



COUNTY OF YOLO

County Administrative Office

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Honorable Members of the Board of Supervisors
and Citizens of Yolo County

INTRODUCTION

Yolo County, along with most local governments, has been significantly challenged the past several years by revenues not keeping pace with costs – particularly those revenues supplied by the State. Approximately 80% percent of the County's budget comes from State and federal sources. The State is also increasing the amount of local property tax shifted from the County to the Educational Revenue Augmentation Fund (ERAF) by \$1.7 million. So, despite careful and conservative fiscal management, the County is starting the fiscal year with a \$14 million budget shortfall in 2004-05 (a gap between projected revenues and requested appropriations). This gap increases to an estimated \$15 million for 2005-06 and then decreases to \$11 million in 2006-07. While deficits are projected to continue past 2006-07, this gap between revenues and expenditures does begin to narrow. In addition, one-time reserves of approximately \$14.5 million can assist in partially bridging the gap in the current year, and over the next two to three years, until the economy and revenue growth provide some relief. Of course, how the State manages the ongoing State budget crisis is ultimately the most significant factor affecting the County's ability to finance critical public services.

The recommended *operating budget* for 2004-05 is \$236.5 million, which is a slight decrease from the prior year operating budget of \$236.7 million. Combined with the capital improvement and debt service budget of \$14.5 million, the recommended County budget totals \$251,028,654 (or approximately \$251 million) and is balanced. This represents an approximate \$7.3 million or a 3% increase over the prior year. It is helpful to note that the \$251 million budget includes \$7 million toward the new juvenile hall (restricted State and local funds which can only be used for capital projects). However, a more relevant financial barometer compares *net* operating budgets. In doing so, the 2004-05 budget is \$3.4 million less than the prior year.

This recommended budget actually represents a significant retrenchment from the prior year and should be characterized as a painful budget. The recommended budget includes some service reductions and for a few departments with expiring grants, termination of existing services. The Board of Supervisors had previously approved a countywide furlough of employees as part of the strategy for managing the budget shortfall for 2004-05. Budget staff and department heads are coordinating to

recommend the deletion of up to 200 vacant positions. Additionally, the County will need to continue to use a targeted hiring freeze and maintain a position vacancy of approximately 20%.

BUDGET BALANCING STEPS

State law requires our office to submit a balanced budget to the Board of Supervisors for consideration, and in so doing, choices have been made as to the combination of one-time revenues, reserves and spending reductions necessary to fill the gap. One area of spending reduction has been in personnel; the current recommended budget funds 1,390 positions. Compared to last year's 1,407 funded positions, that is a reduction of 17 positions. As of the writing of this letter, the countywide adjusted vacancy rate stands at 20.2%, an increase of almost 2% over the prior year. Preliminary analysis shows that 294 authorized positions remain unfilled and that at least 200 of the positions have been vacant for more than one year. Budget staff is continuing with analysis of the vacant positions and will be coordinating with department heads to develop recommendations for your Board. The prospect of at least two to three more years of continued shortfalls suggests, based on the 12-month criterion, that up to 200 positions may be recommended for deletion.

Until this year, the gradual downsizing of the workforce was an essential reason the County has been able to avoid more severe measures like layoffs or furloughs. Given the severity of the budget gap and the challenging financial forecast for the next two to three years, the Board of Supervisors made the very difficult decision on July 20, 2004 to institute a countywide furlough of 60 hours for all employees, for the 2004-05 year. The furlough will provide approximately \$2.3 million in savings, and, combined with the use of one-time funds and additional across-the-board cuts to departments, provides a balanced budget for 2004-05.

The furlough decision is consistent with both Board of Supervisors' policy direction and the cost savings approach taken by the County over the last several years. We are all in this together. We have reduced costs by implementing a targeted hiring freeze, among other cost savings measures. As a result, we have vacant positions throughout the County and we have still managed to get the public's work done. The recommendation of furloughs asks all employees to sacrifice a bit more, rather than lay off colleagues. Although furloughs are a painful approach to balancing the budget, they are generally more equitable than layoffs as a way to reduce overall personnel costs. Furloughs are also expected to have a less disruptive impact on the organization than would the layoff of almost 45 current employees.

The County has taken many other measures to reduce costs and increase revenues, including increasing fees and charges, implementing countywide energy retrofits, securitizing tobacco settlement proceeds, adopting the County/Tribe agreement, restricting travel, reducing training and restricting the purchase of equipment and supplies. The County has also chartered a cost savings team that has been working the past six months to gather recommendations from employees on ways to implement cost savings ideas and/or increase revenues. The ideas have ranged from the implementation of a countywide sales tax to consolidating the contracting out of certain functions.

CONCLUSION

To reiterate a message in past budgets, given current land use policies and practices, the County on its own simply does not have the fiscal, statutory and regulatory means to solve all State-caused shortfalls. This is the third year the State has passed on budget cuts to the counties. Furthermore, in each of the next two years, the State will shift \$1.7 million in property taxes from the County (to the State). Such measures are part of the State's solution to its own budget crisis. The County has prudently established a reserve fund over the last several years, created so the County can weather the inevitable economic downturns without severe reductions in service. With these additional and significant revenue reductions from the State, the County is left with difficult choices such as increasing the already high position vacancy rate or instituting measures such as furloughs or layoffs.

The State's July 31 budget and the Governor's and the Legislature's support for Proposition 1A may provide a starting point for a return to some measure of local government fiscal stability. And what the Governor proposes in his January 2005 budget proposal will give us an even better idea of what local strategies will be necessary for the future. However, for the next two years, as it has for the past three, the County must deal with reduced funding caps to health and social service programs and reduced reimbursements for programs funded through mandated claims (related to SB 90) and other funds. For example, revenue to the County's Department of Employment and Social Services and Health has been reduced by more than \$4 million since 2002-03. Moreover, these reduced funding caps and reimbursements from the State are in addition to the additional \$1.7 million/year shift of property tax from the County to the State. In many respects, counties are "paying a price" over the next two years in exchange for the State's promise (via Proposition 1A) to limit property tax and sales tax "raids" on counties after fiscal year 2005-06.

It looks like there may be a faint light at the end of the tunnel in 2006-07, when the State has agreed to pay the County back for the Vehicle License Fee (VLF) "gap" of approximately \$2.5 million and other currently reduced mandates, such as SB 90. The amount owed to the County for SB 90 is approximately \$2.5 million; the payment plan is unknown at this time. Also, the two-year \$1.7 million/year property tax shift from the County to the State will have concluded.

The fate of a key component of that agreement, Proposition 1A, is still to be decided by the voters in November. This proposition, if approved by the voters, will provide some constitutional protection of local government revenues as well as some important provisions relating to State-local mandates. However, the public needs to recognize the passage of Proposition 1A, while very helpful, is not a complete fix for local government financing. The issues for local government finance are simply too complex. With uncertainty still high and with only a faint light at the end of the tunnel in 2006-07, the public, staff, and the Board of Supervisors need to remain vigilant with regard to effective and efficient operations, cost containment, and revenue generation opportunities.

Finally, there are critical decisions that face the Board during these budget hearings. The use of one-time and reserve funds and the impacts of restrictions on the workforce are serious budget concerns. They only skim the surface of the depth to which these decisions affect staff, the public and the provision of services. If your Board accepts this budget substantially as submitted, general reserves will be reduced to \$10 million, with minimal one-time funds remaining for future years. Upon your Board's approval of a final budget for 2004-05, budget staff and department heads, coordinating with appropriate stakeholders, will immediately begin the process for developing budget recommendations for fiscal year 2005-06.

ACKNOWLEDGEMENTS

Special thanks must be given to the CAO budget office staff, department heads and their budget staff, as well as to all employees, advisory committee members and contractors for their input and participation in developing the recommended budget. Special thanks also go to your Board, for the courage, competence and unerring ability to work together during these difficult financial times.

County staff has shown dedication, creativity and foresight through their hard work to reach a balanced recommended budget. The Board has provided leadership through tough decisions and wise guidance.

Respectfully yours,

A handwritten signature in cursive script, appearing to read "Vic Singh".

VIC SINGH
County Administrative Officer

HOW TO READ THIS DOCUMENT

The county's goal is to make this document as easy to read and understand as possible. The next few pages will provide an overview of the budget book as well as provide an example of a department budget. A glossary of budget terms is found in a separate tabbed section at the back of the book. Please call the County Administrative Office at (530) 666-8150 with any questions regarding this document.

Overall Budget Book Organization

The budget book is organized into eight tabbed sections:

1. Introduction and Overview
2. General Government
3. Law and Justice Services
4. Health and Human Services
5. Land, Education and Recreation
6. Capital Improvements
7. Appendix and Glossary
8. Index

County Departments

Each of the 20 county departments are found within the sections General Government, Law and Justice Services, Health and Human Services and Land, Education and Recreation. At the beginning of each section, there is a listing (by alphabetical order) of each department, with the page number noted. This listing includes the various divisions or programs within each department as well as the respective budgets.

County Department Budgets

Summary Page: Each department will have a "summary page" which contains the total appropriation and revenue for the department as a whole, including all subsidiary budget units. The summary page also contains total number of staff, a department mission statement, goals and accomplishments for 2003-2004, goals and objectives for 2004-2005 and significant changes, if any.

Budget Units: Most departments will also have subsidiary budget units such as a division, program or bureau. For example, the Health Department has eight budget units, two of which are Environmental Health and Indigent Healthcare. Each budget unit is headed by the name of the department on the first line and the name of the specific budget unit on the second line.

The budget unit detail page contains an appropriation and revenue summary for that unit, a brief description of the budget unit, a summary of sub-programs in that unit (if any) and the position summary. Note that all departments have both a summary page and a budget unit detail page, even if the department is composed of just one budget unit, such as the Agriculture department.

Example: The following two pages provide an example based on the Assessor department's recommended budget for 2004-2005 with explanations for each entry as noted by the ***corresponding items in parentheses***.

EXAMPLE

**(Item 1) Assessor
SUMMARY**

(Item 2) Column 1	(Item 3) Column 2	(Item 4) Column 3	(Item 5) Column 4	(Item 6) Column 5	(Item 7) Column 6
Budget Category	Actual 2002/03	Budget 2003/04	Estimated Actual 2003/04	Requested 2004/05	Adopted 2004/2005
APPROPRIATIONS					
Salaries & Benefits	\$1,525,412	\$1,595,891	\$1,560,365	\$1,711,242	\$1,668,446
Services & Supplies	\$275,881	\$315,817	\$282,440	\$310,403	\$316,384
Fixed Assets	\$0	\$5,000	\$0	\$15,425	\$15,425
Operating Transfers Out	\$4,507	\$4,507	\$4,507	\$4,507	\$4,507
	<u>\$1,805,800</u>	<u>\$1,921,215</u>	<u>\$1,847,312</u>	<u>\$2,041,577</u>	<u>\$2,004,762</u>
REVENUES					
Fees and Charges	\$756,357	\$815,892	\$932,178	\$928,500	\$928,500
Other Revenue	\$51,408	\$42,300	\$53,026	\$50,000	\$50,000
State Grant	\$288,132	\$278,309	\$278,302	\$278,309	\$278,309
General Fund (Item 8)	\$709,903	\$784,714	\$608,556	\$784,714	\$747,953
Total Revenues	<u>\$1,805,800</u>	<u>\$1,921,215</u>	<u>\$1,872,062</u>	<u>\$2,041,523</u>	<u>\$2,004,762</u>
POSITIONS (FTE) (Item 9)	26.00	26.00	26.00	26.00	26.00

The chart shows the historical record of actual and previously budgeted amounts, the allocation of funds and revenues and how these amounts have changed since the previous year.

- (Item 1)** The heading reflects the name of the department.
- (Item 2)** The budget categories separate the budget into appropriations (expenses) and revenues necessary to fund the appropriation.
- (Item 3)** This column shows actual 2002-2003 expenditures and revenues.
- (Item 4)** This column shows the amount budgeted for 2003-2004.
- (Item 5)** This column shows estimated expenses and revenues for 2003-2004.
- (Item 6)** This column shows the department’s budget request for 2004-2005.
- (Item 7)** This column shows the amounts adopted for 2004-2005 by the Board of Supervisors.
- (Item 8)** The General Fund revenue reflects the amount of locally generated discretionary funds needed in addition to other revenues to fund the activities of the department.
- (Item 9)** This row shows the number of full-time equivalent (FTE) positions in the budget unit.

MISSION

This is a description of the mission of the department as a whole, including its subsidiary units.

GOALS AND ACCOMPLISHMENTS 2003-2004

This section highlights key accomplishments during the past fiscal year, wherever possible tying them to goals previously adopted for the department. Starting with this 2004-2005 budget, the departments' annual reports were submitted with their preliminary budget presentations, enabling the Board of Supervisors to make informed decisions concerning a department's budget.

GOALS AND OBJECTIVES 2004-2005

In this section departments set forth their goals for the coming fiscal year. Note that large, multi-budget unit departments should have goals for each of their budget units in this section.

SIGNIFICANT CHANGES

This optional section highlights major changes, if any, from the previous year to assist the reader in understanding what policies and/or priorities have been established or changed.

EXAMPLE

(Item 1) Assessor
ASSESSOR BUDGET UNIT DETAIL

Column 1	<i>(Item 2)</i> Column 2	<i>(Item 3)</i> Column 3	<i>(Item 4)</i> Column 4	<i>(Item 5)</i> Column 5	<i>(Item 6)</i> Column 6
Budget Category	Actual 2002/03	Budget 2003/04	Estimated Actual 2003/04	Requested 2004/05	Adopted 2004/2005
APPROPRIATIONS					
Salaries & Benefits	\$1,266,246	\$1,374,221	\$1,337,105	\$1,473,620	\$1,436,859
Services & Supplies	\$251,422	\$268,685	\$256,655	\$274,169	\$274,169
Fixed Assets	\$0	\$0	\$0	\$15,425	\$15,425
	\$1,517,668	\$1,642,906	\$1,593,760	\$1,763,214	\$1,726,453
REVENUES					
Fees and Charges	\$756,357	\$815,892	\$932,178	\$928,500	\$928,500
Other Revenue	\$51,408	\$42,300	\$53,026	\$50,000	\$50,000
General Fund <i>(Item 8)</i>	\$709,903	\$784,714	\$608,556	\$784,714	\$747,953
	\$1,517,668	\$1,642,906	\$1,593,760	\$1,763,214	\$1,726,453

As with the department summary, the budget unit detail shows the historical record of actual and previously budgeted amounts, the allocation of funds and revenues and how these amounts have changed since the previous year. The budget unit detail page is also where the position summary is shown.

- (Item 1)** The heading reflects the name of the department, with the budget unit name on the second line.
- (Item 2)** The budget categories separate the budget into appropriations (expenses) and revenues necessary to fund the appropriation.
- (Item 3)** This column shows actual 2002-2003 expenditures and revenues.
- (Item 4)** This column shows the amount budgeted for 2003-2004.
- (Item 6)** This column shows the department’s budget request for 2004-2005.
- (Item 7)** This column shows the amounts adopted for 2004-2005 by the Board of Supervisors.
- (Item 8)** The General Fund revenue reflects the amount of locally generated discretionary funds needed in addition to other revenues to fund the activities of the department.

POSITION SUMMARY				
Position Classification	Full-Time Equivalents			Salary & Benefits
	Current	Requested	Adopted	
Appraiser III	2.00	2.00	2.00	\$141,033
Auditor-Appraiser III	2.00	3.00	3.00	\$191,693
Assessment Officer Spec.III-2	10.00	10.00	10.00	\$454,963
Assessor	1.00	1.00	1.00	\$128,584
Asst. Assessor	1.00	1.00	1.00	\$102,179
Cadastral Drafting Technician	1.00	1.00	1.00	\$43,677
Senior Cadastral Drafting Tech	1.00	1.00	1.00	\$59,492
Chief Appraiser	1.00	1.00	1.00	\$97,973
Senior Appraiser	2.00	2.00	2.00	\$151,975
Staff Services Analyst II	1.00	1.00	1.00	\$72,542
Principal Appraiser	1.00	0.00	0.00	\$0
Workers Compensation	0.00	0.00	0.00	\$13,858
Extra Help	0.00	0.00	0.00	\$13,397
Benefit Cashout	0.00	0.00	0.00	\$2,250
Furlough Savings	0.00	0.00	0.00	-\$36,757
Total	23.00	23.00	23.00	\$1,436,859

POSITION SUMMARY

This summary lists the authorized full-time equivalent (FTE) positions and the amount of the combined salary and benefits these positions represent. The titles of the positions are as they appear in the county position resolution adopted by the Board of Supervisors at the end of each budget cycle. The column headed "Current" represents the number of positions authorized by the Board in the current year. The number of current positions will vary from the number in the last adopted budget if the Board authorized a change in the number of positions by resolution during the year.

During the budget hearings, the Board took action to eliminate long-standing vacant positions. Therefore, the adopted positions may be less than the current or requested number of positions.

BUDGET INTRODUCTION AND OVERVIEW

OPERATING BUDGET

The total appropriation for the recommended operating budget is \$237.3 million as compared to \$236.7 million for 2003-04. This represents an approximate \$600,000 increase from 2003-04. When comparing the net operating budget¹, which subtracts the twofold counting of interfund transfers to the prior year, the 2004-05 net operating budget of \$216.9 million is \$2.6 million (1.2%) less than the prior year.

Key components of the recommended operating budget include:

- furlough savings of \$2.3 million
- targeted hiring freeze (vacancy rate currently in excess of 20%)
- funding for the county general plan
- tribal proceeds for department services
- property tax shift to the state resulting in a \$1.7 million reduction in local funds
- increased contribution for PERS retirement costs (resulting from the economic downturn)
- partial year funding for additional positions for new juvenile hall
- partial backfill to finance essential mental health services
- funding for increase in provider hours for in-home support services (IHSS)
- increased appropriations to provide jail/juvenile hall medical services
- funding to replace the mainframe financial systems

CAPITAL IMPROVEMENT/DEBT SERVICE BUDGET

The total appropriation for the capital improvement/debt service budget is \$14.5 million. The appropriation is \$7.5 million greater than the 2003-04 budget and is primarily the result of \$7 million for construction of the new juvenile hall. The capital improvement budget is financed by revenues which are restricted for capital facility improvement projects and capital equipment purchases. Funding sources include state grants, development impact mitigation fees, accumulated capital outlay (ACO) funds and certain special revenue funds. Capital improvement and new construction projects underway or planned for 2004-05 include:

- New juvenile detention facility
- New health building
- Jail facility and housing pod improvements
- Information Technology Division move
- Relocation of the Clerk-Recorder offices
- Administration building plumbing, exterior and interior maintenance
- Equipment (see Appendix A - Equipment List)
- Payment to the City of Woodland to reimburse costs for improvements on Gibson Road

¹ Because money is transferred between funds, it must be accounted for twice in the budget, once in the originating account and once in the receiving account. The total appropriation for the operating budget is reported as \$237.3 million, which includes \$20.4 million in interfund transfers from the general fund. If the double accounting of these general fund transfers is eliminated, the net operating appropriation equals \$216.9 million, which is \$2.6 million less than the 2003-04 net appropriation of \$219.5.

- Construction of a dignified monument for those buried with the assistance of the county
- Correct drainage adjacent to the jail

TOTAL BUDGET

The total budget is approximately \$251.9 million and is balanced. This represents a \$8.1 million increase over the prior year. This increase is primarily the result of the \$7 million juvenile hall construction project.

GENERAL PURPOSE REVENUES

General purpose revenue (as summarized on the following table) is projected to increase by \$454,069 compared to the prior year's estimated actual revenue. The most significant change results from the state's tax shift, which is projected to produce a net loss of approximately \$1.7 million in tax revenue in 2004-05 and 2005-06. The shift reduces the allocation of motor vehicle license fees by 67.5% and backfills this reduction with property taxes; however, the state will keep approximately \$1.7 million of the property tax backfill in each of the next two years. The dollar-for-dollar backfill of revenue is set to begin in 2006-07.

The general purpose revenue estimate also includes \$1,085,000 in one-time carry forward tribal funds.

Revenue Source	Budgeted 2003/04	Est. Actual 2003/04	Adopted 2004/05	Change Est. Actual to Adopted
Property Tax	\$10,179,000	\$10,075,395	\$10,754,610	\$679,215
State Tax Shift Backfill	\$0	\$0	\$6,822,269	\$6,822,269
Redevelopment Pass Thru	\$1,347,338	\$2,390,000	\$1,770,000	-\$620,000
Sales & Use Tax	\$1,794,359	\$1,976,000	\$2,015,633	\$39,633
Motor Vehicle In-Lieu	\$11,015,601	\$9,943,600	\$4,119,000	-\$5,824,600
Franchise Fee	\$385,000	\$416,000	\$416,000	\$0
Document Tax	\$805,000	\$1,444,600	\$965,000	-\$479,600
Open Space Subventions	\$1,277,093	\$1,296,449	\$1,296,449	\$0
County Stabilization	\$574,000	\$574,000	\$574,000	\$0
Overhead Reimbursement	\$650,000	\$980,000	\$792,909	-\$187,091
Other Miscellaneous	\$112,700	\$1,458,500	\$1,092,900	-\$365,600
Interest Earnings	\$770,500	\$231,700	\$232,000	\$300
Fines & Forfeitures	\$124,704	\$192,057	\$296,900	\$104,843
Tribal Proceeds	\$1,200,000	\$1,200,000	\$1,400,000	\$200,000
One-time Tribe 2002/03	\$1,000,000	\$1,000,000	\$0	-\$1,000,000
Teeter Reserve Proceeds	\$240,000	\$826,300	\$826,000	-\$300
Tribal Onetime carryforward	0	0	\$1,085,000	\$1,085,000
TOTAL REVENUES	\$31,475,295	\$34,004,601	\$34,458,670	\$454,069

The economy has a major influence on many of the consumer-driven general purpose revenue sources, which include: property taxes, motor vehicle license fees and sales tax. Based on the current economic forecasts, staff has assumed modest economic growth (2 - 4%) for the coming year. The exception is property tax; based on the Assessor's valuation roll, secured property tax revenue is projected to increase by approximately 8%.

The projected beginning general fund carry forward balance is approximately \$6 million and is significantly less than the \$9 million budgeted in 2003-2004.

CONTINGENCIES

Contingencies are established to cover items which occur after adoption of the final budget and which cannot be absorbed within other existing appropriations. The appropriation is also normally used to finance major items for which the total cost cannot be determined in advance (as in the case of settlement of pending litigation).

A contingency fund of 3% was, at one time, considered prudent fiscal management by the State of California. A 3% contingency on the net operating funds would require an appropriation of approximately \$6.5 million. The recommended appropriation for the general fund, library and health contingencies is approximately \$2.2 million, which is approximately 1% of the operating budget.

Contingencies are expended by first being moved to an operating fund and then spent. No funds are directly spent from contingencies. A transfer of contingencies requires a four-fifths vote of the Board of Supervisors.

General Fund Contingency\$2,257,000
General Fund Contingency has increased from the \$2,066,282 budgeted in 2003-2004. Contingency includes \$750,000 for essential mental health programs that is available for transfer upon review of department financial reports.

Library Fund Contingency\$120,749
The Library Fund Contingency is recommended in the same amount as the prior year.

Realignment Program Contingency.....\$350,000
This contingency is recommended to finance any unforeseen health, mental health or employment and social service department fiscal issues that may arise in 2004-05.

Public Safety Fund Contingency\$0
There are insufficient public safety fund revenues to finance this contingency. Also, no contingency funds were budgeted in 2003-04.

RESERVES

An amount in a fund used to meet cash requirements, emergency expenditures, or future defined requirements. A reserve is not an appropriation and there is no limitation on the amount of reserve that can be established.

Reserve for Known Benefit Cost Increases \$2,868,914

Estimates from our retirement and health benefit provider (Public Employees Retirement System) indicate that the cost of health insurance and retirement will continue to increase in the coming years. This designated reserve will assist in financing these cost increases. The budget includes the use of \$3.25 million from this reserve, reducing the remaining available funds to \$2,868,914.

Reserve for Juvenile Hall Operations\$550,000

The new juvenile hall is expected to open in July 2005. The budget includes the use of \$750,000 from this reserve reducing the remaining available funds to \$550,000. Operation of this 90-bed facility will require significant expenditure increase over the current 30-bed hall.

General Reserve\$7,074,480

A General Reserve was restored in fiscal year 1999-2000 through an appropriation of \$1 million. In fiscal year 2000-2001, an additional \$1,857,480 was appropriated to the General Reserve from excess Teeter property tax reserves bringing the total amount in General Reserve to \$3,000,000. In 2002-03, we add another \$2,276,000 in excess Teeter property tax revenue and \$2,224,000 in savings from operational efficiencies in fiscal year 2001-2002. The 2003-04 budget allocated \$430,000 from this reserve to finance operations. This reserve provides financial resources to mitigate future economic uncertainties. The Board has purposefully allocated funds in reserve to assist in stabilizing county finances during slowdowns in the economy. This provides transitional funding during times of below-average revenue growth. Given the seriousness of the state budget crisis - maintenance of reserves is critical to the long-term financial stability for essential county program services. No change is recommended in the amount of this reserve.

Realignment Program, Health Fund Reserve.....\$1,800,000

This reserve was established in the amount of \$1.0 million in 2003-04 as transitional funding to partially backfill the use of onetime carry forward funds. The 2004-05 budget increases this reserve by \$800,000, thereby bring the total in this reserve to \$1.8 million, which should be sufficient to fund the projected Health department budget shortfall in 2005-06. The 2004-05 budget also includes approximately \$1.5 million in one-time carry forward funds for the Health department budgets.

DEBT SERVICE

County Services Center, West Sacramento\$442,364

Debt service payments are made to the City of West Sacramento for the purchase and remodeling of the County Services Center pursuant to a tri-party agreement between the County of Yolo, City of West Sacramento and West Sacramento Redevelopment Agency. (Fund 825).

Source of Financing: Rents from Department of Employment and Social Services
and Miscellaneous Tenants \$442,364

Library-Davis Debt Service.....\$674,172

Debt service payments are made to the Library fund (\$534,925) for operation and maintenance costs and a loan payment (\$139,248) for principal and interest costs for the bond passed to

expand the Davis Library. The Auditor receives \$15,220 for processing the parcel taxes. The bond debt is for 30 years, with final payment due in 2022. (Fund 827).

Source of Financing: Davis Mello-Roos Bond..... \$672,672
Interest..... \$1,500

Library-Central Services Debt Service\$59,713

Debt service for the building of the Central Services building. The loan payments are shared by the Library and the Central Services, which receives payments from departments using the storage. The loan is for 15 years with final payment in 2007. (Fund 824).

Source of Financing: Library and Departments..... \$59,713

District Attorney Building\$291,066

Debt service for the building of the District Attorney office. The building was completed in 1999. The debt on the Certificates of Participation is for 30 years, with final payment due in November 2028. (Fund 822).

Source of Financing: Development Fees \$29,597
Rents \$41,469
Criminal Justice Fund \$220,000

Davis Administration Building Debt\$159,128

Debt service for payment of a \$1.78 million loan. The 20-year loan will expire in 2009. (Fund 828).

Source of Financing: Rents, City of Davis..... \$61,690
Central Services..... \$97,438

North Davis Meadows Sewer Debt.....\$115,623

The district's debt service pays back a \$1.69 million loan that financed a water and sewage system. The improvement project was completed in 1999. The loan is for 30 years with final payment in 2028. (Fund 823).

Source of Financing: Landowner Assessment \$115,623

Willowbank Water Assessment District\$88,175

The District's debt service pays for a \$1.01 million bond that financed a water system. The project was completed in December 2000. The bonds will be paid off in 2020. (Fund 830).

Source of Financing: Landowner Assessment \$88,175

2004-05 STATE REQUIRED APPROPRIATION LIST

<u>OPERATIONS</u>	2002-03 Adopted	2003-04 Adopted	2004-05 Adopted
General Fund	\$48,773,866	\$51,115,163	\$51,812,529
Interfund Transfer from General Fund	\$13,295,176	\$17,236,845	\$20,368,956
Employment and Social Services	\$68,739,376	\$64,582,863	\$64,046,102
Public Safety Fund	\$32,421,622	\$35,393,701	\$37,899,700
Medical Services & CHIP Funds	\$15,932,272	\$16,898,772	\$17,482,837
Road/Transportation Fund	\$16,716,442	\$13,930,342	\$10,921,881
Library Fund	\$3,883,179	\$4,369,436	\$3,816,986
Fish and Game	\$9,250	\$9,350	\$18,014
Subtotal	\$199,771,183	\$203,536,472	\$206,367,005
<u>INTERNAL SVC./ENTERPRISE FUNDS</u>			
Airport Enterprise	\$381,449	\$430,746	\$821,996
Garage (ISF)	\$1,099,812	\$1,161,256	\$1,290,737
Telecommunications (ISF)	\$2,442,833	\$2,726,865	\$2,339,095
Mental Health Enterprise	\$19,130,071	\$17,726,718	\$15,353,868
Sanitation Enterprise	\$10,187,458	\$9,035,402	\$8,912,346
Dental Insurance (ISF)	\$1,682,035	\$1,947,639	\$1,915,469
Unemployment Insurance (ISF)	\$123,600	\$201,500	\$303,800
Subtotal	\$35,047,258	\$33,230,126	\$30,937,311
OPERATING BUDGET	\$234,818,441	\$236,766,598	\$237,304,316
LESS Interfund Transfer	(\$13,295,176)	(\$17,236,845)	(\$20,368,956)
NET OPERATING BUDGET	\$221,523,265	\$219,529,753	\$216,935,360
<u>CAPITAL PROJECTS FUND</u>			
Health Building	\$0	\$830,000	\$0
Accumulative Capital Projects (ACO)	\$3,744,053	\$3,377,954	\$5,764,097
Juvenile Hall	\$500,000	\$950,000	\$7,000,000
Subtotal	\$4,244,053	\$5,157,954	\$12,764,097
<u>DEBT SERVICE</u>			
West Sacramento Building	\$427,400	\$371,436	\$442,364
DA Building	\$289,317	\$294,867	\$291,066
Davis Library	\$695,638	\$689,816	\$674,172
Davis Administrative Building	\$157,040	\$155,858	\$159,128
Library Central Services	\$60,104	\$62,994	\$59,713
Willowbank Water	\$85,815	\$84,420	\$88,175
Brentwood Village	\$89,775	\$0	\$0
North Davis Meadows Sewer Debt	\$113,268	\$112,030	\$115,623
Subtotal	\$1,918,357	\$1,771,421	\$1,830,241
TOTAL CAPITAL/DEBT BUDGET	\$6,162,410	\$6,929,375	\$14,594,338
TOTAL COUNTY BUDGET	\$240,980,851	\$243,695,973	\$251,898,654