

Executive Office
County of Riverside



Larry Parrish
County Executive Officer

February 04, 2003

Honorable Board of Supervisors
County of Riverside
Robert T. Andersen Administrative Center
4080 Lemon Street, 14th Floor
Riverside, CA 92501-3651

**REQUIRES
4/5 VOTE**

SUBJECT: *FY02/03 Mid-Year Budget Report*

Board Members:

This mid-year budget report updates our financial condition and recommends adjustments required at this time.

A summary of the effects of recent and recommended activity on contingency follows:

<u>\$ millions</u>	
20.7	Second quarter beginning balance (page 23)
(0.9)	Second quarter activity (page 23)
5.5	Additional revenue (pages 1-2)
<u>(10.9)</u>	Appropriation recommended, including new reserve (see page 23)
14.5	New balance

Details on potential added costs for the current year are included in departmental narratives. Items with the largest impact are referenced with page numbers.

<u>\$ millions</u>	
8.0	Hospital budget shortfall (pages 8-9)
4.6	Added retirement safety costs (pages 10-12)
2.0	DPSS budget cuts, Child Welfare Services (pages 13-14)
<u>1.8</u>	Other
16.4	Total

In addition to their reports in this document, the Department of Public Social Services and Riverside County Regional Medical Center each plans to present the Board with a comprehensive budget and operations status report within 30 days.

The state faces a reported deficit of \$35 billion. The situation in Sacramento changes daily as the Legislature wrestles with cuts proposed by the Governor. An analysis of the potential impacts of state actions on county operations is included in this report as attachment F.

Setting aside potential state cuts for the moment, we expect sufficient revenue to continue county services at current levels in FY03/04. We do not, however, expect any surplus funds, thus there may be little or no money to add or expand programs.

Mindful of budget issues, I have notified department managers to contain costs for staffing, equipment and travel (see Attachment D). In formulating next year's budget proposal, we have capped rates charged by support departments for overhead costs normally applied to operating programs (see separate Forms 11 on this same agenda). We will revise budget control recommendations as required.

Other attachments:

ATTACHMENT A	Recommendations and associated budget adjustments
ATTACHMENT B	Resolution No. 440-8476
ATTACHMENT C	Resolution No. 440-8478
ATTACHMENT D	Letter to department heads re: cost containment
ATTACHMENT E	Economic update report from John Husing
ATTACHMENT F	State budget impact on county operations

At this time, IT IS RECOMMENDED that the Board of Supervisors receive and file this report and approve the recommendations and associated budget adjustments in Attachment A and Resolutions No. 440-8476 and No. 440-8478.

Respectfully submitted,



LARRY PARRISH
County Executive Officer

County of Riverside Executive Office
Fiscal Year 02/03
Mid-Year Budget Report

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