

# County of Yolo

## 2024-25 Budget Workshop



March 11-12, 2024

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Tom Haynes, Chief Financial Officer  
Laura Liddicoet, Chief Budget Official

# Budget Workshop Overview

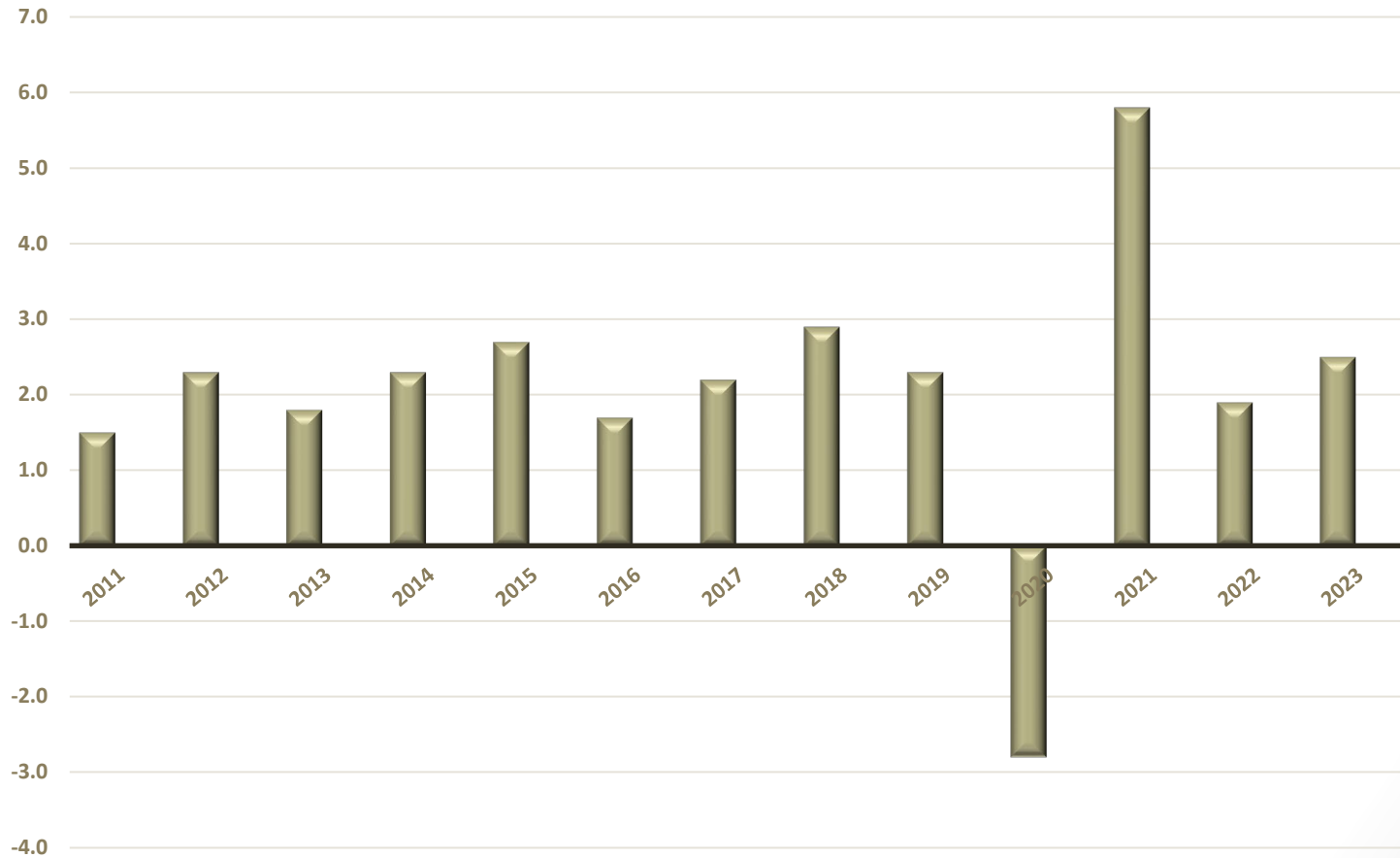
- Sets the stage for the 2024-25 budget process
  - Review of economic conditions and outlook
  - Overview of key County revenue & expenditure drivers
- Board to surface interests that will be considered in the budget development process
- Highlight potential budgetary challenges

# Economic Outlook

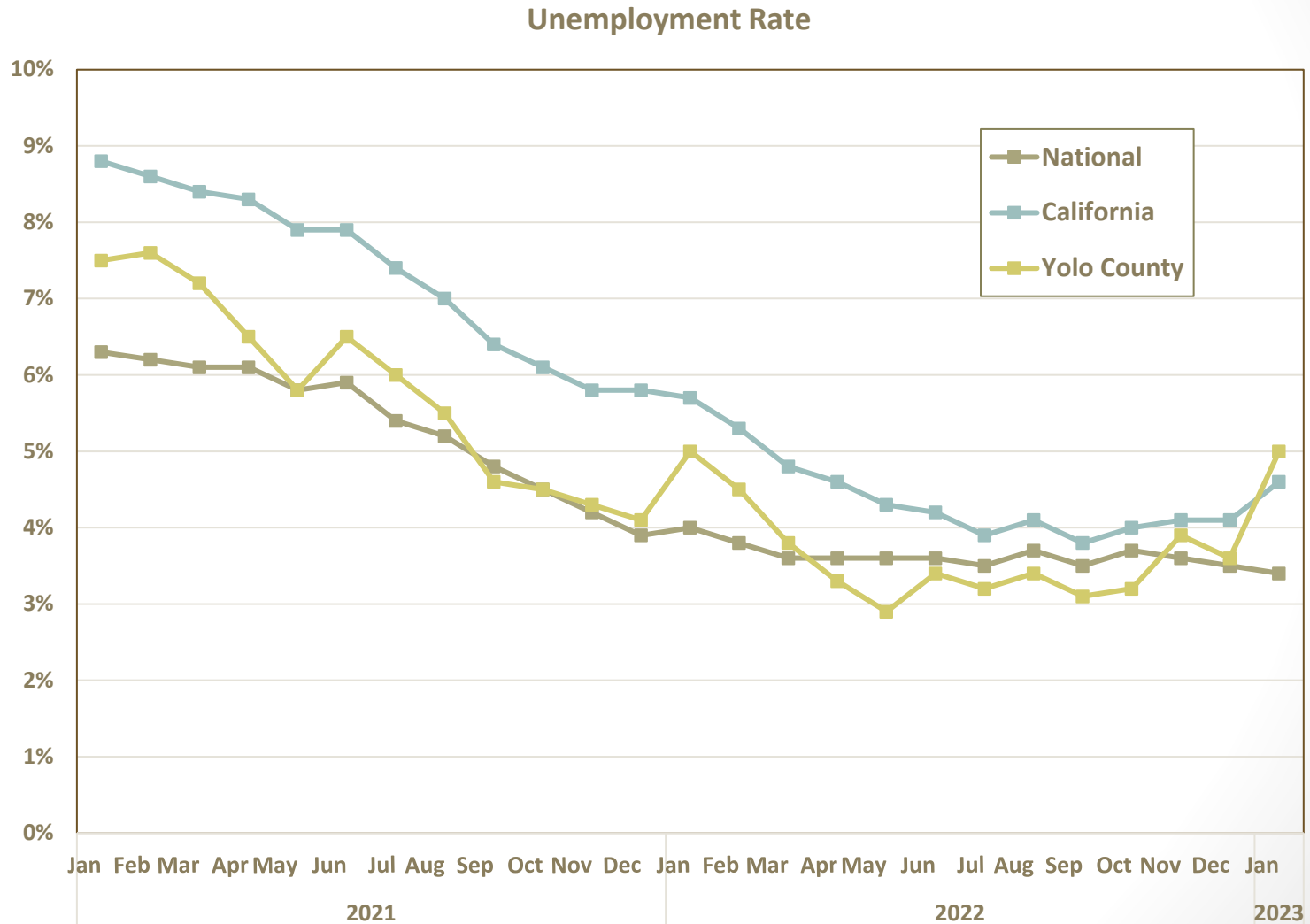


# GDP Annual Growth Increases

Annual Growth in GDP

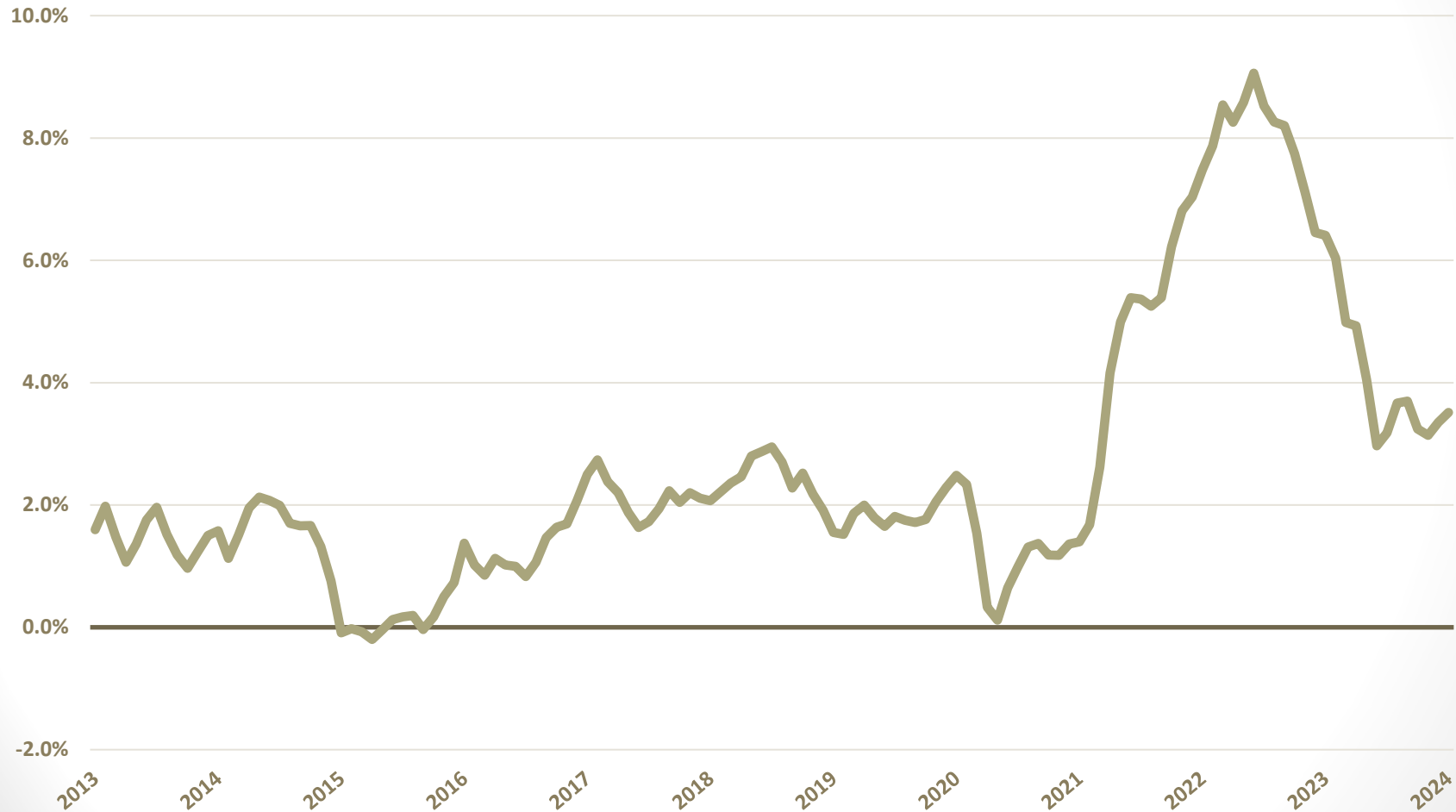


# Unemployment Rate Rising Locally



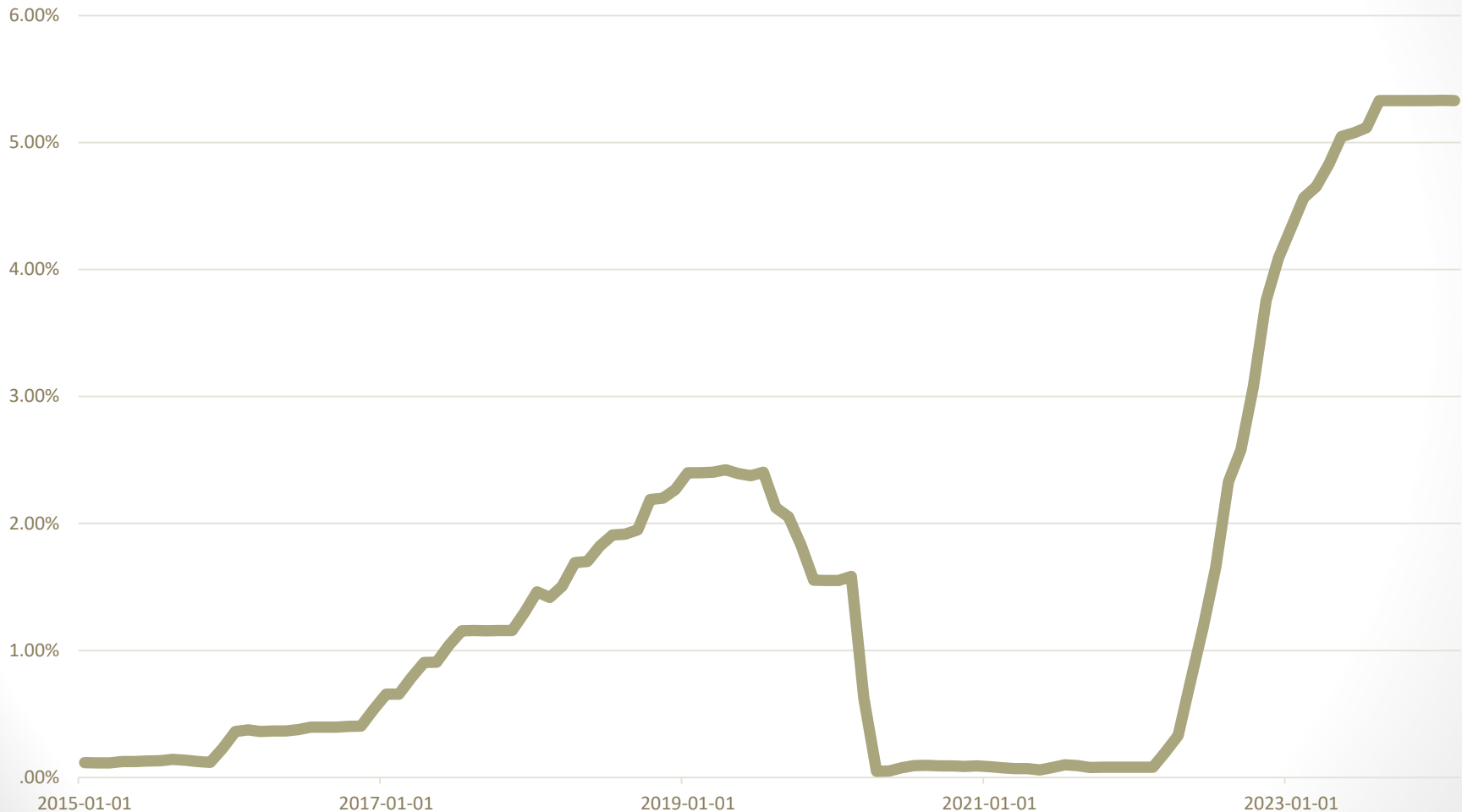
# Inflation High but Headed Downward

Consumer Price Index Year-Over-Year % Change

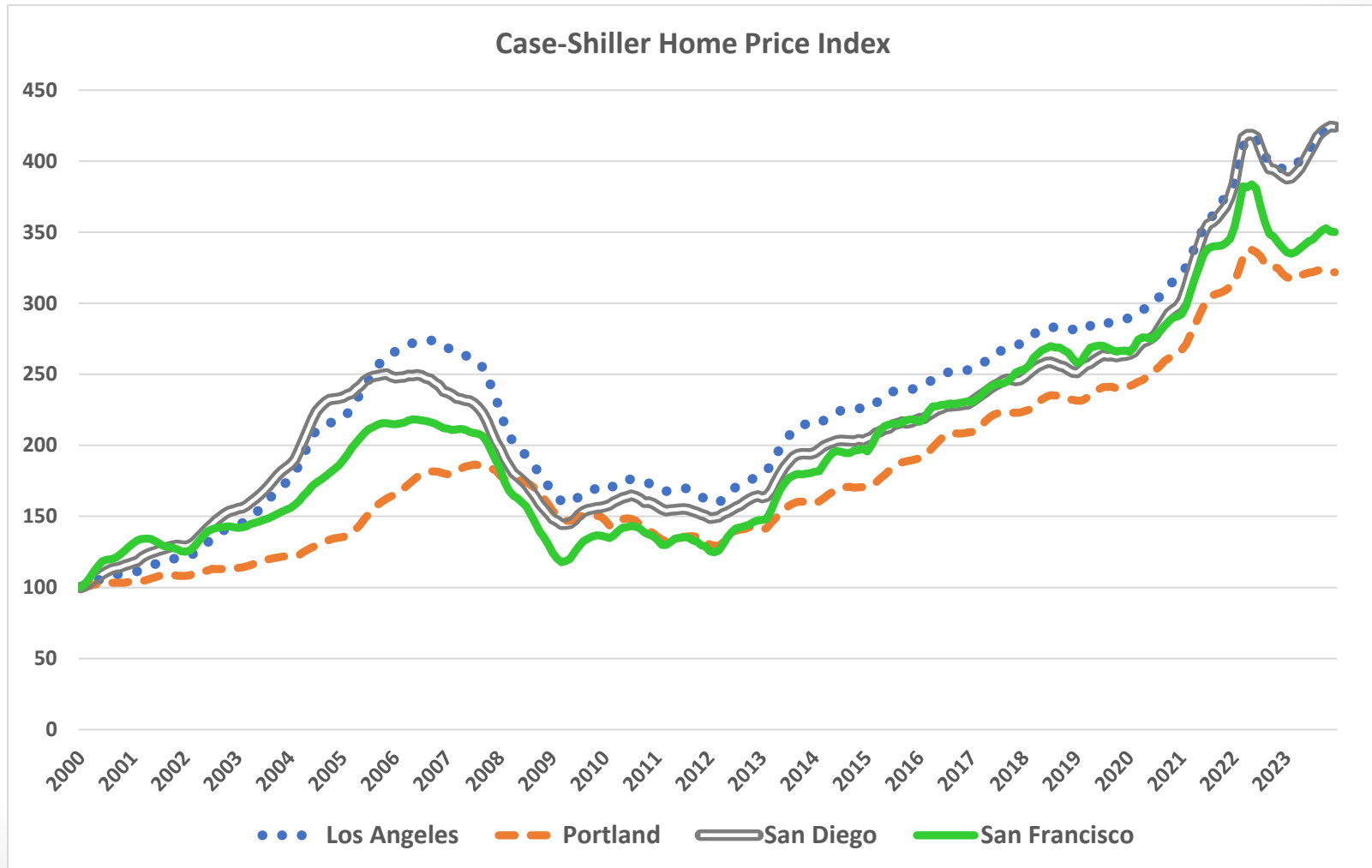


# Interest Rates rapidly increasing to fight Inflation

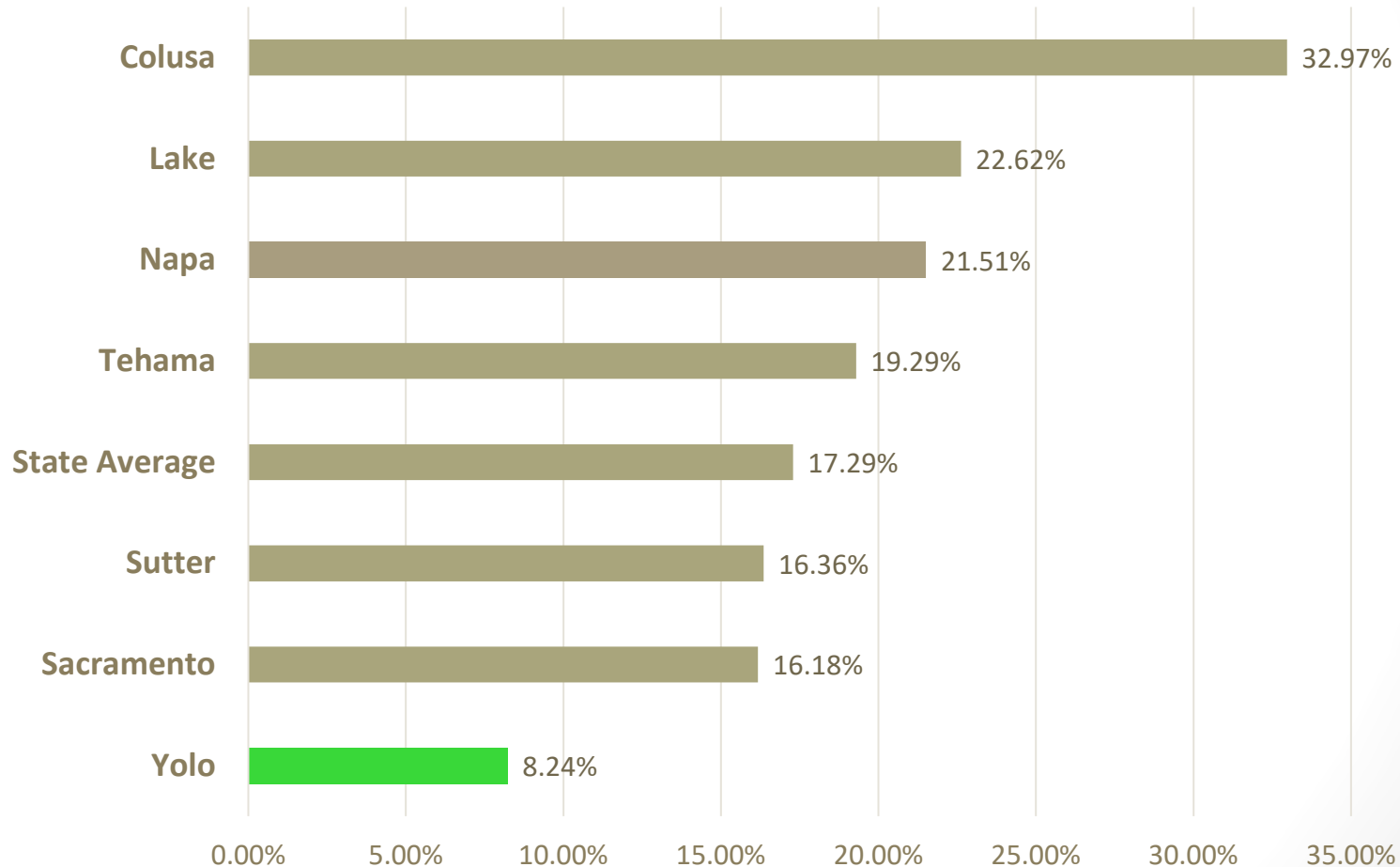
Federal Funds Effective Rate



# Home Prices are relatively high but Declining



# Yolo County's Property Tax Share is one of the Lowest in the State



# Economic Outlook

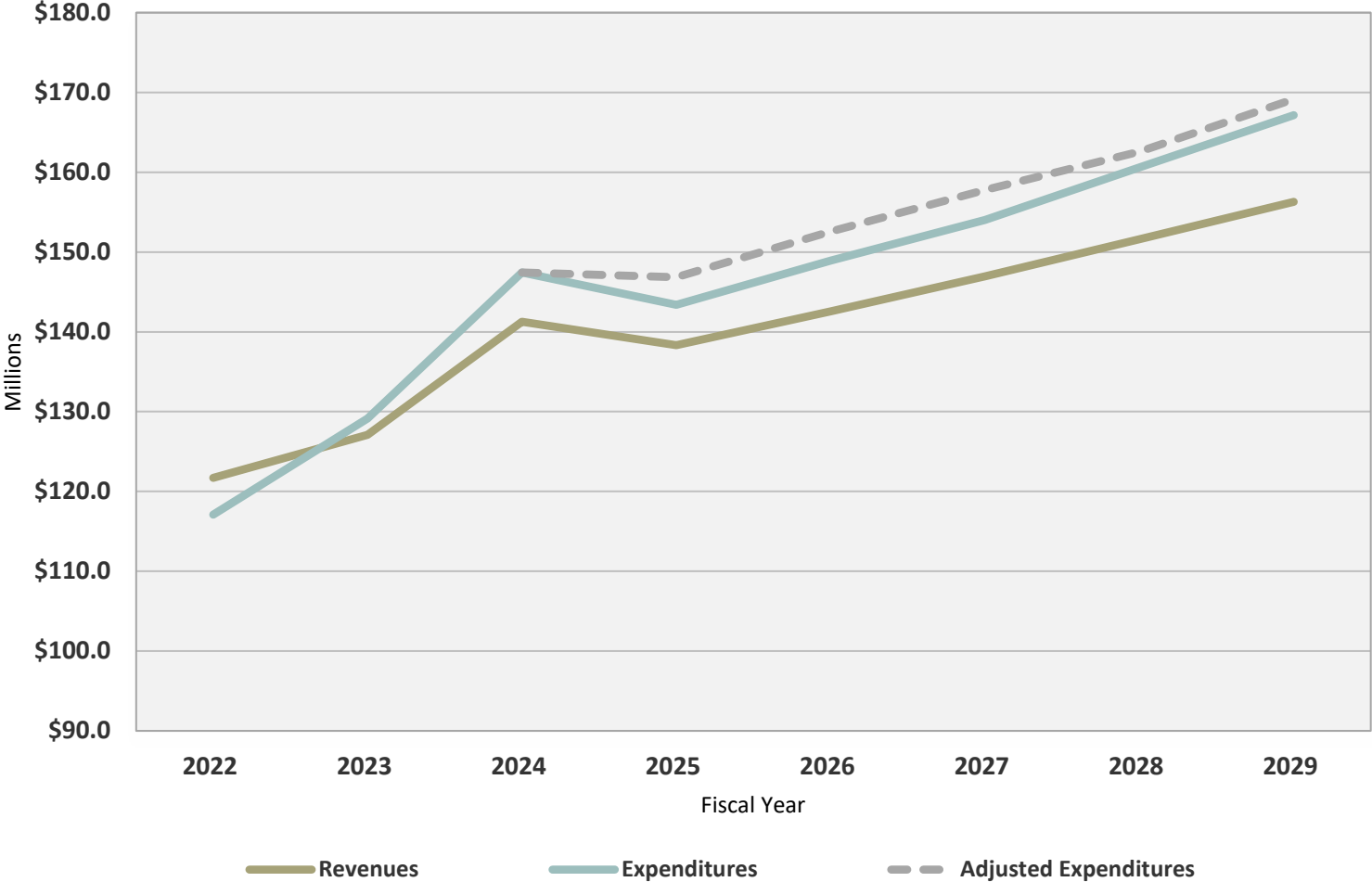
- US economic growth to slow slightly as consumers begin to truly experience impacts of inflation and interest rate.
- Concerns of a recession have subsided
- Inflation headed downward and expected to continue but take time to return to normal levels.
- Interest rates are leveling, Federal Reserve has signaled coming reductions.

# Five Year Forecast



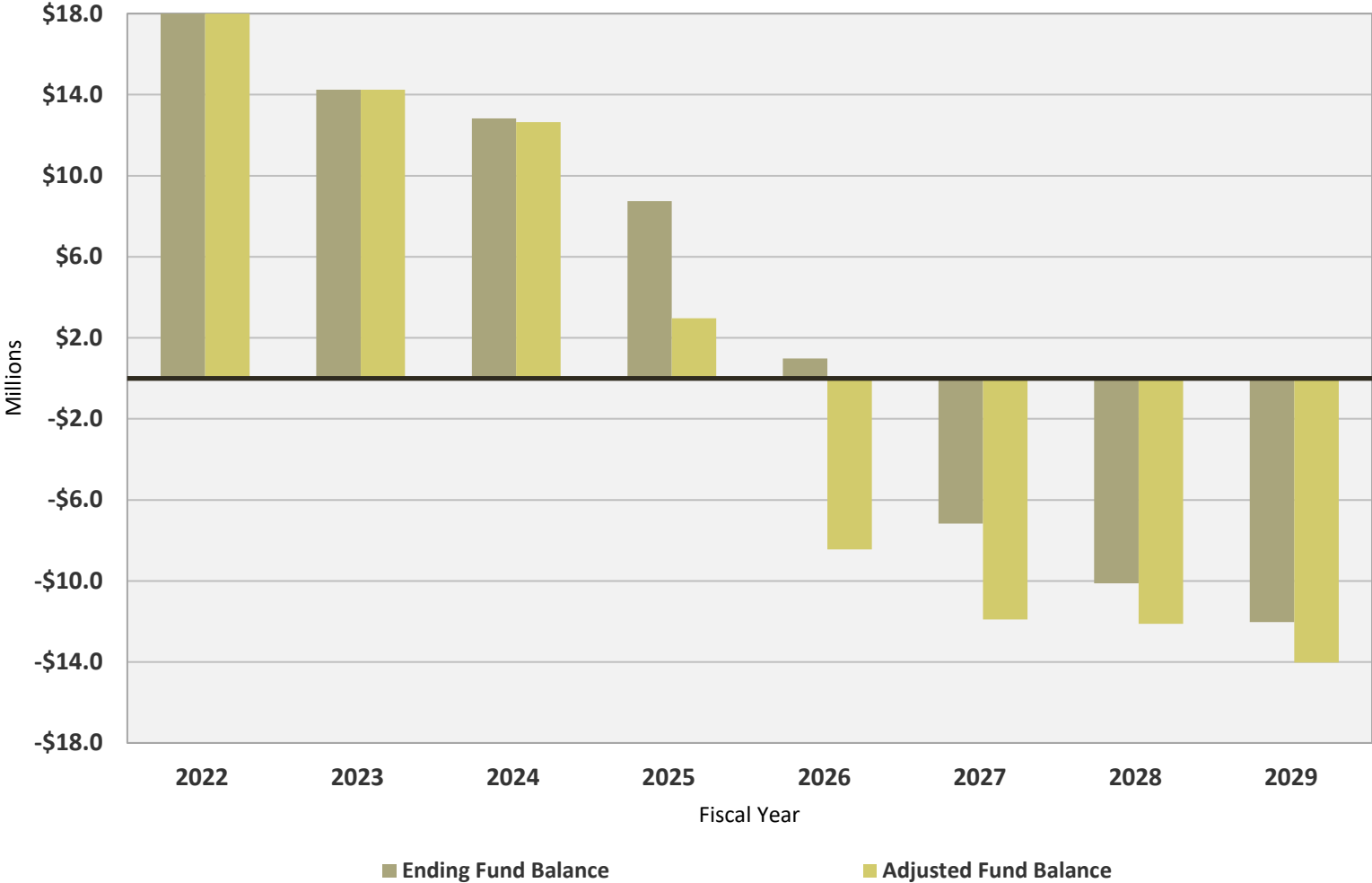
# General Fund Five Year Forecast

Projected Revenues & Expenditures

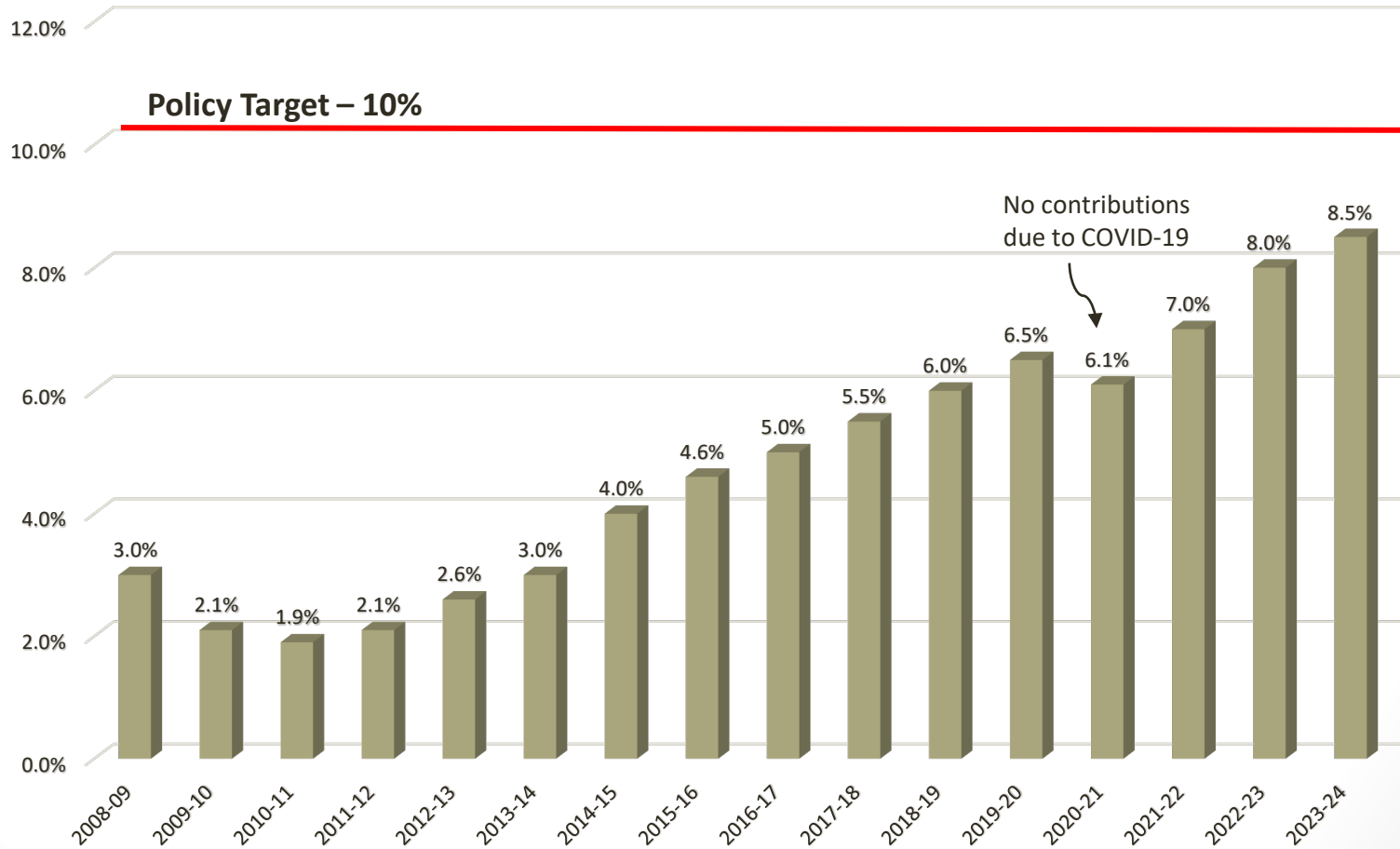


# General Fund Five Year Forecast

General Fund Balance



# General Reserve Continues to Increase



# Fiscal Year 2024-25 Budget



# 2024-25 Budget Principles

- Recognize the continuing pressure of labor cost increases and the potential impact of upcoming labor negotiations, continue to prioritize adjusting to change in compensation philosophy.
- Prioritize funding for programs and projects that support the County's Climate Action and Adaptation Plan (CAAP) and further the goal of achieving net-negative emissions by 2030.
- Funding recommendations shall prioritize and reflect the Board's strategic priorities as established in the 2024-28 Strategic Plan
- Continue to strengthen financial sustainability through additional contributions to reserves and contingencies
- Structurally balanced with ongoing expenditures funded with ongoing revenue

# 2024-25 General Purpose Revenues

Revenue Source	2023-24 Adopted	2023-24 Estimated	2024-25 Projected Recommended	Change from 23-24 Adopted
Property Tax	74,874,431	74,883,483	77,883,407	3,008,976
Teeter	2,000,000	2,000,000	2,000,000	-
Sales Tax	5,407,469	5,407,469	5,646,195	238,726
Tribal Proceeds	5,369,004	5,369,004	5,369,004	-
Overhead Costs Reimb.	5,100,000	5,100,000	5,100,000	-
Document Transfer Tax	1,518,043	1,518,043	1,518,043	-
Williamson Act	1,161,281	1,161,281	1,163,631	2,350
Interest Earnings	350,000	500,000	350,000	-
Other Government Wldd	685,816	685,816	685,816	-
Penalty on Delq Taxes	365,000	365,000	365,000	-
Vehicle Code Fines	60,000	50,000	50,000	(10,000)
County Stabilization	574,000	574,000	574,000	-
Franchise Fee/Royalties	900,000	900,000	900,000	-
Hotel/Motel Tax (TOT)	628,278	628,278	691,106	62,828
Justice Collections	431,742	368,856	297,000	(134,742)
Other	1,144,082	1,144,082	1,121,845	(22,237)
<b>TOTAL REVENUES</b>	<b>\$ 100,569,146</b>	<b>\$ 100,655,312</b>	<b>\$ 103,715,047</b>	<b>\$ 3,145,901</b>

# 2024-25 Other Revenues

- Public Safety Prop. 172 sales tax projected reduction of 994k, or 3.5%
- Public Safety Realignment growth increase by approx. \$272K
- Health & Human Services Realignment growth increase by approx. \$843K

# 2024-25 Expenditure Picture

Salary and benefits make up \$306 million or 41% of total County budget.

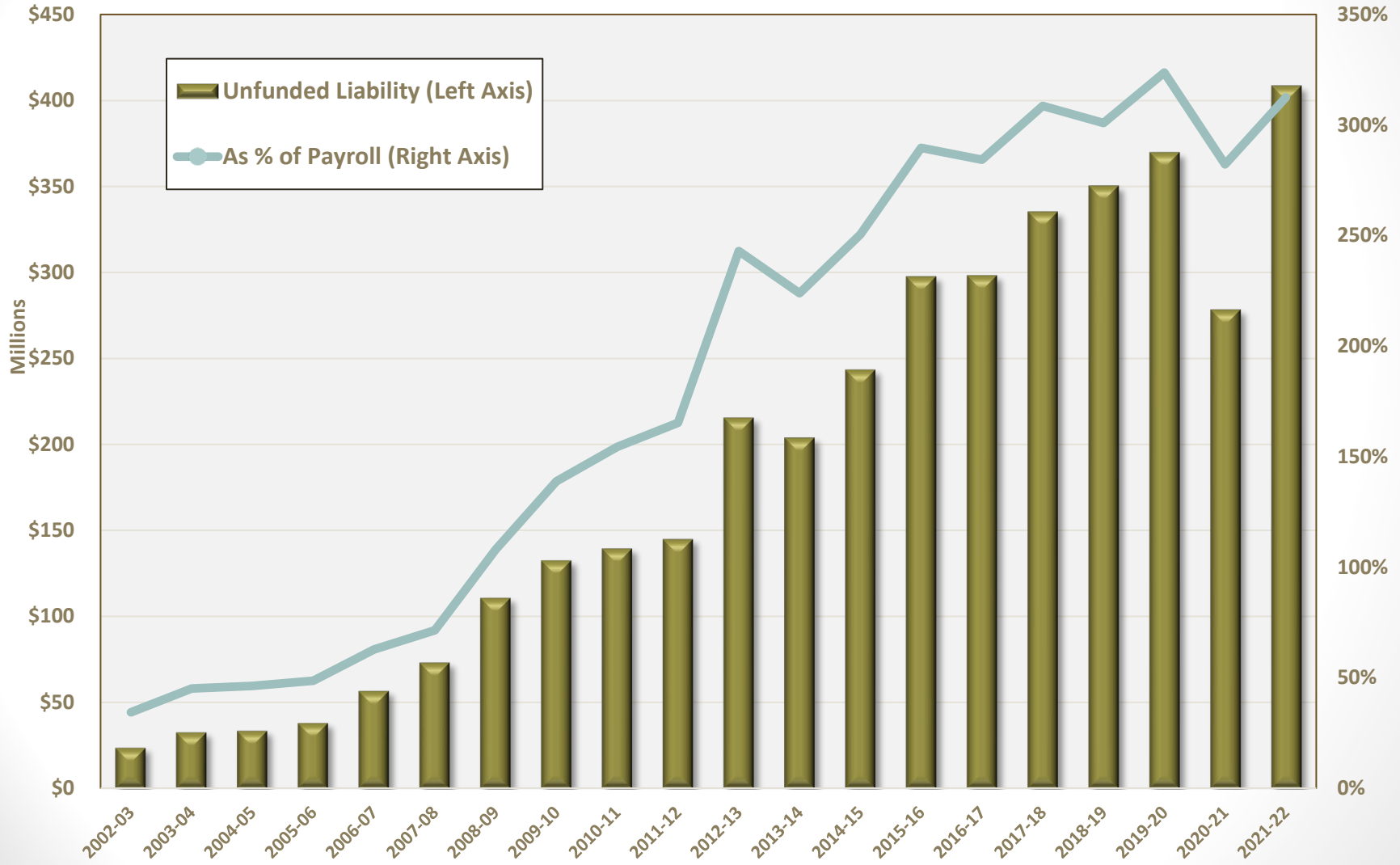
- Continuing to adjust to 100% market
- Higher Cost of Living adjustment
- Pension costs increasing
  - Safety Contribution increase 3.71%
  - Misc. Contribution increase 1.10%
  - Supplemental Rate remains at 2.0%

# 2024-25 Expenditure Picture

	2023-24 Adopted Budget	2024-25 Base Request	Change from 2023-24	% Change from 23-24
Salary & Wages	163,935,666	173,254,056	9,318,390	5.68%
Extra Help	5,733,308	5,574,298	(159,010)	-2.77%
Overtime	4,585,243	4,630,702	45,459	1.00%
Retirement	59,066,057	65,207,809	6,141,752	10.39%
OPEB	12,712,177	12,102,832	(609,345)	-4.80%
Other Salary & Benefit Categories	52,456,943	59,196,488	6,739,545	12.85%
<b>Total Salary and Benefits</b>	<b>298,489,394</b>	<b>319,966,185</b>	<b>21,476,791</b>	<b>7.20%</b>

# Pension Liability

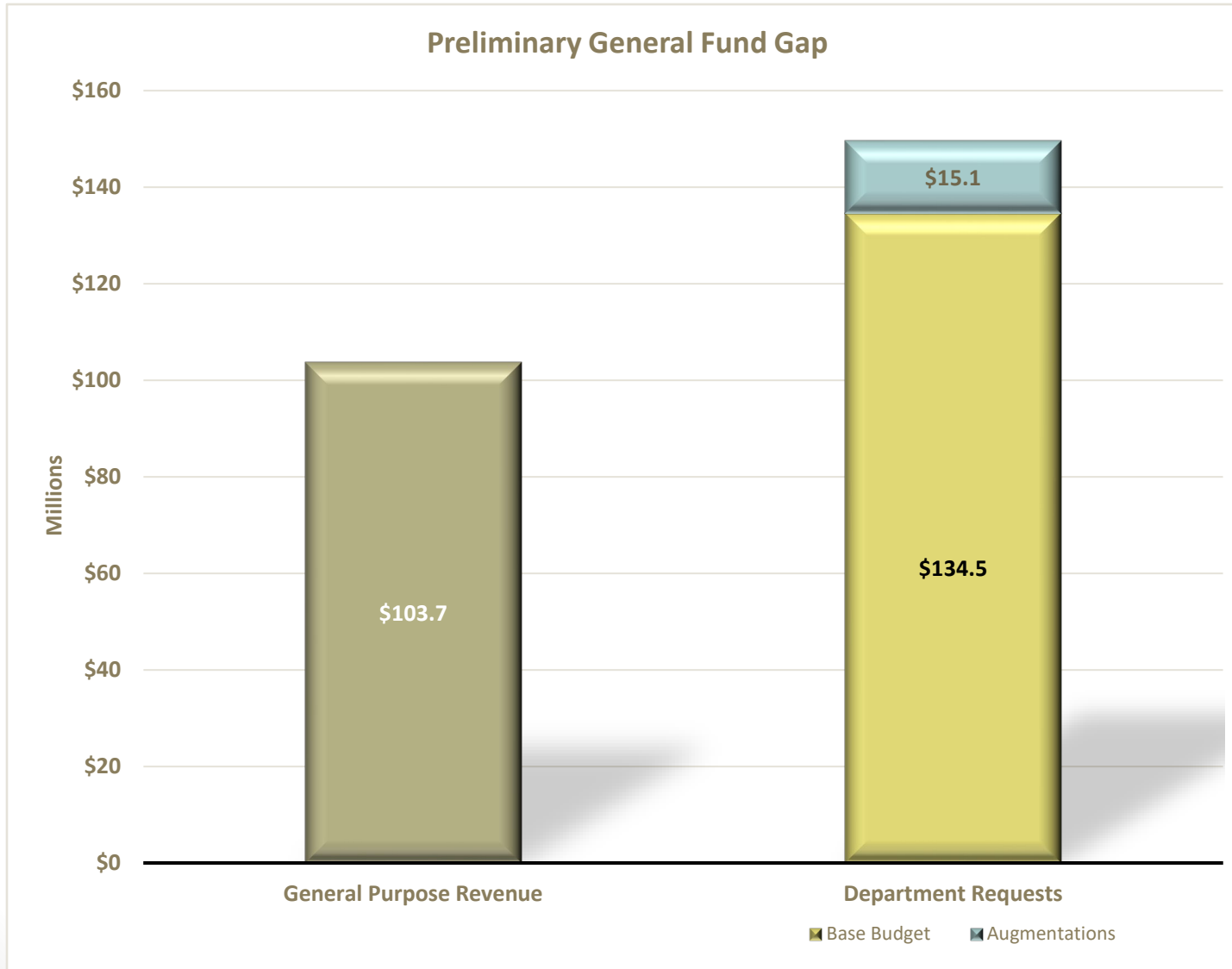
## Unfunded Actuarially Accrued Pension Liability



# Employer Pension Contribution Rates

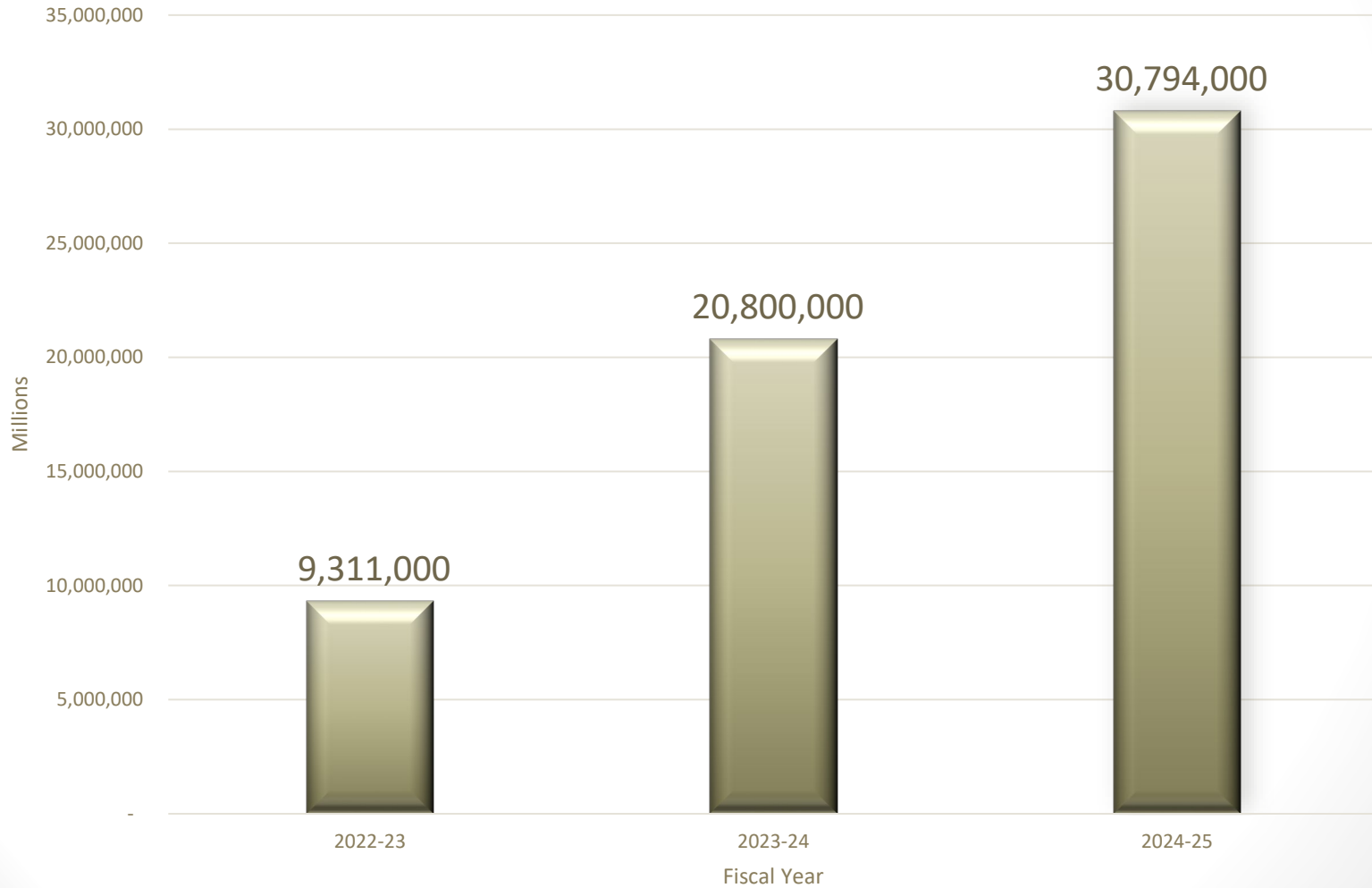
<b>Fiscal Year</b>	<b>Misc</b>	<b>Safety</b>	<b>Trust</b>
2018-19	25.3%	36.0%	1.00%
2019-20	28.4%	40.1%	1.25%
2020-21	30.4%	43.7%	1.25%
2021-22	31.4%	44.4%	1.50%
2022-23	32.7%	46.9%	1.75%
2023-24	32.6%	46.3%	2.00%
2024-25	33.6%	50.0%	2.00%
2025-26	32.7%	51.2%	2.25%
2026-27	33.5%	50.9%	2.50%
2027-28	33.8%	51.5%	2.50%

# General Purpose Revenues vs Department Requests



# Base Budget Gap – BOS Budget Workshop

Preliminary Base Budget Gap



# Potential Tools to Balance

- Salary Savings
- Use of Fund Balance
- Use of Restricted Fund Balance
- Reductions in discretionary accounts
- Hiring Review/Freeze
- Unfund/Eliminate Vacant Positions

# On-going Challenges

- Increasing salary and benefit costs outpacing revenue growth
  - Move to 100% of market necessitating equities
  - Continued pension increases
  - Service level expectations may call for additional staff the county has limited ability to afford
- Prior use of vacancy savings to balance the budget
- Reliance on fund balance

# Questions?

