



COUNTY OF MENDOCINO

Executive Office

TOM MITCHELL
CHIEF EXECUTIVE OFFICER

501 Low Gap Road, Room 1010
Ukiah, CA 95482-3734

Email: ceo@co.mendocino.ca.us
Website: www.co.mendocino.ca.us

Office: (707) 463-4441
Facsimile: (707) 463-5649

SUMMARY OF THE 2009-10 FINAL BUDGET

INTRODUCTION

The Final Budget of the County of Mendocino guides all of the activities and programs of County government until June 30, 2010. The Board of Supervisors adopted this document on September 15, 2009. Absent special actions by the Board of Supervisors, expenditures of all County departments are limited to those shown in this document. As adopted in the County's Mission Statement, it is the objective of the Board of Supervisors through their funding opportunities to improve the quality of life in Mendocino County by providing responsive, efficient, and high quality public services that promote self-sufficiency and well being.

THE COUNTY AND THE STATE

The County of Mendocino was created by the State of California in 1850 and is a political subdivision, or unit, of the state. The County is responsible for providing programs and services of the state government, and its powers are limited to those granted by the State. Much of what the County does and its structure is determined by the State Constitution. The County budget includes many programs in the areas of health, welfare and law enforcement, which are mandated, regulated and mostly funded by the State. The Board of Supervisors has limited authority over the policy and administration of these programs. The County budget also includes funding to provide local services not affected by state laws, such as libraries, land-use planning, county road construction and maintenance, and a museum.

County services provided are divided between "functional areas" within this budget. Also each budget is also shown under the department budgetary authority as well. For purposes of demonstrating funding and appropriation distributions as presented in the following pages, the functional areas have been defined as follows:

General Government - consists of the Board of Supervisors-Clerk of the Board, Executive Office, Auditor-Controller which includes Administration/Policy budgets (i.e. Teeter Plan, Miscellaneous Budget which includes Local Agency Formation Commission (LAFCO)), Assessor, Clerk-Recorder, County Counsel, Elections, General Services, Garage, Buildings and Grounds, Human Resources, Information Services, Treasurer-Tax Collector, and Land Improvement, Promotion and RDA.

Public Protection - consists of Sheriff, Jail, Probation, Juvenile Hall, District Attorney, Public Defender, Alternate Defender, Courts, Agriculture, Emergency Services (OES), and Planning and Building Services, Child Support Services, Fish and Game and Grand Jury.

Roads and Bridges - consists of Department of Transportation and County Airport services.

Health and Human Services - consists of Public Health, Mental Health, Social Services, and Solid Waste services, and Animal Care and Control.

Education/Recreation - consists of Museum, Library and Farm Advisor.

Special Districts - consists of Lighting Districts, Water Agency, and Air Quality Management District.

Debt Service and Contingencies- debt service commitments- Pension Obligation Bonds (POB) and Certificates of Participation (COP) and contingency funds.

SUMMARY OF THE 2009-10 FINAL BUDGET

Page 2 of 6

OVERVIEW

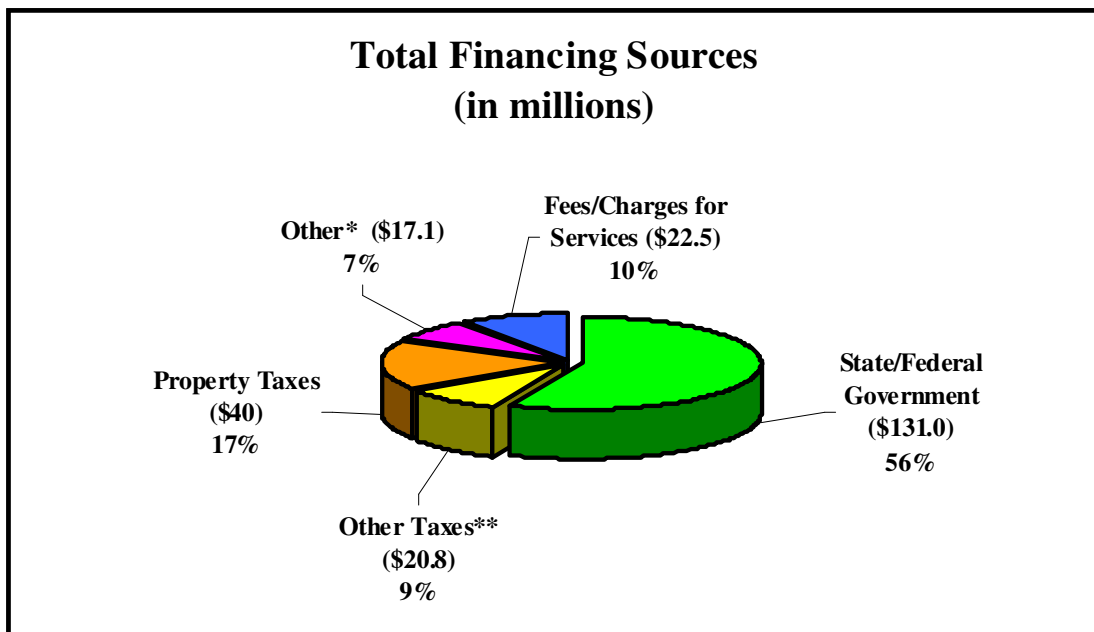
The Final Budget for Fiscal Year 2009-10 includes total appropriations of \$239,102,213. Of those total appropriations all funds are anticipated for operations of the county and there is no available funding allocated for capital projects. Total appropriations increased by \$6,710,464 (2.89%) over the previous fiscal year. The significant increase in appropriations from the prior year can be attributed to increases in state funding in transportation, and state and federal funding in Health and Human Services.

FINANCING SOURCES

Mendocino County's largest revenue source is from the State and Federal Governments. As noted below, approximately 56% of the County's revenues are anticipated from the State/Federal government for Fiscal Year 2009-10, most of which is restricted to a specific program or service within the areas of Health and Human Services and Public Protection. These intergovernmental revenues are projected at \$131.0 million in Fiscal Year 2009-10, which is an approximate 3% increase as compared to the total financing sources from the prior year.

The second largest revenue source is from taxes. Tax revenues are derived mainly from the County's local share of property taxes and sales tax. Total tax revenues are projected at approximately \$60 million in fiscal year 2009-10, which is an approximate 6% increase from the prior year, budgeted amount. Of the 6% increase, it should be noted that 2% of the total increase resulted from the exchange by the State with the County of approximately \$10 million dollars of vehicle license fee (VLF) receipts in trade for an increase in local property tax revenues of a like amount. This came as a result of the State's promise to make local government whole with the demise of the VLF tax. Other revenue/financing sources are projected at \$17 million in fiscal year 2009-10, which is an approximate 15% (decrease) from the prior year, mostly due to the cut by the State for the Williamson Act/Open Space Subvention funding and a decrease on interest earnings.

TOTAL FINANCING SOURCES \$231.4 MILLION



* "Other" includes fines, forfeitures, penalties and interest earnings.

** "Other Taxes" include sales taxes; timber yield taxes, room occupancy taxes, and property transfer taxes.

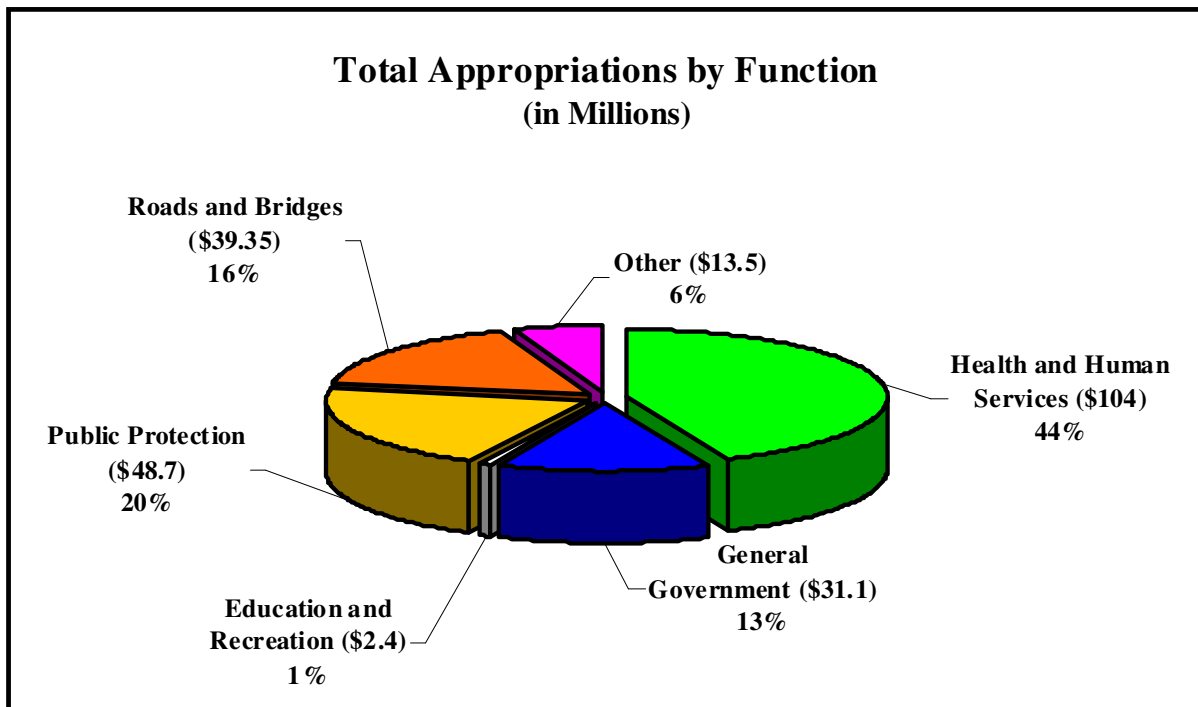
SUMMARY OF THE 2009-10 FINAL BUDGET

TOTAL APPROPRIATIONS

Total appropriations for fiscal year 2009-10 are budgeted at \$239.1 million. Of this amount, approximately 44% funds health and human service programs. With a Mendocino County unemployment rate of approximately 10.1%, and approximately 16% of our County residents living below the poverty line, the need for this funding emphasis has been recognized and supported by the County, State, and Federal governments. As previously stated, the majority of the funding received by the state and federal government is restricted to use for these health and human service programs and needs.

The diagram below identifies total appropriation distribution (and percentage of total) by functional area.

TOTAL APPROPRIATIONS \$239.1 MILLION



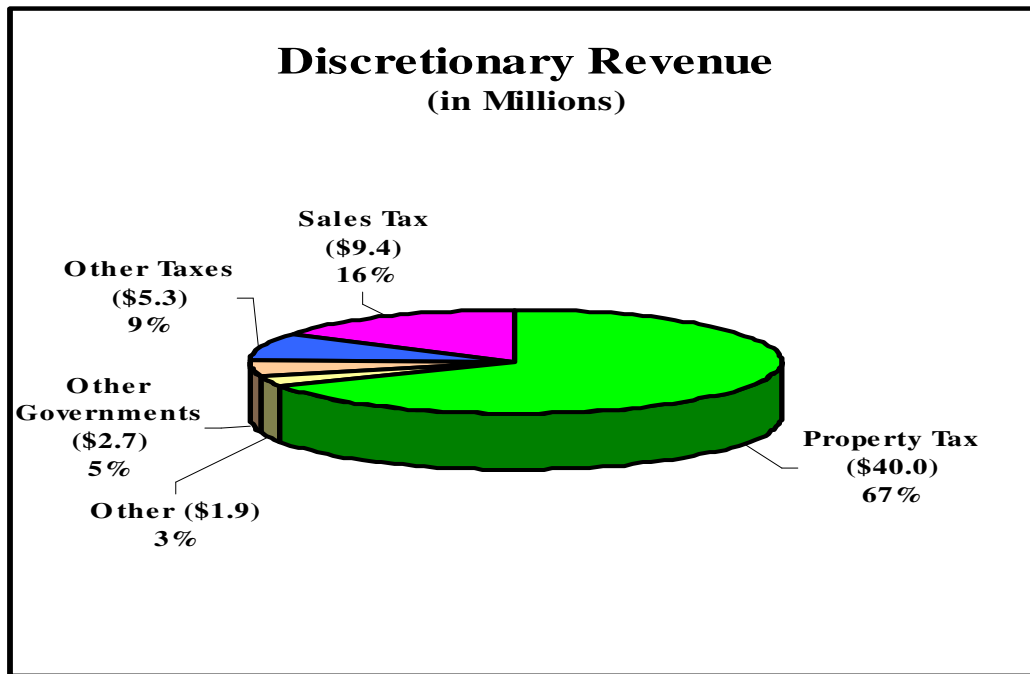
Refer to the first page of this section for identification of departments within each functional area

SUMMARY OF THE 2009-10 FINAL BUDGET

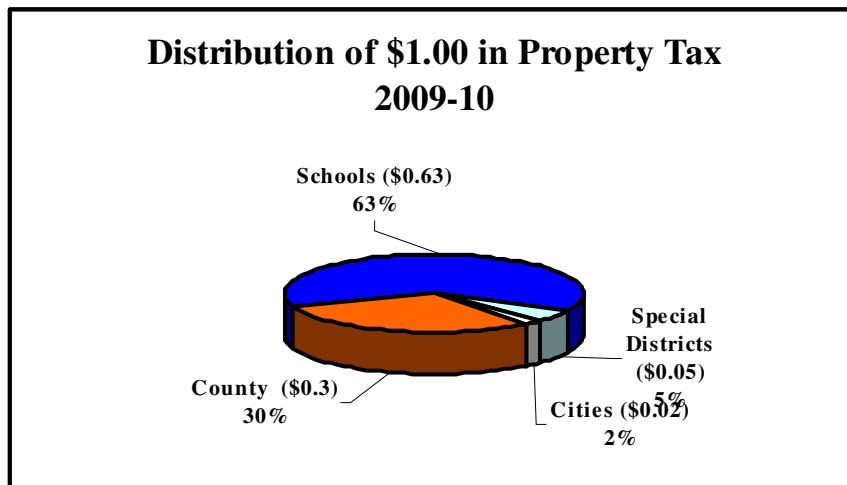
SOURCES OF DISCRETIONARY REVENUE

The diagram below identifies categories of discretionary revenues and the percentage of the total. Similar, to appropriations, certain revenues sources are restricted to specific program use. If State and Federal funding and their restricted uses are removed, sources of Discretionary Revenue are also substantially different from the financing sources of the total budget. The sources of revenue available for discretionary use are identified below.

DISCRETIONARY REVENUE BY SOURCE \$59.3 MILLION



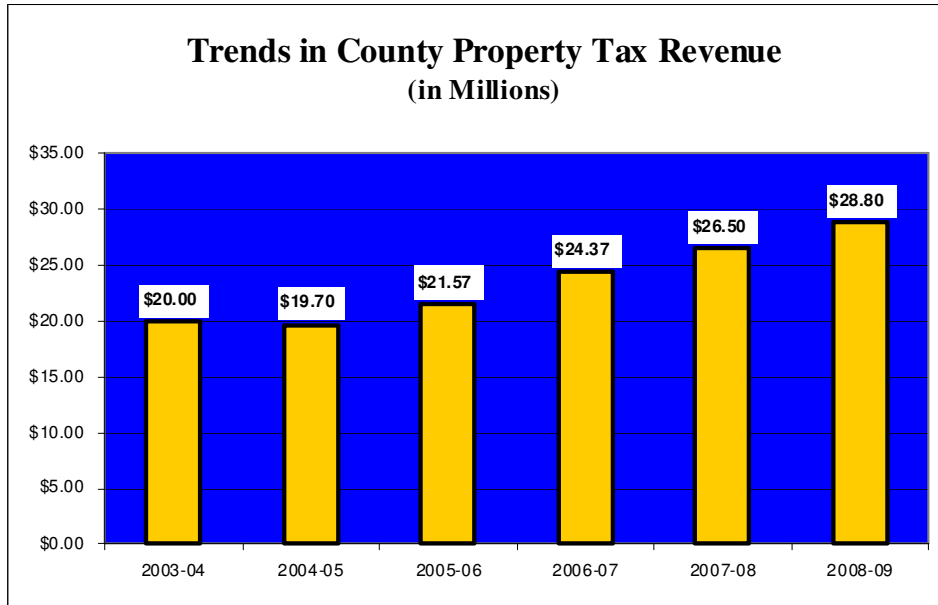
Property tax revenue accounts for 67% of the County's discretionary revenue. Although the County assesses, collects and administers property tax, each dollar in property tax is shared with various other governmental jurisdictions. The below chart illustrates the distribution of every dollar in property tax.



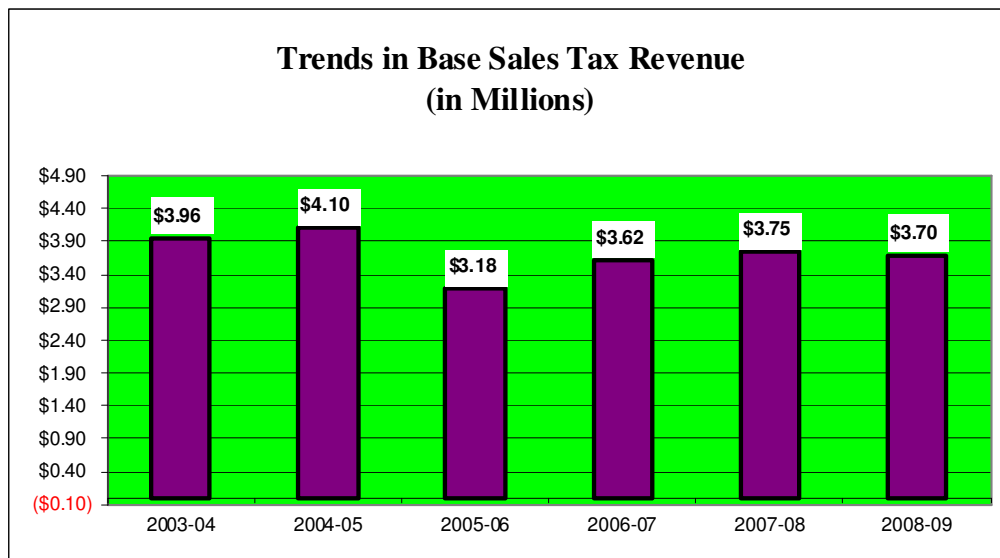
Approximately 63% of every property tax dollar benefits our school districts, cities and special districts.

SUMMARY OF THE 2009-10 FINAL BUDGET

Below is a diagram showing trends for the County's receipts of secured and unsecured property tax. The increase for the three previous fiscal years could be attributed to the increased refinancing of property due to lower market interests, causing an increase in the assessed value. It is expected that this slight upward trend will start to flatten with rising interest rates and slower market sales for the next few years due to the current economic slowdown. This year Mendocino County experienced a slight growth in assessed valuation in secured properties by approximately 3.3%.



Sales tax is another important component to our discretionary revenues in the budget. Sales tax is allocated according to where people shop, not where they live. In Mendocino County, although two thirds of the population lives in the unincorporated area, two thirds of the total sales tax revenue accrues to the cities. The diagram below shows the trends in the County's share of the base one percent of sales tax. It should be noted that the financial data history is difficult to compare starting in 2005-06 because of Proposition 1A or "triple flip" imposed by the State, resulting in the "swapping" of local sales tax and vehicle license tax revenues for local property tax revenues. With the downturn in the national economy, our sales tax is projected to be flat over the next few years assuming there would be a continued trend of limited growth in Mendocino County.



Details of all discretionary revenue sources can be found within this document under Budget Unit 1000, "Non-Departmental Revenue".

SUMMARY OF THE 2009-10 FINAL BUDGET

DISCRETIONARY (NON-RESTRICTED) APPROPRIATIONS

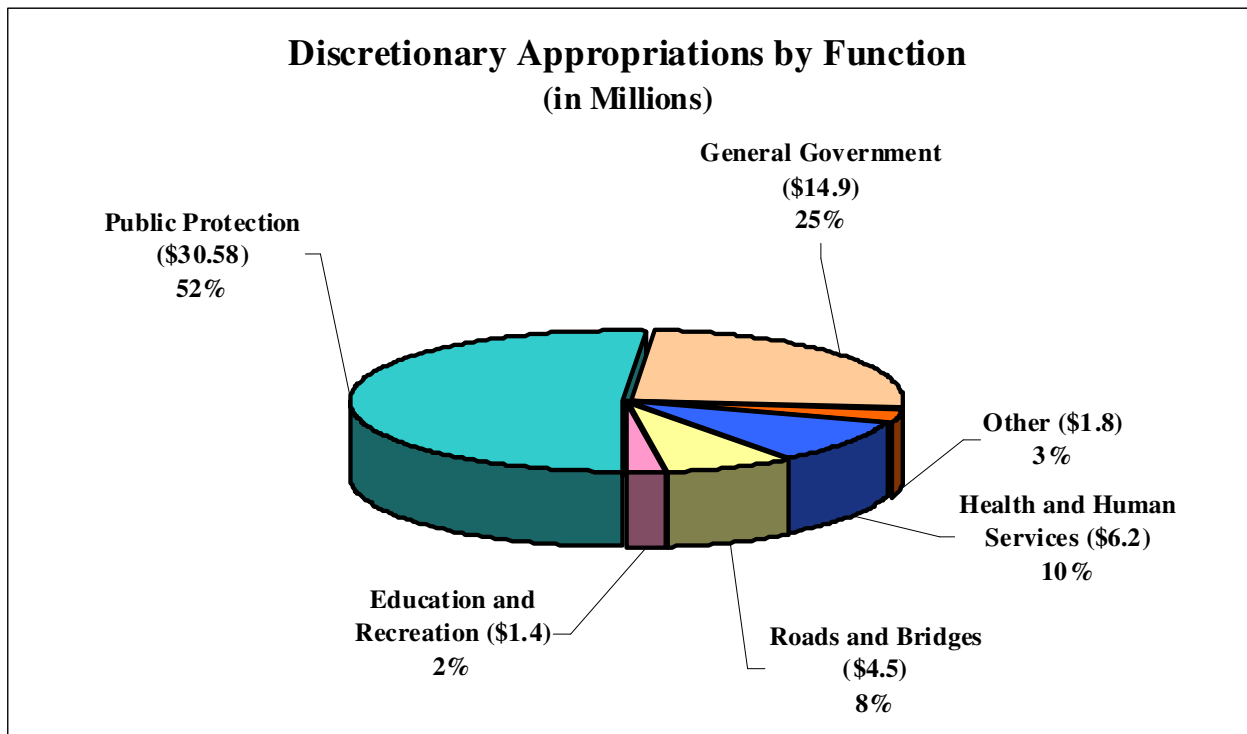
If you remove State and Federal funding and their restricted uses, although considered part of the discretionary budget by creditors and financial institutions, you will have a very different discretionary budget. This is the “true” discretionary budget, or the budget that is primarily driven by the priorities and direction of the Board of Supervisors. Within the discretionary budget, the County must first meet a variety of State and Federal matching requirements and operating requirements that are fundamental to the sustenance of the organization. In addition, State imposed mandates and maintenance of effort requirements related to criminal justice, transportation, libraries, and health and human services programs also absorb County discretionary revenue. The remaining discretionary funds are used to meet debt service payment obligations or fixed costs associated with every day cost of doing business, and also to provide for capital improvements, maintain reserves that will assure the organization can ensure fiscal viability through difficult times which maintain basic resources necessary to accomplish County objectives for services provided. Therefore, with these requirements, our discretionary budget appropriations look very different from our total budget appropriations.

Discretionary appropriations for Fiscal Year 2009-10 are budgeted at \$59.3 million dollars. Discretionary revenue is projected to be flat this year with a decrease of \$(901,583) as compared to budgeted fiscal year 2008-09. There was an increase in Current and Unsecured property tax revenue which was offset against the decrease in the supplemental roll tax.

By far, the majority of the discretionary funding available is allocated to public protection. Approximately one half of every discretionary dollar is spent on public protection.

Detailed usages of discretionary dollars can be found as the last line of Schedule 9 for each county department or budget unit and is entitled “Net County Cost”. The diagram below identifies total appropriation distribution (and percentage of total) by functional area.

Total Discretionary Appropriations \$59.3 Million



Refer to the first page of this section for identification of departments within each functional area.