



COUNTY OF YOLO

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Yolo County Releases 2022-23 Recommended Budget and 2021-22 Annual Report

(Woodland, CA) - Today, the Yolo County Administrator released the 2022-23 Recommended Budget and 2021-22 Annual Report. The Board of Supervisors will consider the recommended budget at a hearing on June 14, 2022, at 9 am. State law requires the Board of Supervisors to adopt a recommended budget as the County's initial spending plan. The recommended budget serves as the County's spending plan until September, when the Adopted budget is considered, incorporating changes to state funding and operating results from the current fiscal year.

The 2022-23 recommended budget includes total expenditures for \$667,609,455 with general purpose revenues of \$92,904,788 which represents an increase of \$4,793,859 (5.4%) from the 2021-22 adopted budget general purpose revenue. Capital expenditures are recommended at \$30,453,982. The Recommended Budget includes a total net decrease of 5.4 full-time equivalent (FTE) positions. It does so by adding 12.6 positions and refunding 1.0 position in key areas, reducing 7.0 positions, and unfunded and holding vacant 12.0 positions.

This Recommended Budget represents strong adherence to the Board's Long-Term Financial Plan and provides for ongoing operations without requiring reductions in services. While the overall budget has grown, the 2022-23 Recommended Budget only provided for limited budget augmentations and deferred many for consideration in the September Adopted Budget, dependent on the financial outlook at that time.

Total unfunded liabilities continue to grow and be of concern. The pension liability of \$369,689,940 has continued to increase. This cost increase is due to changes in CalPERS' assumed investment earnings and the phase in of a CalPERS change from a 30-year amortization to a 20-year amortization for payment of the unfunded liability. The retiree health liability continues to see reductions due to the ongoing efforts of the Board-approved prefunding plan, with the most recent 2020 actuarial study showing an unfunded liability of \$65,180,000. This is down from \$153,091,000 in 2014, and an updated actuarial study will be completed for 2022. The road maintenance liability of \$477,000,000 has yet to be addressed. However, SB 1 has substantively strengthened road maintenance investment in the county, and the board has directed staff to explore possible additional revenue mechanisms.

"These continue to be unprecedented times for Yolo County. The pandemic generated significant economic disruption and initially created significant fiscal uncertainty. The subsequent recovery and significant economic stimulus have caused increasing cost inflation and workforce challenges that face the County along with the rest of the nation. The County budget thus strikes a measured tone recognizing that inflationary pressures are now creating a situation where larger forces such as the Federal Reserve are working to cool the economy through increased interest rates," said Interim County Administrator Chad Rinde. "The County is susceptible to a downturn because it has a significant dependence on property and sales tax that are crucially linked to the broader economy, and the County's cost structure is not always able to adapt quickly

to changes. Thus, the County budget continues to invest strategically given that revenue is not growing in many areas at the same pace as costs and prepare for the next wave of economic challenges that will inevitably arise.”

Of note, the County has separately developed a plan for the \$42.8 million of American Rescue Plan (ARP) funds. That funding, to the extent it is unspent, will carry forward to the 2022-23 fiscal year, and the process will continue to allocate and make project level decisions for that significant funding to respond and recover from the COVID-19 pandemic. These funds are available for use and can be expended between March 2021 and December 2024.

The 2022-23 recommended budget is available online at: www.yolocounty.org/budget-finance. Instructions to participate in the hearing on June 14 are available here: <https://www.yolocounty.org/government/board-of-supervisors/board-meetings/board-of-supervisors-meeting-agendas-minutes>

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