



# REVIEW OF MID YEAR BUDGET MONITORING REPORT PROCESS ISSUES

- Importance of up-to-date budget data and sound projections
- FY2008 Budget allocations were developed last February/March 2007
- Budget is an expenditure plan, various events impact actual expenditures and revenues
- For FY2007 a \$40 million unexpected upswing was reported at end of the year
- Positive result but accuracy is goal



## PROCESS ISSUES (con't.)

- Current year projections more accurate with more actual data
- Council Policy 000-20 calls for comprehensive current year review and projections for next year:
  - “no later than third week in January” ...
  - “based on the availability of six months of current year data”
- Mid-Year Report based on 4.5 months of actuals, not six
- Look at refining policy and process for the Mid-Year to be based on six months actuals considering time needed for analysis



## OTHER GENERAL CONCERNS

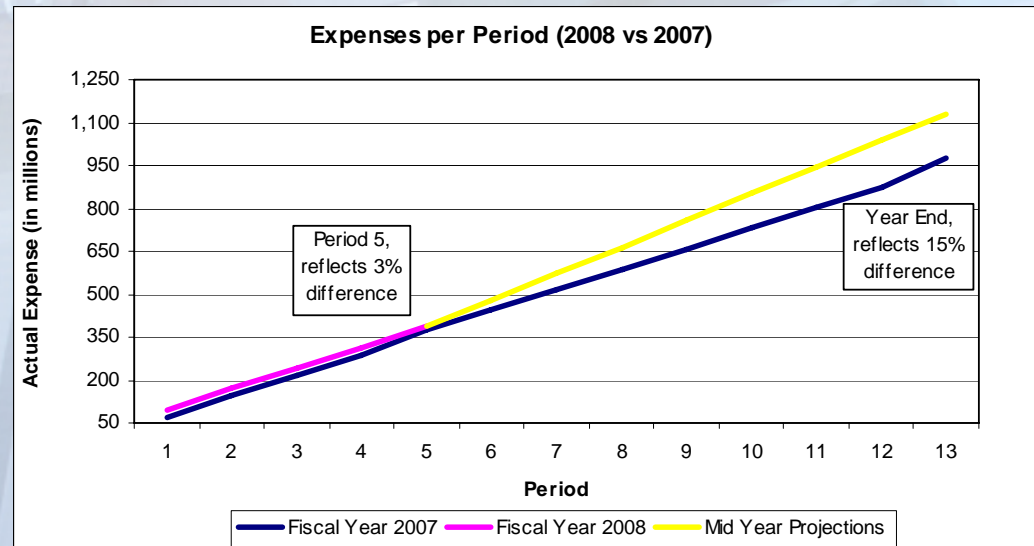
- Mid-Year requests \$8.7 million from reserves to balance
- Savings, excess revenue and repayments in other areas not fully considered as offset to deficits
- Would support adjusting departments' budgets impacted by fires and landslides, but could not identify and isolate these numbers
- Have requested additional technical information on number of issues





# REVIEW OF MID-YEAR

- To date, spending similar to last year
- Year-end projections reflect large increase in spending





## REVIEW OF MID-YEAR

### Salaries and Wages:

- \$3.8 million savings projected for GF
- Previously approved increase for police officers now included in projections
- Even with wildfire, Police projecting \$2.4 M surplus
- General Services projecting \$1.3 M surplus
- Fire Dept projects deficit of \$1.6 M
- Surplus could be reallocated among depts



## REVIEW OF MID-YEAR

### Fringe Benefits:

- Deficit of \$7.4 million projected for GF
- Additional analysis needed
- Structural under-budgeting
- Rate adjustments to be implemented
- Adjustments to budget should be postponed until corrections to rates are made, after analysis is complete





## REVIEW OF MID-YEAR

### Supplies & Services:

- Deficit of \$8.8 million projected for GF
- Env Svcs projects deficit of \$7.6 M
- CPCI projects deficit of \$1.6 million, including funds for community plan updates
- Fire Dept projects deficit of \$700K
- Storm Water Division projections seem optimistic; funds could be reallocated to other uses



## REVIEW OF MID-YEAR

### Disaster Estimates:

- Projected total of \$50.5 million
- \$7.6 million expended to-date
- Cannot discern total cost impact for FY 2008
- Additional information requested to isolate these costs from other adjustments
- IBA supportive of adjustments, but not clear on amounts needed





## REVIEW OF MID-YEAR

### Revenue Estimates:

- Sales tax projection reduced by \$6.9 M
- Property transfer tax info unclear
- Franchise fees under budget by \$900K
- Booking fees still included in estimates
- Additional information requested
- State funding of \$5.8 million to be received by Env Svcs for fire debris removal



## REVIEW OF MID-YEAR

### Non General Funds:

- Additional clarity needed
- Many funds expect to utilize fund balance to balance budgets
- Not clear if positive fund balances are available
- Request additional information on Water/Sewer CIP projects



## REVIEW OF MID-YEAR

### Requests for Adjustments:

- IBA recommends adjustments be postponed
- Some adjustments already approved or will come to Council later
- Salary category in surplus for General Fund
- Fringe benefits will have rates changed
- Wildfire and landslide costs need to be more clearly itemized





## RECOMMENDATIONS

- Recommend no action at this time on requested adjustments
- Recommend an updated Mid-Year review based on seven periods be provided to Council end of February/early March
- Necessary actions to be taken at that time
- Recommend refining process for future Mid-Year reports to reflect six months of actuals