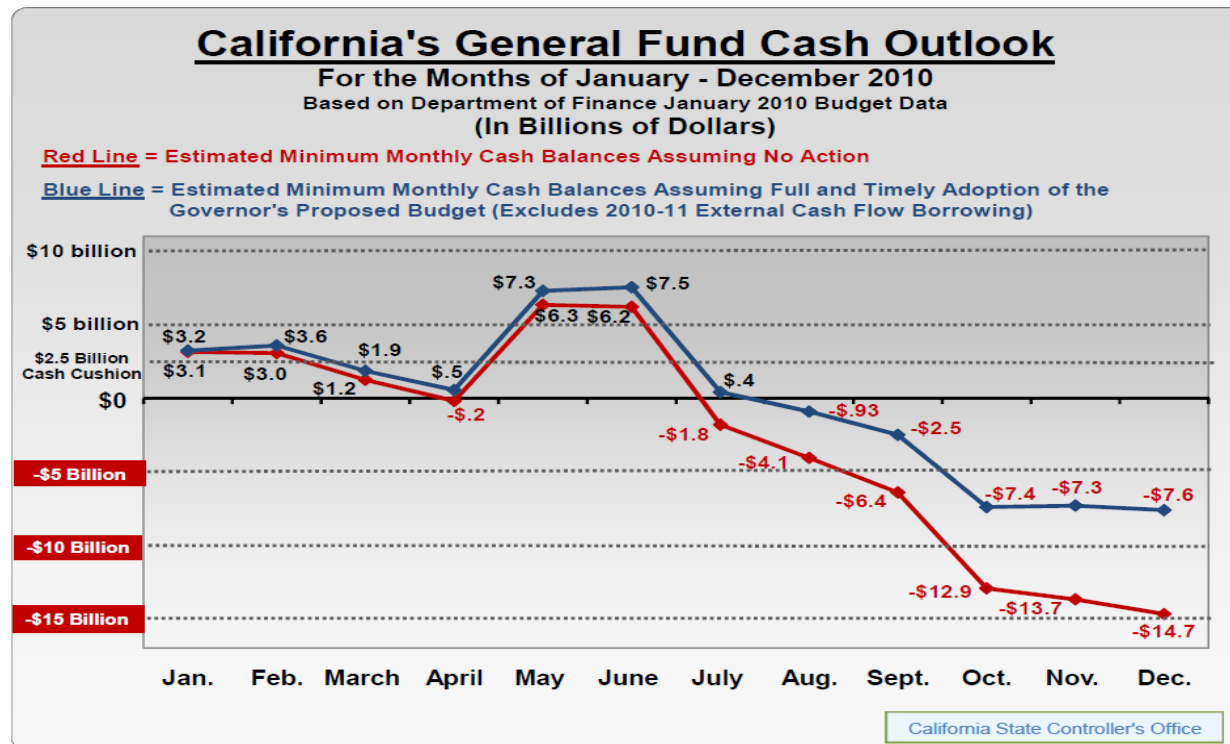
- CY Deficit \$6.6 billion & \$12.3 billion for FY 10-11
- 40% of Governor's budget solutions rely on Federal assistance
- Additional "Trigger Cuts" if new Federal Funds are not received



# State General Fund Cash Outlook

Controller Chiang Provides Cash Outlook Analysis to Governor and Legislators  
*...Urges Swift Action*

*"While our current cash condition is marginally better than it was one year ago,  
it is still precarious"*

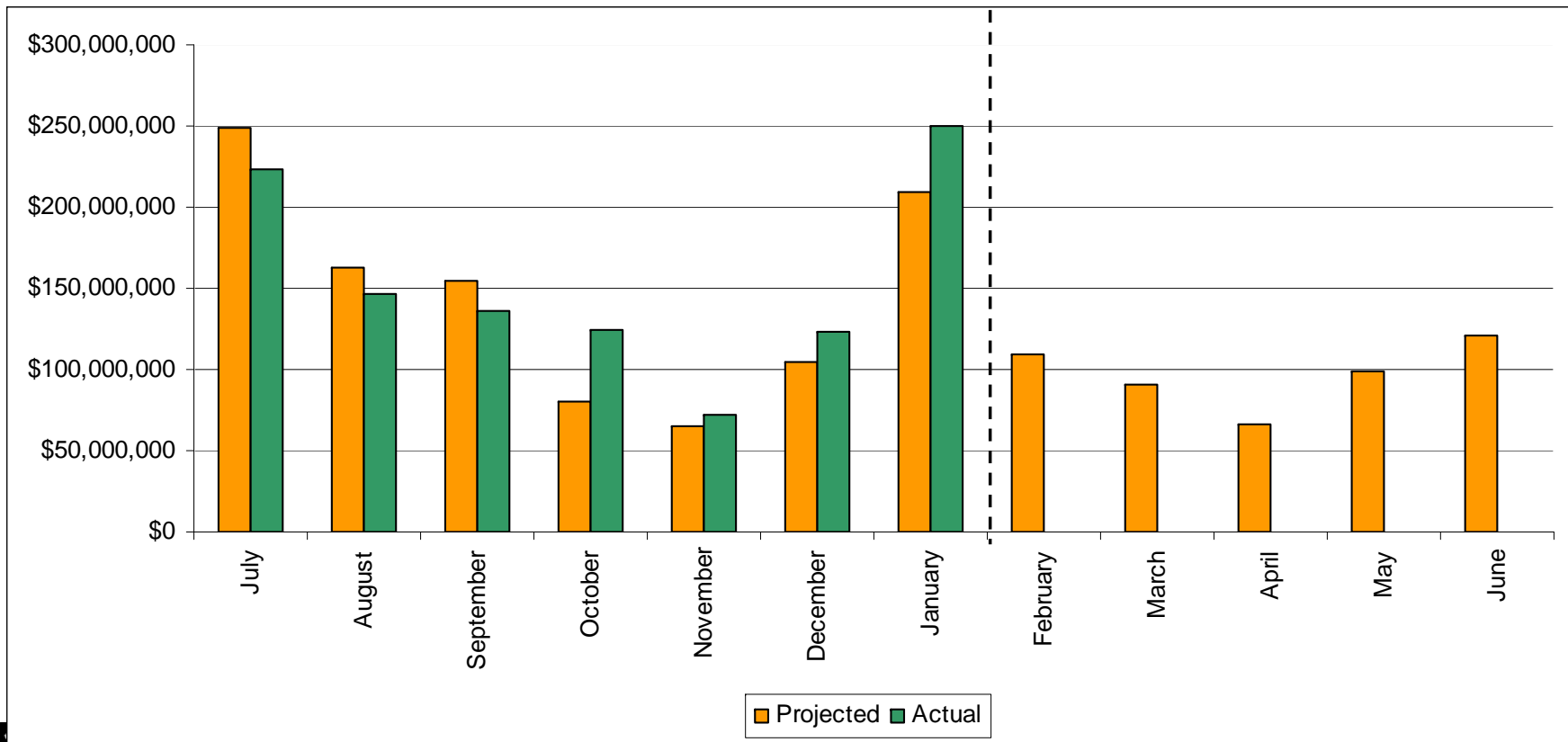


# County Cash & Reserves

- General Fund Cash - \$124M as of 12/09
  - Overall, 115% above level 12 months ago
  - Positive variance due to larger TRAN issue (\$150M vs. \$100M)
  - Cash tracking close to projections
- Reserves
  - General Fund Reserve draw of \$31.5M (approved in 2009/10 Budget)
  - \$278.9M General Fund reserves



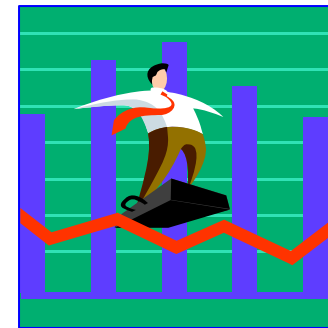
# General Fund Cash Flow





# County Budget – At-a-Glance

- Net County Cost
  - \$103.5M (11.7%) below projections
  - Variance due to timing of expense and revenue transactions
  - 5% Net County Cost reductions \$26.6 M
- Total County Revenue
  - 6.2% below projections
  - Variance due to timing and revenue declines

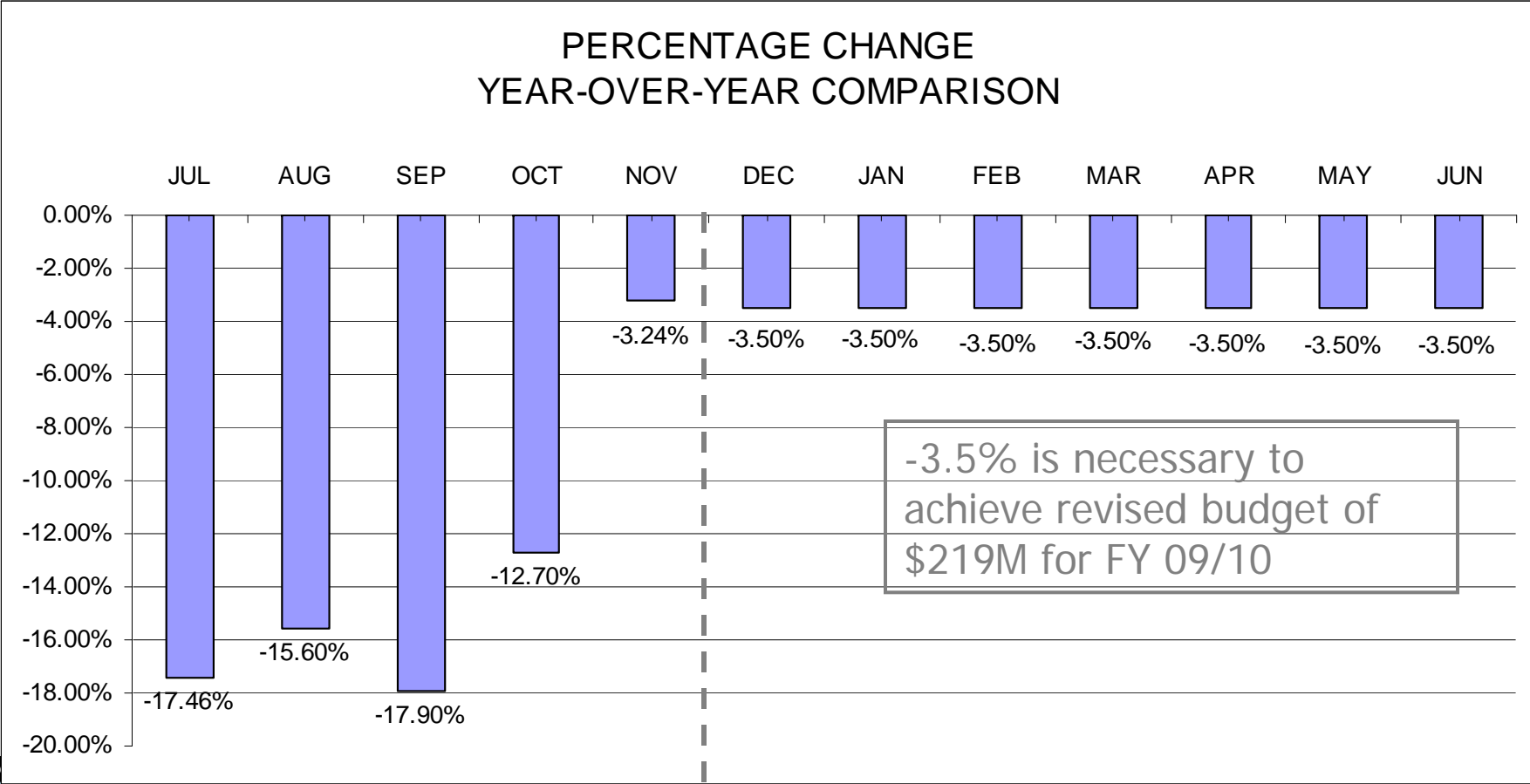


# County Budget – At-a-Glance

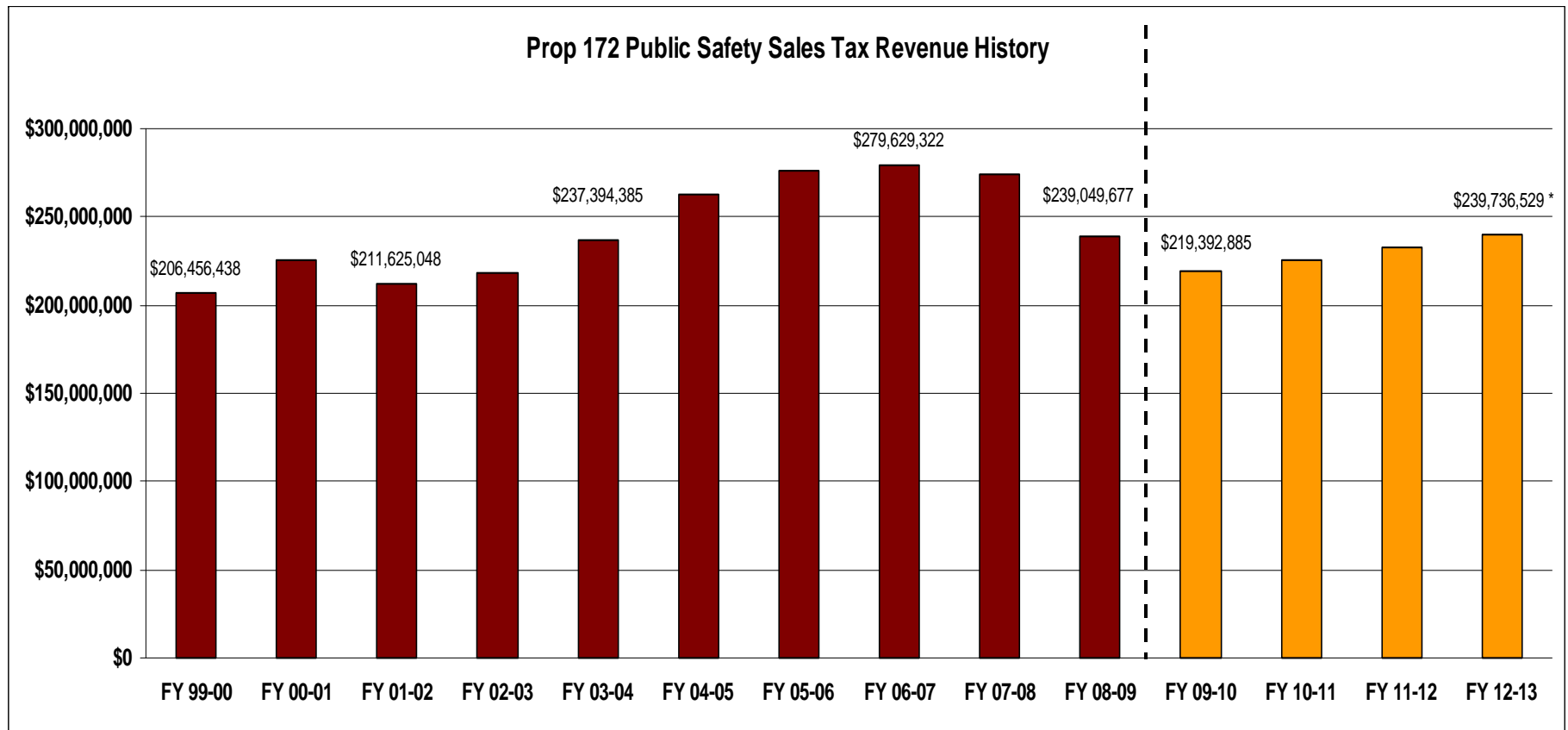
- Total County Expense
  - County expenses 20.6% below budget
  - Salary and Employee Benefits are 5.1% below budget
  - Services and Supplies are 24.3% below budget



# PROPOSITION 172



# Proposition 172 Revenue



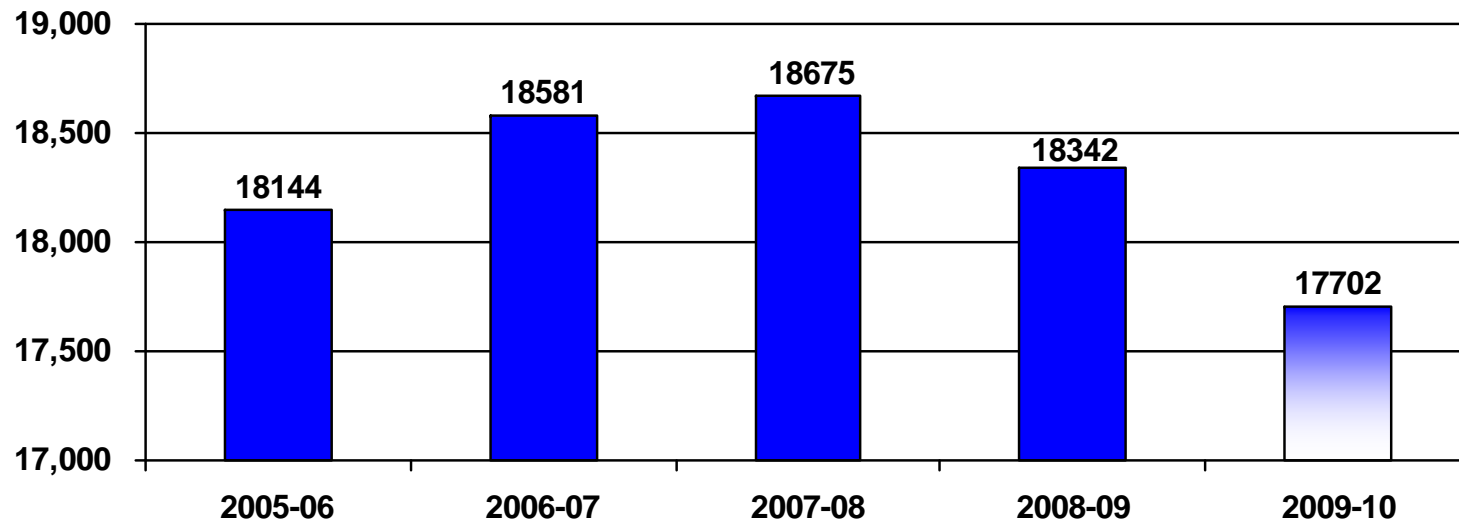
\*Projection based on 3% annual growth from FY 10/11 to FY 12/13



# Position Actions

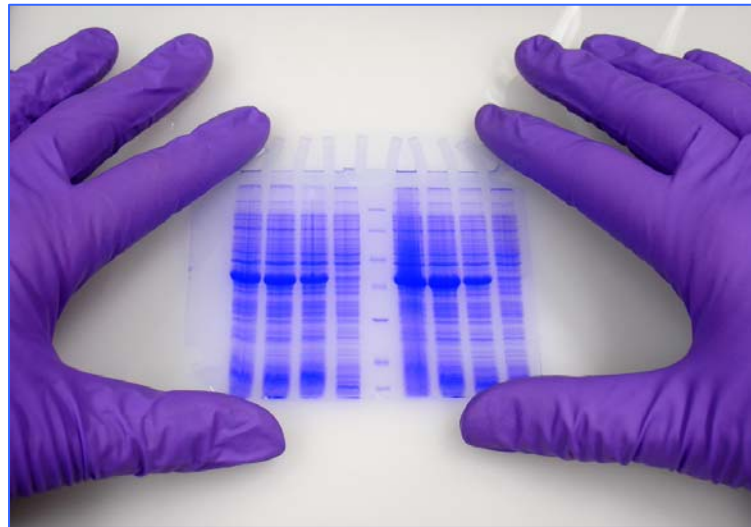
- 23 net position deletes this quarter

Five-Year Authorized Position Comparison



# Departmental Issues

- Program I – Public Protection
  - Fund 12J, DNA Identification Fund
    - Allocation of remaining \$936K in revenues
    - 60% between DA, Sheriff & Probation
    - 40% to local law enforcement agencies





# Departmental Issues

- Program II – Community Services
  - OC Community Resources
    - MHSA Housing Fund \$3.1M
    - Rapid Response Program \$1.1M
    - Property Tax reductions –
      - OC Public Libraries \$841K
      - OC Parks \$900K



# Departmental Issues

- Program II – Community Services
  - Child Support Services
    - State funding for Early Intervention Planning \$1.4M



- Health Care Agency
  - State funding reduction of Managed Care \$4.5M
  - Federal funding from Centers for Disease Control Bioterrorism program \$3.8M





# Departmental Issues

- Program II – Community Services
  - Social Services Agency
    - Net caseload revisions, various programs
      - Net increase program revenues \$3.3M
      - Reallocation of NCC among programs \$2.2M



# Departmental Issues

- Program III – Infrastructure
  - Compressed Natural Gas (CNG) Enterprise Fund
    - Establish initial appropriations, revenue and operating funding of \$150K
  - OC Waste & Recycling
    - Budget adjustments to borrow up to \$22 million from OCWR Fund 279 for costs associated with the ATS/PTMS/CAPS projects



# Departmental Issues

- Program IV - General Government

- Assessor

- Net County Cost to support costs associated with processing the tax roll \$300K



- Clerk of the Board

- Net County Cost to support increased workload in Assessment Appeals \$100K

- County Executive Office

- Budget adjustments for actual TRAN issuance costs
    - Increase appropriations by \$813K, increase revenue by \$1.3M, and reduce NCC by \$469K



# Departmental Issues

- Program IV - General Government
  - Registrar of Voters
    - Feb. 2, 2010 Special Election, Mission Viejo \$300K
    - June 8, 2010 Primary Election \$3.5M
    - Special 72<sup>nd</sup> Assembly Primary & Election \$1.6M



# Departmental Issues

- Program IV - General Government
  - Treasurer Tax Collector
    - Add 1 Administrative Manager - Financial research and analysis
    - Add 4 Positions - Delinquent Collections



# Departmental Issues

- Program VI – Debt Service
  - Supplemental Educational Revenue Augmentation Fund (SERAF)
    - Required payment of \$8.8M (State budget solution)



# Next Steps

- March 8<sup>th</sup> – FY 2010-11 Budgets due to CEO
- May 4<sup>th</sup> - 3<sup>rd</sup> Quarter Budget Report
- May 28<sup>th</sup> - Public Budget Workshop
- June 15<sup>th</sup> & 16<sup>th</sup> – Public Budget Hearings
- June 29<sup>th</sup> – FY 2010-11 Budget Adoption



# Recommended Actions

1. Revise Appropriations and Revenues (4/5 vote)  
(Quarter 2 actions)
2. Revise Appropriations & Revenues (4/5 vote) (5% NCC  
reductions)
3. Revise Appropriations (4/5 vote) (final fund balancing)
4. Direct the Auditor-Controller to make payment from  
Fund 12J
5. Amend Master Position Control

