

# COUNTY OF ORANGE

## FY 2008-09 FOURTH QUARTER BUDGET REPORT



Making Orange County a safe, healthy and fulfilling place to live, work and play, today and for generations to come, by providing outstanding, cost-effective regional public services.



# Recession Impacts on OC Budget

- Sales Tax: Public Safety revenue reduced
- Property Tax: Assessed Value decline
- State Budget deficit:
  - Significant State Program reductions
  - Delayed State payments to the County
  - State will “borrow” over \$50 million of County Property Tax
- Federal Stimulus: Some funding for OC
- Retirement Benefit costs: Increases beginning in FY 2010-11



# Orange County Economy

- Reflects National recession
  - Unemployment 9.5%
  - Residential Values down 34%
  - Sales Tax revenue down over 10%
- Orange County impacts are less than most surrounding Counties



## O.C. loses 72,600 jobs in year

Analyst says more have quit looking for work and are seeking self-employment.

By MARY ANN MILBOURN  
THE ORANGE COUNTY REGISTER

Unemployment in Orange County fell to 8.3 percent in April from a revised 8.6 percent in March, the first time in a year the jobless rate has decreased, reported the state Employment Development Department Friday.

Orange County, however, is still losing jobs. The EDD said employers cut 1,000 local payroll positions from March to

April and 72,600 jobs have disappeared in the past year, a 4.8 percent annual decline.

Statewide, the unemployment rate also edged down to 11 percent in April from 11.2 percent in March. California, with its huge population, lost 63,700 jobs from March to April - the most in the country - and has seen 706,700 positions eliminated in the last year.

Chapman University economist Esmael Adibi called it a

good news-bad news employment report.

He said unemployment probably dipped because so many people who were looking for jobs have given up and are doing something else. He cited his university's own experience.

"In our MBA program, we're getting so many people coming in now," he said. "Those are considered 'discouraged workers.'"

The good news is that more people are pursuing self-employment, which doesn't get counted as payroll jobs.

"It's what always happens

in the middle of a recession," Adibi said. "People become contractors, consultants or come up with ideas for doing something different."

In either case, Adibi believes the slight decrease in the April unemployment rate may be a temporary blip.

"By the end of June, a whole bunch of college graduates will be added to the labor force as well as high school and even college kids looking for part-time jobs but won't be able to find them," he said.

The best he can say about

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# Budget Reductions

- Over 331 layoffs plus elimination of 367 vacant positions
- Furloughs, wage reductions, wage increase deferrals
- Contracts: multi year rate freeze, eliminations and reductions
- Budget allocations reduced 5%
- Nov. 2008: \$32M Reductions - Capital/IT Projects, shifted programs to non General Fund resources
- Use of Reserves 2008/09
  - Departmental: \$63M
  - OCERS Account: \$36M



# Budget Reductions

- Orange County in better position than most counties
  - Focus on Long-term Financial Planning
  - Early Budget Reduction
  - Prudent Use of Reserves
  - Low Debt Ratio
  - Increase in Alternative Liquidity
  - Excellent Credit Rating



# Fiscal Year End Results

## Total County Budget

Revenues – 24.9% below budget

Expenses – 31.5% below budget

## General Fund

Revenues – 17.6% below budget

Expenses – 15.2% below budget



## Net County Cost

5.4% below budget



FISCAL YEAR  
2008-2009  
4th QUARTER

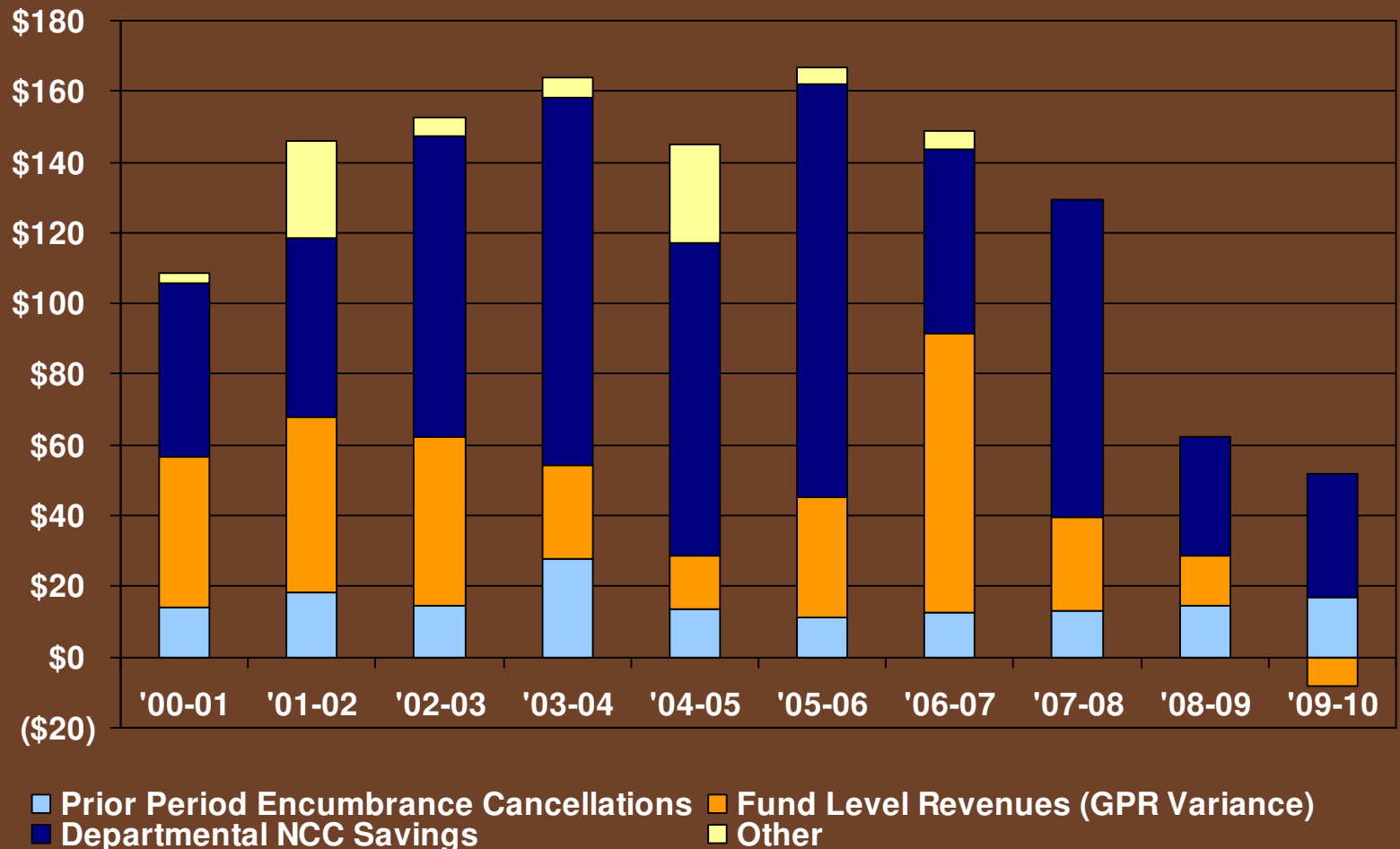
# Fund Balance Available Comparison

(in millions)	07-08 Actual	08-09 Actual	09-10 Actual
Revenues	\$ 26.4	\$ 14.1	(\$ 8.4)
Departments	90.0	44.2	34.7
Encumbrance Cancellations	13.2	14.5	17.1
<b>Total FBA</b>	<b>\$129.6</b>	<b>\$ 62.4</b>	<b>\$ 43.4</b>



FISCAL YEAR  
2008-2009  
4th QUARTER

# Fund Balance Available (FBA)





# Department Net County Cost Savings



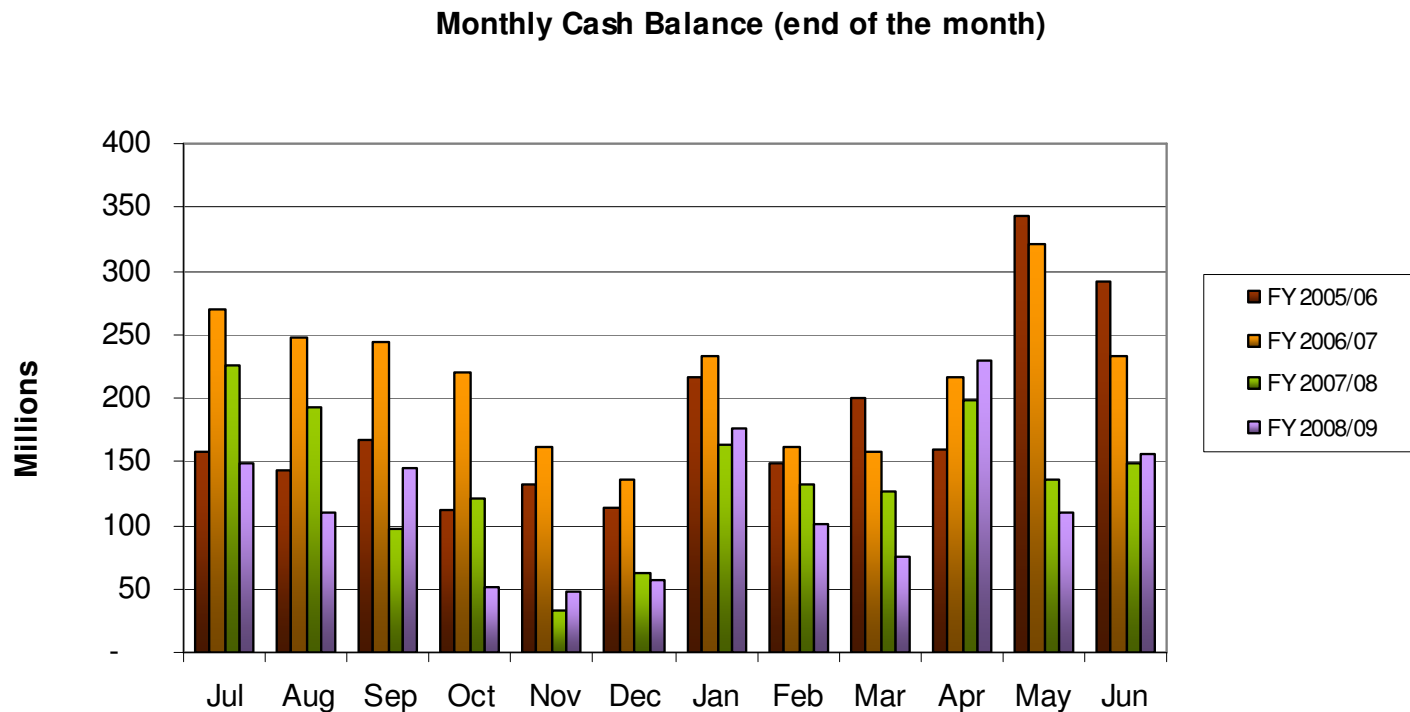
- \$ (6.1M) Probation
- (2.1M) Social Services Agency
- (1.8M) Trial Court Funding
- 1.8M Treasurer Tax Collector
- 5.0M Utilities
- 6.3M OC Public Works
- 18.4M Capital Projects
- 5.2M Miscellaneous Fund
- 8.1M Other General Funds (44 funds)



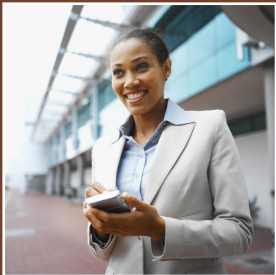
FISCAL YEAR  
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# County Cash Flow Status

FYE June 30, 2009 - \$155M GF Cash Balance



FISCAL YEAR  
2008-2009  
4th QUARTER



# Position Actions

FY 08-09 Board Adopted Positions	18,671
1 <sup>st</sup> thru 3 <sup>rd</sup> Quarter Actions	(327)
Current Authorized Positions	18,344
<i>Fourth Quarter Requested Actions:</i>	None
Authorized Positions	18,344
1 <sup>st</sup> Quarter 09-10 Early Requested Action: Deletion of 10 Positions HCA	
Additional vacant positions will be deleted in 1 <sup>st</sup> Quarter of FY 2009-10	



# Recommended Actions

- 1) Create New Appropriations Within Agencies & Approve Operating Transfer (4/5 Vote Required)**
- 2) Transfer Appropriations Between Budget Units within the General Fund (4/5 Vote Required)**



# Recommended Actions (cont'd)

- 3) Transfer Appropriations Within Agencies and Approve Operating Transfers (Majority Vote Required)**
- 4) Direct Human Resources to amend the master position control, subject to final classification review, as detailed in the *Position Change Summary*.**



# Next Steps

- 1<sup>st</sup> Quarter Budget Report (November)
- Strategic Financial Plan (December)

