



COUNTY OF MENDOCINO

Executive Office

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MEMORANDUM

DATE: September 14, 2010

TO: The Board of Supervisors

FROM: The Executive Office and The Auditor - Controller

SUBJECT: Final Budget Resolution

Development of the FY 2010-2011 Final Budget has been a difficult process as the County has faced a troubled economic environment coupled with increasing demands for County services. Revenues simply have not kept pace with demand, and this has placed tremendous stress on the public, our employees, and also upon you, our Board of Supervisors. You have been faced with difficult decisions that impact real people and real "front-line" public services. You are faced with the reality that we cannot meet every need or provide every service that was provided in just the prior fiscal year. This budget has been difficult, but the decisions your Board has made have been necessary and address the substantive obstacles we must now face.

Today, we present to your Board the Auditor's final tabulations for Fiscal Year 2010-2011. These numbers are the culmination of the hard work of the Auditor and Executive Offices, and also the tremendous work of all departments throughout the County. Most importantly, these numbers have been made possible through the sacrifice of employee concessions and layoffs. Despite three rounds of layoffs initiated in recent months, the County's projected shortfall is approximately \$2.2 million dollars. We anticipated using temporary borrowing from the Road Fund, however, this action is no longer needed. The \$2.2 million dollar shortfall will be balanced in the near-term by using General and Designated Reserves and must be returned during the year. Without these reserves, our County may not qualify for Tax and Revenue Anticipation Notes (TRANS) next year, and these notes are a vital portion of our Treasury's cash flow. In order to avoid this scenario, further layoffs will be recommended should labor concessions not be achieved.

Simply passing the Resolution presented to you here today is not enough. The Executive Office is developing a monitoring process that will track the FY 2010-2011 budget monthly throughout the year and provide regular updates and information to your Board. It is our intention to bring departmental spending in line with the appropriation levels your Board has approved with this budget. This task is imperative as we now begin the long journey toward a FY 2011-2012 Budget, and face a future that we are now more capable of addressing because of the challenges met today.