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# *County Administrative Officer's Budget Message*

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June 3, 2008

## **COUNTY ADMINISTRATIVE OFFICE COUNTY OF HUMBOLDT**

825 5th Street, Suite 111, Eureka, CA 95501-1153  
Telephone (707) 445-7266 Fax (707) 445-7299  
cao@co.humboldt.ca.us

Board of Supervisors  
Residents of Humboldt County

**SUBJECT: 2008-09 Budget**

Dear Board Members and Residents:

I am pleased to present Humboldt County's balanced budget for Fiscal Year (FY) 2008-09, proposed in accordance with policies your Board has set forth to guide staff. This budget includes spending increases in some areas and cutbacks in others. I would like to offer a little perspective on the cutbacks.

This year's budget cover shows four scenes of Humboldt County activities in which visitors and residents can participate. Whether bicycling through a field of flowers along the breathtaking Lost Coast, hiking through our majestic redwood forests, sailing aboard an historic schooner, or braving wild and scenic rivers, there are two very distinct ways to look at such activities. One can focus on the time required to participate, the distance from help should it be needed, or the tiredness of the participants' aching muscles. All of those things are facts. But equally true are the exercise the participants are getting, the gorgeous scenery they are seeing, the fresh air they are breathing, and the fun they are having.

## ***County Administrative Officer's Budget Message***

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The same perspectives can be applied to our County government. While it is a fact that this budget proposes cutbacks in some areas, it does so to ensure that we will continue to be able to serve our residents into the future. The truth is, while we are impacted by a slow economy and the decisions made by the State and Federal governments, we have survived before in the face of property tax rollbacks, unfunded mandates, slowing economic growth, dramatic jumps in required contributions for pensions, natural disasters, and other trying times. And we will survive again.

### **We've Been Down This Road Before: State of the Budget**

As has been widely reported, the State of California faces a slowing economy, and our State government is in dire financial straits. In his State of the State address earlier this year, the Governor talked about the State's tradition of "binge and purge" budgeting. State government has a history of gorging itself on new program expenditures when times are good and slashing important services when times turn tough. Often those cutbacks have fallen on the backs of local governments, and counties in particular.

While the Governor has so far not proposed direct takeaways from our local discretionary revenue sources, he is proposing reductions in many programs that Humboldt County administers on behalf of the State. These include law enforcement grant programs and health and social service programs. In these areas, State cuts will result in direct impacts to our County residents: fewer hours of in-home care for the most vulnerable, fewer resources to combat the scourge of methamphetamine, less ability to treat instead of incarcerate those arrested for drug crimes.

Despite these impacts, Humboldt County's local resources remain relatively stable. Efforts by your Board to hold the line on spending have given us the ability to continue operating most programs through FY 2008-09.

### **Carrying Our Own Pack: Enhancements**

In fact, responsible fiscal management at the local level is allowing Humboldt County to provide increased resources in two areas of Board priority—recruitment and retention of high-quality staff and some replacement of aging infrastructure.

## ***County Administrative Officer's Budget Message***

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Labor agreements with most of the County's workforce are set to expire at the end of FY 2007-08. New agreements proposed by the County and already agreed to by most of the bargaining units include enhanced compensation for our employees—a rarity at a time when other California local governments are laying off employees, drastically cutting services, and seeking bankruptcy protection. The budget proposal before you funds those compensation increases.

This budget also proposes new methods to fund two programs that address critical County infrastructure:

- An increase in departmental information technology charges to finance replacement of failing switches and routers, increase connectivity between County facilities, and position the County to take advantage of Voice over Internet Protocol (VoIP) telephone technology in the future; and
- A set-aside from the County General Fund to a Deferred Maintenance Fund. This will provide the County's Public Works staff with a designated pool of funds to address the millions of dollars in facility maintenance and capital improvement needs that have been identified by both staff and outside consultants.

Addressing employee compensation and aging infrastructure positions Humboldt County to continue delivering important services to our residents.

### **"Ship-Shape" Governance: Cutbacks**

However, because our local sources of discretionary revenue (property and sales taxes, franchise fees, etc.) have not grown as fast as service demand and departments' needs, it is necessary to propose some expenditure reductions in order to balance the budget and fully account for the costs of these priority enhancements. I would like to highlight three of those reductions for you—a reduced transfer to reserves, a reduced contingency, and a proposed hiring freeze.

One of the reasons that Humboldt County is positioned to make investments in our employees and infrastructure at this time is the groundwork we have laid over the past five years. With the help of all County employees, your Board has constrained spending and put away reserve funds. Our General Reserve is now at a level where we can comfortably stop adding to it, saving \$500,000 in the FY 2008-09 budget. It is important to note that this budget does not propose dipping into our reserves, and that it maintains a

## ***County Administrative Officer's Budget Message***

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minimum level of available cash balance in the County's largest pot of discretionary money, the General Fund.

Likewise, the budget for Contingency Reserve has been reduced in this budget proposal. Extra funds were put into contingency in FY 2007-08 to address our facilities. For FY 2008-09, I am proposing a new method of funding our facility needs—the Deferred Maintenance Fund. While this new fund does not provide the level of resources that will ultimately be required to address our building infrastructure needs, it is a sound investment at a level we can afford.

The largest expenditure category for any local government is personnel. In the County General Fund, salaries and benefits make up approximately 52% of our total expenditures. Given that one of our priorities is retention of good employees, it would not make sense to cut positions in order to fund employee raises. Therefore, this budget relies upon a hiring freeze—being proposed to your Board today in a separate action—to generate an estimated \$1.5 million in General Fund savings.

In addition to these three major reductions, departments have contributed smaller amounts toward making the budget balance. These include reduced spending on supplies and consultants, voluntary unpaid furloughs for some staff, decreased travel, reductions in overtime and extra help staffing, and new fee revenues. While these actions will not be without consequence, it is important to note that the proposed budget does not recommend severe cuts like layoffs or office closures.

This, of course, is predicated on the current State budget proposals. If the State ultimately decides to pull local discretionary revenues away from Humboldt County, I will be returning to your Board to recommend more unpleasant belt-tightening.

### **Paddle Through the Rapids: Proposed Budget for FY 2008-09**

For today, I am proposing to you a total spending plan of \$296,453,717, including \$93,813,428 in General Fund spending. This budget is 11 percent higher than the budget your Board approved for FY 2007-08, and includes 2,095.45 full-time equivalent positions. This budget will not allow us to accomplish all that we want for the residents of Humboldt County. In particular, departments submitted more than \$5 million in additional

## ***County Administrative Officer's Budget Message***

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funding requests that are not recommended for funding at this time. But this budget will, I believe, position the County to continue serving our residents not just for this year but into the future.

Finally, as always, I would like to extend my appreciation to the staff of my office – especially Assistant County Administrative Officer Phillip Smith-Hanes and Senior Administrative Analysts Amy Nilsen and Ken Maire – and to Auditor-Controller Michael Giacone for their tireless efforts in preparing this document; to each of the County departments for their patience, perseverance, and hard work; and to the Board of Supervisors for your support and direction.

Let's make it a good year,

A handwritten signature in black ink that reads "Loretta Nickolaus". The signature is written in a cursive, flowing style.

LORETTA NICKOLAUS  
County Administrative Officer

## ***Reader's Guide***

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### **Overview of the Humboldt County Budget for FY 2008-09**

The total amount of Humboldt County's budget reflective of all County funds is \$296,787,244.

At the conclusion of the final budget hearing the following items were included in the adopted budget:

- \$65,000 for a dedicated Tobacco Education Program.
- Public Works Rural Roads project in the amount of \$209,000.
- Reduced Personnel expenditures in Probation's Environmental Preservation Program.
- Reduced health insurance contribution rates.

These items account for the difference between the proposed budget of \$296,453,717 and the adopted budget of \$296,787,244

Of this \$296,787,244, the County's primary operating fund, the General Fund, accounts for \$93,872,955. Since many grant programs are included in the General Fund, the budget over which the Board of Supervisors has true discretion totals only \$47,963,660. This includes \$3,466,749 of carry-forward revenue from the prior year,

plus \$44,496,911 in current-year revenue. Thus, the primary decision-makers in setting County policy have effective control over a mere 17% of the total financial resources flowing through the County coffers.

This is reflected in the pie charts in the Trends and Graphs section, beginning on page A-22. A comparison of Chart I on page A-22 with Chart II on page A-23 reveals that Health & Human Services and Public Works (County Road funds) account for almost two-thirds of the County's total budget, but only 10.2% of the discretionary General Fund spending. Many of these programs are simply mandated by State and Federal authorities.

### **Capital Improvements**

The total dollar amount budgeted for capital expenditures is \$4,216,065. This includes:

- \$150,000 in Fund 1100, Budget Unit 424 Mental Health, for Clark Complex building modifications.
- \$4,060,000 in Fund 1490, Budget Unit 170 Aviation Capital Projects, for the Humboldt County airport terminal remodel.
- \$6,065 in Fund 1500, Budget Unit 621 Library, for a basement gate.

# Reader's Guide

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## Fund Summaries

As displayed in the Fund Summaries located in the Appendix beginning on page M-30, and as described in the individual departmental narratives, the following funds have increases/decreases in budgeted expenditures for FY 2008-09 as compared to actual expenditures for 2007-09:

- (29%) decrease in the General Fund (1100).
- 106% increase in the Social Services Assistance Fund (1110).
- (165%) decrease in the Economic Development Fund (1120).
- 358% increase in the Transportation Services Fund (1150).
- 39% increase in the Social Services Administration Fund (1160).
- (40%) increase in the Mental Health Fund (1170).
- 61% increase in the Public Health Fund (1175).
- (25%) decrease in the Alcohol & Other Drugs Fund (1180).
- (12%) decrease in the Employment & Training

Fund (1190).

- 75% increase in the Roads Fund (1200).
- (10%) decrease in the Child Support Fund (1380).
- 27% increase in the Criminal Justice Construction Fund (1410).
- 14% increase in the Fish & Game Fund (1700).

## Organization of the Budget Document

This budget contains the following sections:

### Table of Contents

The Table of Contents is a quick reference to the page on which you can find specific sections of the budget.

### County Administrative Officer's Budget Message

The County Administrative Officer is the official charged with presenting the annual budget to the Board of Supervisors for their consideration and adoption. Her budget message provides an executive summary overview of Humboldt County's budget for FY 2008-09 and the reasoning behind the recommendations she made to the Board.

### Reader's Guide

This section attempts to explain the budget in an easy-to-

# ***Reader's Guide***

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understand manner.

## **Budget Planning Calendar**

This calendar provides a timeline for all proposed and final budget preparation and planning activities in narrative format.

## **Summary of Financial Policies**

This is a summary of entity-wide processes and policies concerning financial actions taken within the County during a fiscal year.

## **Revenue and Expenditure Descriptions**

This section provides revenue and expenditure descriptions, as well as an overall financial schedule for the County of Humboldt, with revenue by type and expense by function. Financial information for the past three years is included as well as current year department request and adopted budget.

## **Trends & Graphs**

This section includes a number of graphical representations that help explain where our money comes from, where it's going, how County resources relate to other governments, and how these figures are changing over time.

## **About Humboldt County**

Information about the County's location, population, economy, and government structure is presented, together with an organizational chart for the entire County government.

## **Directory of County Officials**

A quick reference guide to "Who's Who" in Humboldt County government.

## **Budget Details**

Each of the County's budget units or logical groupings of budget units is detailed as to revenues, expenditures, staffing levels, purpose of the budget, major budget changes, accomplishments and objectives. For ease of reference, the budgets have been separated into eleven functional groups, separated by quick-reference tabs. Please refer to the Table of Contents or Index to find a specific budget unit or grouping.

Budget units are also aggregated at the level of County departments, with summary tables, mission and performance information, and organizational charts presented.

## **Personnel Allocation by Budget Unit**

The Personnel Allocation table is a comprehensive listing of the specific job classifications and number of full-time equivalent staff allocated to each budget unit.

## **Fund Summaries**

Each of the County's various operating Funds is presented in a summary table which shows fund balance and trends.

## **Glossary of Budget Terms**

To further assist the reader in understanding the budget, the

# Reader's Guide

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Glossary contains definitions for commonly used budgetary terms.

## Indices

Finally, for ease of reference, the budget detail sections of the document are indexed in two ways: alphabetically by name, and numerically by budget unit number.

## Understanding the Budget Details

### Heading

The page header for a budget will give the name of the budget unit or grouping, the budget unit number (for a single budget unit), and the department head responsible for administration of the budget.

### Table

Each budget unit detail begins with a table which presents summary budget information, as follows:

*Revenues* Down the left side of the table, you will see the types of revenues on which this budget relies for support, including any contribution from the General Fund or the general revenues of another fund.

*Expenditures* Below the revenues are the categories of expenditure for the budget. This budget document does not detail each individual line item of expenditure. This information is

entered into the County's financial accounting software, and a paper copy is available by contacting the Clerk of the Board, but category-level presentation of expenditures provides sufficient detail for most purposes.

### *Staffing*

The total number of allocated positions for the budget is presented. Additionally, extra help funding has been converted to full-time equivalent staffing to present a comprehensive picture of the staffing resources devoted to the budget.

### *Past Actuals*

Moving to the right, the next three columns present the actual dollar or staffing figures achieved in each category at the end of each of the last three fiscal years.

### *Request*

The next column to the right indicates the funding/staffing request that the department submitted for FY 2008-09.

### *Adopted*

The next column in the table provides the budget for the budget unit or grouping for FY 2008-09 adopted by the Board of Supervisors on June 24, 2008.

### *Increase/ (Decrease)*

Finally, you will see a depiction of the difference between the adopted funding/staffing for the budget unit in FY

## ***Reader's Guide***

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2007-08 and that adopted for FY 2008-09.

### **Purpose**

Following the table of budgetary information, information is provided as to the reason each budget unit or grouping exists and the services it provides.

### **Mission**

Some budgets and departmental summaries will also present a mission statement.

### **Major Budget Changes**

Next, information is presented as to the major changes in the budget from FY 2007-08 to FY 2008-09. The changes shown are intended to convey only the most significant increases or decreases from the prior year's budget.

### **Program Discussion**

Following the list of major budget changes, each budget will have a narrative which discusses what types of services the department or program provides, additional detail on major budget changes, describe new programs or the elimination of existing programs, legislative changes affecting the budget unit, the prospects for future funding, etc.

Budget groupings will also contain briefer discussions of the specific budget units contained within the grouping,

including the adopted expenditures for each individual budget unit.

### **2007-08 Accomplishments**

### **2008-09 Objectives**

Finally, to show what is gained by investment of resources in a budget unit, each budget unit lists several accomplishments achieved during FY 2007-08 and objectives planned for attainment in FY 2008-09.

### **Goals**

Some departments also have long-term strategic goals that are broader in scope than the objectives they hope to accomplish within a single fiscal year. These are listed where applicable.

### **Performance Measures**

Presented at the department level, these are a listing of quantifiable measures of performance. Information is presented as to why each measure is important and what it tells about the department's overall performance.

### **Organizational Chart**

Finally, at the department level, organizational charts are presented so that the reader gains an understanding as to the structure of each department.

## ***Budget Planning Calendar***

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### **The Budget Calendar**

Humboldt County's finances operate on a fiscal year (FY) that begins on July 1 and ends the following June 30. The budget for FY 2008-09 was adopted by the Board of Supervisors on June 24, 2008, following more than six months of planning and preparation. Here is a brief overview of this process:

#### **December to Late February**

**Mid-Year Financial Review:** Beginning in December 2007, the County Administrative Office (CAO) worked with departments to prepare a mid-year update covering the first six months of FY 2007-08 budget operations (July 1 - December 31, 2007). This was presented to the Board of Supervisors on February 26, 2008, and at that time the Board also adopted a tentative schedule for the FY 2008-09 budget process.

This mid-year update formed the basis for many of the assumptions about income and spending patterns that carried forward into FY 2008-09. While working on the mid-year update, the CAO also worked with the Information Technology

Division to prepare salary and benefit projections. Internal Service Fund units prepared centralized cost allocations.

#### **March to April**

**Preparation of Proposed Budget:** On March 3, 2008, the CAO presented to departments the parameters for development of their FY 2008-09 budget requests. Departments submitted their requests to the CAO by April 4, 2008. The CAO reviewed budget and supplemental requests in April 2008 and developed the proposed budget.

#### **May to June**

**Presentation & Adoption of Budget:** The CAO met with the Board's Budget Subcommittee in May 2008, to receive feedback on its proposals. On June 3, 2008, the CAO presented the proposed Humboldt County budget for FY 2008-09 to the Board of Supervisors. Public hearings on the proposed budget were held on June 9, 2008. The final budget was adopted on June 24, 2008.

## Summary of Financial Policies

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Budgetary decisions are guided by a number of policies and principles. Here are brief explanations of some of the more important ones.

### County Budget Act

California Government Code §§ 29000 through 30200, as applied through rules issued by the Office of the State Controller, provide the legal requirements pertaining to the content of the budget, budget adoption procedures and dates by which action must be taken.

### Administrative Manual

Adopted by the Board of Supervisors, the County's Administrative Manual provides overall direction for many facets of daily life in County government. Two sections of the Administrative Manual are particularly relevant to the budget process:

Section B-1-1, last revised on September 6, 2005, prescribes **Budget Adjustment Procedures**. These are the rules for budgetary level of control for example, transferring budgeted funds from one expenditure line or category to another and for adopting supplemental budgets. This policy states:

- Transfer within object accounts must be approved by the Auditor-Controller.
- Transfer to/from Contingency Reserve must be approved by the Board of Supervisors.

- The County Administrative Officer and Auditor-Controller can approve the establishment of a fixed asset account for purchases under \$10,000. The Board of Supervisors would approve the establishment of a fixed asset account for purchases over \$10,000.
- The County Administrative Officer and Auditor-Controller can approve transfers between object accounts.
- The Board of Supervisors approves increases in a budget unit's total appropriations and transfers from one budget unit and/or fund to another.
- "Fixed Asset" means a piece of furniture or equipment with a lifespan in excess of one year and a purchase cost in excess of \$1,200.

Section E-2-7, last revised July 13, 2004, is the County's **Procedure for Grant Applications**. Many County departments rely heavily on grant revenues to support their operations.

### Financial Policies

In addition to the Administrative Manual, many other Board actions have an impact on the budget. Examples of these include:

#### Board Policy on a Balanced Budget

On October 7, 2008, the Board adopted a policy to control expenses in such a manner that department budgets are not

## ***Summary of Financial Policies***

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expended above the levels that are appropriated in the annual budget or beyond that which the County has the funds to pay.

The following will guide how a balanced budget will occur:

- The annual budget is an operational, fiscal, and staffing plan for the provision of services to the residents of the County. Therefore, the County and its departments shall endeavor to annually adopt a balanced budget as a whole, where expenditures do not exceed current available revenue sources.
- In the event, due to unforeseen circumstances, a balanced budget cannot be adopted, a four-fifths vote of the Board of Supervisors is required to adopt an unbalanced budget.
- Recurring expenses may not exceed recurring revenues.
- The use of available fund balance shall be limited to one-time only expenditures and is generally earmarked to support capital projects, fixed asset purchases and the acquisition of communications and computer systems.
- New and/or expanded unrestricted revenue sources will first be applied to support or restore existing County programs prior to funding new or non-County programs. Expansion of existing programs is possible, with the

availability of sufficient funds to meet the needs of existing programs.

- One-time revenues will only be used for one-time expenditures.
- The County Administrative Officer (CAO) shall coordinate the implementation of this policy. The CAO shall hold department heads responsible for over-expended budgets pursuant to Government Code § 29121, “Except as otherwise provided by law, obligations incurred or paid in excess of the unencumbered balance of the amounts authorized in the budget appropriations are not a liability of the county or special district, but the official authorizing the obligation in an amount known by him to be in excess of the unencumbered balance of the appropriation against which it is drawn is liable therefore personally and upon his official bond.” The CAO will work with all departments to establish balanced operating budgets.

### **Board Policy on Contingencies and Reserves**

On October 7, 2008, the Board adopted a policy to hold funds in reserve for cash flow purposes, revenue shortfalls, unpredicted one-time expenditures, and capital expenditures. These cash reserves include but are not limited to: Library Contingency; Roads Contingency; General Fund Contingency; General Reserve; and Deferred Maintenance.

## ***Summary of Financial Policies***

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The General Fund Contingency will be budgeted at a minimum of six percent of the County's total General Fund revenues on an annual basis. In the event that the General Fund Contingency is less than six percent of the County's total General Fund revenues, at the time the budget is adopted, the County Administrative Officer (CAO) must identify and report on the specific circumstances that have lead to less than six percent in the General Fund Contingency.

The below bullet points contain the allocation criteria for when the Contingency Reserve may be used to support one-time costs :

- When the County is impacted by an unanticipated reduction in State and/or Federal grants and/or aid.
- When the County faces economic recession/depression and the County must take budget actions before the beginning of a fiscal year.
- When the County is impacted by a natural disaster.
- When the County is presented with an unanticipated or unbudgeted expense that is necessary for the delivery of local services.
- When the County is affected by known future events with unknown fiscal ramifications that require the allocation of funds.

The General Reserve shall target a balance of between eight and ten percent of the County's total General Fund revenues. Government Code § 29085 gives the BOS authority to determine reserve contributions. In the event that the General Reserve contribution has been decreased or increased from the prior year's contribution, at the time the budget is adopted, the CAO must identify and report on the specific circumstances that have lead to an increase or decrease in the General Reserve.

The General Reserve will be used to support the following:

- Essential cash flow for County operations during the first six months of the fiscal year until property tax payments are collected in December.
- Extraordinary expenditures due to unforeseen events that exceed the capacity of appropriated funds, including the Contingency Reserve.

### **Board Policy on Budget Responsibility**

Adopted on September 9, 1997, this policy assigns responsibility for expenditure and revenue tracking to individual departments, with revenue projection support provided by the Auditor-Controller.

### **Debt Policy**

The County has not adopted a formal policy on debt.

## ***Summary of Financial Policies***

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The County has not recently calculated its debt limits since the County has not issued debt for a significant period of time.

The County does not intend to issue debt in the foreseeable future.

### **County Fee Schedule**

Updated annually (last on September 23, 2008), the fee schedule provides a structure and methodology to support County departments in recovery of the full cost of services provided.

### **Mid-Year Budget Review**

As discussed in the Budget Planning Calendar section, the County Administrative Office presents an annual review of the adopted budget through the first six months of operations. The FY 2007-08 review took place on February 26, 2008, and included appropriate budget amendments and the budget outlook for FY 2008-09.

### **Other Budget Principles**

Beyond formal actions of the Board of Supervisors, County staff employs a series of principles to guide decision-making on budgetary matters. These include:

- Maintain core services.

- Remain adaptive and ready to act with the changing economic and financial environment. This will require close monitoring of the state and federal budget(s).
- Follow reductions imposed by the State and Federal Governments to specific programs.
- Protect local sources of revenue.
- Commit to realistic financial planning and budgeting, and not use loans and inflated revenue figures.
- Focus and direct financial and human resources toward core purposes and services.
- Although strategies may be designed to address our financial challenges “across the board,” departments recognize that it is unlikely that equity can be achieved. There will be winners and losers in the budget balancing process.
- Maintain a strong financial and core asset foundation.
- Continued focus on program restructuring as prudent and necessary given the instability of the County General Fund, declining revenues and increasing costs.

## ***Summary of Financial Policies***

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### **Specific Guidelines for FY 2008-09**

These are the specific guidelines released to departments on March 3, 2008, to guide development of the FY 2008-09 budget:

- General Fund supported departments must submit a budget request equal to or less than the Net County Cost (NCC) allocation. Any budget request amount

over the NCC allocation must be submitted as a Supplemental Request.

- For departments with unfunded vacant positions in FY 2007-08, the NCC allocation continues to assume that these positions will be held vacant in FY 2008-09.
- Non-General Fund Budget units that do not receive a General Fund allocation must submit budget requests that balance to their revenue estimates.

# Description of Revenues

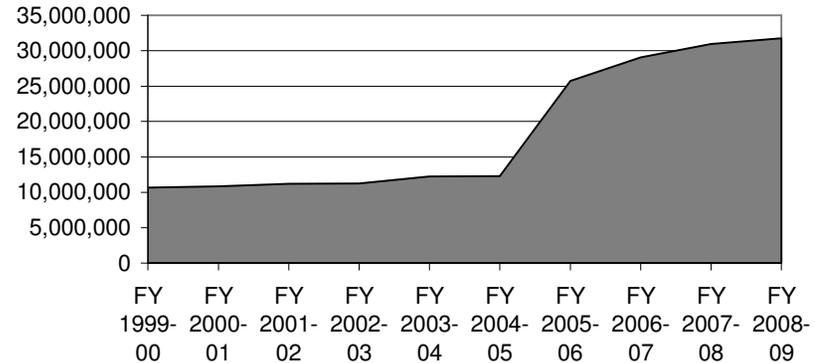
## Major Revenues

Revenues that the County receives are generally broken into seven categories according to the source of the revenue. You will see these categories reflected in the chart on the first page of the detail for each budget unit or grouping in this budget book, as well as in the summary table of revenues for all funds on page A-19. The categories are: taxes; licenses and permits; fines, forfeitures and penalties; use of money and property; revenue from other governmental agencies; charges for current services; and other revenues.

**Taxes** are the County’s portion of funds paid by the general populace for general support of governmental institutions. Examples include property taxes paid on a home or business, retail sales taxes paid when making purchases on most non-food goods, and franchise fees that utilities pay for use of public rights-of-way and pass along to consumers on their utility bills.

Taxes are the largest source of discretionary revenue to the General Fund. In particular, Property Taxes generate the most tax revenue. Property tax is imposed on real property and tangible personal property. Since the passage of California Proposition 13, the tax is based on either a 1% rate applied to the 1975-76 assessed value of the property, or on 1% of the sales price of the property on sales transactions and construction which occur after the 1975-76 assessment. The County is the property tax administrator for local cities and special districts with taxing authority.

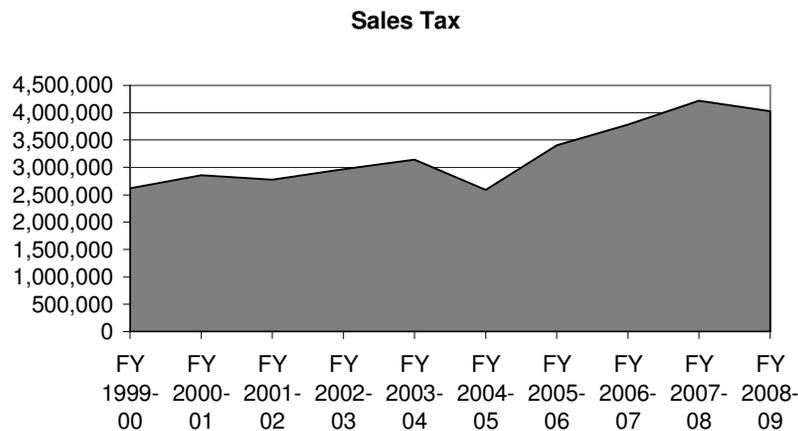
General Fund Property Tax



Due to Proposition 57, “Triple Flip” Property tax in lieu of sales tax, Property Tax doubled in FY 2005-06. Property taxes continue to see a steady increase. Property tax revenues for FY 2008-09 are estimated to increase by 5% based on past year’s trends.

In accordance with the State Revenue and Taxation Code and the Bradley-Burns Uniform Local Sales and Use Tax Law of 1955, the State imposes a 7.25% Sales and Use Tax on taxable sales in the County. Sales Tax for FY 2008-09 is estimated to decrease by 4.5% based on the slow down in the economy.

## Description of Revenues



The Transient Occupancy Tax (TOT) (Hotel, Motel, Campground or Bed Tax) is authorized under State Revenue and Taxation Code Section 7280, as an additional source of non-property tax revenue to local government. This tax is levied in Humboldt County at a rate of 9% for accommodations at lodging and camping facilities in the unincorporated areas of the County. TOT funds are discretionary, in that the Board of Supervisors may direct use of these funds for any legitimate county expense. The tax code does not require any specific use of the TOT Funds.

The Humboldt County Board of Supervisors has established a policy that the funds raised from this tax will be used, in part, to finance advertising and promotional activities for Humboldt County.

Timber Yield Tax is a tax in lieu of ad valorem property taxes on timber paid by timber owners when they harvest their

timber. The timber yield tax rate is currently 2.9 percent. The amount of tax is calculated according to the volume of timber harvested, the established value for the species harvested, and the tax rate.

Overall taxes represent approximately 16% of the total County budget, while representing 90% of the County's discretionary resources for the General Fund.

**Licenses and permits** are fees paid for necessary governmental permission to take an action. Examples include licenses to keep a dog or operate a business, permits for encroaching on public property, and marriage licenses.

**Fines, forfeitures and penalties** are funds collected as punishment for taking an improper action. These include fees paid to undergo alcohol or drug counseling as a result of a conviction, impound fees for stray dogs, and various court fees.

**Use of money and property** is revenue derived from governmental assets, including interest on investments of County money prior to its expenditure and rentals derived from County real property.

**Other governmental agencies** revenue consists of transfers from State and Federal programs. This includes both tax revenue passed through other governments to the County on a formula basis (such as the highway users tax on gasoline sales or the portion of state sales tax devoted to local law enforcement) and grants from other governments for the

## Description of Revenues

County to carry out a specific program (such as Temporary Assistance to Needy Families revenue to provide welfare payments to indigent County residents).

**Charges for current services** are fees levied for services provided by a particular department, whether to another County department, to another governmental entity, or to the public. Examples include elections fees to cities and special districts, land use project fees charged to developers, laboratory fees to

Public Health customers, and charges from the County mailroom to departments using mail services.

**Other revenues** consist of a variety of revenue sources not included in the above categories. These include outright sales of County property, transfers between County funds made by policy rather than as payment for a specific service, and private donations in support of particular County programs.

## Summary of Revenue for All Funds

	2005-06 Actual	2006-07 Actual	2007-08 Actual	2008-09 Request	2008-09 Adopted	Increase/ (Decrease)
<b>Revenues by Type</b>						
Taxes	\$39,790,363	\$44,263,515	\$46,568,436	\$47,747,677	\$47,824,204	\$1,255,768
Operating Rev & Contribution	0	0	0	374,741	298,214	298,214
Licenses & Permits	1,641,876	1,859,901	1,752,931	1,690,805	1,690,805	(62,126)
Fines, Forfeits & Penalties	2,761,907	2,975,117	2,951,675	2,713,786	2,713,786	(237,889)
Use of Money & Property	835,300	1,091,573	1,552,333	935,850	935,850	(616,483)
Other Gov'tl Agencies	131,044,708	139,283,679	155,009,738	192,855,296	193,134,791	38,125,053
Charges for Services	23,435,572	28,617,192	25,155,932	31,329,725	31,372,695	6,216,763
Other Revenues	10,048,386	9,065,331	10,086,227	10,992,268	10,384,273	298,046
Trust Fund Revenue	0	0	260,450	0	2,478	(257,972)
<b>Total Revenues</b>	<b>\$209,558,112</b>	<b>\$227,156,308</b>	<b>\$243,337,722</b>	<b>\$288,640,148</b>	<b>\$288,357,096</b>	<b>\$45,019,374</b>

## ***Description of Expenditures***

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### **Major Expenditures**

Most budget units contain up to five categories of expenditures, which are also reflected on the chart for each budget unit detail. These categories are: salaries and employee benefits; services and supplies; other charges; fixed assets; and expense transfers.

**Salaries and employee benefits** are the costs for employing permanent and extra help workers to conduct County business.

**Supplies and services** include the bulk of non-salary expenses, ranging from insurance and utilities to office supplies to contracts with outside professionals.

**Other charges** consist of a number of different expenditures not included in the categories above, including support for persons (such as assistance payments), payments on County debt, contributions to non-County agencies, and payments from one County fund to another.

**Fixed assets** are expenditures for long-term capital outlays with an expected life in excess of one year and an initial value in excess of \$1,200.

**Expense transfers** are used to make payments from one budget unit to another within the same fund.

Expenditures are classified by function as well as by category. The eight functions are general government; public protection;

public ways and facilities; health and sanitation; public assistance; education; recreation and cultural services; and debt service. These functions are defined by rules set by the State Controller and differ from the tabs used to organize this budget book for easy public reference, which are broken along County department lines.

According to the State Controller definitions, **General Government** consists of legislative and administrative, finance, counsel, personnel, elections, communication, property management, plant acquisition, promotion, and other general functions of government. **Public protection** consists of judicial, police protection, detention and correction, fire protection, flood control and soil and water conservation, protection inspection, and other protection functions. The **public ways and facilities** function includes public ways (roads), transportation terminals, transportation systems, and parking facilities. **Health and sanitation** consists of health, hospital care, California Children's Services, and sanitation. **Public assistance** includes administration, aid programs, general relief, care of court wards, veterans' services, and other assistance functions. **Education** functions in County government include libraries and agricultural education. **Recreation and cultural services** functions are recreation facilities, cultural services, veterans' memorial buildings, and small craft harbors. **Debt service** includes retirement of long-term debt, interest on long-term debt, and interest on notes and warrants.

The numbering system for County budget units generally

## Description of Expenditures

follows this function classification, with 100 series budget units consisting of general government functions such as the Board of Supervisors, 200 series budget units being public protection functions such as Juvenile Hall, 300 series units including public ways and facilities functions such as Roads, 400 series budget units consisting of health and sanitation functions such as Solid Waste, 500 series units being public

assistance functions such as Social Services, 600 series units including education functions such as Cooperative Extension and 700 series budget units consisting of recreation and cultural services functions such as the Bicycle and Trailways Program. The chart of countywide expenditures on below uses this functional breakdown.

## Expenditures by Function in All Funds

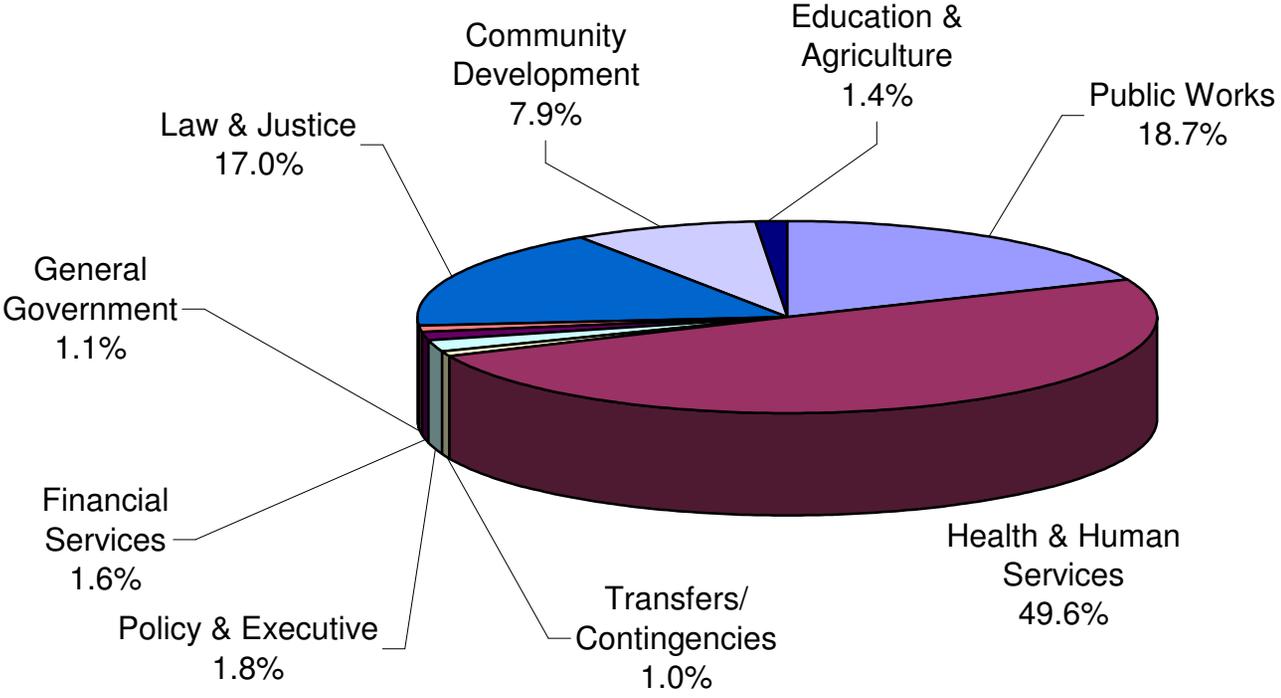
	2005-06 Actual	2006-07 Actual	2007-08 Actual	2008-09 Request	2008-09 Adopted	Increase/ (Decrease)
<b>Expenditures by Functions</b>						
General Government	\$20,410,243	\$27,012,544	\$28,546,626	\$31,040,987	\$26,541,474	(\$2,005,152)
Public Protection	54,161,859	58,118,071	61,092,758	80,480,378	77,227,770	16,135,012
Public Ways & Facilities	17,708,162	12,326,551	24,171,148	42,789,936	42,398,936	18,227,788
Health and Sanitation	47,617,552	49,712,428	50,639,815	59,848,601	59,833,021	9,193,206
Public Assistance	63,504,932	67,623,945	69,383,879	82,371,073	82,371,073	12,987,194
Education	2,686,632	2,979,005	3,174,508	3,369,597	3,354,239	179,731
Recreation & Cultural Services	576,694	734,429	785,600	742,807	696,769	(88,831)
Transportation Services	1,080,312	1,184,721	1,337,293	1,563,962	1,563,962	226,669
Reserve & Contingencies	0	251,250	0	3,800,000	2,800,000	2,800,000
Total Expenditures	\$207,746,386	\$219,942,944	\$239,131,627	\$306,007,341	\$296,787,244	\$57,655,617

*Trends and Graphs*

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**Expenditure by Function - All Funds**

Humboldt County’s total FY 2008-09 budget of \$296,787,244 is distributed in accordance with the expenditure by County functional categories on **Chart I**.

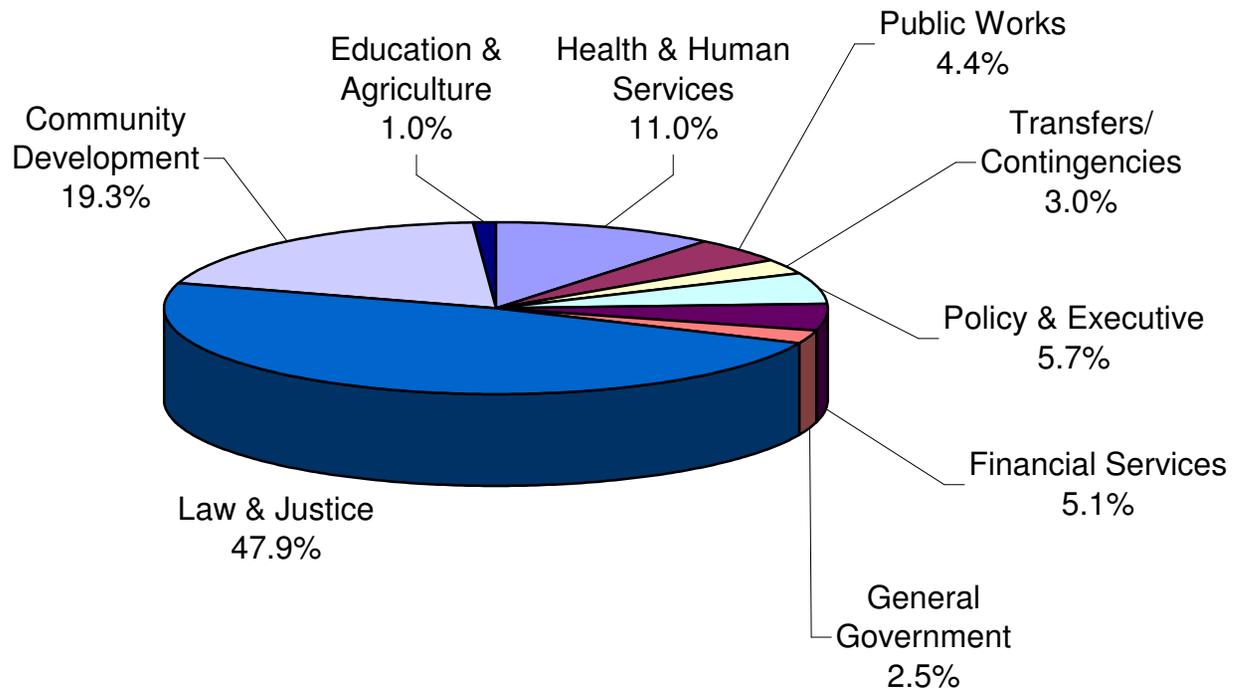


## Trends and Graphs

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### County General Fund Breakdown by Function

The total distribution of \$93,872,955 in County General Fund revenues only is illustrated in **Chart II**.

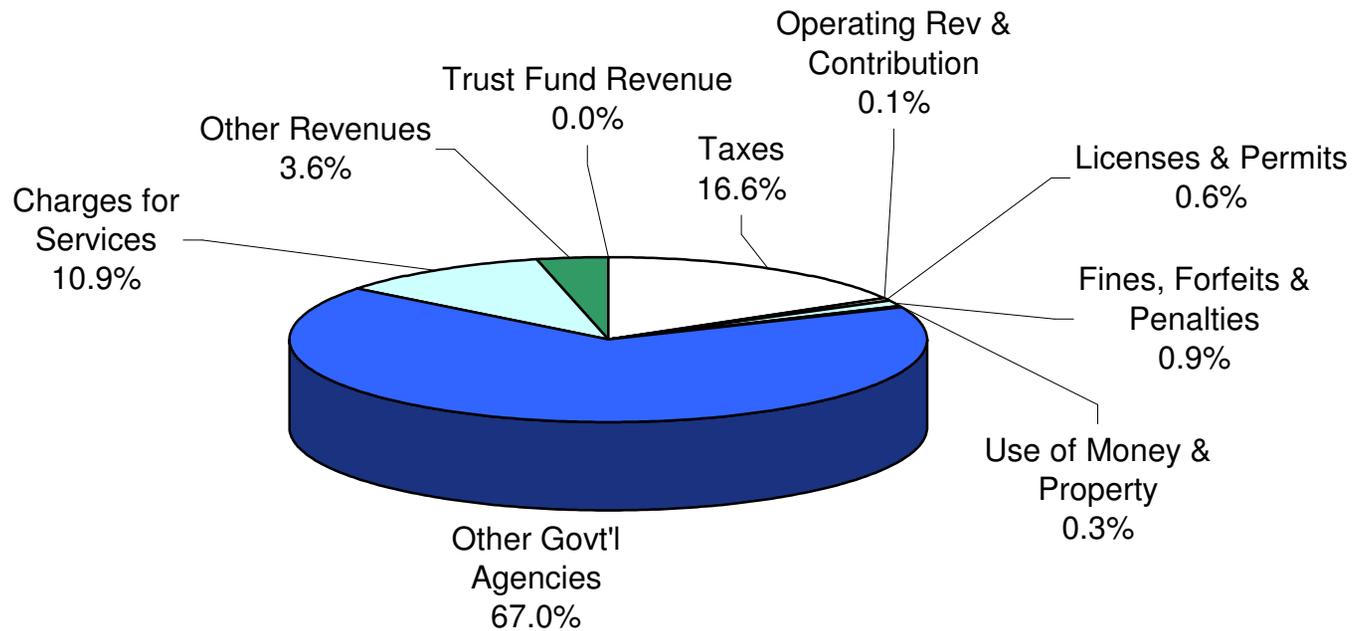


## Trends and Graphs

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### Revenue by Source - All Funds

Humboldt County's total FY 2008-09 budget for current revenue is \$288,357,096 and is obtained from the revenue sources shown in **Chart III**. The balance of funds necessary to support expenditures, \$8,430,148 is derived from fund balances.

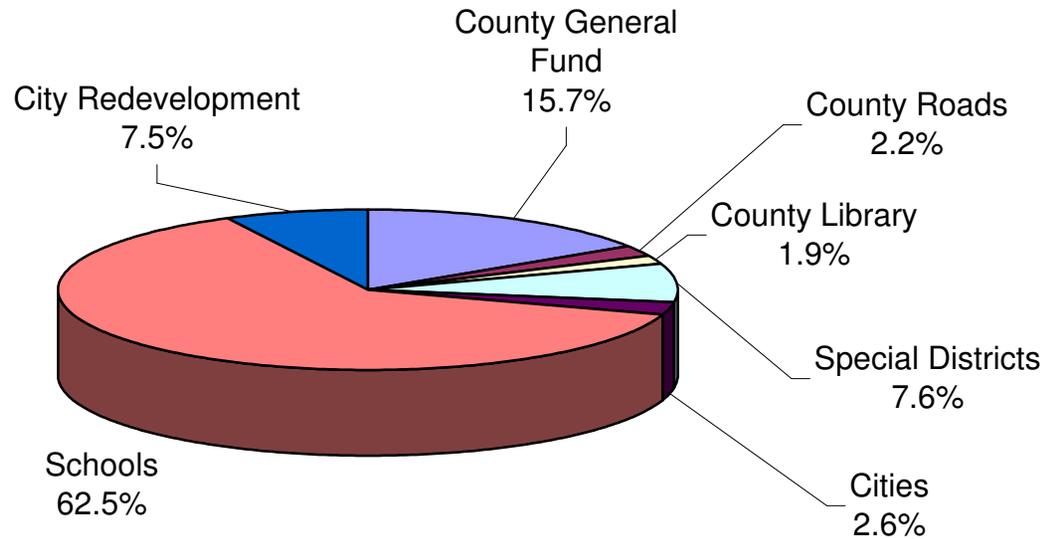


## Trends and Graphs

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### Property Tax Distribution

Although the County assesses, collects and administers property taxes, each dollar of property tax paid by a Humboldt County landowner is shared with various governmental jurisdictions. Almost two-thirds of every property tax dollar benefits school districts as illustrated in **Chart IV**.



## ***About Humboldt County***

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### **History**

Humboldt County, named to honor the German explorer and naturalist Baron Alexander von Humboldt, was incorporated from part of Trinity County in 1853 and enlarged in 1875 with the addition of the area formerly known as Klamath County.

### **Geography**

Humboldt County is located on California's northern Pacific Coast. The southern border of the County is located 200 miles north of San Francisco, the closest major metropolitan city. The County is bordered on the north by Del Norte County, on the east by Siskiyou and Trinity counties, on the south by Mendocino County and on the west by the Pacific Ocean. The County encompasses 2.3 million acres, 80 percent of which is forestlands, protected redwoods and recreation areas. The region is primarily mountainous, except for a plain surrounding Humboldt Bay where the area's largest urban centers are located.

U.S. Highway 101 links the County to the rest of coastal California to the south and the Oregon Coast to the north. Highway 299 links the County to Interstate 5 to the east. The County's regional airport in McKinleyville has daily flights to Redding, San Francisco, Sacramento, Los Angeles, and Salt Lake City.

### **Climate**

Humboldt County is an area of moderate temperatures and considerable precipitation. Temperatures along the coast vary only 10 degrees from summer to winter, although a greater range is found over inland areas. Temperatures of 32 degrees or lower are experienced nearly every winter throughout the area, and colder temperatures are common in the interior. Maximum readings for the year often do not exceed 80 on the coast, while 100 degree plus readings occur frequently in the mountain valleys.

In most years, rainfall is experienced each month of the year, although amounts are negligible from June through August.

Seasonal totals average more than 40 inches in the driest area, and exceed 100 inches in the zones of heavy precipitation. Because of the moisture and moderate temperature the average relative humidity is high. Largely as a result of the proximity to the cool Pacific Ocean, the adjoining coastal area has one of the coolest, most stable temperature regimes to be found anywhere. With increasing distance from the ocean, the marine influence is less pronounced, and inland areas experience wider variations of temperature and lower humidity.

The climate has several impacts on local economic development. In the winter months when the rain is its heaviest, employment is at its lowest. Early morning and

## About Humboldt County

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late afternoon fog is also present along the coastline for parts of the year, which can hamper air travel.

### Scenery

The climate is ideal, however, for growth of the world’s tallest tree: the coastal redwood. Though these trees are found from southern Oregon to the Big Sur area of California, Humboldt County contains the most impressive collection of *Sequoia sempervirens*. The County is home to Redwood National and State Parks, Humboldt Redwoods State Park (The Avenue of the Giants), and a number of other groves of these magnificent trees.

Humboldt County also contains more than 40 parks, forests, reserves and recreation areas, numerous beaches, six wild and scenic rivers, and an impressive collection of Victorian structures from the early days of County history. The County has been judged “America’s Most Scenic Rural County” by the U.S. Department of Agriculture, and was named “One of the World’s Top Ten Great Places” by *National Geographic Traveler* magazine.

### Population

The 2000 Census population of Humboldt County was 126,518. According to the California Department of Finance, the population as of January 1, 2008, was 132,821.

The County has seven incorporated cities ranging in size from 314 to 26,157 persons. Slightly less than half of the County’s residents live in incorporated communities, while 54 percent of County residents live in the area surrounding Humboldt Bay. This area includes the cities of Arcata, Eureka, Ferndale, and Fortuna, and the unincorporated community of McKinleyville.

### Education

Humboldt County is home to two major institutions of higher education. Humboldt State University, a campus of the California State University system, is located in Arcata. College of the Redwoods, the community college for California’s North Coast, has a campus south of Eureka and instructional sites in downtown Eureka, Arcata and Hoopa.

### Employment

According to the Labor Market Information Division of California’s Economic Development Department, the largest employment sectors in Humboldt County as of August 2008 are:

Government	26.5%
Trade, Transportation & Utilities	19.6
Educational & Health Services	12.2
Leisure & Hospitality	11.6
Manufacturing	6.5

## About Humboldt County

Professional & Business Services	6.3
Construction	4.5
Financial	2.8

A 2005 report from Humboldt State University lists the largest employers in the County as:

County of Humboldt	1,972 FTE
Humboldt State University	1,454 FTE
St. Joseph Health System	947 FTE
The Pacific Lumber Company	914 FTE
Eureka City Schools	592 FTE

## Government

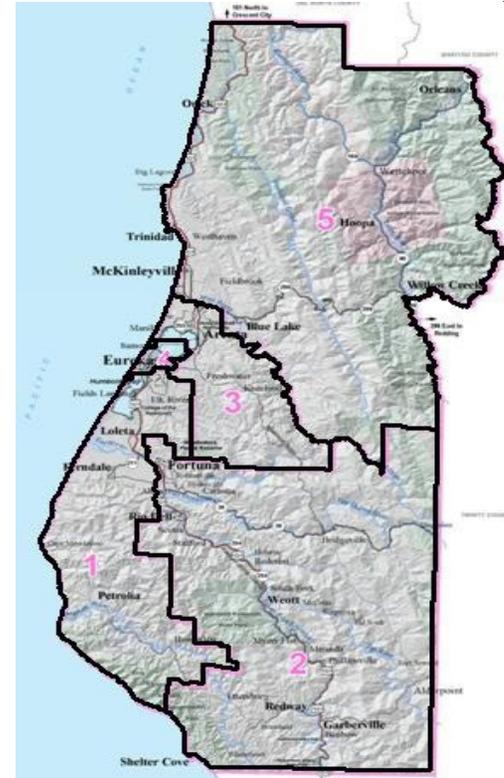
The County is governed by a five-member Board of Supervisors, elected by district for four-year terms. The County Administrative Officer manages the activities of the County's departments and the County Counsel provides legal counsel to the Board of Supervisors and departments. Both officers are hired by and directly responsible to the Board of Supervisors. Other Elected Officials include the Assessor, Auditor-Controller, Clerk-Recorder, Coroner, District Attorney, Sheriff, and Treasurer-Tax Collector.

The County provides a wide range of services to its residents, including police protection, medical and health services, library services, judicial institutions and supporting programs, road maintenance, airport service, parks and a variety of public assistance programs. The

County also operates recreation and cultural facilities in the unincorporated areas of the County.

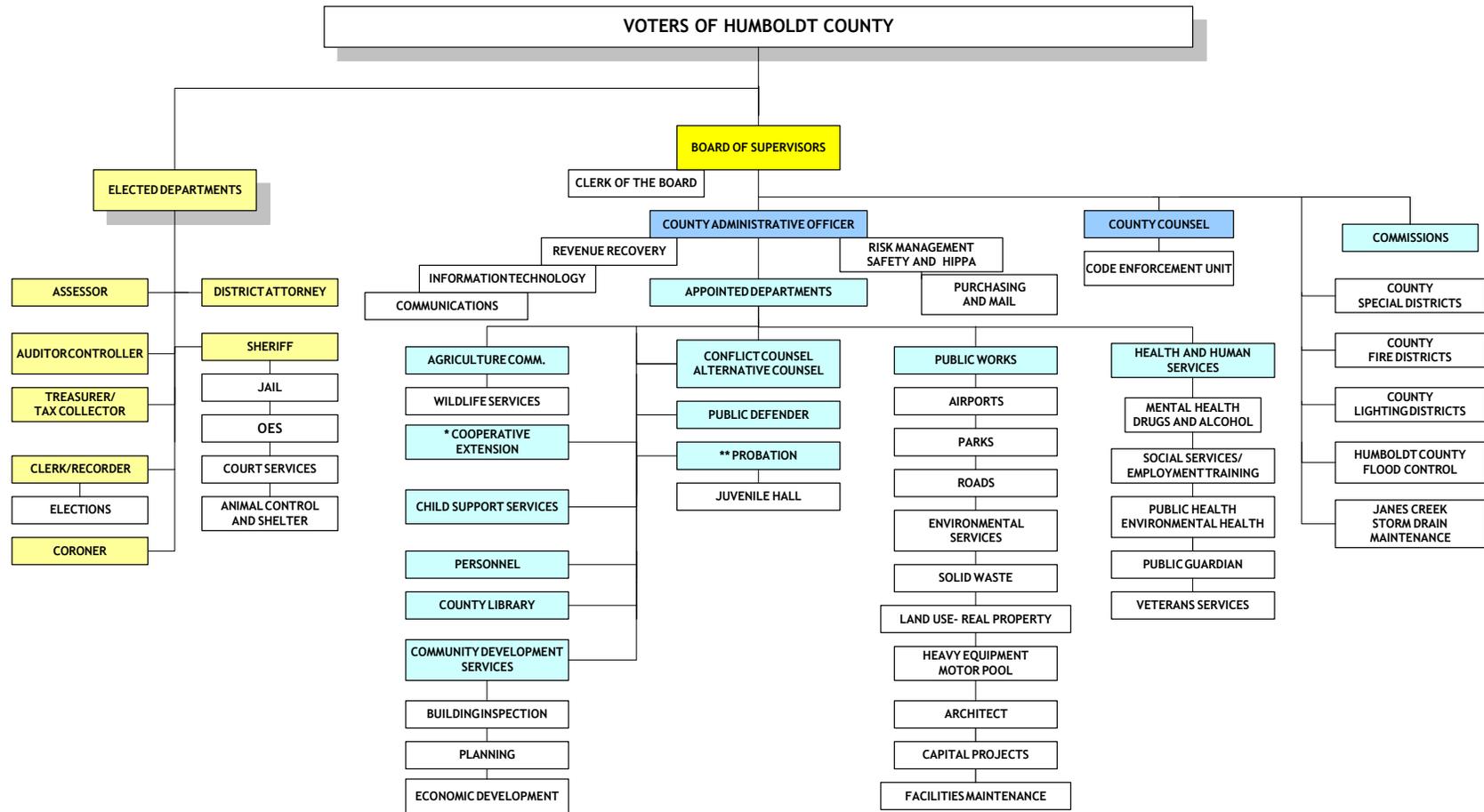
Many of the County's functions are required under County ordinances, or by State or Federal mandate. State and federally mandated programs, primarily in the social and health service areas, are required to be maintained at certain minimum levels, which limits the County's control.

County supervisorial districts are shown on the map below:



# About Humboldt County

## Organizational Chart:



\* DEPARTMENT HEAD APPOINTED BY STATE  
 \*\* DEPARTMENT HEAD APPOINTED BY COURTS

# Directory of County Officials

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## Elected Officials

### BOARD OF SUPERVISORS

- First District .....James R. Smith, Vice-Chair
- Second District.....Johanna Rodoni
- Third District..... John S. Woolley
- Fourth District..... Bonnie J. Neely
- Fifth District..... Jill K. Geist, Chair
- AUDITOR-CONTROLLER.....Michael J. Giacone
- ASSESSOR..... Linda Hill
- CLERK/RECORDER/REGISTRAR OF VOTERS .....
- ..... Carolyn R. Crnich
- CORONER-PUBLIC ADMINISTRATOR ..... Frank J. Jäger
- DISTRICT ATTORNEY ..... Paul V. Gallegos
- SHERIFF..... Gary Philp
- TREASURER-TAX COLLECTOR ..... Stephen A. Strawn



## Appointed Officials

- Agricultural Commissioner..... Patrick Griffin
- Chief Probation Officer..... Douglas Rasines
- Child Support Services Director ..... Jim Kucharek
- Conflict Counsel ..... Glenn L. Brown
- Cooperative Extension Director\*..... Alan Bower
- County Administrative Officer ..... Loretta A. Nickolaus
- County Counsel..... Wendy Chaitin
- Director of Community Development Services... Kirk A. Girard
- Director of Health and Human Services ..... Phillip R. Crandall
- Director of Library Services..... Victor Zazueta
- Personnel Director ..... Richard A. Haeg
- Public Defender ..... Kevin Robinson
- Public Works Director ..... Thomas K. Mattson

\* Not a County employee

**Certificates of Participation-Payments (1100 190)** Loretta Nickolaus, County Administrative Officer

<b>1100 - General Fund</b>	<b>2005-06 Actual</b>	<b>2006-07 Actual</b>	<b>2007-08 Actual</b>	<b>2008-09 Request</b>	<b>2008-09 Adopted</b>	<b>Increase/ (Decrease)</b>
<b>Revenues</b>						
Other Govt'l Agencies	\$320,500	\$290,359	\$268,183	\$319,361	\$319,361	\$51,178
<b>General Fund Support</b>	<b>1,058,398</b>	<b>1,134,844</b>	<b>1,121,329</b>	<b>1,126,667</b>	<b>1,126,667</b>	<b>5,338</b>
Total Revenues	\$1,378,898	\$1,425,203	\$1,389,512	\$1,446,028	\$1,446,028	\$56,516
<b>Expenditures</b>						
Other Charges	\$1,378,898	\$1,425,203	\$1,389,512	\$1,446,028	\$1,446,028	\$56,516
Total Expenditures	\$1,378,898	\$1,425,203	\$1,389,512	\$1,446,028	\$1,446,028	\$56,516
<hr/>						
Allocated Positions	0.00	0.00	0.00	0.00	0.00	0.00
Temporary (FTE)	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Staffing</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

# **Certificates of Participation-Payments (1100 190) Loretta Nickolaus, County Administrative Officer**

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## **Purpose**

This budget includes debt service payments on Certificates of Participation (COP) issued to finance the Library, Jail Phases I and II, the Regional Juvenile Facility, and the Animal Shelter.

- \$183,862 1996 Jail Phase II Project
- \$150,797 1996 Jail Phase I Project
- \$94,957 1994 Library Project
- \$60,874 1996 Regional Juvenile Center Project

## **Major Budget Changes**

A revenue decrease of 9% is budgeted for Proposition 172 revenues, which are used to pay a portion of the Jail COP. Proposition 172 revenues did not achieve estimates for FY 2007-08 and have therefore been reduced for FY 2008-09 as well.

The 1994 COP financed the Eureka Library and Jail Phase I. It also included remodeling the ground floor of the Courthouse after the Eureka Police Department moved out. The Library budget includes an additional \$80,661 paid toward the Library debt service; the above amount represents that portion allocated to the General Fund.

## **Program Discussion**

This budget funds long-term debt payments on the County's capital improvement projects. The recommended budget of \$1,446,028 includes funding in the following amounts:

- \$375,838 1994 Jail Phase I Project
- \$329,700 2004 Animal Shelter Project
- \$250,000 1996 Jail Phase II Public Safety Project

The 1996 COP financed modifications to Jail Phase I resulting from the decision to construct the second phase of the Jail, the Jail Phase II project, and the Regional Juvenile Facility. A portion of this debt service payment, \$339,556, is paid from sales taxes dedicated to public safety purposes.

The entire debt was refinanced in FY 2002-03 to take advantage of lower interest rates, resulting in savings of approximately \$166,000 annually.

The 2004 COP financed construction of the Animal Care Shelter and Facility in McKinleyville.

**Contingency Reserve (1100 990)**

Loretta Nickolaus, County Administrative Officer

<b>1100 - General Fund</b>	<b>2005-06 Actual</b>	<b>2006-07 Actual</b>	<b>2007-08 Actual</b>	<b>2008-09 Request</b>	<b>2008-09 Adopted</b>	<b>Increase/ (Decrease)</b>
<b>Revenues</b>						
<b>General Fund Support</b>	\$0	\$0	\$2,281,944	\$3,000,000	\$2,000,000	(\$281,944)
Total Revenues	\$0	\$0	\$2,281,944	\$3,000,000	\$2,000,000	(\$281,944)
<b>Expenditures</b>						
Supplies & Services	\$0	\$0	\$1,858,993	\$3,000,000	\$2,000,000	\$141,007
Total Expenditures	\$0	\$0	\$1,858,993	\$3,000,000	\$2,000,000	\$141,007
<hr/>						
Allocated Positions	0.00	0.00	0.00	0.00	0.00	0.00
Temporary (FTE)	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Staffing</b>	0.00	0.00	0.00	0.00	0.00	0.00

# Contingency Reserve (1100 990)

Loretta Nickolaus, County Administrative Officer

## Purpose

The General Fund Contingency Reserve budget provides funds to meet unforeseen expenditures in countywide operating budgets.

## Major Budget Changes

For FY 2008-09, the General Fund Contingency Reserve is proposed at less than half the level of FY 2007-08, due to the need to reduce the total of expenditure allocations across the General Fund.

## Program Discussion

The Reserve for Contingencies budget is for unanticipated requirements occurring in all County operations during the fiscal year. While state statutes provide that up to 15% of the total of all other appropriations can be placed in reserve, the amount historically reserved for the County's budget has been at a much lower level.

The adopted FY 2008-09 budget sets the contingency reserve at \$2,000,000, or 0.7%, of the County's operating budget. The following is previous year's Contingency Reserve levels.

Fiscal Year	Adopted Budget	Contingency	As % of Budget
2001-02	\$ 196,334,106	\$ 2,453,091	1.2%
2002-03	\$ 208,647,694	\$ 1,870,543	0.9%
2003-04	\$ 212,670,073	\$ 854,871	0.4%
2004-05	\$ 201,255,779	\$ 1,209,798	0.6%
2005-06	\$ 219,926,414	\$ 2,922,847	1.3%
2006-07	\$ 242,316,988	\$ 3,066,962	1.3%
2007-08	\$ 263,205,062	\$ 4,140,937	1.5%

The \$2,000,000 budgeted in contingency reserves is not the six percent recommended in the Board policy on Contingencies and Reserves. The County Administrative Officer explained, during the budget adoption process, that in order to compensate for increased expenditures and unknown State budget crisis implications, the contingency reserve would not be able to be maintained at previous years levels. While 0.7% is a very low percentage, it is consistent with past practice in Humboldt County.

**Contributions to Other Funds (1100 199)**

Loretta Nickolaus, County Administrative Officer

<b>1100 - General Fund</b>	<b>2005-06 Actual</b>	<b>2006-07 Actual</b>	<b>2007-08 Actual</b>	<b>2008-09 Request</b>	<b>2008-09 Adopted</b>	<b>Increase/ (Decrease)</b>
<b>Revenues</b>						
Other Gov't'l Agencies	\$0	\$1	\$84,512	\$149,565	\$149,565	\$65,053
Other Revenues	29,705	29,706	33,928	0	0	(33,928)
<b>General Fund Support</b>	<b>5,275,912</b>	<b>5,275,911</b>	<b>6,141,772</b>	<b>7,038,460</b>	<b>3,870,839</b>	<b>(2,270,933)</b>
Total Revenues	\$5,305,617	\$5,305,618	\$6,260,212	\$7,188,025	\$4,020,404	(\$2,239,808)
<b>Expenditures</b>						
Salaries & Benefits	\$0	\$0	\$0	\$0	(\$1,500,000)	(\$1,500,000)
Other Charges	5,305,617	5,305,618	6,260,212	7,188,025	5,520,404	(739,808)
Total Expenditures	\$5,305,617	\$5,305,618	\$6,260,212	\$7,188,025	\$4,020,404	(\$2,239,808)

**Purpose**

This budget unit is comprised of various allocations and required contributions of General Fund money to support specific programs that operate out of other funds.

**Major Budget Changes**

There are several significant changes proposed for the Contributions budget in FY 2008-09. First, a new contribution is included for transfer to the Deferred Maintenance Fund. The Deferred Maintenance Fund was contained in the Board’s policy on Contingencies and Reserves, which was adopted on October 7, 2008. This will allow for dedicated capital project funding, as outlined in the Public Works Facility Management discussion.

Second, a new negative contribution for salary savings is included to account for the adopted hiring freeze. Since the freeze is intended to save money across all General Fund departments, it cannot be attributed to any specific departmental budget at this time.

Third, the contribution to the County Library is proposed to be reduced as a contribution to balance the General Fund. It is hoped that this funding can be restored in future years.

Finally, a number of one-time contributions from FY 2007-08 have not been funded in FY 2008-09. These include funds for

the Multiple Assistance Center, the County Fair, and a supplement to Public Health funding to recognize a rebate of past County Medical Services Program payments.

**Program Discussion**

This budget unit is used to account for transfers from the County General Fund to other operating funds within the County, and to several veterans’ organizations located throughout the County.

The allocations are as follows:

- \$32,829 Contributions to veterans’ organizations located in Arcata, Eureka, Ferndale, Fortuna, Garberville, McKinleyville, and Rio Dell
- \$3,710,305 Social Services (including Public Guardian and Veterans Services)
- \$591,439 Public Health (includes base funding of \$526,952 plus supplemental funding of \$65,000 for tobacco education)
- \$325,952 Mental Health (includes base funding of \$43,803 plus supplement of \$282,149 for Jail Mental Health services)
- \$149,565 Independent fire protection districts

- \$1,544 Special district benefit assessment
- \$36,566 Local Agency Formation Commission
- \$313,163 County Library System, (includes reduced base funding of \$180,000 plus \$8,000 for the Hoopa Library and the General Fund’s obligation for the County Librarian position)

**Fire Districts and Proposition 172 Public Safety Funding**

Proposition 172 of 1992 enacted a one-half cent sales tax statewide, dedicated to public safety purposes. It was intended as partial compensation to counties and cities for property tax revenue that was shifted from local governments to the State Education Revenue Augmentation Fund (ERAF). The County’s independent fire protection districts have long contended that they should receive a portion of the County’s Proposition 172 Public Safety Sales Tax revenue.

In October 2005, the Board of Supervisors voted to contribute funding to the recognized fire districts in Humboldt County. Pursuant to an agreement reached between the Board’s Proposition 172 subcommittee and the Fire Chiefs’ Association, the County’s contribution for FY 2008-09 represents 1.8% of estimated receipts from Proposition 172.

**Unfunded Supplemental/Restoration Funding Requests**

There are several additional requests for contributions that were not funded in order to maintain a balanced budget. These include:

- A higher level of contribution to the new Deferred Maintenance Fund. Board policy specifies to fund 5% of the outstanding deferred maintenance each year, in order to eliminate the maintenance backlog over a 20-year period. The proposed funding represents only 1.25% of identified maintenance needs.
- A further contribution to the County’s General Reserve, to provide critical funding during the lean period between the beginning of the fiscal year and the first receipt of property tax payments in December. The General Reserve is also available as a contingency reserve for extreme emergencies. Board policy sets the contribution for General Reserve at between eight and ten percent of General Fund revenues. Due to the structural deficit in the General Fund, the County is unable to meet the contribution to the General Reserve.

<b>1420 - Courthouse Construction Fund</b>	<b>2005-06 Actual</b>	<b>2006-07 Actual</b>	<b>2007-08 Actual</b>	<b>2008-09 Request</b>	<b>2008-09 Adopted</b>	<b>Increase/ (Decrease)</b>
<b>Revenues</b>						
<i>Dept. 242 - Courthouse Constr.</i>	\$228,023	\$256,592	\$294,809	\$244,406	\$244,406	(\$50,403)
(To)/From Non-GF Fund Balance	83,922	53,128	14,911	67,094	67,094	52,183
<b>Total Revenues</b>	<b>\$311,945</b>	<b>\$309,720</b>	<b>\$309,720</b>	<b>\$311,500</b>	<b>\$311,500</b>	<b>\$1,780</b>
<b>Expenditures</b>						
<i>Dept. 190 - COP Payments</i>	\$311,945	\$309,720	\$309,720	\$311,500	\$311,500	\$1,780
<b>Total Expenditures</b>	<b>\$311,945</b>	<b>\$309,720</b>	<b>\$309,720</b>	<b>\$311,500</b>	<b>\$311,500</b>	<b>\$1,780</b>
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Allocated Positions	0.00	0.00	0.00	0.00	0.00	0.00
Temporary (FTE)	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Staffing</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

### **Purpose**

The Courthouse Construction Fund is used for the acquisition, rehabilitation, construction and financing of courtrooms or of a courtroom building containing facilities necessary or incidental to the operation of the justice system.

### **Program Discussion**

In 1982, pursuant to California Government Code Section 76100, the Board of Supervisors established the Courthouse Construction Fund. The revenues in the Courthouse Construction fund come from a surcharge of \$2.50 that is added to every parking penalty imposed by the Superior Court

for violations occurring within Humboldt County. This amount is in addition to the \$2.50 surcharge that is dedicated to the Criminal Justice Facilities Construction Fund.

The Courthouse Construction Fund can be used for the acquisition, rehabilitation, construction, and financing of courtrooms or a courtroom building that contains facilities necessary or incidental to the operation of the justice system. The expenditures shown on the previous page represent the Certificates of Participation (COP) long-term debt financing associated with the Courthouse Remodeling project that was completed in December 2004.

The fund is currently in a deficit position; this situation will need to be addressed.

**Criminal Justice Construction**

Loretta Nickolaus, County Administrative Officer

<b>1410 - Criminal Justice Construction Fund</b>	<b>2005-06 Actual</b>	<b>2006-07 Actual</b>	<b>2007-08 Actual</b>	<b>2008-09 Request</b>	<b>2008-09 Adopted</b>	<b>Increase/ (Decrease)</b>
<b>Revenues</b>						
<i>Dept. 242 - Courthouse Constr.</i>	\$327,062	\$394,950	\$429,945	\$341,602	\$341,602	(\$88,343)
(To)/From Non-GF Fund Balance	(202,451)	(282,135)	(258,118)	(228,717)	(228,717)	29,401
<b>Total Revenues</b>	<b>\$124,611</b>	<b>\$112,815</b>	<b>\$171,827</b>	<b>\$112,885</b>	<b>\$112,885</b>	<b>(\$58,942)</b>
<b>Expenditures</b>						
<i>Dept. 190 - COP Payments</i>	\$124,611	\$112,815	\$113,665	\$112,885	\$112,885	(\$780)
<i>Dept. 242 - Courthouse Constr.</i>	0	0	58,162	0	0	(58,162)
<b>Total Expenditures</b>	<b>\$124,611</b>	<b>\$112,815</b>	<b>\$171,827</b>	<b>\$112,885</b>	<b>\$112,885</b>	<b>(\$58,942)</b>
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Allocated Positions	0.00	0.00	0.00	0.00	0.00	0.00
Temporary (FTE)	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Staffing</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## **Purpose**

The Criminal Justice Facility Construction Fund is used for construction and financing of various criminal justice facility projects.

## **Major Budget Changes**

There is an anticipated decrease in expenditures of \$58,162 in FY 2008-09 as this was a one-time payment in FY 2007-08 to reimburse the Roads Fund for Courthouse seismic retrofit work that was not covered by federal funds.

## **Program Discussion**

In 1982, pursuant to Government Code Section 76101, the Board of Supervisors established the Criminal Justice Facilities Construction Fund. The revenues in the Criminal Justice Facilities Construction Fund come from a surcharge of \$2.50 that is added to every parking penalty imposed by the Superior

Court for violations occurring within Humboldt County.

The Criminal Justice Facilities Construction Fund can be used for the construction, reconstruction, expansion, improvement, operation, or maintenance of County criminal justice and court facilities, and for improvement of criminal justice automated information systems.

Criminal justice facilities include buildings such as the County Jail, Juvenile Hall, the Juvenile Regional Facility, and courthouses. Any new jail, or additions to an existing jail that result in the provision of additional cells or beds, must be constructed in compliance with the “Minimum Standards for Local Detention Facilities” regulations promulgated by the California Board of Corrections.

The expenditures in this budget unit represent the Criminal Justice Facilities Construction Fund’s contribution to the 1994 and 1996 COP payments associated with the Jail and Regional Juvenile Facility Construction projects (see COP Payments budget unit #190 for more details).

**General Purpose Revenues (1100 888)**

Loretta Nickolaus, County Administrative Officer

<b>1100 - General Fund</b>	<b>2005-06 Actual</b>	<b>2006-07 Actual</b>	<b>2007-08 Actual</b>	<b>2008-09 Request</b>	<b>2008-09 Adopted</b>	<b>Increase/ (Decrease)</b>
<b>Revenues</b>						
Taxes	\$32,981,051	\$36,670,841	\$38,878,515	\$39,814,553	\$39,814,553	\$936,038
Use of Money & Property	725,741	857,165	915,853	775,000	775,000	(140,853)
Other Gov't Agencies	1,691,541	1,338,824	728,938	751,006	751,006	22,068
Charges for Services	2,802,690	2,253,079	2,523,321	2,918,652	2,918,652	395,331
Other Revenues	1,091,958	523,068	366,962	237,700	237,700	(129,262)
<b>General Fund Support</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Revenues</b>	<b>\$39,292,981</b>	<b>\$41,642,977</b>	<b>\$43,413,589</b>	<b>\$44,496,911</b>	<b>\$44,496,911</b>	<b>\$1,083,322</b>
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Allocated Positions	0.00	0.00	0.00	0.00	0.00	0.00
Temporary (FTE)	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Staffing</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

### **Purpose**

This budget unit is comprised of a variety of revenues that are deposited into the County's General Fund, the County's primary source of discretionary revenue.

### **Major Budget Changes**

The County's discretionary sources of local revenue are projected to grow by only 1.2 percent for FY 2008-09. While the largest single source of these revenues, local share of property taxes, is expected to grow by five percent, this growth will be largely offset by reductions in other areas. These include less interest earned due to decreased General Fund balance and cuts from the State such as the loss of State mandate reimbursement payments.

### **Program Discussion**

The majority of the County's revenues are program-specific; that is, the revenues received are dedicated for a specific purpose. In contrast, the County's General Purpose Revenues are the discretionary revenues over which the Board of

Supervisors has control. Even though General Purpose Revenues comprise only 15% of the total County budget, they are the primary source for funding core County departments such as the Board of Supervisors itself, the Assessor, the Treasurer-Tax Collector's Office, the Sheriff, the District Attorney, and the Agricultural Commissioner/Sealer of Weights and Measures. In addition, a significant portion of General Fund revenues are contributed to the Department of Health and Human Services, in accordance with maintenance-of-effort requirements for Health, Mental Health, and Social Services programs.

The General Purpose Revenues budget unit collects revenues from a variety of sources, including property taxes, sales tax, transient occupancy tax, interest on investments, reimbursements from the state and federal governments, and A-87 charges to other County funds. A-87 charges are reimbursements to the General Fund for providing centralized services (such as accounting, building maintenance, and personnel services) to other funds. They are named after the number of the federal circular that regulates how the charges are computed. A-87 reimbursements are charged two years in arrears, so FY 2008-09 revenues are based on actual expenditures in FY 2006-07. The new A-87 cost plan provides for growth in this revenue source.