



COUNTY OF MENDOCINO
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June 1, 2010

Jacqueline Carvallo
SEIU 1021
655 Kings Court #100
Ukiah CA 95482

Re: Questions from May 25, 2010 Board of Supervisors Budget Presentation

Dear Ms. Carvallo:

This letter is in response to your chart of questions presented to the Board of Supervisors on May 25, 2010 during their budget work session.

- 1. Indicated Shortfall Midyear \$3,674,078; Third Quarter \$3,703,331:** Although you haven't listed a question, it should be explained that the "Indicated Shortfall" numbers represent what we expect the general fund's fund balance to be at the close of fiscal year 2009/10. The difference between the midyear and third quarter estimates are reflective of the continued decline in discretionary revenues, particularly sales taxes.
- 2. Discretionary Revenue Midyear Balance not listed; Third Quarter \$50,760:** You asked what the fund balance was at midyear, and whether \$350,000 in Transient Occupancy Tax had been realized. Response: Fund balance is not determined during the fiscal year, but is estimated to be a negative \$3.7 million at year-end as shown in the above section #1. Transient Occupancy Tax settlement of \$250,000 was not received. Regarding the \$50,760 for the third quarter amount: this is actually the amount in the Contingencies fund, which hasn't been used yet this year, but is taken into consideration in the estimated fund balance shortage number (the \$3.7 million).
- 3. Sheriff/Jail Midyear \$804,102; Third Quarter \$732,620:** You asked what is contributing to the overage of \$732,620, and if mitigation steps were taken, why aren't they effective. Response: During 2009/10, the Sheriff was slated to lay off 5 deputy positions. The Sheriff asked for more time to try to obtain grant funding or other revenue sources to mitigate the need for layoffs. He wasn't able to achieve the total funding necessary, so he is projecting to be over at the end of the fiscal year, while still not laying off the deputies.
- 4. Indigent Defense Midyear and Third Quarter \$100,000:** Your comment is that the County had to contract out, and the estimated overage of \$100,000 is the result. Response: The nature of Indigent Defense requires contracting out attorney services. Both the Public Defender and Alternate Defender were unable to handle cases, due to conflict, so they were assigned to outside counsel. This is not something the County can control.

5. **Juvenile Hall/Probation Midyear Not reported; Third Quarter \$23,951:** You have asked about the savings from vacant positions. There was a vacancy factor included in Probation and Juvenile Hall budgets, so a salary savings of \$23,951 in addition to the budgeted vacancy factor is very good. The departments are projecting to be under their budgeted net county cost.
6. **CEO Midyear \$70,806; Third Quarter \$113,806:** You've asked about the absorption of \$22,900 salary with 2 vacant 6-figure positions, and the reason that there are not more savings. Response: I'm unclear as to the meaning of the \$22,900 number, so I can't answer that without clarification. The amount shown in the third quarter presentation is \$113,806 in savings. This is how much the department expects to be under their budgeted net county cost.
7. **General Services Midyear Meet NCC; Third Quarter \$267,327:** You've asked why a utility increase is just showing up, and what has changed between midyear and third quarter projections. Response: The amount shown is how much the department will be under in utilities expense. The reason for the savings is that PG&E did not increase their rates as they had previously planned to.
8. **Auditor-Controller Midyear \$54,328; Third Quarter \$101,808:** You've asked for an explanation of the Supplemental Tax Administration that my office receives. Response: The Auditor-Controller receives a 5% administration fee on SB813 Supplemental tax assessments. Due to the economic downturn, Supplemental assessments are way down, so the revenue that would accrue to my budget is down, too.
9. **Animal Control Midyear \$46,799; Third Quarter Not listed:** You've listed the midyear estimate for Animal Care, and apparently are asking why this budget unit was not listed for third quarter. Response: Animal Care is projecting to meet their budgeted net county cost, so no extenuating circumstances needed to be reported.
10. **Alcohol & Other Drug Program Midyear and Third Quarter Not reported:** You apparently are asking why this budget unit was not listed for third quarter. Response: AODP is projecting to be under their budgeted net county cost by \$29,981, so no extenuating circumstances needed to be reported.
11. **Solid Waste Midyear Not reported; Third Quarter \$286,915:** You've asked why the under-realized savings are just now showing up, and what's changed in the last three months. Response: The midyear expectation was that revenues would be steady throughout the fiscal year. The third quarter data showed a significant revenue decline.
12. **Planning & Building Midyear \$203,931; Third Quarter \$149,966:** You've asked for clarification about funding for a position that was cut during the final budget hearings. Response: When Planning submitted their 2009/10 budget, they already showed some positions being laid off in order to meet their assigned net county cost. The CEO reduced the salaries for another layoff later in the process, without knowing that the layoff had already been taken at the department level in the original budget submittal.
13. **Farm Advisor Midyear Not reported; Third Quarter \$50,303:** Response: The amount shown for third quarter is a savings. The Farm Advisor expects to be under their budgeted net county cost, due to salary savings and waived benefits by an employee.
14. **Clerk of the Board Midyear Not listed; Third Quarter \$10,796:** You've asked about the absorption of the unanticipated/budgeted cost of \$22,900. Response: Again, I'm unclear as to this number, and need further clarification in order to respond.

15. **Miscellaneous Midyear \$455,062; Third Quarter \$357,179:** Response: The savings of \$357,179 are primarily attributable to lower management training/wellness reimbursements being requested.
16. **Teeter Midyear Meet NCC; Third Quarter \$250,000:** You've commented that this is due to the sale of some property, and asked where the money will be allocated. Response: This is actually from the auction of tax-delinquent property, where the proceeds from the sale were unclaimed. This is a savings to the general fund in that \$250,000 in net county cost will not need to be used for the Teeter payment, while still maintaining the scheduled debt payment.
17. **Elections Midyear \$25,992; Third Quarter \$75,412:** Your comment is "included monies anticipated but not realized". Response: I'm not sure what your comment means, but the Elections department is projected to be over their budgeted net county cost due to higher election costs than expected.
18. **Mental Health Midyear \$1,300,000; Third Quarter \$1,878,647:** You've commented: "Does not include \$884,298 Audit Exception. Deficit will be mitigated within the HHS. How is this possible? Contracting out services contributed to this deficit." Response: HHS will utilize internal funds to cover this deficit, including the audit exception funds. Contracting out services has not contributed to the deficit.

There were other departments listed on your chart, but it didn't seem that you had questions about them. If you have questions about other departments, or need further explanation for the responses I've given above, please feel free to contact me.

Sincerely,



Meredith Ford
Auditor-Controller

cc: Carmel Angelo, CEO
Board of Supervisors