

COUNTY OF ORANGE

FY 2010-11 Public Budget Hearings



Our Community/Our Commitment

Introductory Comments

Presented by:

Thomas G. Mauk
County Executive Officer



Hearing Format

- Executive Summaries
- Individual Program Introduction
- Board & Public Comments
- Individual Program Presentations
 - Departmental Base Budgets & Augmentations
 - Straw Votes
- Executive Recap & Closing Remarks

Overview Remarks

Presented by:

Robert J. Franz
Chief Financial Officer

Finance and Budget



FY 2010-11 OC Economic Outlook

- County remains well-positioned to manage the continued impacts of economic slowdown and State budgetary actions
 - County has maintained financial stability during unstable market periods
- The FY 2010/11 County budget has been the most difficult budget to balance during the recession
 - The next year (FY 2011/12) could be as difficult or more difficult depending on the “shape” of the economic recovery

Economic Recovery – What Shape?



Bill LaFayette
Vice President
of Economic
Analysis,
Columbus
Chamber of
Commerce;
former
Professor
of Economics
at Ashland
University



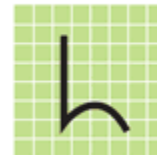
Laurence J. Kotlikoff
Professor of
Economics,
Boston
University



Ernie Goss
Professor of
Economics
and
MacAllister
Chair,
Creighton
University



David A. Levy
Managing
Partner and
Chairman,
The
Jerome Levy
Forecasting
Center



William Dickens
Distinguished
Professor of
Economics and
Social Policy,
Northeastern
University



James Morley
Associate
Professor of
Economics,
Washington
University



Mark Fratrik
Adjunct
Professor of
Economics,
Johns Hopkins
University

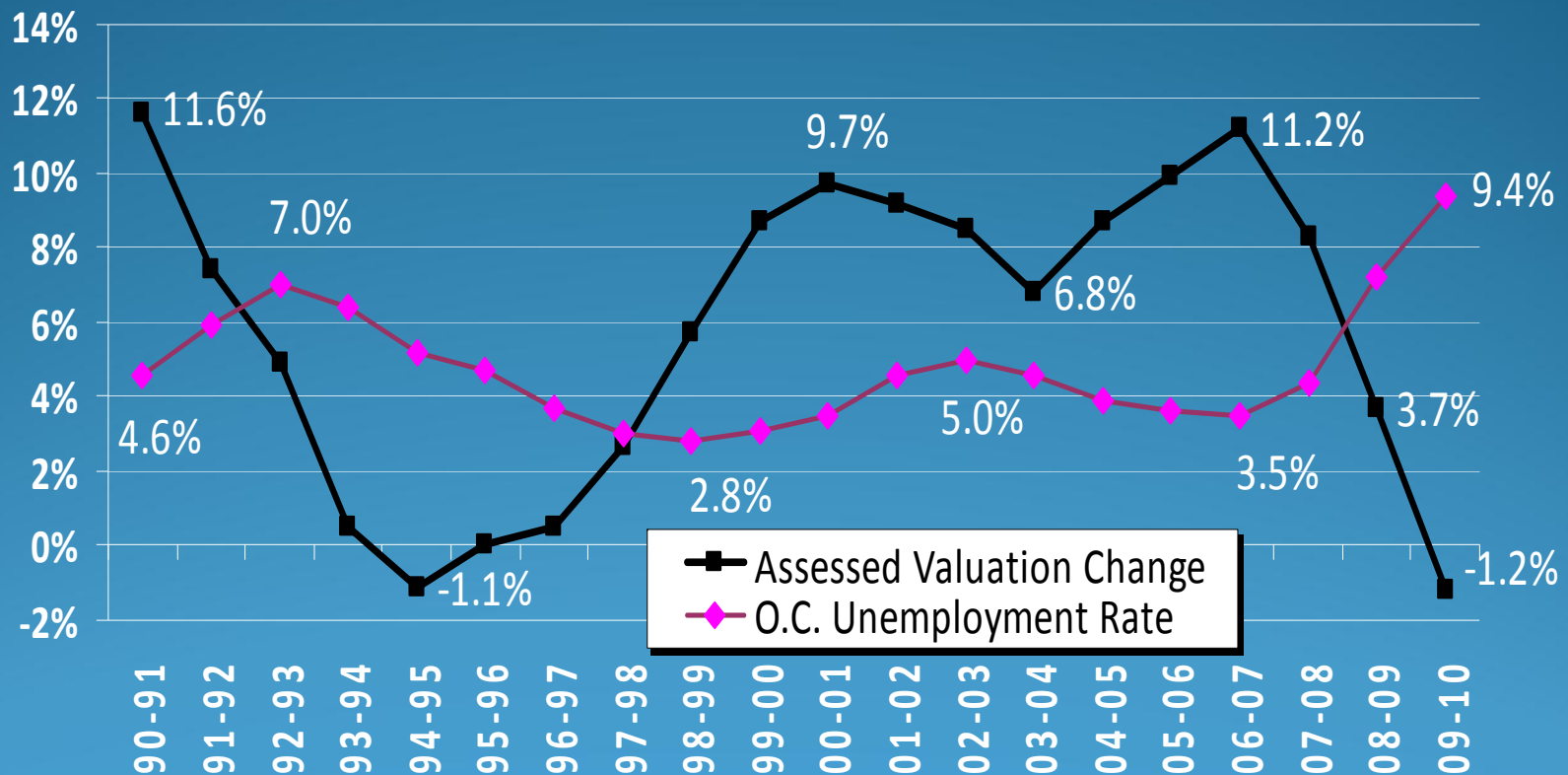


James Lothan
Distinguished
Professor
of Finance,
Fordham
University

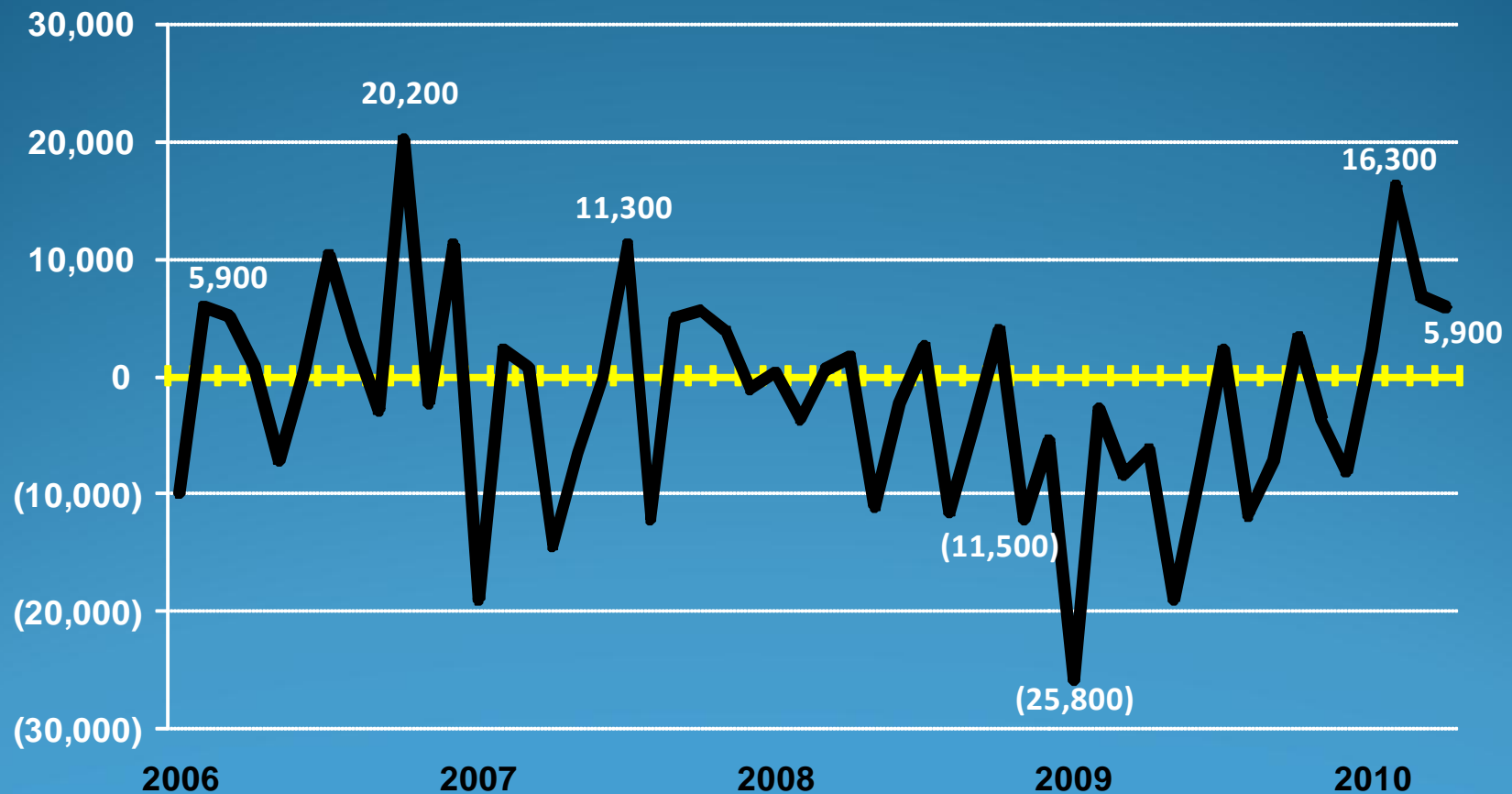


Source: CFO Magazine, March 2010

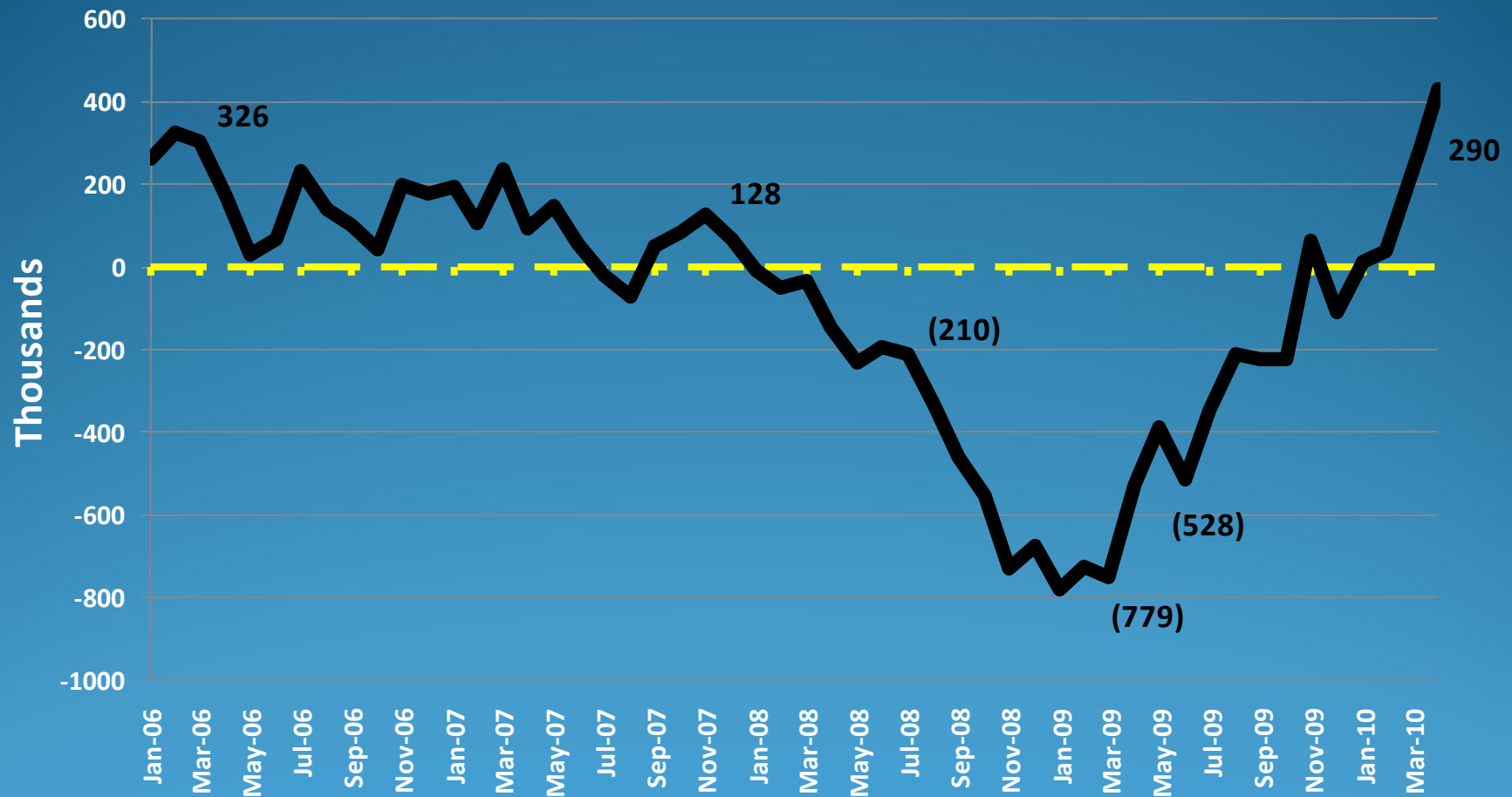
Assessed Value Change vs. Unemployment Rate



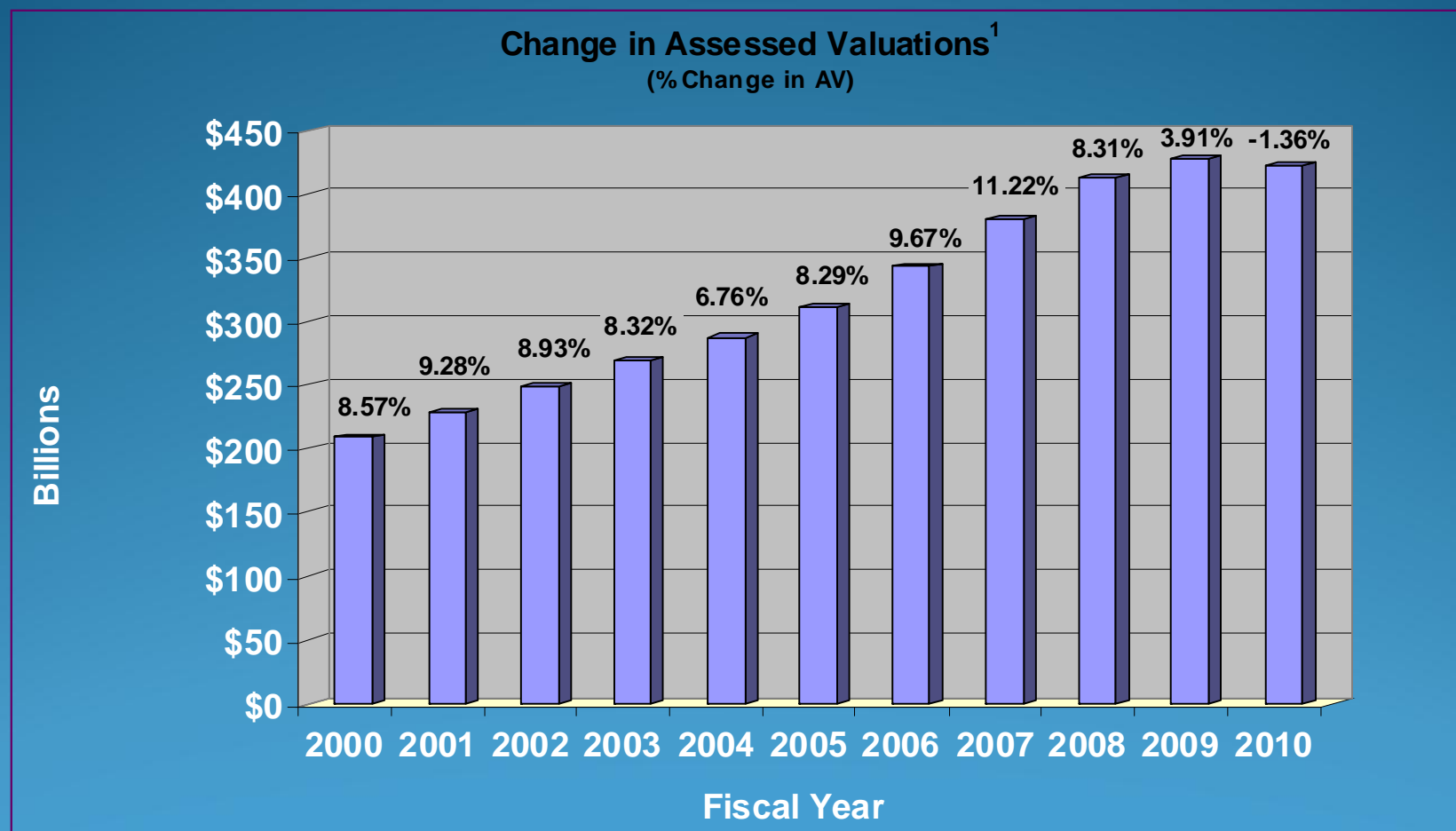
Orange County Job Loss/Growth



Monthly U.S. Job Loss/Growth



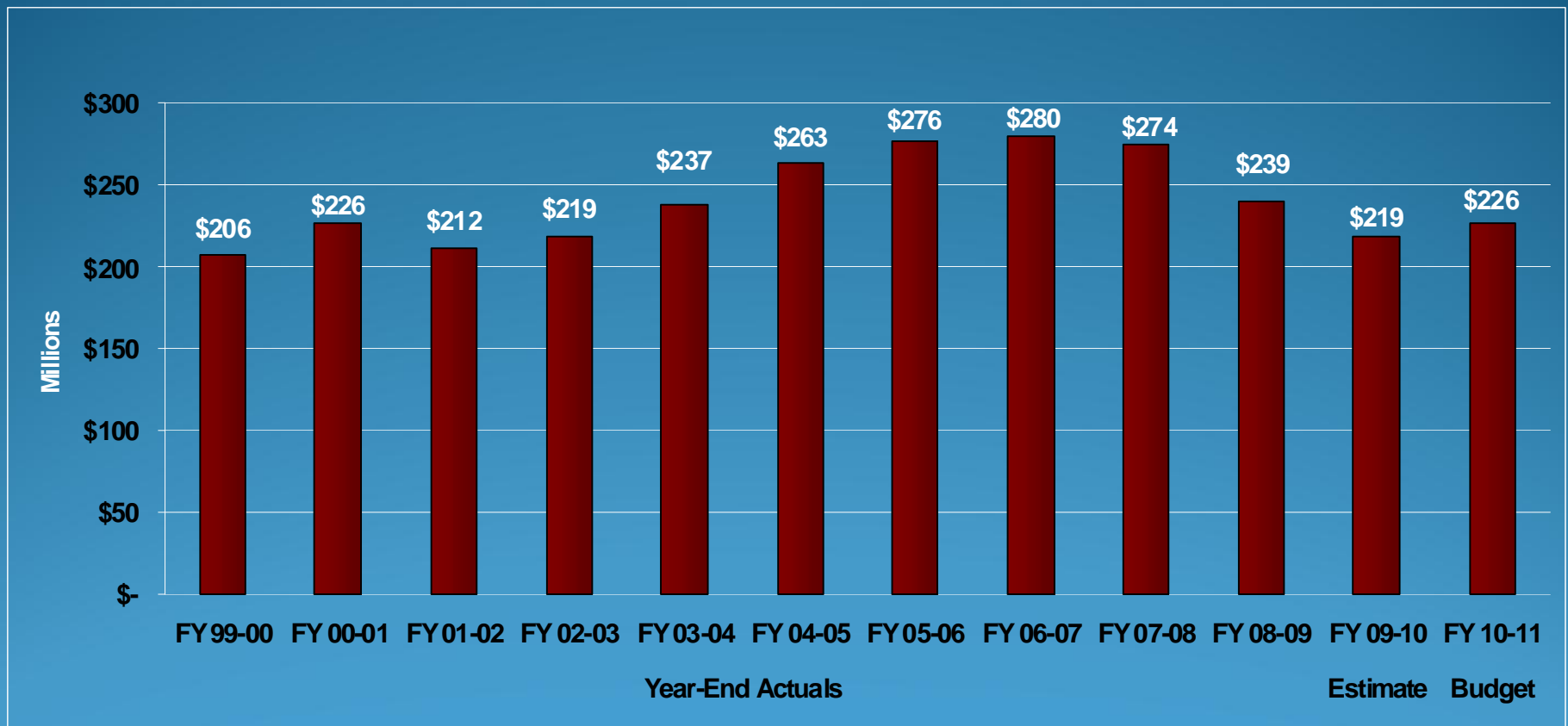
Assessed Valuations



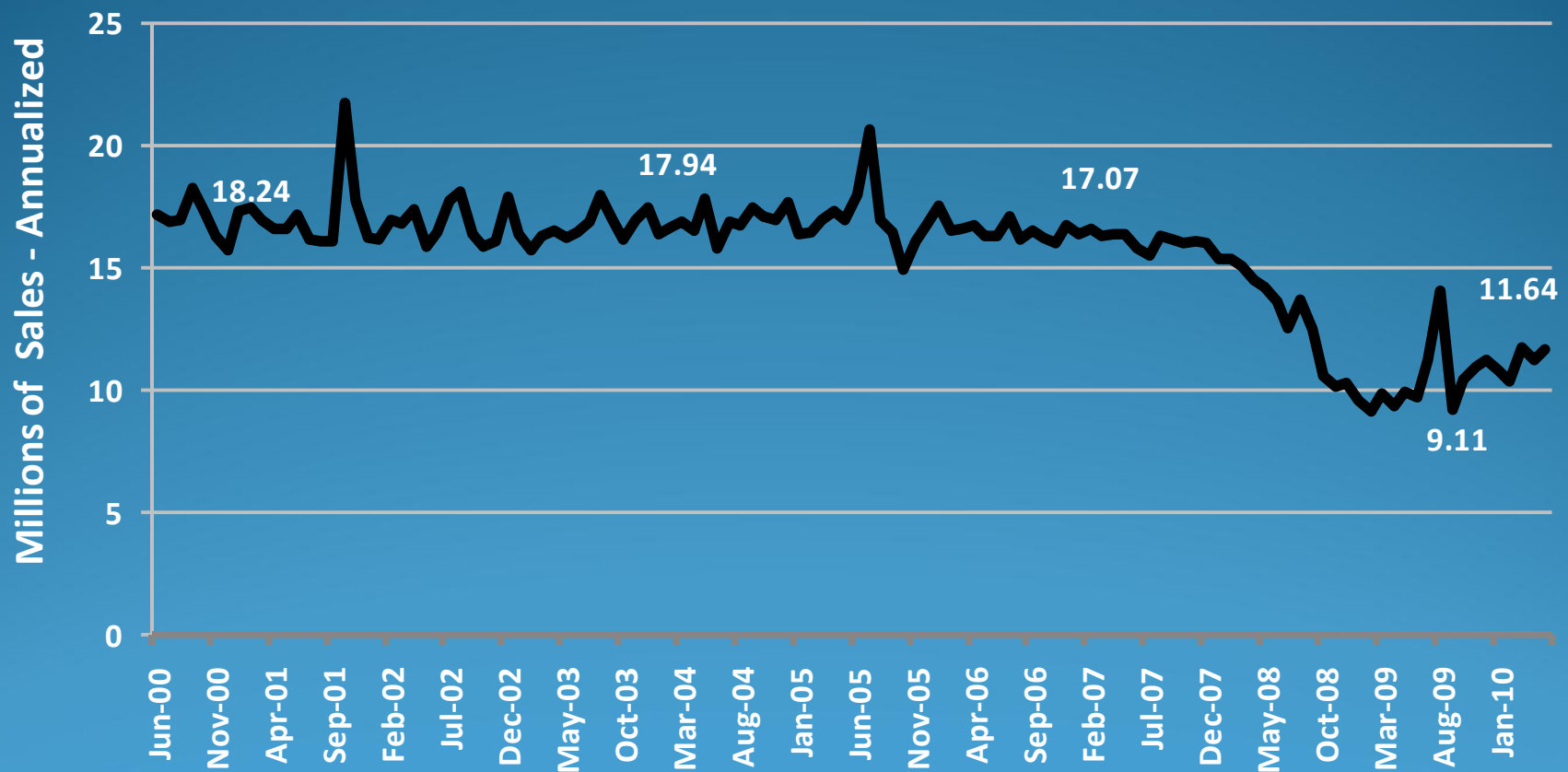
¹ Includes Unsecured values.

Source: Orange County Office of Auditor-Controller, Assessed Valuation Report

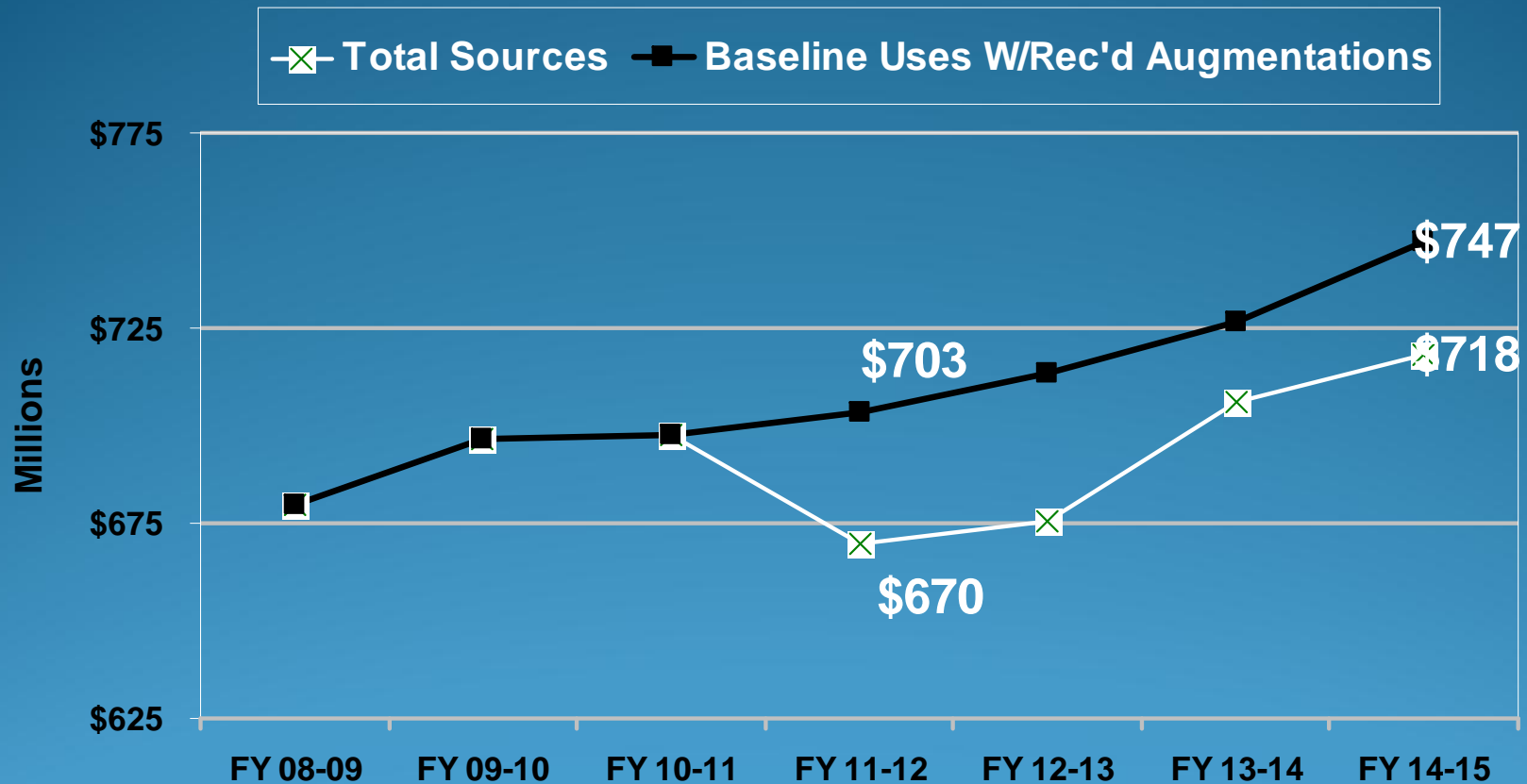
Public Safety Sales Tax History



U.S. Vehicle Sales 2000-2010

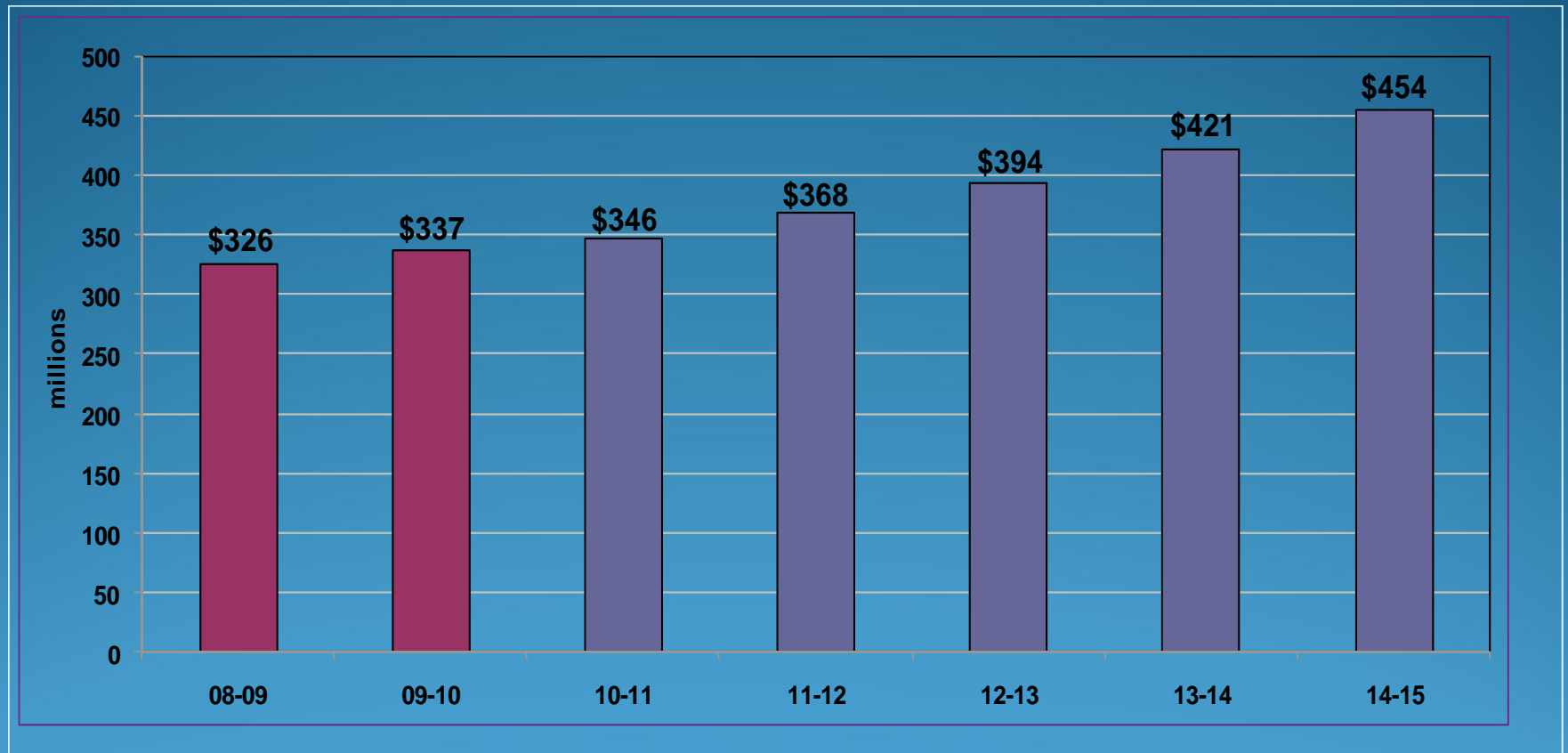


Future Funding Gaps – Net County Cost



Fiscal Years 08-09 through 10-11 balanced with the use of one-time sources

Retirement Cost Projections



2010 forecast based on Segal's projections dated 1/15/10

Rate of Return of -20.76% in 2008 and estimated returns of 17.32% for 2009 and 7.75% thereafter.

Budget Overview & Highlights

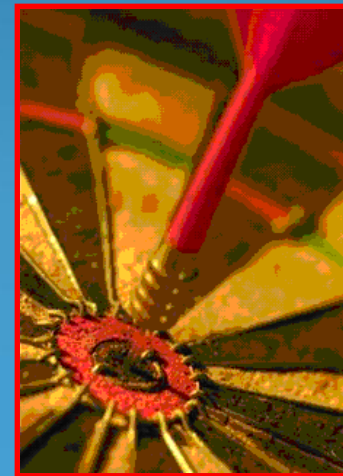
Presented by:

Frank Kim
CEO/Budget Office



FY 2010-11 Revenue Assumptions

- General Purpose Revenue decrease of 0.1%
- Property tax revenue decrease of 1.3%
- Motor Vehicle License Fee increase of 2.0%
- Prop. 172 (sales tax) revenue increase of 3.3%
- State budget impacts are unknown



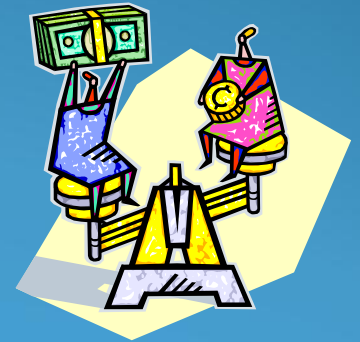
FY 2010-11 Expense Assumptions

- Continuation of Net County Cost reductions in FY 2008-09, FY 2009-10 & FY 2010-11 (15% overall to most departments)
- State budget impacts are unknown
- Maintains Contingency Reserve of \$61.3 million



FY 2010-11 Financial Management Challenges & Risks

- The shape of the economic recovery is uncertain
- Federal Bed Contract for Sheriff / HCA (\$13.5M)
- Extension of ARRA Funding for SSA (\$9M)
- Use of one-time funding (\$46M)
- Growth assumed for sales tax and VLF
- State budget impacts are unknown

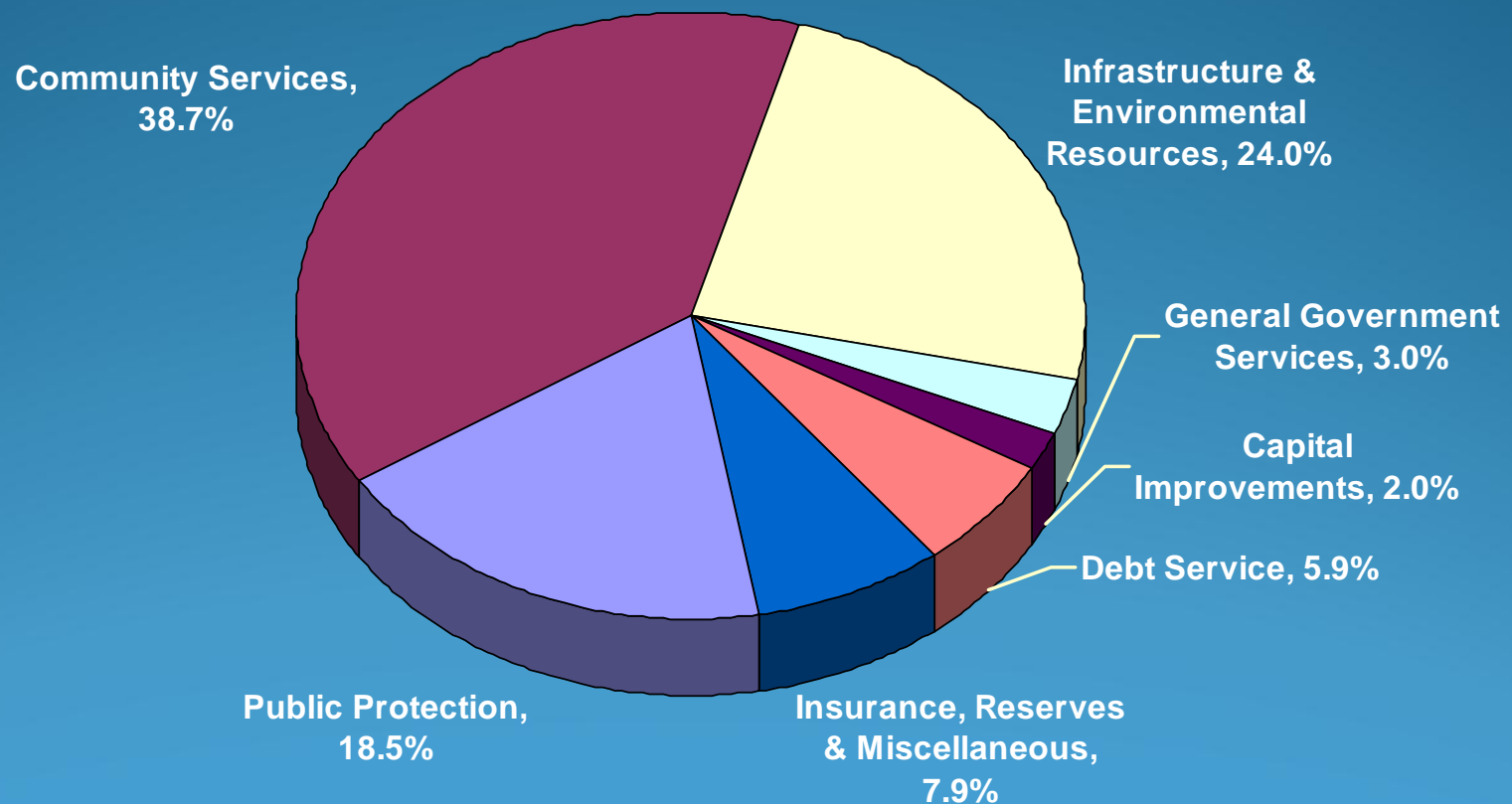


Managing Budget Risk

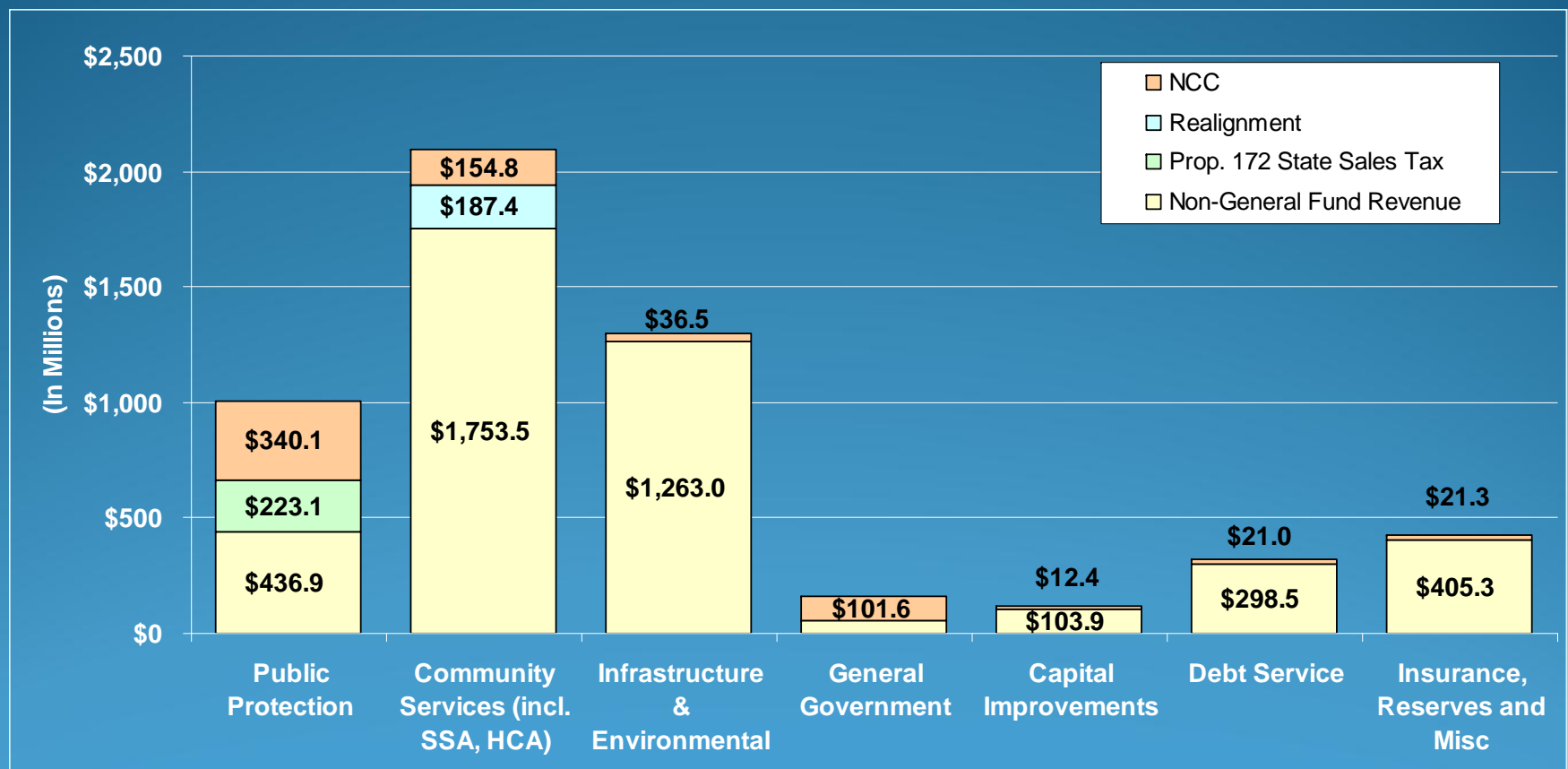
- General Fund FBA in excess of budget is transferred to Reserves
- Revenue shortfalls balanced with budget reductions
- Unanticipated revenue and revenue received in excess of budget to be used to replenish General Fund Reserves
- Deletion of vacant positions in 1st Quarter Budget Report
- No backfill of State budget reductions

Total County Appropriations by Program

FY 2010-11 Total = \$5.4 Billion

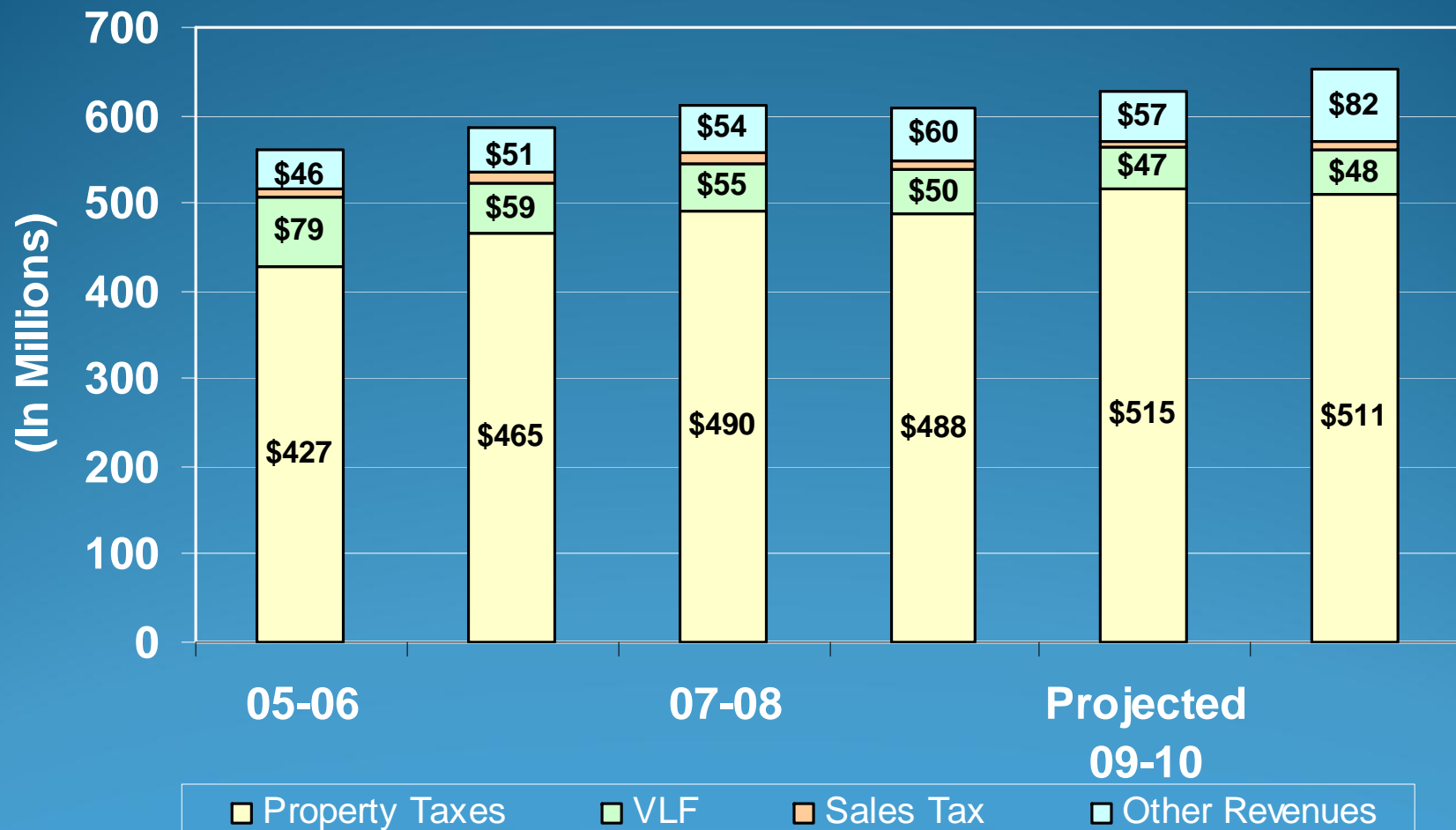


FY 2010-11 Revenue by Program

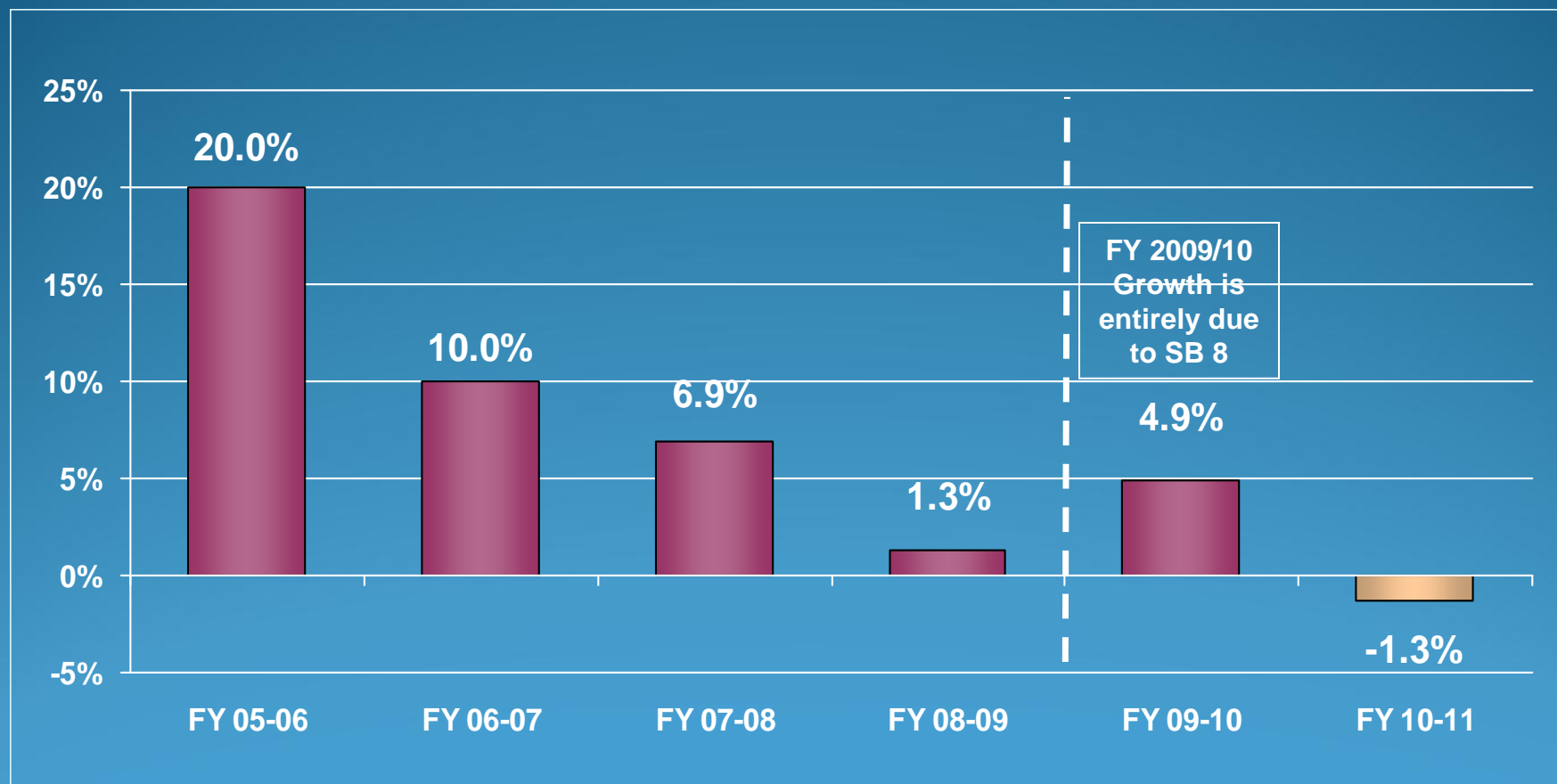


Note: Does not include NCC allocation for recommended augmentations

General Purpose Revenues

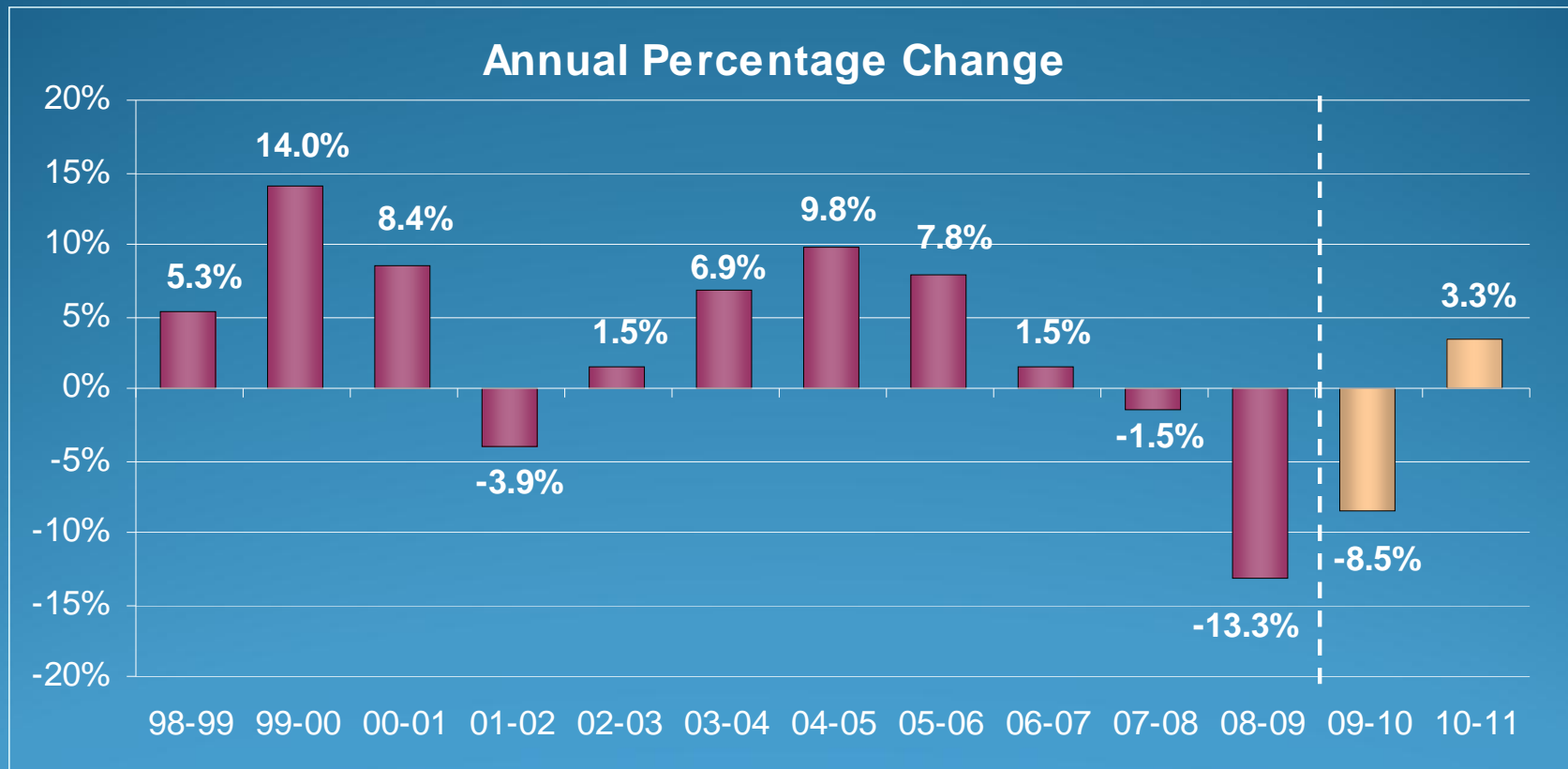


Total Property Tax Revenue Annual Growth

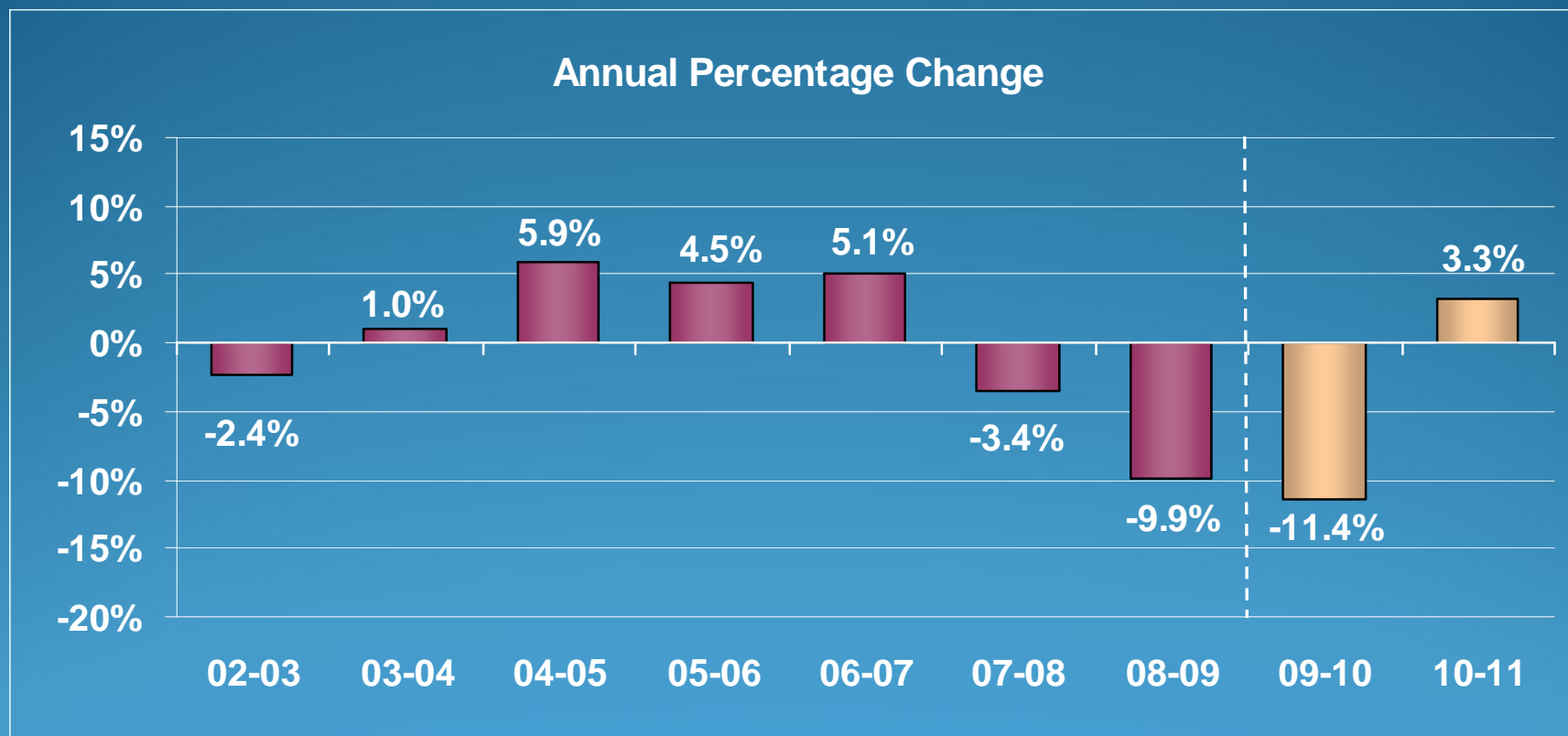


Note: Annual growth rate excludes revenue from property tax penalties and interest

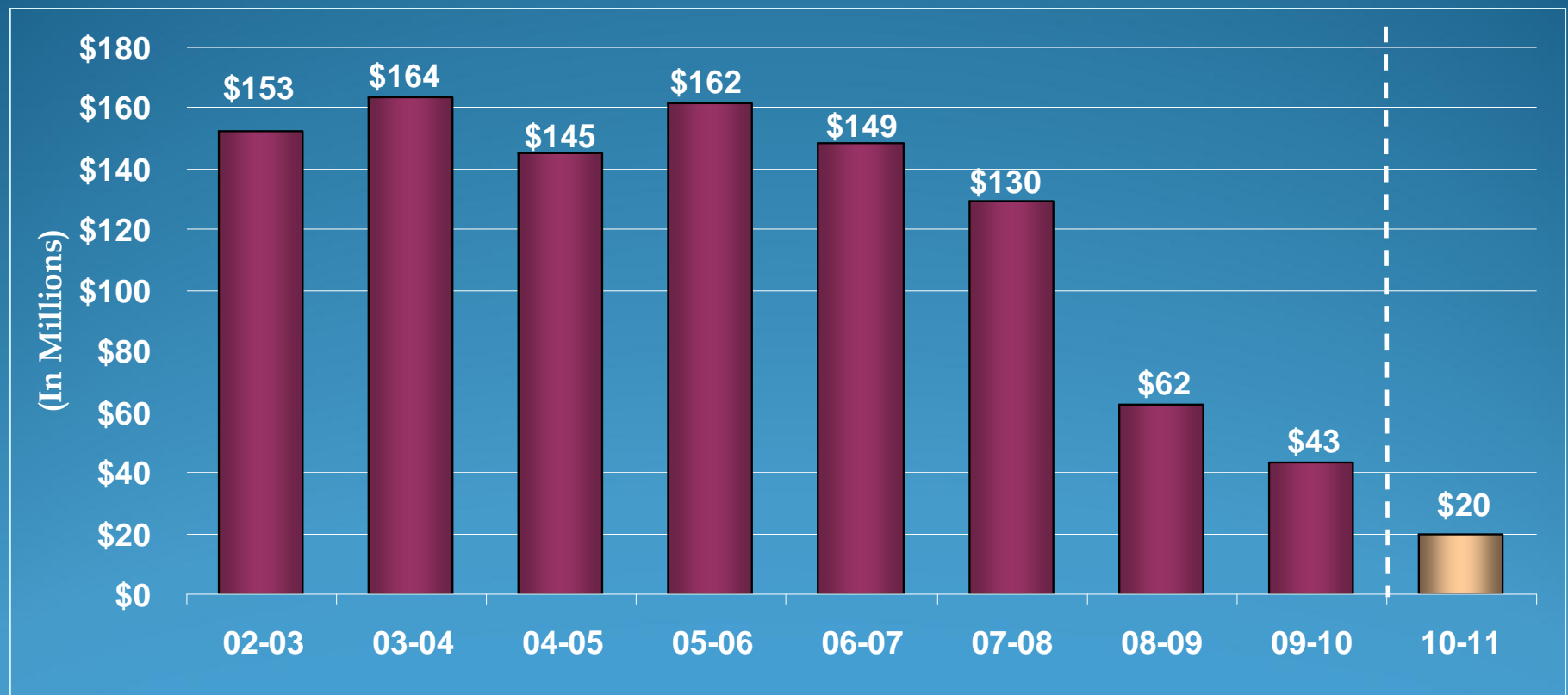
Proposition 172 Revenue



Realignment Revenue

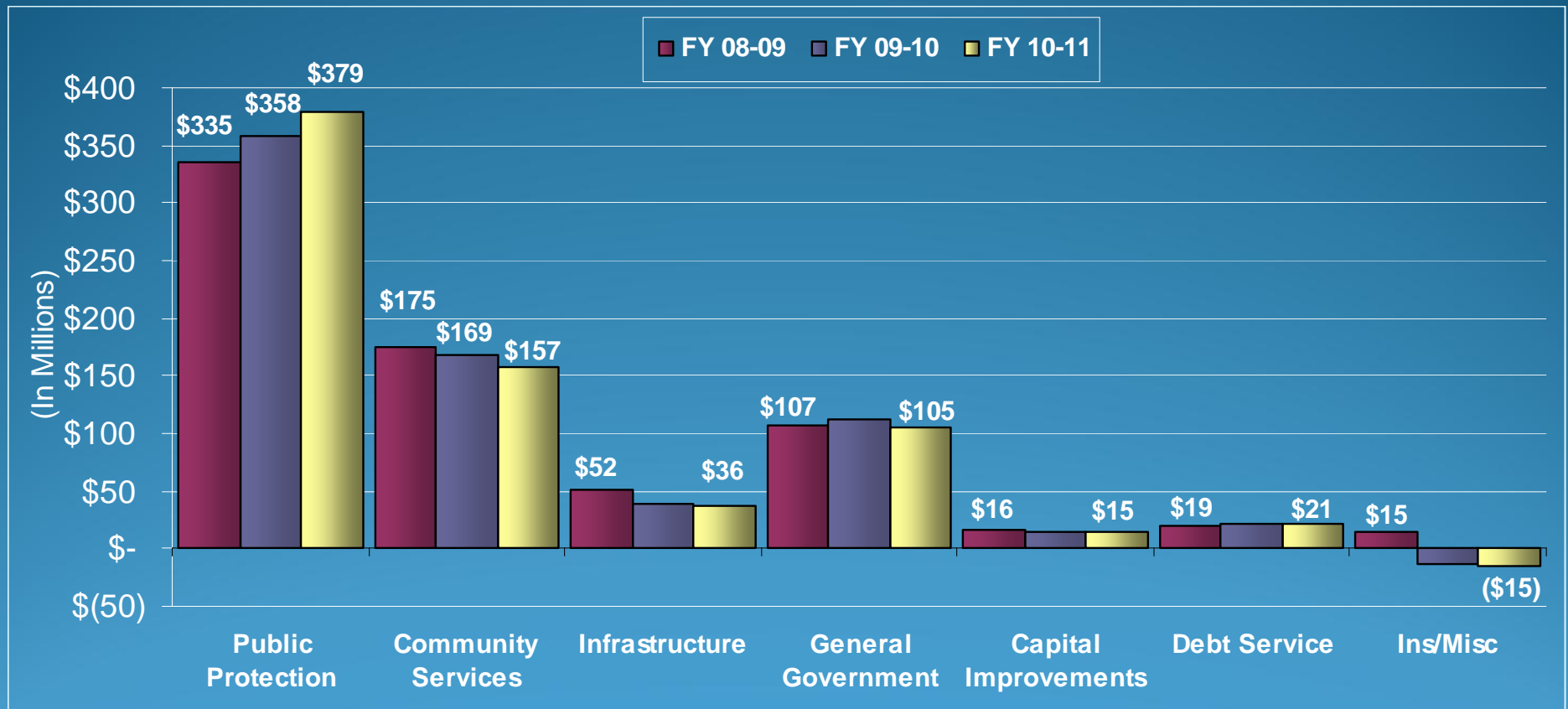


General Fund FBA



NCC Allocation by Program

(includes recommended augmentations)



Total NCC for FY 10/11 = \$698 million (base budget + recommended augmentations)

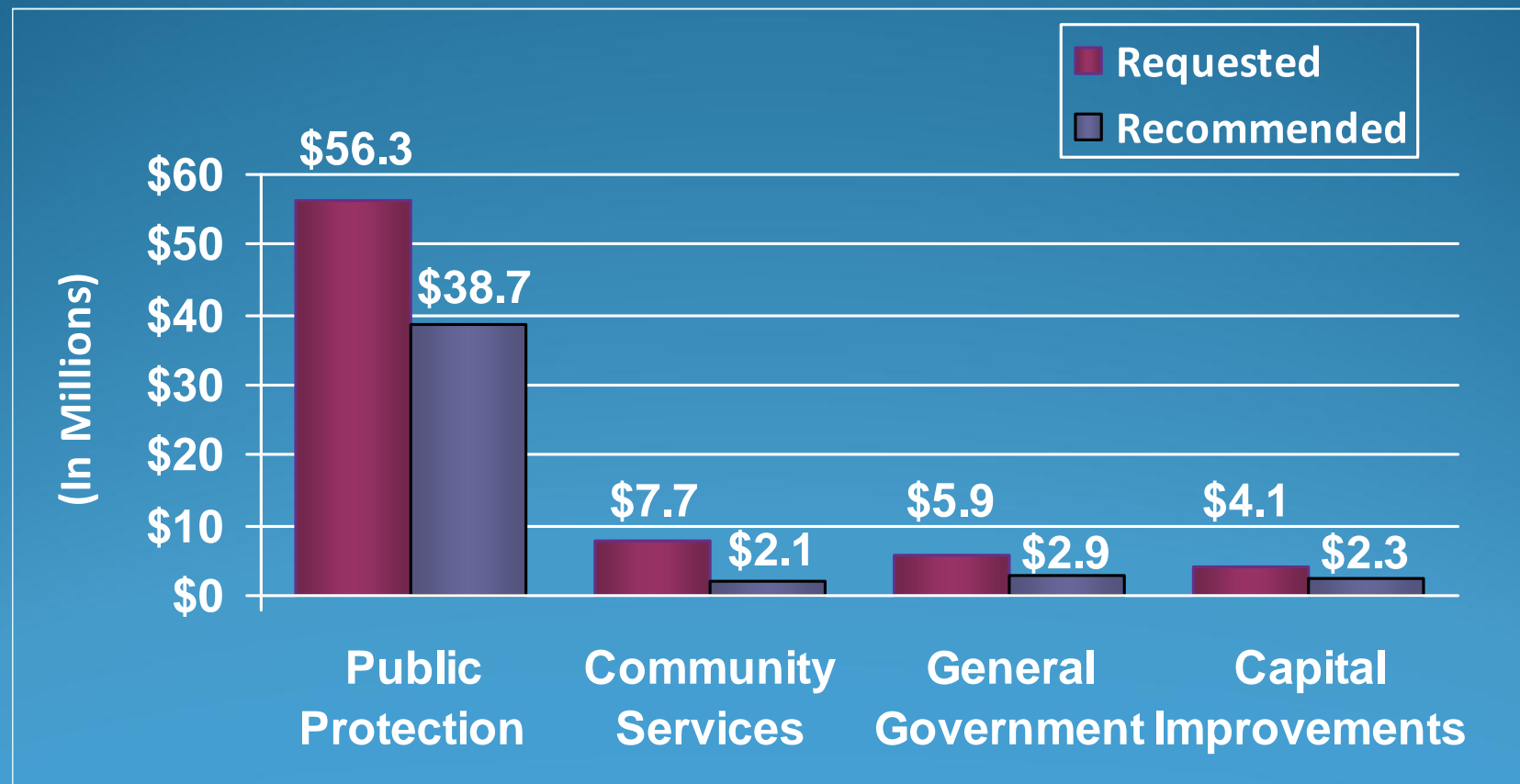
Augmentations

- Three Categories
 - Rolled into Base Budget
 - Restore Level of Service
 - Expand Level of Service
- By Program and Department
- Multi-Year Format
- Outcome Indicators

Budget Augmentation Requests

Total Augmentations requesting Net County Cost = \$74 million

Recommended = \$46 million



Budget Augmentation Funding

➤ Recommendation Augmentations = \$45.9 million

➤ Funding Sources (one-time):

➤ General Fund Reserve \$26.7 million

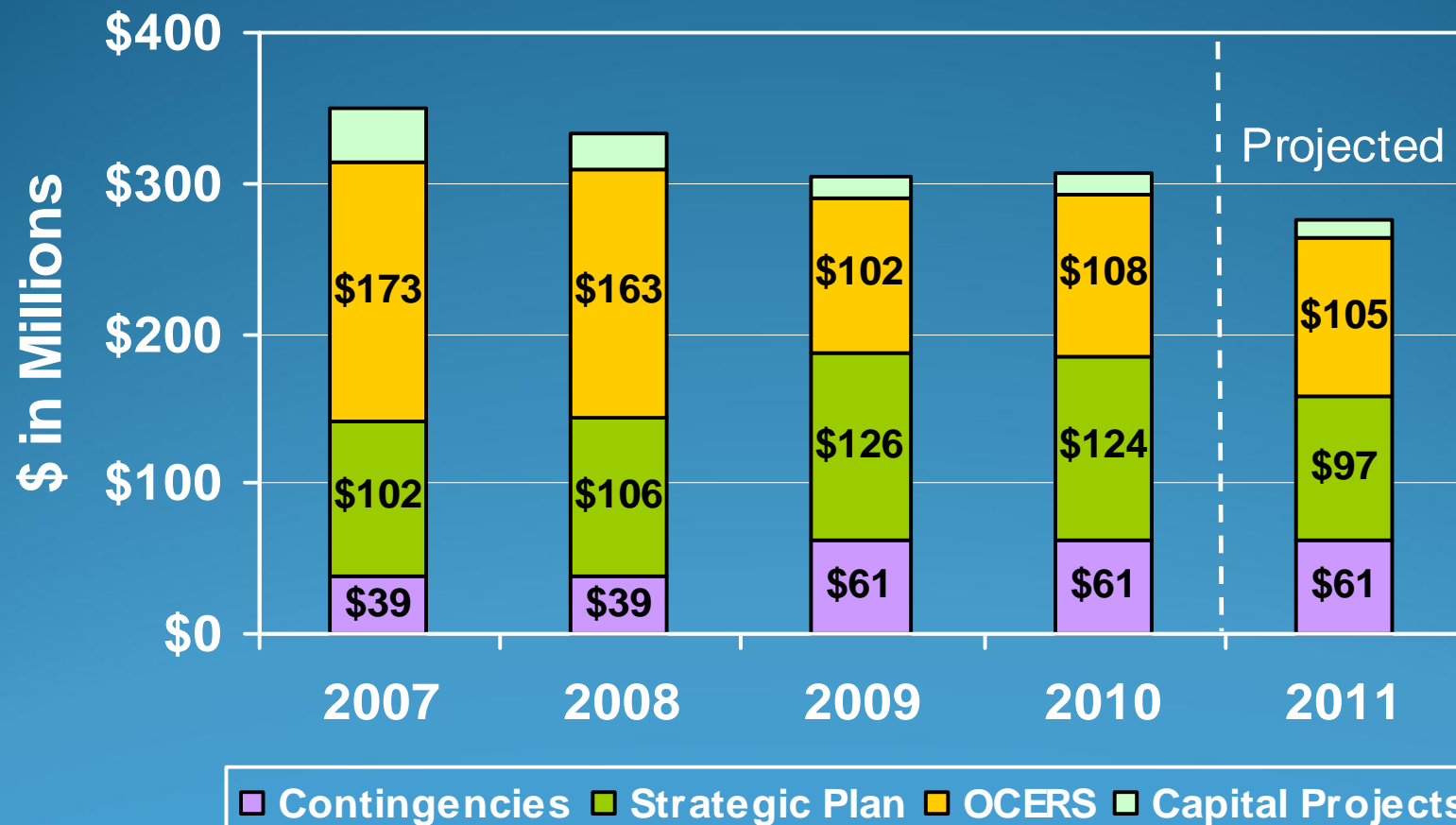
➤ Revenue Neutrality Fund 145 \$10.0 million

➤ Designated Reserve Fund 15S \$1.2 million

➤ Teeter Penalties & Interest \$8.0 million

Total Sources: \$45.9 million

Reserves Available to the General Fund



Budget Adjustment - SB 211 Ordinance (pending Board approval)

- Base budget includes adjustments for SB 211
 - Utilize NDAPP Redevelopment funds to support public services to the project area
 - Provides funding to:

➤ OC Planning	\$2.5 million
➤ District Attorney	\$1.6 million
➤ Sheriff-Coroner	\$3.3 million
➤ Probation	<u>\$0.4 million</u>
- Total \$7.8 million