



# Budget Bulletin

County of Yolo

September 2008

## 2007-08 Year-End Budget Update

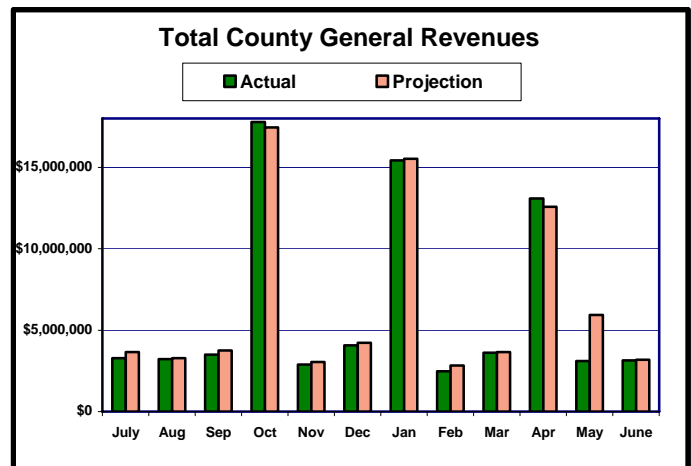
Budget staff has completed a year-end review of key revenues and expenditures and concludes that the economic slowdown negatively impacted county revenues resulting in a general revenues shortfall of \$3.5 million.

### General Revenues

General revenues at year-end 2007-08 totaled \$75.6 million, approximately \$3.5 million (4.4%) below the projected target of \$79.1 million for the 2007-08 budget. General revenues consist of the top 4 unrestricted and partially restricted revenue sources.

The charts and narrative on page 4 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 June were \$28,035 (-0.9%) less than the projected amount of approximately \$3.18 million. The slight decrease was primarily the result of shortfalls in Public Safety Sales Tax of \$136,077 and General Sales Tax of \$123,227. Also, short of projection was Property Tax revenue in the amount of \$33,893. The shortfalls were offset by a \$265,162 increase in Realignment Revenue.



Revenue Source	JUNE				YEAR-END			
	Projection	Actual	Change	Percent Change	Projection	Actual	Change	Percent Change
Property Taxes	\$ 106,040	\$ 72,147	\$ (33,893)	-32.0%	\$ 38,911,969	\$ 37,487,736	\$ (1,424,233)	-3.7%
General Sales Tax	\$ 353,976	\$ 230,749	\$ (123,227)	-34.8%	\$ 2,211,220	\$ 2,159,929	\$ (51,291)	-2.3%
Public Safety Sales Tax	\$ 1,359,055	\$ 1,222,978	\$ (136,077)	-10.0%	\$ 16,631,832	\$ 15,200,276	\$ (1,431,556)	-8.6%
Realignment Revenues	\$ 1,359,246	\$ 1,624,408	\$ 265,162	19.5%	\$ 21,362,986	\$ 20,769,567	\$ (593,419)	-2.8%
<b>Total</b>	<b>\$ 3,178,317</b>	<b>\$ 3,150,282</b>	<b>\$ (28,035)</b>	<b>-0.9%</b>	<b>\$ 79,118,007</b>	<b>\$ 75,617,508</b>	<b>\$ (3,500,500)</b>	<b>-4.4%</b>

## 2008-09 Carry Forward Funds

An important source of funding for the county's 2008-09 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 years. This onetime revenue source is also commonly referred to as beginning fund balance. Carry forward fund balance figures were compiled by the Auditor-Controller in late August, after the adoption of the 2008-09 budget. There are notable carry forward shortfalls in General Fund, Public Safety, Health, Mental Health, and Employment and Social Services. County Administrator and Auditor-Controller staff are currently reviewing carry forward fund figures with departments. The County Administrator will meet with departments later in September to develop a plan to resolve the shortfall in carry forward funds and then return to the Board of Supervisors with recommended actions.

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

### **2008-09 Budgeted v. Actual Carry Forward**

<u>Fund</u>	<u>Adopted Budget</u>	<u>Actual</u>	<u>Difference gain or loss (-)</u>
General Fund	\$1,790,384	\$1,113,548	-\$676,836
Public Safety	\$0	-\$1,174,951	-\$1,174,951
Roads	\$5,272,145	\$7,025,194	\$1,753,049
Cache Creek Area Plan	\$531,892	\$2,781,709	\$2,249,817
Library	\$0	\$685,189	\$685,189
Child Support	\$96,168	\$251,314	\$155,146
Health*	\$1,200,000	\$1,012,665	-\$187,335
Mental Health*	\$0	-\$7,515,903	-\$7,515,903
Employment & Social Services*	\$936,202	-\$500,945	-\$1,437,147
<b>Total</b>	<b>\$9,826,791</b>	<b>\$3,677,820</b>	<b>-\$6,148,971</b>

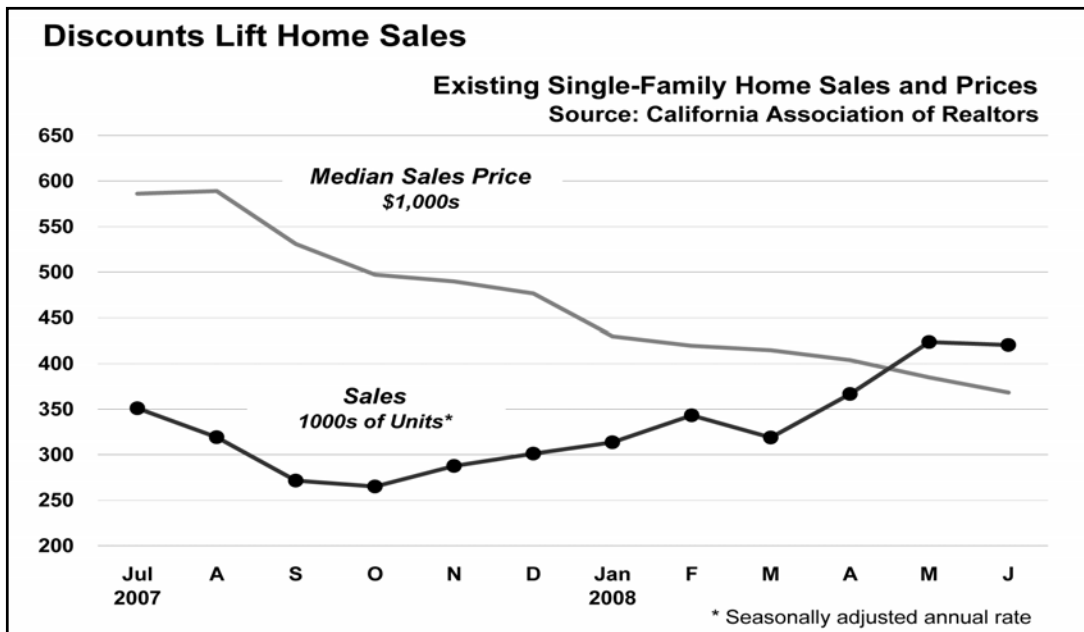
\* Fund includes the department operating fund and realignment fund and is a cumulative total of prior fiscal years.

## Economic Update

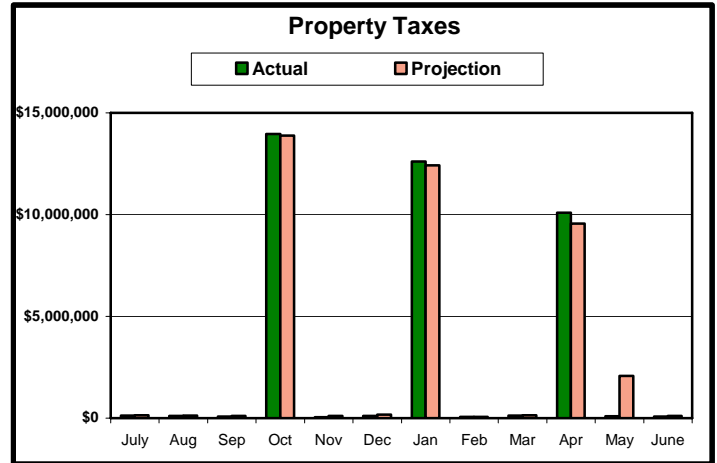
June was another challenging month for the California economy. Employment in nonfarm payroll fell by 12,000 jobs and the unemployment rate increased by 0.01 percent to 6.9 percent. Both residential and nonresidential construction permits were down for the first half of the 2008. Nonresidential permits were down 4 percent and residential down by 43 percent from the same months in 2007.

There is a sign of improvement the residential housing market. Home sales in June reached 420,600 units, the second consecutive month above 400,000 units. However, distressing news for home sellers was the median price for existing single-family homes sold in June fell to \$368,000, a drop of approximately 38 percent from the prior year.

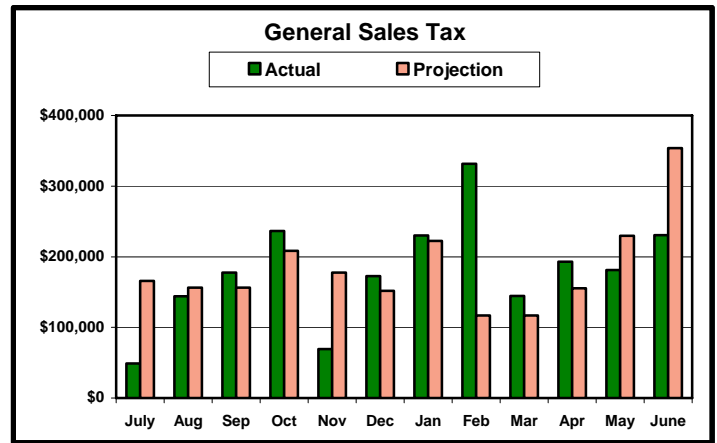
The following table, produced by the Department of Finance, illustrates the change in home sales.



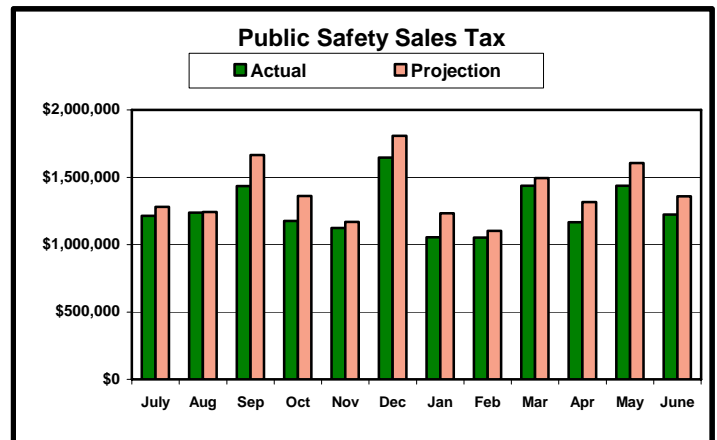
- Property taxes for 2007-08 totaled \$37.5 million, approximately \$1.4 million (3.7%) short of the \$38.9 million originally estimated in the budget. A key factor was the Teeter property tax fund did not have any cash available for transfer to the general fund resulting in a \$1.8 decrease in revenue. The cash in the Teeter fund was used to finance a substantial increase in delinquent property taxes.



- General sales tax revenue for the year totaled \$2,159,929, a modest \$51,291 (2.3%) short of the budgeted amount of \$2,211,220. This source of sales tax is based on retail sales in the unincorporated area and did relatively well compared to sales tax proceeds in other areas of the state.



- Public safety sales tax for the year was down \$1.4 million (8.6%) from the budget estimate of \$16.6 million. The shortfall was the result of a statewide slowdown in consumer spending and an associated decline in sales tax revenue. This revenue is allocated to each jurisdiction from a statewide pool of sales tax revenues. Therefore, sales tax proceeds from all regions of the state impact the amount of sales tax allocated to Yolo County.



- For the year, realignment revenue was \$593,419 (2.8%) short of the budgeted amount of \$21.3 million. This source of funds is generated from a statewide pool of vehicle license fee and sales tax revenue. Vehicle license fee revenue attained the estimated amount, which helped moderate the impact of a substantial decrease in sales tax revenue.

