

Fiscal Year 2009-2010
FINAL BUDGET HEARINGS



Butte County Board of Supervisors

Monday, May 18, 2009

Budget Presentation

- Impact of Global Economic Downturn
- Review Actions Taken by Board
- Proposed Budget Review
- Outlook
- Public Comment
- Board Deliberations

Global Economic Downturn

- County Unemployment Rate at 13.3%
- 5,700 jobs lost in Butte County
- State Unemployment Rate at 11.2%
- 650,000 jobs lost in California
- U.S. Unemployment Rate at 8.9%
- 6 million jobs lost in the United States
- Financial and housing sectors stabilizing for now
- Worst economic crises in over 60 years will take time to recover

Revenue

- Property Tax - relatively flat
- Local Sales Tax
 - From \$4 million to \$3 million
- Public Safety Sales Tax
 - From \$14 million to \$11.5 million
- Social Services Realignment Sales Tax
 - From \$18.5 million to \$12.5 million

Cash Flow Challenges

- How much money is in the bank (Treasury) today?
- TRAN is a crucial financial tool
- Credit market is tight!
- Rigorous requirements of financial market
- Need to demonstrate a solid financial position and sound management plan

State Payment Delays

- Planned payment delays for Employment & Social Services and Behavioral Health - \$5.5 million
- Ongoing delays for Behavioral Health payments - \$5-7million
- Additional payment delays are anticipated
- Forces counties to carry a portion of State's cash flow burden

Board Actions Already Taken

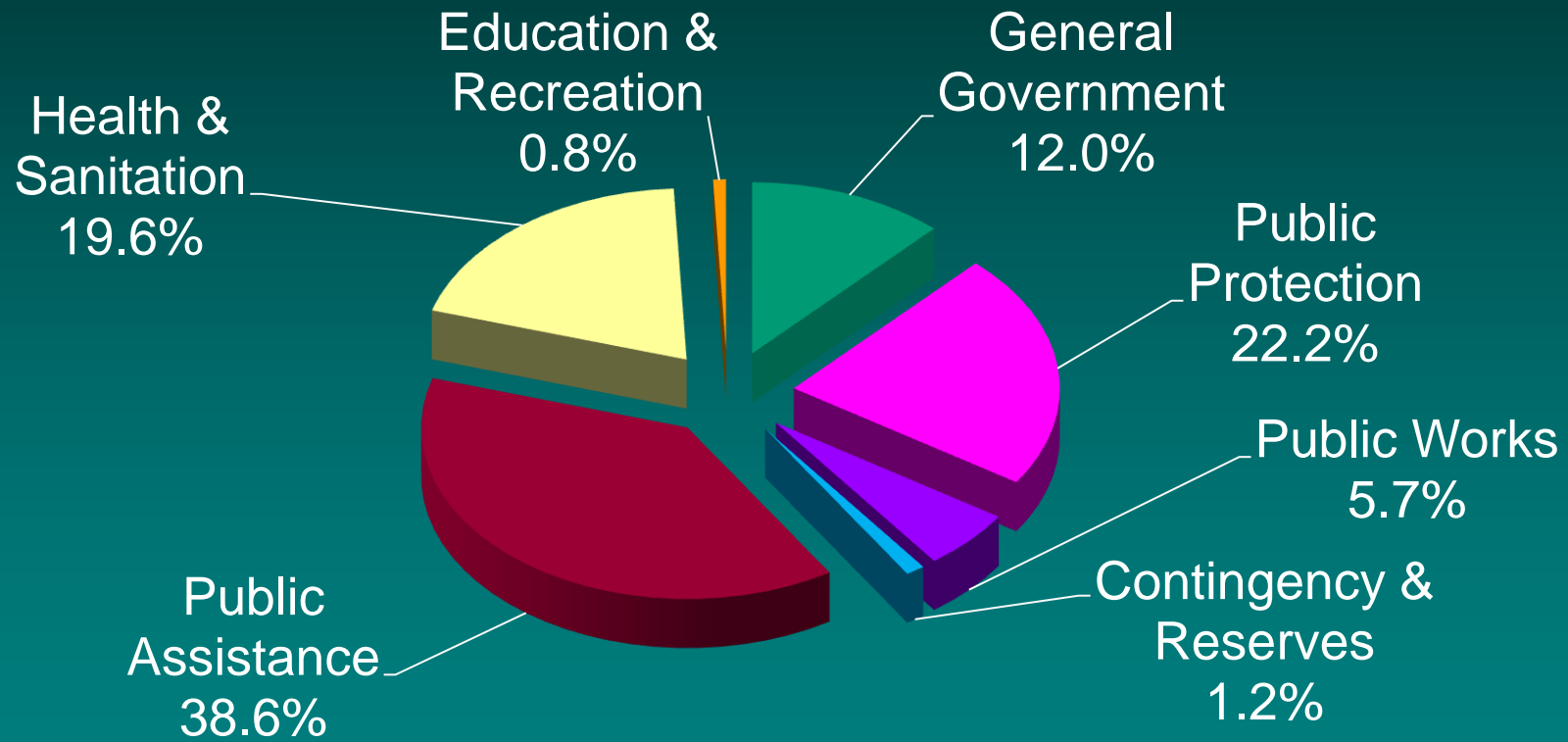
- July 2008 – Cut 125 positions
- Nov. 2008 – Board reduced department budgets by \$4 million and directed \$6 million in other cuts
- Dec. 2008 – Cut another 41 positions
- Mar. 3, 2009 – Cut another 44 positions
- Mar. 24, 2009 – Cut another 42 positions and the contract with CalFire by \$2.5 million

Proposed Budget - Overview

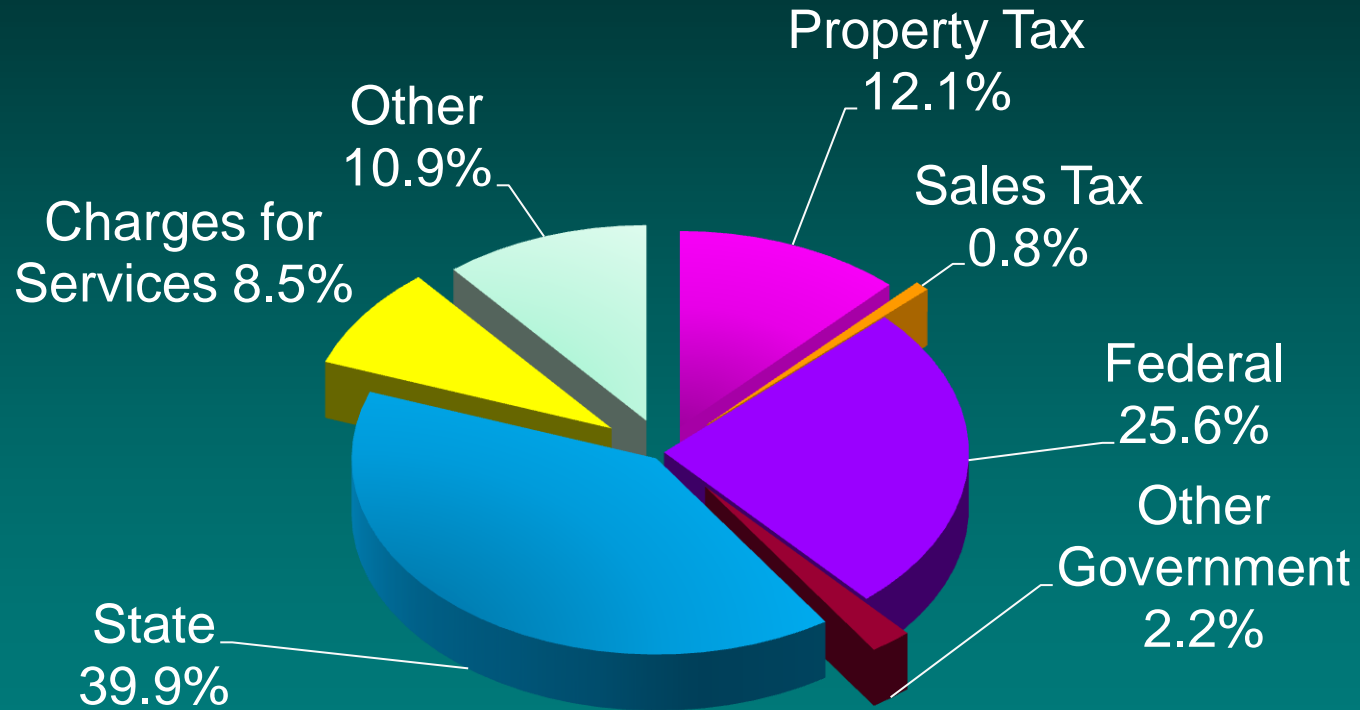
- Total appropriation in all funds is \$391,134,918; this is a decline of 6% compared to the fiscal year 2008-09 Adopted Budget
- Balanced using some one-time solutions
- Most severe reductions to Jail, Juvenile Hall and Library avoided...for now
- Does not presume State budget impacts

Proposed Budget Expenditures – All Funds

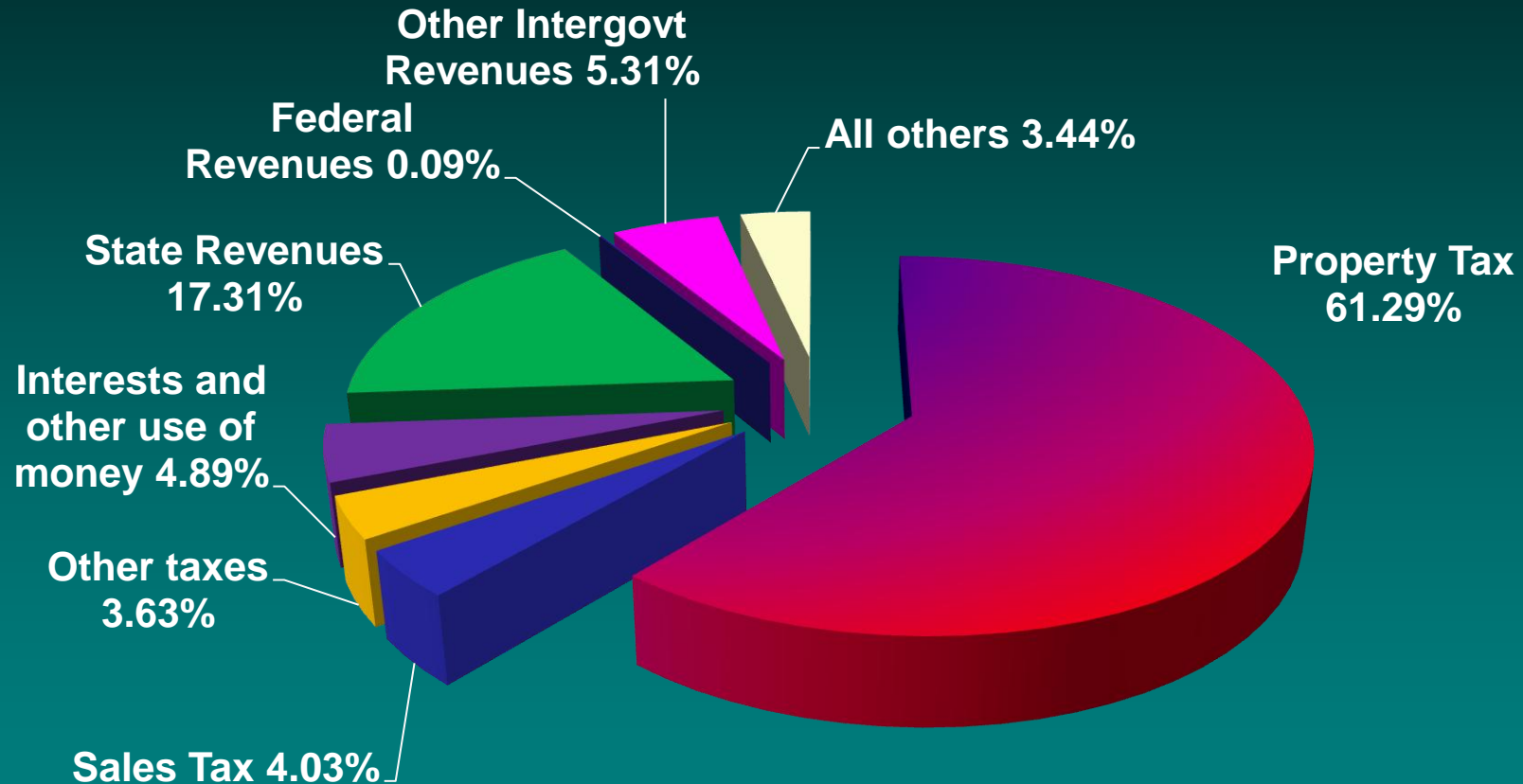
\$391,134,918



Proposed Budget Revenues – All Funds

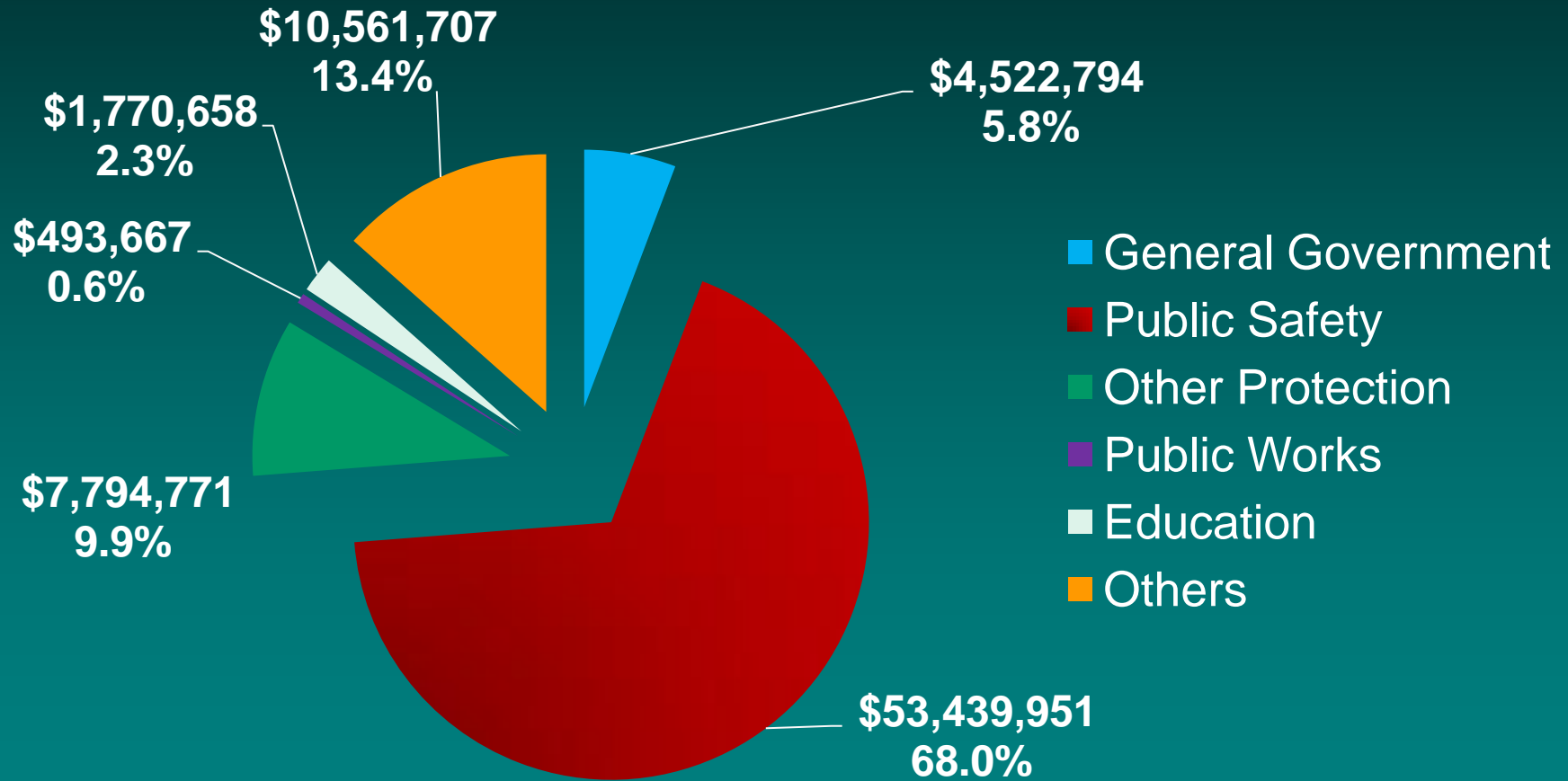


Proposed General Purpose Revenue



Use of Discretionary Resources

\$78,583,548



Proposed Budget for Butte County

Fund	<u>Adopted</u> 2008-2009	<u>Proposed</u> 2009-2010	<u>Amended</u> 2009-2010	<u>Percent</u> Change
General	127,325,845	112,584,429	116,508,902	-8.5%
Welfare	141,395,489	142,528,765	142,528,765	0.8%
Public Health	25,928,398	26,021,484	26,230,757	1.2%
Behavioral Health	46,821,716	50,335,399	50,335,399	7.5%
Child Support Services	8,894,072	8,862,564	9,069,012	2.0%
Road Operations	22,192,672	15,716,640	19,555,869	-11.9%
Impact Fee Fund	0	0	7,800	100.0%
Debt Service	4,054,126	4,054,126	4,054,126	0.00%
Capital Projects	11,657,370	1,578,079	1,578,079	-86.5%
Equipment Replacement	601,364	11,469	11,469	-98.1%
ISF Equipment Replacement	737,936	4,049	4,049	-99.5%
State COPS Program	943,106	728,234	798,234	-15.4%
Water Services	2,075,461	1,470,512	1,470,512	-29.1%
Library	3,098,270	1,533,576	2,515,869	-18.8%
Fish & Game	52,737	96,046	96,046	82.1%
Fire Protection	15,606,682	12,614,423	12,864,442	-17.6%
Local Transportation-Transit	3,281,388	2,479,296	2,479,296	-24.4%
CDBG/HUD	1,394,981	956,292	1,026,292	-26.4%
TOTAL	416,061,613	381,575,383	391,134,918	-6.0%

Realignment Fund Transfers

- Social Service costs exceed available Realignment Revenue by \$4.5 million
 - Entitlements
 - Minimal County control over costs
- 20% Transfer from Public Health - \$2.4 million
- 10% Transfer from Mental Health - \$675,000
- Realignment Transfers Mitigate General Fund Impact - \$1.4 million

Amendments to Proposed Budget (Schedule A & B Adjustments)

- Proposed Budget entered into the financial system in April
- New information on grants and revenues has been received
 - Sheriff Contract with U.S. Marshal's Office
 - Improved Cost Recovery – User Fees Updated
- The Schedules A and B reflect the updated information

One-time Solutions

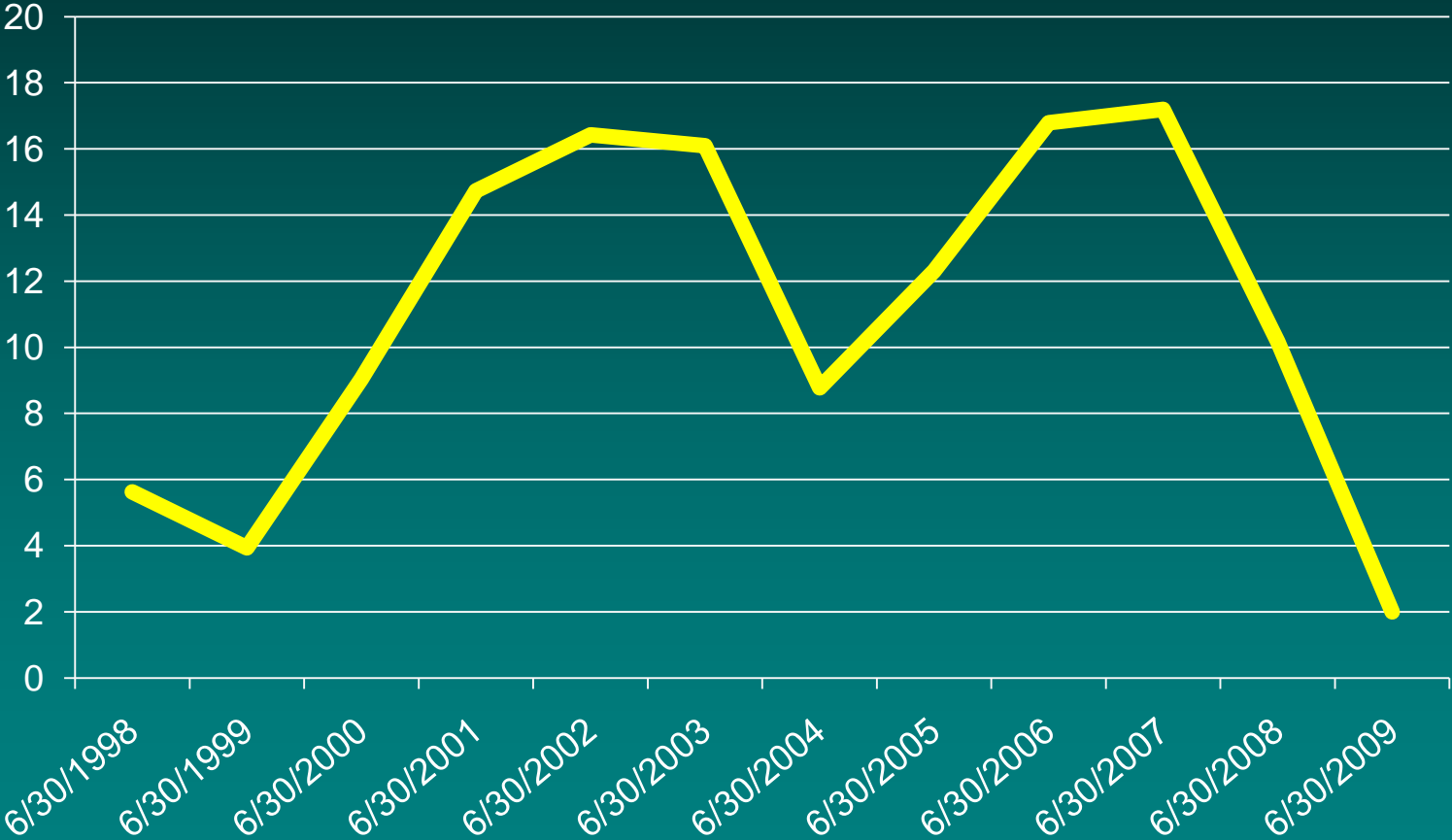
- Federal Stimulus Funding: \$1.5 million
- Space Use Allowance: \$500,000
- Equipment Replacement Fund: \$1.2 million
- Workers' Compensation Premiums: \$660,000
- Community Cost Share: \$450,000
- Deferred Purchases

Structural Budget Deficit

- The structural budget deficit was about \$19 million at one point this fiscal year
- Revenues are coming in lower than budgeted in fiscal year 2008-09 and projected to further decline in fiscal year 2009-10
- The estimated fund balance carryover at the end of the current fiscal year is estimated to be only \$2 million

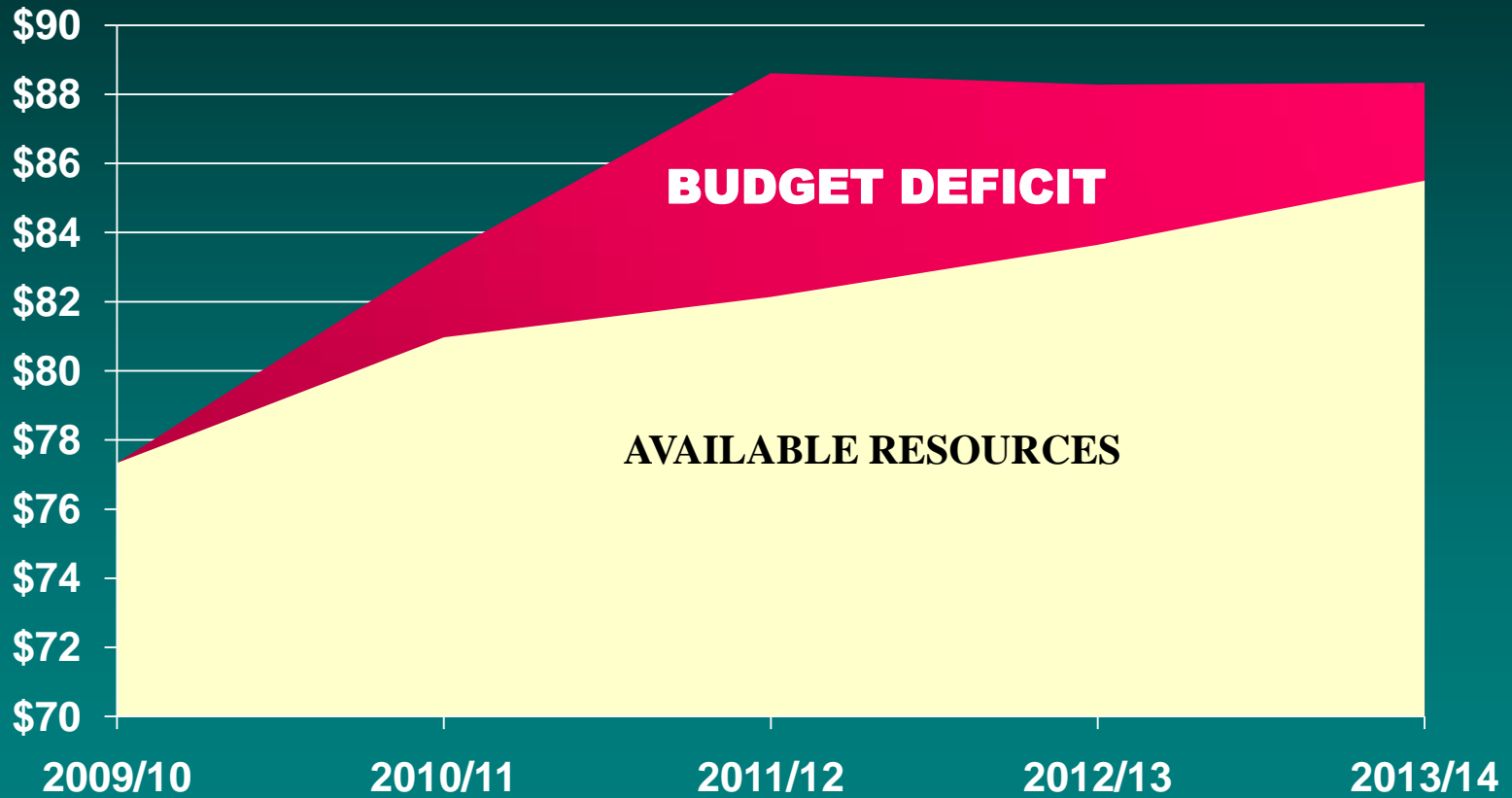
Beginning Available Fund Balance – General Fund

Millions



Future Outlook

Millions



Risks

- Loss of federal stimulus funds
- State deficit up to \$21.3 billion
 - State will be very resistant to more taxes and program cuts
 - Further cuts to counties
 - “Borrow” County revenues such as property taxes
- Increased CalPERS retirement contributions

State Budget Problems

- State Budget Adopted in February
- \$15 Billion budget shortfall
- Another \$6 Billion short if ballot measures fail
- May Revision of budget released by Governor
- Plus additional reductions if measures fail
- Governor proposes borrowing \$6 Billion

Highlights – May Revision

- Proposed suspension of Proposition 1A
 - \$2 to \$4 Million loss to Butte County
- Loss of Williamson Act subvention (\$600,000+)
- Shifting State prisoners to County jails
- Deep reductions to health and welfare programs
- Unclear how State Legislature will respond

Proposed Budget - Summary

- Use of one-time solutions
- Most severe reductions avoided for now
- Further State budget impacts not considered
- Total appropriation declines 6% from last year

Public Hearing on Budget

- Must be concluded within two weeks
- In adopting the Final Budget the Board of Supervisors may not increase the amounts set forth in the Proposed Budget unless the increase is proposed in writing and filed with the Clerk of the Board before the close of the hearing

Recommendations

- Hold a Public Hearing on Proposed Budget as amended by Schedule A and Schedule B
- Take public comment
- Upon conclusion of the Public Hearing, adopt the Proposed Budget and provide direction to staff to prepare a Final Budget Resolution

Recommendations (Cont.)

- Upon conclusion of Public Hearing on Proposed Budget, open another Public Hearing to consider transfers from the Public Health and Mental Health Realignment Accounts to the Welfare Fund.
- Approve transfers after Public Hearing concludes

Budget Details by Department

- Board of Supervisors
- Administrative Office
- Agriculture Commissioner
- Assessor
- Auditor
- Behavioral Health
- Child Support Services
- Clerk-Recorder
- County Counsel
- Development Services
- District Attorney
- Employment/Soc. Services
- Farm, Home & 4H
- Fire
- General Services
- Human Resources
- Information Systems
- Library
- Probation
- Public Health
- Public Works
- Sheriff – Coroner
- Treasurer – Tax Collector
- Water & Resource Conserv.
- Non-Departmental Budgets
- Miscellaneous Budgets