



# COUNTY OF YOLO

Office of the County Administrator

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To: **Mike McGowan**, Chair  
and Members of the Board of Supervisors

From: **Robyn Truitt Drivon**, Interim County Administrator  
**Pat Leary**, Assistant County Administrator

Date: September 15, 2009

Subject: **Adoption of the Fiscal Year 2009-10 Final Budget**

## **RECOMMENDED ACTION**

That the Board of Supervisors:

- A. Consider changes to the preliminary fiscal year 2009-10 Budget as adopted on June 18, 2009, and
  1. Eliminate set-aside of 20% of each department's budget and restore full appropriation within each department's budget.
  2. Adopt a revised appropriation for Department of Employment and Social Services to support reflecting revenue changes and restore funding (\$204,000) for two child social work practioners, and In home Supportive Service wages (\$775,000);
  3. Adopt revised appropriations for the following departments: Alcohol, Drug and Mental Health (+\$63,344), Health (-\$40,932), Human Resources (+\$16,000) Non-departmental (+750,000), Probation (-\$306,734) Planning and Public Works (-\$182,000) and Sheriff (+\$92,000).
  4. Increase the balance of Pomona Funds by \$1,065,029 and appropriate to Pomona Contingency.
  
- B. Adopt the fiscal year 2009/10 Final Budget Resolution (Attachment A, Exhibit 1); and

1. Direct County Administrator to work with the following departments to identify options to eliminate existing prior year deficits, and return to the Board by December 2009 with a deficit reduction plan: Alcohol, Drug and Mental Health, District Attorney, Department of Employment and Social Services, Probation, and Sheriff; and
2. Direct County Administrator to work with the following departments to identify options to address a potential 2009/10 shortfall in critical revenues, and return to the Board no later than December 2009 with a budget status report and, if necessary, a plan to reduce expenditures to match available revenues:

<u>Department</u>	<u>Revenue at Risk of Shortfall</u>
Alcohol, Drug and Mental Health	Realignment
Health	Realignment
Employment, and Social Services	Realignment
District Attorney	Public Safety Sales Tax; Grant funds
Probation	Realignment; Public Safety Sales Tax
Sheriff/Coroner	Public Safety Sales Tax

C. Direct staff to return with any additional follow-up reports.

### **STRATEGIC GOAL**

The annual county budget supports the entire county strategic plan and specifically enables each of the following goals to be met: financially sustainable county government, environmentally sensitive and quality county, infrastructure, facilities and technology; top-quality workforce, providing responsive services; preservation of agriculture and open spaces, with planned development; partnering for a successful Yolo County; and a safe and healthy community.

### **FISCAL IMPACT**

With the recommended adjustments, the budget remains balanced with a total appropriation of \$334,340,057, an increase of \$2.8 million. The recommendations reflect state reductions of \$5.2 million, as well as increases in appropriations for additional revenues. See background section for additional details on specific changes. In addition as required by state law, the 2009-10 Recommended Appropriations and Revenue Summary, Attachment A, Exhibit 1, provides additional budget accounting details. These budget changes include an assumption that the county securitize the Proposition 1A property tax loan repayment from the state at no cost to the county.

### **REASON FOR RECOMMENDED ACTION**

State law requires that the Board of Supervisors adopt a resolution each year setting the county's final budget. State law also prescribes the format required for such action. This resolution (Attachment A) will implement the final budget for fiscal year 2009-10 as considered and amended by the Board of Supervisors during the final budget hearings.

## **BACKGROUND**

In June, 2009, the Board of Supervisors held hearings and adopted a preliminary annual county budget for 2009/10. At that time a number of factors were unknown, including potential state budget reductions, property tax estimates, and actual revenue and expenditures from the closeout of the 2008/09 fiscal year.

Since that action by members of the Board, a number of events have occurred which need to be incorporated into the 2009/10 final budget.

**Revenues/costs:** Property tax revenues are anticipated to increase by \$1,000,000 over the estimate included in the budget. The property tax roll has now been closed, and values decreased countywide by 0.5% rather than the 4% decrease originally expected. This was primarily due to a significant (for this time) increase in property values in the City of Davis. Sales tax and state assessed property tax revenues were also both higher than anticipated, bucking a statewide trend downward. In addition, funds were returned to the county for mental health services provided in 2005/06 and additional countywide tribal mitigation funds were identified. However, some of these revenue increases are offset by decreases in interest earnings and public safety sales tax revenue, and the loss of Williamson Act funding. Further, the county faces increased costs associated with the delay in state payments to the county. Finally, the Department of Employment and Social Services and the District Attorney face revenue deficits from 08/09 in realignment and grant funds.

**Table A**

<b><u>Post Budget Adjustments</u></b>	
General Fund Carry-forward 08/09	1,871,824
Property Tax	1,000,000
ADMH state pymt. (05/06)	865,868
Other revenues (fines, penalties, etc)	400,000
Countywide Tribal mitigation	200,000
Sales Tax	78,000
State Assessed Property Tax	64,000
Delayed state payments	-200,000
Interest Earnings	-400,000
DA 08/09 Grant revenue Shortfall	-555,000
DESS 08/09 Realignment Revenue Shortfall	-573,166
Williamson Act	-1,100,000
<b>Total</b>	<b>1,651,526</b>

**Pomona Funds:** Year end estimate of available Pomona funds are \$315,029 higher than the \$1,000,000 appropriated by the Board of Supervisors in June. In addition, in 2008/09, Pomona funds were loaned to the general fund to offset the loss of so-called Teeter funds during that year. Although the preliminary budget adopted in June estimated no Teeter proceeds in 2009/10, in fact \$750,000 has been collected. As a result, these funds are being repaid to the Pomona Fund for a total of \$1,065,029 remaining available for appropriation.

**State budget reductions:** A number of reductions that impact county services were made by the Legislature and the Governor as they finalized the State Budget. Due to a lack of resources, it is not recommended that most of these state reductions be backfilled with county funds. However, it is the recommendation of the CAO, that at least two social work practitioners be retained in Child Welfare Services. In the In Home Supportive Services program, Court and other actions against the state have delayed the implementation of wage and eligibility reductions and which will add \$775,000 in local costs to the program. (note: State reductions in Public Authority administration will also be discussed separately in the Public Authority budget.)

Table B

<b>State Program Cuts Summary</b>	
Child Welfare Services	-1,069,000
Other DESS (CalWORKs, etc)	-891,000
AB 3632 mandate pymt	-561,278
ADMH managed Care allocation	-484,282
Prop. 36 (ADMH & Prob)	-919,302
Health	-216,659
Juvenile Justice grants	-164,230
Public Authority Admin 57% reduction	-266,380
IHSS Wages (\$9.50 to \$10.50)	-775,000
<b>Total Changes</b>	<b>-5,260,751</b>

**Other Outstanding Fiscal Issues:** There are a number of known outstanding issues that could significantly affect the current year budget. First, the county has almost exhausted appeals on State Office of Emergency Services (OES) and Federal Emergency Management Administration (FEMA) reimbursement (\$1,767,936) for the work completed by the county on Huff's corner on Cache Creek. Funds were temporarily used from Highway Users Tax must be repaid to that fund, should the appeals not be successful, another funding source will be required. Other sources of revenue are being explored, but options appear limited. In addition Alcohol, Drug and Mental Health Services had identified billing errors up to the 2005/06 year which will need to be repaid to the state. These costs may be offset by repayments from the state totaling \$2,167,000 which will likely be repaid during the 2009/10 fiscal year.

Fiscal Year 2009-10 Final Budget Resolution (Attachment A)

Before adopting this resolution, the Board of Supervisors may make additional changes to the recommended appropriations, revenues and staff allocations. The fiscal year 2009-10 Final Budget Resolution includes Exhibit 1, which summarizes, by object level, budget unit appropriations and revenues. The 2009-10 final budget resolution also includes the appropriation of special revenue funds and county service areas. State law requires that if there are additional changes, the opportunity for public comment on those changes must be given.

**OTHER AGENCY INVOLVEMENT**

All departments have been involved in the budget process. County Counsel has approved the budget resolutions as to form.

Attachments:

Attachment A: Fiscal year 2009-10 Budget Resolution

Attachment B: Furlough schedule –Office closures

Attachment C: Current Structural Deficit Projection