



Third Quarter Financial Update

April 26, 2011



3rd Quarter Projection Overview

- **Departments took 18-month view in reductions, positioning thru FY2011/12**
- **Revenues, expenses down from FY09/10**
 - Revenues down \$8.4 million from FY2009/10
 - Expenditures down \$17.9 million from FY2009/10
- **General Fund Balance estimate improves**
 - \$4.8 million improvement since Midyear projection
 - Projected to end year with \$32.7 million, down from \$40 million in FY2009/10 year end
 - Includes Contingency of \$21.8 million



3rd Quarter: Cautions Looking Forward

- **Known impacts of State & Federal funding actions on:**
 - **AB 3632 Mental Health Services**
 - Negotiating MOUs with schools to provide funding to fully replace State reduction
 - \$1 million included in Third Quarter projections
 - **In-Home Supportive Services**
 - Loss of temporary federal reimbursement
 - about \$1.9 million for FY2011/12
 - **Other State/Federal funding**
 - Mandates not removed; increased use of local funds



3rd Quarter: Cautions Looking Forward

- **High usage of assistance programs**
 - Projected \$3.3 million cost increase at Midyear
 - Absorbed within FY2010/11 appropriations
 - Risk for continued high usage in FY2011/12
- **Unanticipated new costs**
 - Court decision increased rates 32% for foster family agencies; pending 25% increase for foster homes
- **Impacts of further State & Federal cuts**
 - Only known impacts included
 - **Many unknowns** remain on further budget reductions, losses of revenues and program changes/realignments



3rd Qtr vs. Midyear: General Fund

- **Overall expenditures down \$2.6 million**
 - Reduced 203 allocations in FY2010/11
 - Early retirement incentives: 80 positions
 - Labor contract concessions: \$1.7 million
 - Reductions in non-mandated services & programs
- **Overall revenues up \$2.2 million**
 - Downward trend in property taxes appears to have slowed
 - Property tax refunds leveling
 - Secured/supplemental property taxes up
 - Property tax administration fee up



3rd Qtr. vs Midyear: Public Safety

- **Expenditures down \$698,570**
 - \$169,920 net payroll savings after retirements
 - \$431,387 reduction in Other Public Defense
 - \$82,835 additional cuts in Fuels & Lubricants, Travel
- **Revenues down \$324,950**
 - \$321,347 reduction in VLF projections
 - \$100,000 reduction in earned Title IV-E revenues
 - \$459,776 decrease in General Fund contributions
 - Partially offset by \$517,000 in General Fund contribution for Accrued Leave Payoff
- **Net Change: \$373,620**



3rd Qtr. vs Midyear: H&SS Fund

- **Expenditures down \$7.3 million**
 - \$1 million reduction on Dec. 14, 2010
 - \$3 million reduction on Feb. 8, 2011
 - \$3.3 million in other cuts, including salary savings from holding positions vacant in anticipation of 10% or larger reduction plan for FY2011/12
- **Revenues down \$3.5 million**
 - \$2.9 million loss in anticipated funding reductions from State and Federal matches
 - Charges for services down \$600,000 net of Misc. Revenue
- **Net Change: \$3.8 million**



3rd Quarter: Other Funds

■ **Library Fund**

- Net savings of \$718,986
- Recommend eliminating 7.5 vacant positions to further address structural deficit

■ **Parks**

- Projecting a budget shortfall in FY2010/11 of \$31,217
- Recommend carrying forward \$31,217 deficit in Fund Balance

■ **Reprographics**

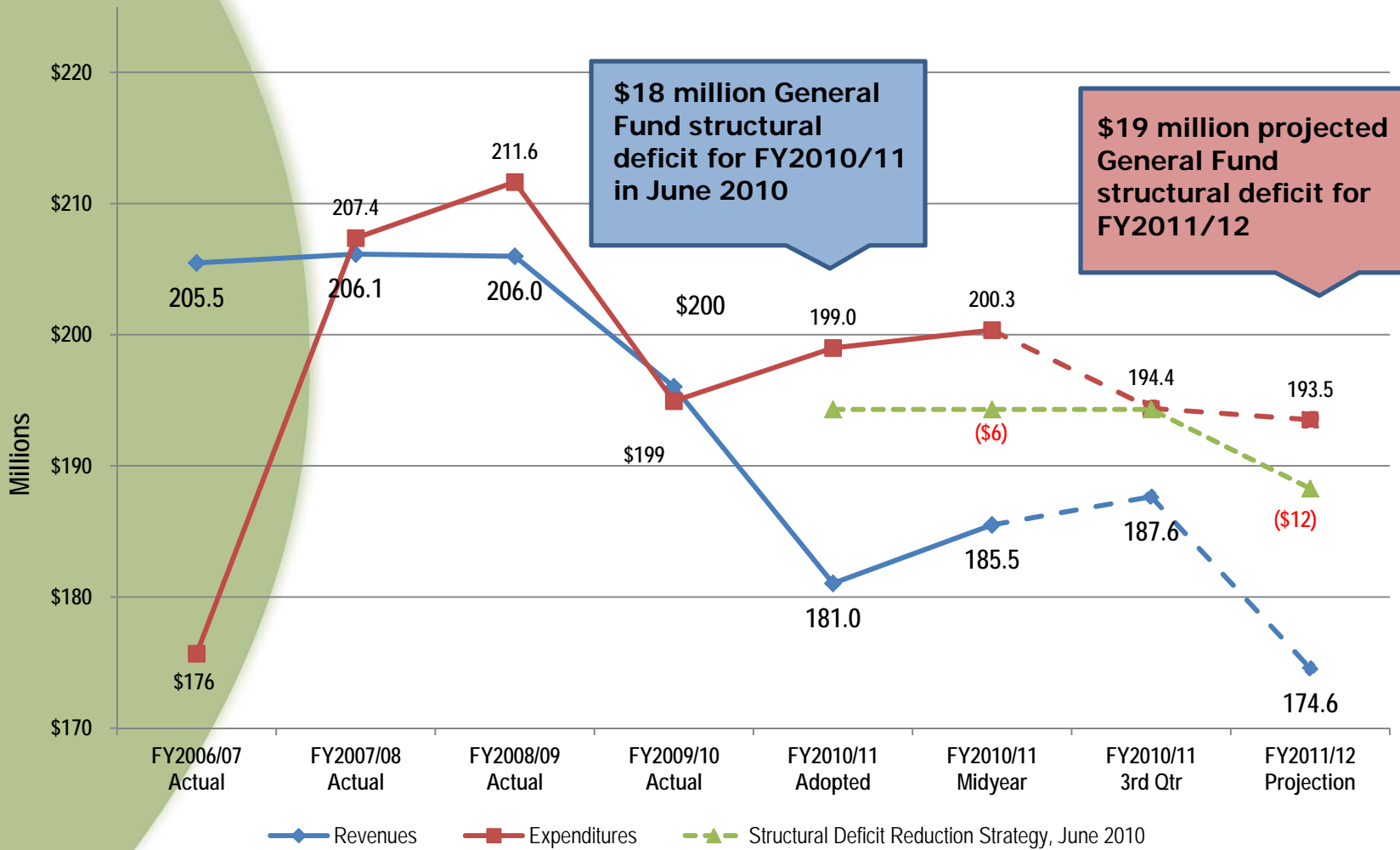
- Reserves totally exhausted; recommend closing June 30, 2011

■ **Dept. of Information Technology**

- Increased reliance for technology solutions
- Change in accounting rules (GASB 51) requires capitalization of system development costs as fixed assets



General Fund History & Projections

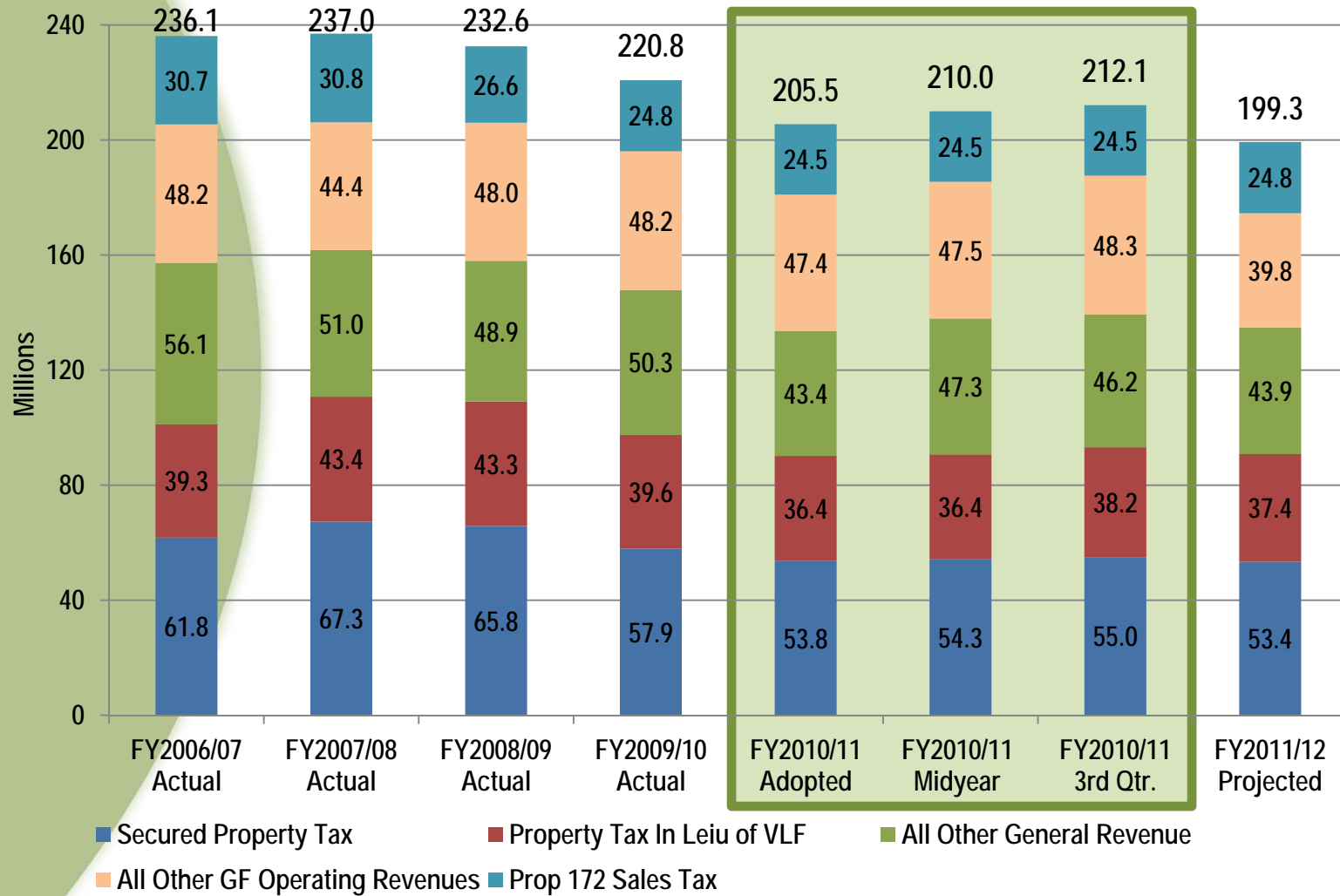


*Excludes appropriations for contingencies

April 26, 2011



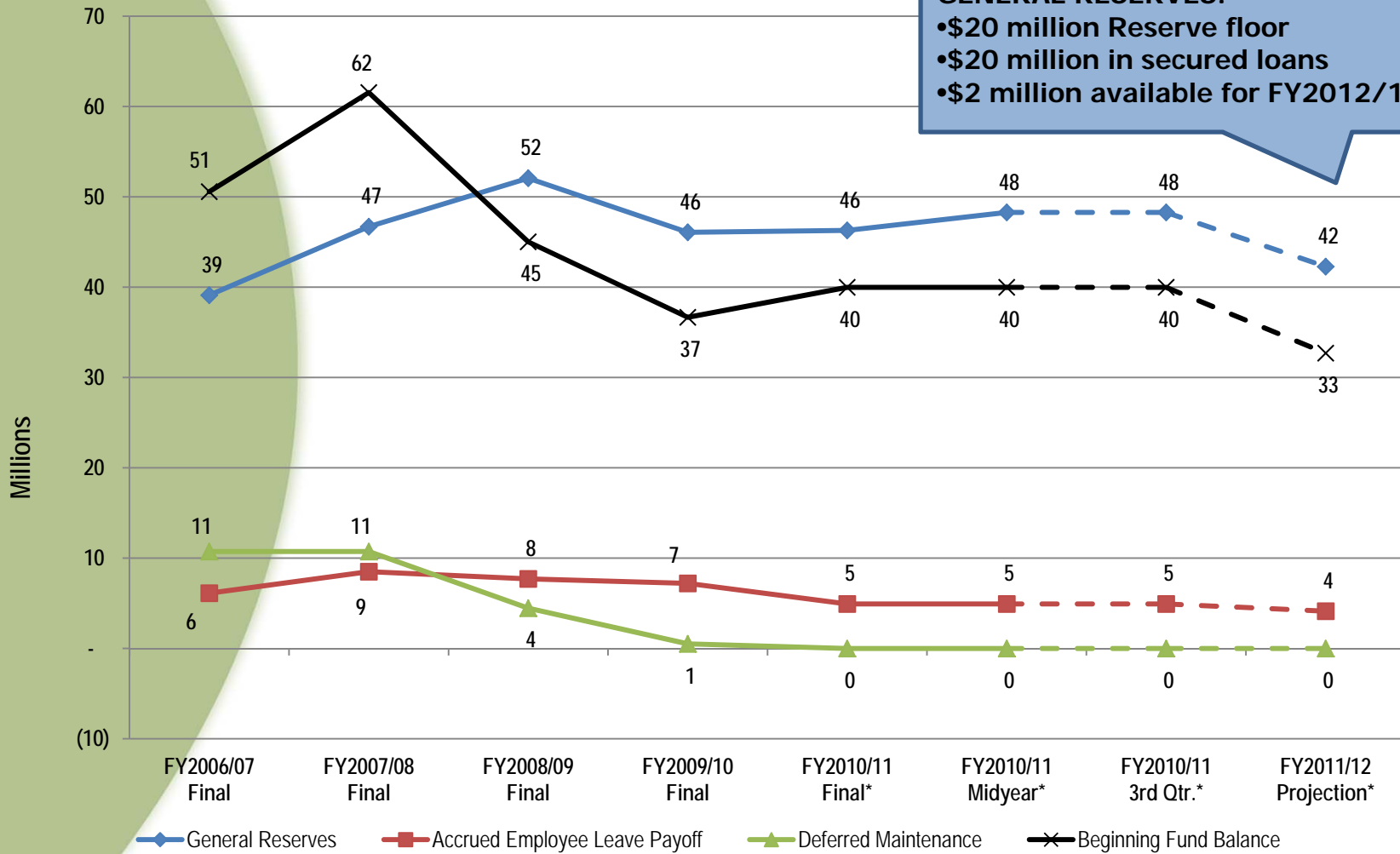
Revenue Impacts Since Market Peak





General Fund Reserves/Fund Balance

GENERAL RESERVES:
 •\$20 million Reserve floor
 •\$20 million in secured loans
 •\$2 million available for FY2012/13



*Includes outstanding POB Loan booked against the General Reserves



Cumulative Staffing Reductions

	July 2009	April 2011	PARS & 3 rd Qtr	Reduced Workforce as of April 26	% Change
Public Protection	1,155	(262)	(24.5)	868	24.8%
Health & Public Assistance	1,186	(199)	(31.9)	955	19.5%
General Gov't.	430	(94)	(11)	325	24.4%
All Other Depts.	303	(61)	(9.5)	233	23.1%
Net Total	3,074	(616)	(76.9)	2,381	22.5%



Employee Wage Concessions To Date

Board of Supervisors	Executive Management	Senior Management
Other Unrepresented Employees	Deputy Sheriffs	Correctional Supervisors
Correctional Officers	PEU Unit 6 (H&SS Supervisors)	PEU Unit 16 (Mid-Managers)
Skilled Crafts Local 39	Attorneys	SEIU 1021
UAPD - Physicians & Dentists		Solano Probation Peace Officer Association

http://www.solanocounty.com/depts/county_admin/labor_negotiations/

Green: Permanent Concessions Received	Blue: Temporary Concessions - Expired	Pink: No Concessions Received
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Addressing FY11/12 Structural Deficit

- **Implement second EPMC reduction**
- **Management and unrepresented employees to give back additional EPMC**
 - 3% given back since March 2010
 - 2nd 3% give back has been contingent on employee concessions from all bargaining units
 - Establish an effective date of Dec. 31, 2011 or upon agreement with all represented bargaining units, whichever is first
 - Potential savings of \$256,010 in all funds for FY2011/12 from additional 3% give back



Addressing FY11/12 Structural Deficit

General Fund Contributions to Local Nonprofits

Program Description	FY2010/11 General Fund	BOS Approved in Concept Dec . 2010	Non Profit Requests April 19	Updated FY2011/12 Staff Proposal
Court-Appointed Special Advocates (10% reduction from FY2010/11)	\$85,000	\$0	\$76,500	\$76,500
Children's Network (Alternative funding: Food Stamp outreach, Children's Trust Fund)	\$99,000	\$0	\$0	\$0
Senior Coalition (10% reduction from FY2010/11)	\$44,500	\$0	\$75,000	\$40,050
Faith In Action (Alternative funding: STA)	\$30,000	\$0	\$0	\$0
Health Access Committee	\$1,190,000	\$0	\$103,000	\$0
Children's Health Insurance	Included with Health Access	\$392,000	\$392,000	\$392,000
Reducing Rates Coalition	\$1,190,000	\$0	\$508,000	\$0
City Teams (Additional \$116,550 in unanticipated State funding)	Included with Reducing Rates	\$392,000	\$457,409	\$275,450
Total General Fund Contribution	\$2,638,500	\$784,000	\$1,611,909	\$784,000



Progress on Structural Deficit: FY2011/12

	AMOUNT
Revised FY2010/11 General Fund structural deficit as presented at Midyear	\$14.9 million
Projected FY2011/12 general revenue reductions from FY2010/11 Adopted Budget	\$6.4 million
Projected FY2011/12 increased labor costs (<i>retirement rates, medical rates & worker's compensation rates</i>)	\$3.0 million
Net savings from PARS Supplemental Retirement	(\$1.1 million)
Net of increases and decreases in FY2010/11 expenses and other revenues	(\$4.2 million)
PROJECTED FY2011/12 STRUCTURAL DEFICIT	\$19 million
Impacts of Governor's Budget Proposal: Does not assume passage of proposal, including extension of the VLF, program realignment and sales tax for public safety.	TO BE DETERMINED



Questions & Answers

