



Budget Bulletin

County of Yolo

Fall 2007

2007-08 Quarterly Budget Update

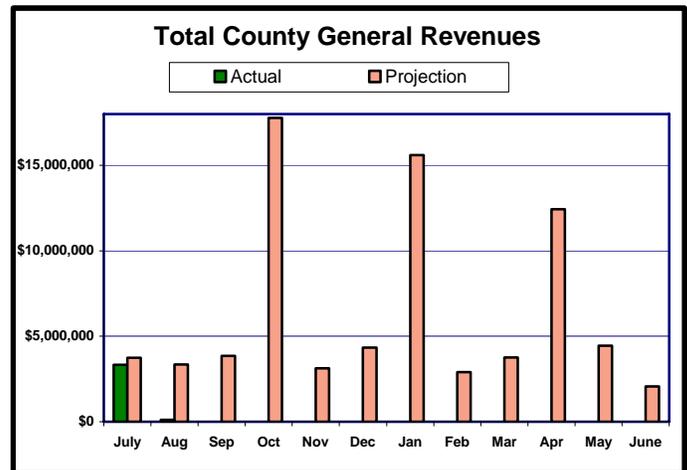
Budget staff has completed a first quarter review of key revenue and expenditure issues and concludes that the budget is currently within the financial parameters established in the fiscal year 2007-08 budget. The 2007-08 budget relied on various assumptions and forecasts and this report will provide an update on these factors including revenues, carry forward funds, the state's budget, and current economic conditions.

General Revenues

General revenues are currently slightly below the projected targets for the 2007-08 Budget. General revenues consist of the top 4 unrestricted and partially restricted revenue sources, which are projected to generate approximately \$77.4 million in 2007-08. This is 24% 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 receipts for the month of July were \$382,128 (-10.3%) less than the projected amount of approximately \$3.7 million. The disappointing amount was primarily the result of a \$239,962 shortfall in realignment revenue. Also, short of projection were Public Safety Sales Tax \$68,504, General Sales Tax \$59,172, and Property Taxes \$14,491.



JULY					YEAR-TO-DATE			
	Revenue Source	Projection	Actual	Change	Percent Change	Projection	Actual	Change
Property Taxes	\$ 119,181	\$ 104,690	\$ (14,491)	-12.2%	\$ 257,584	\$ 206,741	\$ (50,843)	-19.7%
General Sales Tax	\$ 166,022	\$ 106,850	\$ (59,172)	-35.6%	\$ 166,022	\$ 106,850	\$ (59,172)	-35.6%
Public Safety Sales Tax	\$ 1,281,105	\$ 1,212,602	\$ (68,504)	-5.3%	\$ 1,281,105	\$ 1,212,602	\$ (68,504)	-5.3%
Realignment Revenues	\$ 2,147,164	\$ 1,907,202	\$ (239,962)	-11.2%	\$ 2,147,164	\$ 1,907,202	\$ (239,962)	-11.2%
Total	\$ 3,713,472	\$ 3,331,344	\$ (382,128)	-10.3%	\$ 3,851,874	\$ 3,433,395	\$ (418,480)	-10.9%

County Carry Forward Funds

An important source of funding for the county's \$327 million budget is carry forward funds. Carry forward fund balance is determined by the Auditor-Controller and is comprised of unused appropriations, cost savings and unanticipated revenues "carried forward" from the prior fiscal year. This onetime revenue source is also commonly referred to as beginning fund balance. Carry forward fund balance figures were provided by the Auditor-Controller, in mid-August, after the adoption of the 2007-08 budget. The most notable difference in comparing budgeted versus actual carry forward funds is the \$2,528,096 increase in general fund carry forward. Staff recommends the Board of Supervisors save the general fund carry forward for future financing requirements by appropriating the \$2,028,096 into contingency and \$500,000 for future Other Post Employment Benefit (OPEB) costs.

The following table compares budgeted versus actual carry forward by fund.

Budgeted v. Actual Carry Forward

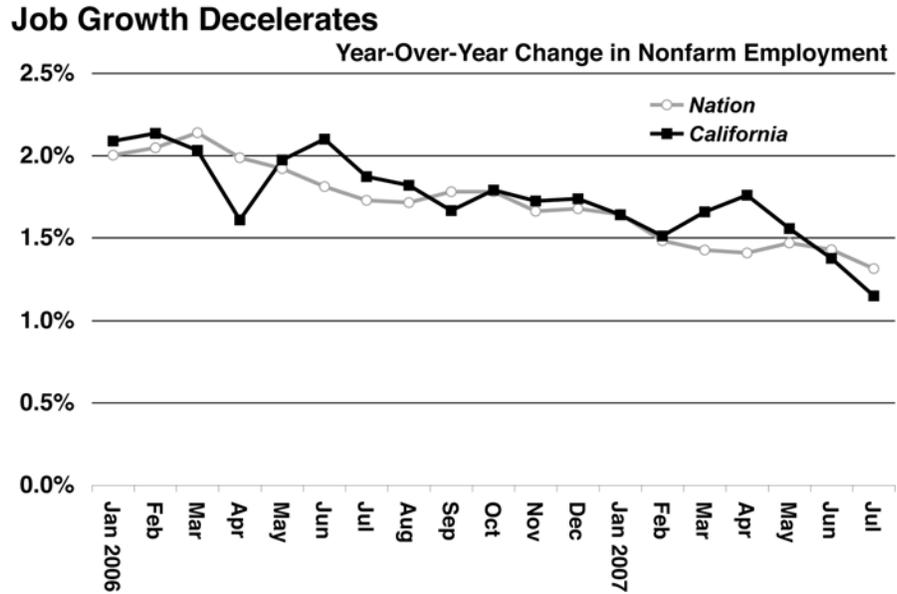
<u>Fund</u>	<u>Adopted Budget</u>	<u>Actual</u>	<u>Difference gain or loss (-)</u>
General Fund	\$5,100,000	\$7,628,096	\$2,528,096
Public Safety	\$0	-\$771,170	-\$771,170
Roads	\$6,202,530	\$6,600,489	\$397,959
Cache Creek Area Plan	\$775,688	\$2,489,462	\$1,713,774
Library	\$0	\$794,027	\$794,027
Child Support	\$0	\$332,315	\$332,315
Health*	\$4,028,600	\$4,578,270	\$549,670
Mental Health*	\$0	-\$4,714,920	-\$4,714,920
Employment & Social Services*	\$1,711,173	\$1,780,595	\$69,422
Total	\$17,817,991	\$18,717,164	\$899,173

* Fund includes the department operating fund and realignment fund.

State Budget

July was a disappointing month for state economic indicators. The disappointment was primarily the result of the worsening of the housing sector downturn. Indicators that illustrate the slowdown include: the number of new jobs is slowing, unemployment has increased slightly to 5.3 percent, home sales have slowed dramatically, and residential construction remains sluggish. A 0.5% reduction in the federal funds rate in late September has improved confidence in the financial markets; however, there remain uncertainties regarding the future impacts of the credit crisis.

The following table illustrates the slowdown in job growth.

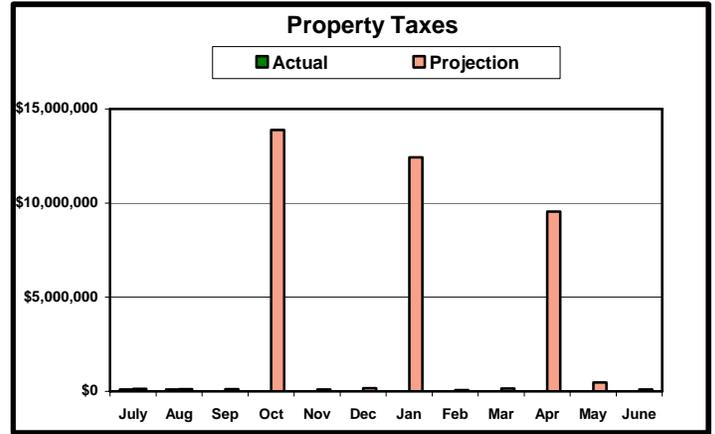


Source: Dept. of Finance

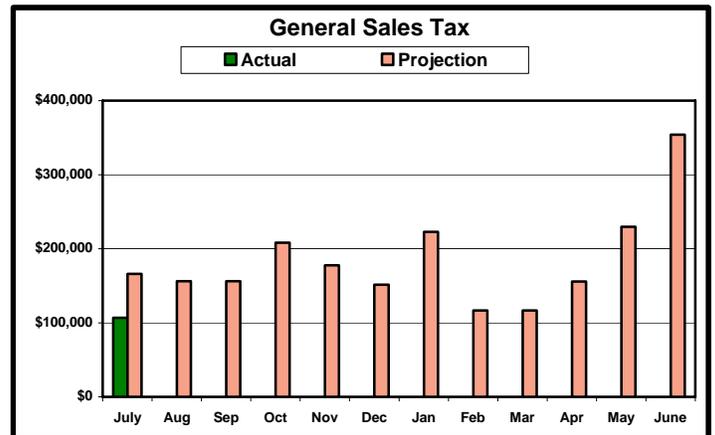
Economic Update

The credit market troubles that startled the markets in July will take some time to unfold. Two factors that hold the possibility for downside risk to the economy are jobs and the effects of falling home prices on consumption. UCLA’s Anderson Forecast Senior Economist David Shulman’s report titled, “A Near Recession Experience,” forecasts that, a classic recession will be avoided. The report concludes that there is strong activity in the trade sector, where a solid global economy is strengthening exports, while a decrease in consumption is reducing imports.

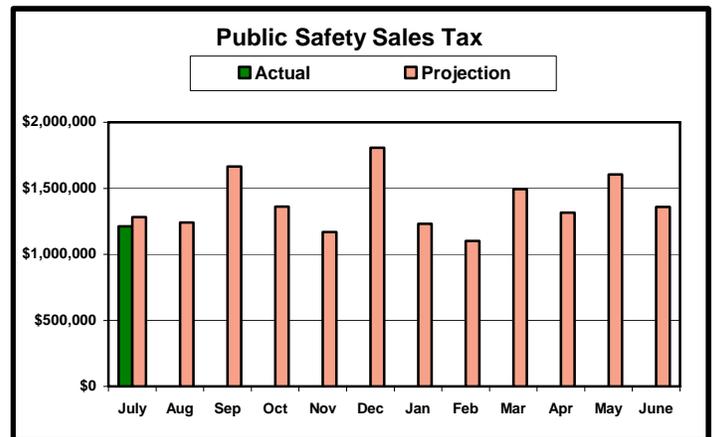
- Approximately 66% of the year's \$37.3 million in property tax revenue is received in November and December. A relatively small amount of property tax revenue (\$162,320) was received in July.



- General sales tax revenue is projected to reach the amount estimated in the budget. The \$59,172 decrease for the year-to-date is a small amount and is not significant enough to suggest any long-term trend. Total projected revenue for 2007-08 is \$2.2 million.



- Public safety sales tax for the year-to-date is \$68,504 below budget. Absent any significant slowdown in the economy, this source of revenue is on target to meet the year's revenue estimate. Total budgeted revenue for 2007-08 is \$16.6 million.



- For the year-to-date, realignment revenue is \$239,962 below projection. Staff will monitor the state's allocation of this revenue source closely to determine if there is any longer term trend developing. Total budgeted revenue is \$21.2 million.

