



# Budget Bulletin

County of Yolo

Spring 2008

## 2007-08 Midyear Budget Update

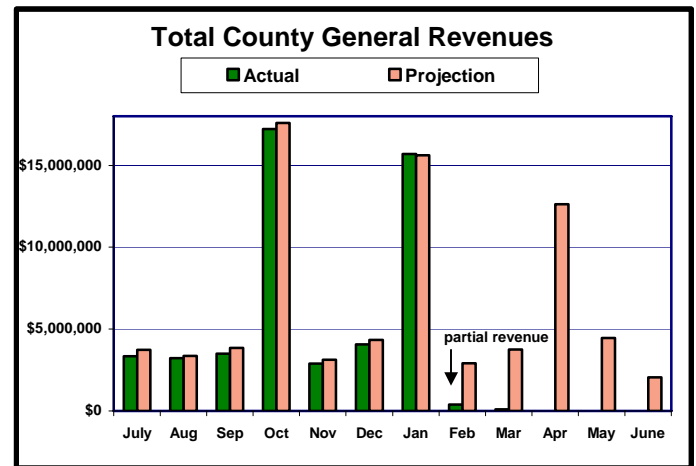
Budget staff has completed a midyear review of key revenues and concludes that general revenues are \$1.28 million short of the revenue estimates adopted in the fiscal year 2007-08 budget.

### 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 February were \$88,602 (0.6%) greater than the projected amount of approximately \$15.6 million. The increase was the result of a \$461,948 increase in property taxes and a \$7,355 increase in general sales tax. The increase was offset by a \$202,053 decrease in realignment revenue and a \$178,647 decrease in public safety sales tax revenue. The year-to-date actual revenue is currently \$1.28 million short of projected revenues. The economic slowdown is impacting consumer spending, sales tax revenue, and the public safety and realignment revenues.

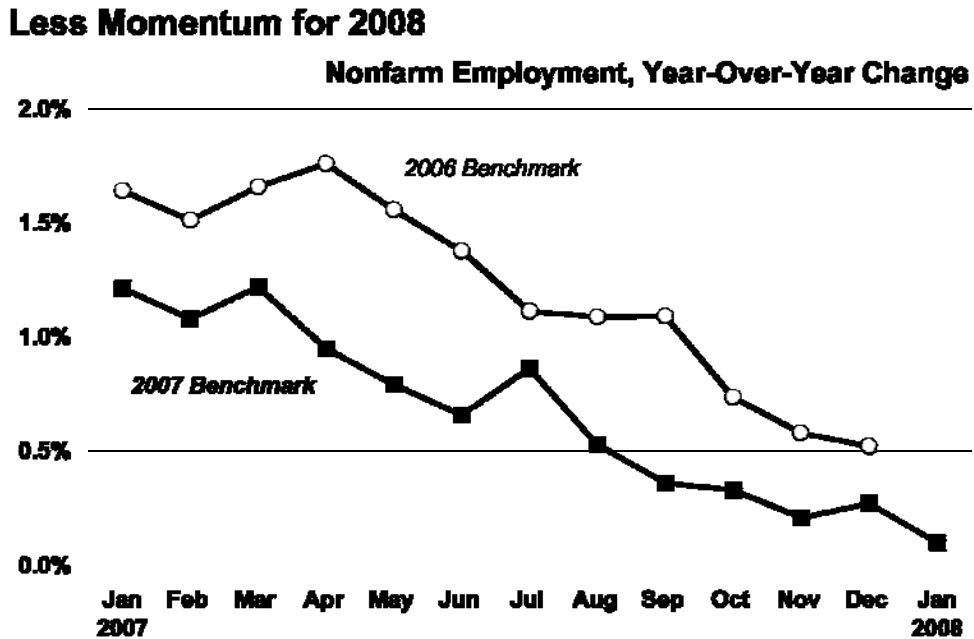


Revenue Source	FEBRUARY				YEAR-TO-DATE			
	Projection	Actual	Change	Percent Change	Projection	Actual	Change	Percent Change
Property Taxes	\$ 12,423,553	\$ 12,885,501	\$ 461,948	3.7%	\$ 26,963,281	\$ 27,469,553	\$ 506,272	1.9%
General Sales Tax	\$ 222,645	\$ 230,000	\$ 7,355	3.3%	\$ 1,355,138	\$ 1,468,223	\$ 113,085	8.3%
Public Safety Sales Tax	\$ 1,232,145	\$ 1,053,498	\$ (178,647)	-14.5%	\$ 9,756,850	\$ 8,884,092	\$ (872,758)	-8.9%
Realignment Revenues	\$ 1,728,509	\$ 1,526,456	\$ (202,053)	-11.7%	\$ 13,638,194	\$ 12,605,860	\$ (1,032,334)	-7.6%
<b>Total</b>	<b>\$ 15,606,853</b>	<b>\$ 15,695,455</b>	<b>\$ 88,602</b>	<b>0.6%</b>	<b>\$ 51,713,464</b>	<b>\$ 50,427,728</b>	<b>\$ (1,285,736)</b>	<b>-2.5%</b>

## State Budget

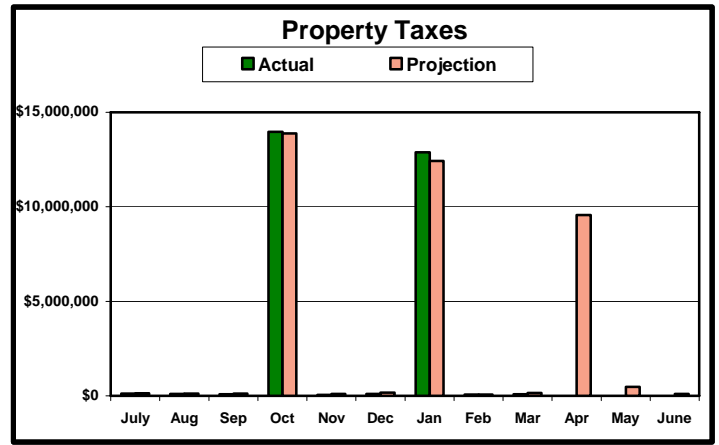
The growth in the state and national economy continues to slow as a result of the housing slump and credit crisis. Job growth in the labor market is declining. There is a persistent slowdown in homebuilding and existing home prices continue to weaken. The State Department of Finance reported, "The median price of existing single-family homes sold plunged nearly 10 percent, to \$430,270—the fifth consecutive month-over decline. This price was also down almost 22 percent from a year earlier."

The following table, prepared by the State Department of Finance, illustrates the slowing of job growth in California.

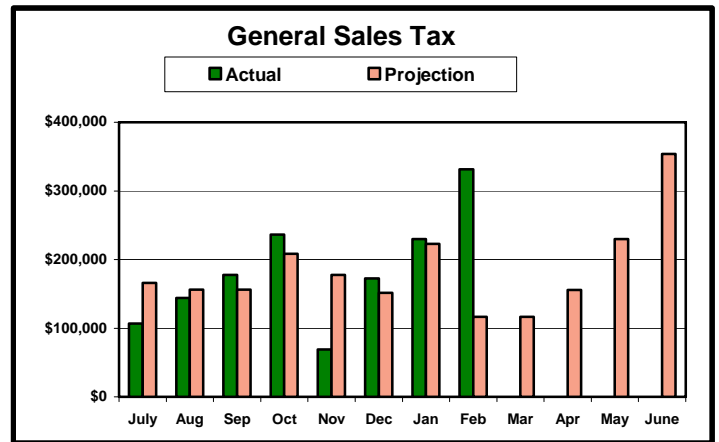


Source: Dept. of Finance

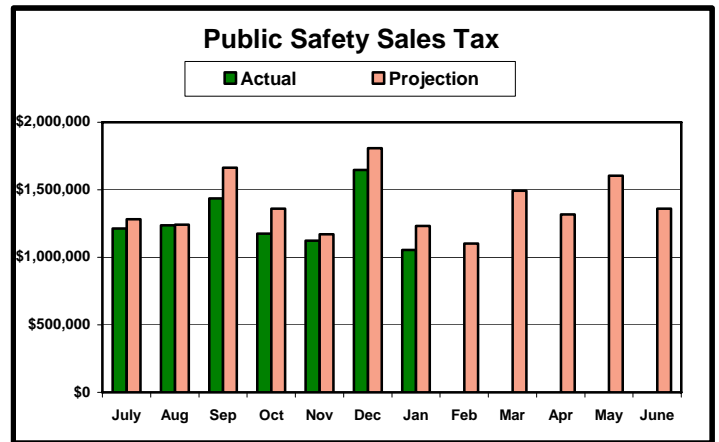
- Approximately \$27.5 million, 74 percent of the year's \$37.3 million in property tax revenue has been received through February. Property tax is on track to meet the year's estimated revenue; however, there have been declines in property transaction revenues, such as the document transfer tax.



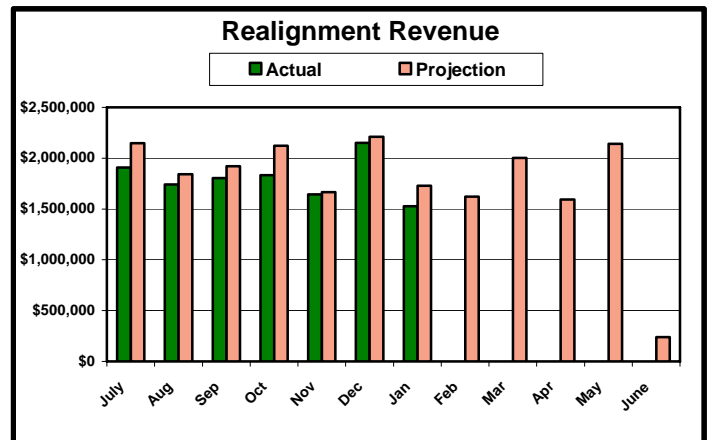
- General sales tax revenue is projected to be slightly less of the amount estimated in the budget. The \$113,085 increase for the year-to-date is due to a quarterly revenue adjustment by the State Board of Equalization. Total budgeted revenue for 2007-08 is \$2.2 million.



- Public safety sales tax for the year-to-date is \$872,758 (-8.9%) below budget. The economic slowdown and decrease in consumer spending is significantly impacting sales tax revenues and this pooled source of statewide funds for the Sheriff, District Attorney and Probation Departments. Total budgeted revenue for 2007-08 is \$16.6 million.



- For the year-to-date, realignment revenue is \$1,032,334 (-7.6%) 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.



# Budget Principles 2008-09

## **Strategic Goal: Financially Sustainable County Government**

- General Fund is the fund of last resort. All other available funds will be utilized first
- The county should continuously strive to expand and diversify its revenue base with the goal of achieving stable sources of revenue.
- New programs or higher levels of service must be fully self-funding or mandated by law
- New positions shall be revenue neutral
- One-time monies should only fund one-time expenditures
- Apply user fees and charges to fully cover program costs
- Programs that have lost state or federal funding should be evaluated first for reduction or elimination
- Enhancements or reductions will be considered in the context of impact on county revenue
- Grant applications must consider both short term and long term impacts on general fund
- Pomona Funds are reserved for separate allocation by the Board of Supervisors.
- Sufficient reserves to cover both current year and future year needs must be maintained
- Reimbursement for all state-mandated costs must be aggressively pursued

## **Strategic Goal: Environmentally Sensitive and Quality County Infrastructure**

- Maintain critical county infrastructure and workspaces
- Aggressively pursue all feasible energy/fuel savings

## **Strategic Goal: Top Quality Workforce Providing Responsive Services**

- Labor agreements will be honored and respected
- Identify appropriate opportunities for training and development
- Identify and implement best practices to improve fiscal sustainability, promote accountability and improve services
- Layoffs are the last resort

## **Strategic Goal: Preservation of Agriculture and Open Spaces with Planned Development**

- Promote economic development

## **Strategic Goal: Partnering for a Successful Yolo County**

- Work closely with cities, other agencies and the private sector to promote fiscal sustainability and high quality services to Yolo County residents

## **Strategic Goal: Safe and Healthy Community**

- Evaluate programs based on outcomes; ensure proper data collection to provide adequate information