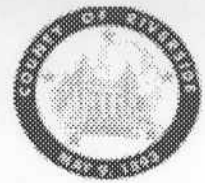


**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

202



FROM: Executive Office

SUBMITTAL DATE:
September 7, 2004

SUBJECT: DESIGNATION OF ADDITIONAL FY 04/05 BEGINNING FUND BALANCE

RECOMMENDED MOTION: That the Board of Supervisors:

- (1) Recognize the additional fund balance available for appropriation; and
- (2) Direct the Auditor-Controller to increase the following:

10000-1109000000-581000	Contingency	16,500,000
10000-1100100000-320110	Designated FB-Economic Uncertainty	33,700,000

BACKGROUND: The Auditor-Controller has closed the books for FY 03/04, and \$50.2 million is available to bring forward to the FY 04/05 budget. The \$50.2 million is one-time money, subject to further review and adjustment when the books are audited. It was created as follows:

<u>Source</u>	<u>\$ Million</u>
Departmental budget savings (unspent by departments at year end)	7.6
Additional discretionary revenue (actuals received over estimates)	30.9
Additional one-time money (identified during the year)	9.7
Hospital cash improvement (reserves not needed due to improved performance)	<u>2.0</u>
	\$50.2M

(Continued on next page)

Bill Luna

Bill Luna, County Finance Director

FINANCIAL DATA	Current F.Y. Total Cost:	\$ N/A	In Current Year Budget:	No
	Current F.Y. Net County Cost:	\$ N/A	Budget Adjustment:	Yes
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2004/05

SOURCE OF FUNDS: Unbudgeted beginning fund balance	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input checked="" type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

County Executive Office Signature *Kevin J. Malole*

FISCAL PROCEDURES APPROVED
 ROBERT E. BYRD, Auditor-Controller
 BY *Sue* *9/20/04*
 Departmental Controller

Dep't Recomm.: Consent Policy
 Per Exec. Ofc.: Consent Policy

Prev. Agn. Ref.: _____ **District:** All **Agenda Number:** _____

3.6

APPROPRIATION OF ADDITIONAL FY 04/05 BEGINNING FUND BALANCE

September 7, 2004

Page 2

Budget priorities of approximately \$16 million were identified in the FY 04/05 budget, but formal appropriations were deferred:

<u>Priority</u>	<u>\$ Million</u>
Detention Health (hospitalization and prescription drug costs)	2.0
Animal Control (staffing)	1.5
Public Defender (caseload growth)	1.5
Sheriff (staffing)	8.0
State audit of Courts revenue	1.0
Technical Adjustment (SWBPI revenue due in FY05, received in FY 04)	<u>2.5</u>
	\$16.5M

Contingency presently has a balance of \$16.5 million. The addition of \$16.5 million into contingency will provide for these identified priorities. Specific adjustments to department budgets will be made as an element of the first quarter budget report.

The reserve for economic uncertainty presently has a balance of \$10.0 million, and we recommend building that reserve to \$43.7 million. A reserve of this size is needed to replace the use of an estimated \$45 million one-time funds in the current budget.

While our FY 04/05 budget was built assuming a \$26.2 million loss of vehicle license fees (VLF), the adopted state budget included a \$14.2 million cut to VLF revenue. The cut is a \$12 million improvement to the general fund. The Auditor-Controller is analyzing the exact impact to the county of these actions. The Executive Office will bring budget adjustments for the \$12 million to the Board in the first quarter budget report.

These actions will provide funding for identified Board priorities while building enough reserves to position the board to maintain stability in the preparation of the FY 05/06 budget.