



Budget Bulletin

County of Yolo

Winter 2008

2007-08 Midyear Budget Update

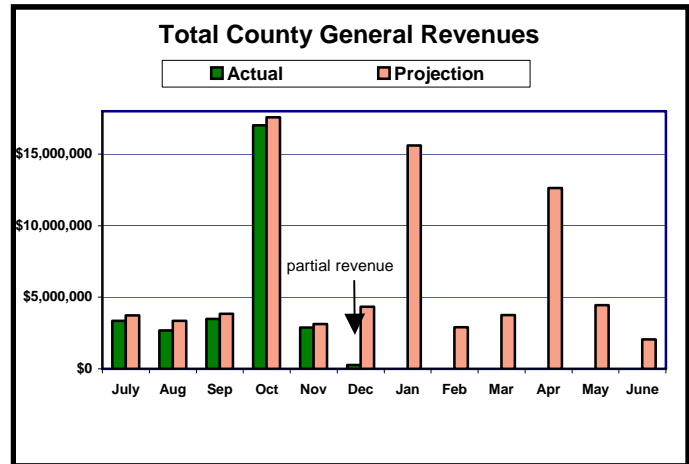
Budget staff has completed a midyear review of key revenues and concludes that general revenues are \$1.9 million short of the revenue estimates adopted in the fiscal year 2007-08 budget.

General Revenues

General revenues consist of the top 4 unrestricted and partially restricted revenue sources: property taxes, general sales tax, public safety sales tax, and realignment revenues. The 2007-08 budget assumed receipt of approximately \$77.4 million in general revenues. This is 24 percent of the total funding for the \$327 million budget.

The charts and narrative on page 3 of this report illustrate the comparison of actual and forecasted general revenues. The receipt of these revenues in the county's treasury may be delayed by up to two months from when they were initially collected. To accurately compare figures the amounts are shown under the month that they were first collected at the state or retail site.

- Total general revenue receipts for the month of December were \$112,448 (-3.6%) less than the projected amount of approximately \$3.15 million. The shortfall was the result of a \$64,880 decrease in property taxes, a \$46,785 decrease in public safety sales tax revenue, and a \$21,751 decrease in realignment revenue. The decreases were partially offset by a \$20,968 increase in general sales tax. The year-to-date actual revenue is currently \$1.9 million short of projected revenues. There is now a clear trend of decreasing revenues, which is linked to the slowing of the economy and decrease in consumer spending.

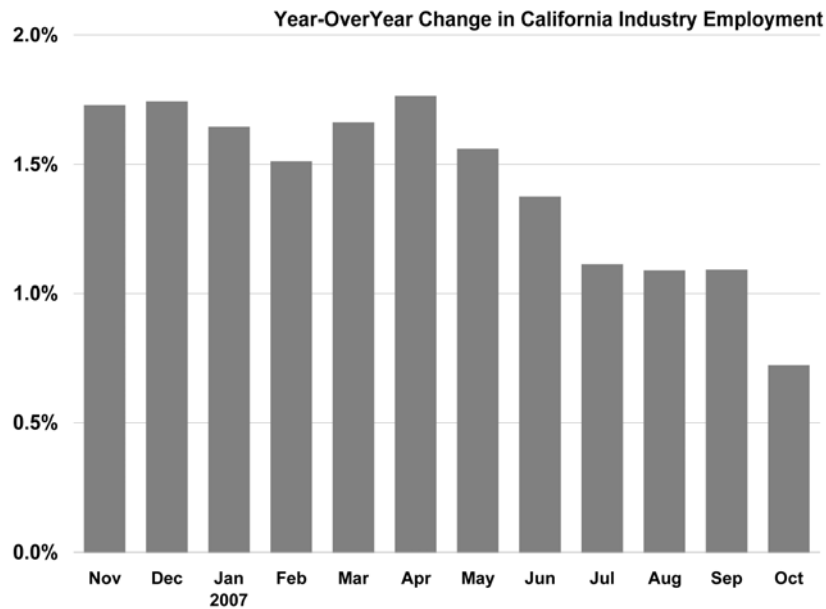


Revenue Source	DECEMBER				YEAR-TO-DATE			
	Projection	Actual	Change	Percent Change	Projection	Actual	Change	Percent Change
Property Taxes	\$ 169,716	\$ 104,836	\$ (64,880)	-38.2%	\$ 14,539,729	\$ 14,431,653	\$ (108,076)	-0.7%
General Sales Tax	\$ 151,532	\$ 172,500	\$ 20,968	13.8%	\$ 1,015,791	\$ 906,653	\$ (109,138)	-10.7%
Public Safety Sales Tax	\$ 1,169,512	\$ 1,122,727	\$ (46,785)	-4.0%	\$ 6,716,707	\$ 6,184,453	\$ (532,253)	-7.9%
Realignment Revenues	\$ 1,665,681	\$ 1,643,930	\$ (21,751)	-1.3%	\$ 9,899,146	\$ 8,738,000	\$ (1,161,146)	-11.7%
Total	\$ 3,156,441	\$ 3,043,993	\$ (112,448)	-3.6%	\$ 32,171,372	\$ 30,260,759	\$ (1,910,613)	-5.9%

State Budget

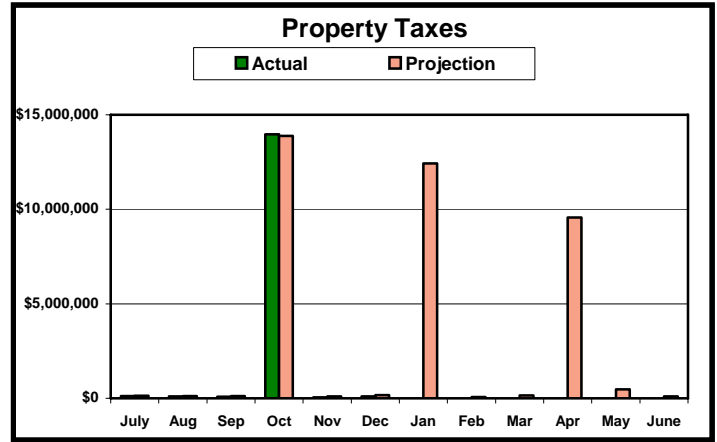
The growth in the state and national economy continues to slow as a result of the housing slump and credit crisis. The Governor's January budget message focused on closing the gap on a \$3.3 billion for the current fiscal year and projected that this gap will grow to \$14.5 billion in 2008-09, "without swift and decisive action". The economic slowdown continues to impact job growth, consumer spending and tax revenues. As illustrated in the following chart, job growth has slowed dramatically. The unemployment rate in California continues to increase and was recently report to be 6.1 percent, as compared to 5.6 percent in November.

Job Growth Slows to a Trickle

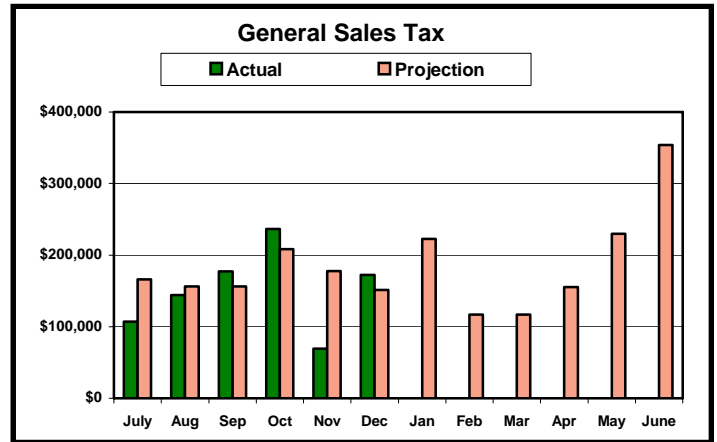


Source: Dept. of Finance

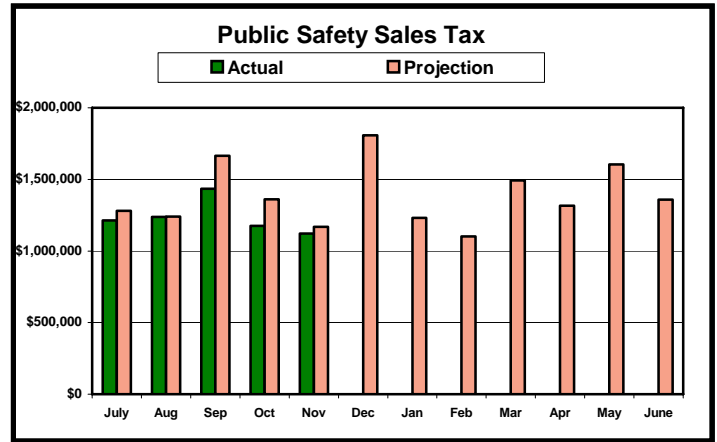
- Approximately 38 percent of the year's \$37.3 million in property tax revenue was received in November and December. Property tax is on track to meet the year's estimated revenue; however, there have been declines in property transaction revenues, such as the document transfer tax.



- General sales tax revenue is projected to be slightly less of the amount estimated in the budget. The \$109,138 decrease for the year-to-date is due to a November revenue adjustment by the State Board of Equalization. Total budgeted revenue for 2007-08 is \$2.2 million.



- Public safety sales tax for the year-to-date is \$532,253 (7.9%) below budget. The holiday season's sales tax revenue will be distributed by the state at the end of February. This is the largest monthly allocation of the year and will be a key factor in attaining this year's projected revenue. Total budgeted revenue for 2007-08 is \$16.6 million.



- For the year-to-date, realignment revenue is \$1.16 million below the amount estimated in the adopted budget. This is a significant shortfall that appears to be the result of the slowdown in consumer spending. The shortfall will compound the fiscal issues of the social service, health and mental health programs that may also be facing budget cuts from the state. Total budgeted revenue is \$21.2 million.

