

Mendocino County Executive Office

**3rd QUARTER
BUDGET UPDATE FY 2008-09**

The 3rd quarter budget projections were based on all County Departments estimates of projections for their budgets through FY 2008-09. Projections could change based on any additional impacts pending the special election for May 18th or the Governor's May Revise. Projections include voluntary or mandatory time off days through the end of the year. A worksheet for 3rd quarter projections is attached.

These projections are included on the recommended supplemental worksheet and the total is added to the discretionary revenue available for the FY 2009-10 Recommended Budget to departments.

THIRD QUARTER REPORT SUMMARY

PROJECTED 3RD QUARTER VARIANCE BY FUNCTION FY 2008-09

<u>Non-Departmental Revenue</u>	<u>\$ 702,577</u>	<u>(under realized)</u>
Criminal Justice Departments	\$ 496,400	(over budget)
Internal Support Departments	\$(236,294)	(under budget)
HHSA Departments	\$(351,397)	(under budget)
Resource Agencies Departments	\$(75,273)	(under budget)
<u>General Government Departments</u>	<u>\$ 113,186</u>	<u>(over budget)</u>
Total Variance Over / (Short)	<u>\$ 649,199</u>	<u>(over budget)</u>

Internal Services Fund Budgets 0713-0716

BU 0714 – Workers Compensation – This budget is projected to be over budget by approximately \$30,000. This was due to an unanticipated 2007/08 Workers' Compensation premium adjustment based on an audit performed by CSAC EIA utilizing actual 2007/08 payroll information as compared to an estimated payroll that had been utilized in determination of our initial premium allocation. The County was in the midst of employee negotiations when the estimated payroll had to be submitted and had provided its best estimate on what the payroll figures might be dependent upon

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the outcome of those negotiations. Our estimates were low, resulting in an additional premium payment. This amount has been carried forward in the estimated projections for the 2009-10 budgeted fund balance as submitted in the budget. Projected actuals are anticipated to be under budget.

BU 0715 – Health Insurance - Projected actuals are anticipated to be under budget and have been carried forward in the projections for the 2009-10 budgeted fund balance as submitted in the budget. **Under budget by: \$1,860.00 and will assist in reducing the cash deficit and build reserves.**

BU 0716 – Retiree Health Insurance - Projected actuals are anticipated to be under budget and have been carried forward in the projections for the 2009-10 fund balance as submitted in the budget. Projected actuals are anticipated to be under budget. **Under budget by: \$116,800 and will assist in the cash balance reserve.**

Other debt obligations as follows are:

- BU 8010 Certificate of Participation (COPs) is within the funding requirements and on target to meet the amortization schedules set up.
- BU 8012 Pension Obligation Bonds Debt Service – This budget has an estimated \$500,000 included in the fund balance in anticipation of lower employee contributions for this year. This is primarily due to paying off the POB debt service obligation on a unfunded liability which was set up in 2005 with a 5 year amortization. This obligation is now paid off as of June 30, 2009.
- The Retirement Association in collaboration with the Executive Office will be presenting options for Board review at a later date on the current Funding Agreement and Board policy including smoothing strategies for the county retirement contributions in establishing actuarial assumptions and a retirement contribution rate for next fiscal year 2009-10. This is due to the forecasted actuarial assumptions in increased county obligations for funding due to the downturn in the economy and the “bull” market on retirement investment returns as reported on the April 28th joint meeting with the Retirement Association.