

*Executive Office
County of Riverside*



*Larry Parrish
County Executive Officer*

June 26, 2007

Honorable Board of Supervisors
County of Riverside
Robert T. Andersen Administrative Center
4080 Lemon Street, 5th Floor
Riverside, CA 92501-3651

SUBJECT: FY 07/08 Final Budget Recommendations

Board Members:

On June 4, 2007, this Board approved the FY 07/08 proposed budget, closed budget hearings and directed the Executive Office to return with the documents and recommendations necessary to adopt the final budget.

Attached for your consideration and approval are my recommended adjustments to the FY 07/08 proposed budget. The adjustments satisfy critical needs the Board identified during budget hearings, plus technical adjustments and minor corrections. Attachment A is the resolution that adopts the final budget. Attachment B amends Ordinance 440, the county's list of authorized positions. All new budget adjustments are summarized in Attachment C. Attachment D includes updated budget summary pages.

The adjusted proposed budget becomes the adopted FY 07/08 final budget.

Between budget hearings and the adoption of the final budget, the Board confirmed \$35.9 million in additional county priorities. Adjustments for these priorities are incorporated into the final budget by utilizing \$10 million in unobligated discretionary revenue and \$25.9 million from designated fund balance. I recommend phasing in these newly funded enhancements and distributing funds as needed. Until warranted, these funds should remain designated.

The higher-than-expected cost of borrowing cash (\$3.2 million) for county operations until property tax revenue is received, was also incorporated into the final budget.

Revenue estimates in this year's budget are a reflection of the county's favorable economic growth. My demonstrated budget approach is not to increase budgeted revenue beyond prudent estimates, until received, and to avoid using one-time funding to cover ongoing costs. We should continue to exercise fiscal discipline in the event the economy slows and leaves little or no extra revenue to fund additional service expansions next fiscal year.

I ask the Board to reaffirm the policy approved last year, directing department heads to make general fund budget requests to increase net county cost only in quarterly reports or during budget construction. In this way, requests for additional net county cost can be evaluated against additional revenue.

IT IS THEREFORE RECOMMENDED that the Board of Supervisors:

- 1) Approve Resolution No. 2007-324 (Attachment A) which adopts this FY 07/08 final budget including all elements approved as the proposed budget on June 4, 2007 as well as final budget changes in authorized positions (Attachment B), amending the existing Ordinance 440;
- 2) Approve the Recommendations on Policy Items and Technical Changes (Attachment C);
- 3) Approve the updated Summary Budget Schedules (Attachment D); and,
- 4) Direct department heads to defer general-fund budget requests that increase net county costs until each quarterly report.

Respectfully submitted,



LARRY PARRISH
County Executive Officer