

## ***Adopted Budget Overview***

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On June 27, 2006, the Board of Supervisors adopted Humboldt County's budget for FY 2006-07. The total amount from the State Controller's Schedule 1, required by the County Budget Act of 1985, is \$242,316,988, which includes a \$1.5 million increase in the County's set-aside for the General Reserve. However, this \$1.5 million is also counted as an expenditure in the General Fund (as a transfer out in the Contributions budget, 1100 199), so the more accurate figure is the grand total of Expenditure Appropriations, \$240,816,988.

Even this amount, however, excludes some of the total picture. Internal Service Funds and Enterprise Funds are not reported on the State Controller's required schedules. Some of these funds have negative expenditure amounts (contributions to fund balance), so the total expenditure amount reflective of all County funds is \$240,516,727.

Of this \$240,516,727, the County's primary operating fund, the General Fund, accounts for \$78,145,860. Since many grant programs are included in the General Fund, the budget over which the Board of Supervisors has true discretion totals only \$53,541,809. This includes \$13,128,419 of carry-forward revenue from the prior year, plus \$40,413,390 in current-year revenue. Thus, the primary decision-makers in setting County policy have effective control over only 22.2% of the total financial resources flowing through the County coffers.

You can see this reflected in the pie charts in the Trends and Graphs section, beginning on page 18. A comparison of Chart I on page 18 with Chart IV on page 21 reveals that Health & Human Services and Public Works (County Road funds) account for 60% of the County's total budget, but only 12% of the discretionary General Fund spending. Many of these programs are simply mandated by State and Federal authorities, a fact demonstrated by Chart II on page 19, which shows that 63% of the County's total income comes from other government bodies.

The County's adopted budget is little changed from the Proposed Budget. The single largest change was that the Roads Fund added a \$500,000 contingency reserve. Other adjustments included the addition of \$3,000 to the Parks & Recreation budget to complete preparation of the Clam Beach Master Plan; a total of \$5,000 in Public Works' Water Management and Roads Natural Resources budgets as a contribution to the five-county salmonid group; and \$16,408 in Health & Human Services' (HHS) Outside Agency Support budget as an increased contribution to North Coast Emergency Medical Services. HHS' Immunization budget decreased by \$31,000 due to a decrease in state grant funding. The County's General Fund Contingency Reserve was then adjusted to keep the budget in balance with anticipated revenues.

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

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### **The Budget Process**

Humboldt County's finances operate on a fiscal year (FY) that begins on July 1 and ends the following June 30. For FY 2005-06 (July 1, 2005 through June 30, 2006), the Board of Supervisors adopted a preliminary budget on June 28, 2005, with final budget approval on July 19, 2005.

Since the adoption of the FY 2005-06 budget, a number of significant events have occurred. In September of 2005, the County Administrative Office (CAO) requested from departments submittal of supplemental funding requests for FY 2005-06 and capital improvement needs. On November 1, 2005, the Board of Supervisors approved new memoranda of understanding (union contracts) with the bargaining groups representing County employees. Beginning in January 2006, the CAO worked with departments to prepare a mid-year update covering the first six months of budget operations (July 1, 2005 – December 31, 2005). This was presented to the Board of Supervisors on February 14, 2006, and at that time some of the supplemental requests submitted the previous September were recommended for funding.

This mid-year update forms the basis for many of the assumptions about income and spending patterns that will carry forward into FY 2006-07. While working on the mid-year update, the CAO also worked with the Information Technology Division to prepare salary and benefit projections based on the November salary increases. Other departments prepared centralized cost allocations.

On March 6, 2006, the CAO presented to departments the parameters for development of their FY 2006-07 budget requests. Departments submitted those requests to the CAO by April 7, 2006. The CAO reviewed these requests and met with the Budget Task Force on May 5 to receive feedback on its proposals.

On June 6, 2006, the CAO will present to the Board of Supervisors the proposed Humboldt County budget for FY 2006-07. Public hearings on the proposed budget were held on June 19, 2006, with final adoption on June 27, 2006.

### **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 2006-07 and the reasoning behind the recommendations she makes to the Board.

#### **Adopted Budget Overview**

This section provides a brief introduction to the County's FY

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

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2006-07 budget as adopted by the Board of Supervisors.

### **Reader's Guide**

This section attempts to explain the budget in an easy-to-understand manner.

### **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.

### **Trends & Graphs**

The budget 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.

### **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. A few budgets of County-wide importance, such as the General Fund Revenues, are presented before the specific functional sections. 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 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 Summary**

Each of the County's various 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 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 account code.

## **Understanding the Budget Details**

### **Heading**

The page header for a budget will give the name of the budget unit or grouping, the account number (for a single budget unit),

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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 will be entered into the County's financial accounting software, and a paper copy will be 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 four columns

present the actual dollar or staffing figures achieved in each category at the end of each of the last four fiscal years.

*Request* The next column to the right indicates the funding/staffing request that the department submitted for FY 2006-07.

*Adopted* This column presents the funding/staffing adopted for the budget unit by the Board of Supervisors.

*Increase/ (Decrease)* Finally, you will see a depiction of the difference between the FY 2005-06 funding/staffing for the budget unit and that adopted for FY 2006-07.

### 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.

### Staffing and Revenue Charts

For budgets with associated staffing, a five-year trend line of total program staffing is presented in a graph. For budgets that derives their funding from multiple sources, a pie chart presents the proportion of total revenues from each of the

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

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major categories.

### **Major Budget Changes**

Next, information is presented as to the major changes in the budget from FY 2005-06 to FY 2006-07. The changes shown are intended to convey only the most significant increases or decreases from the prior year's budget. Therefore, totaling the major budget changes will in most cases yield a different number from the change at the expenditure category or revenue type level presented in the Increase/(Decrease) column of the budget unit summary table. A line item change is considered "major" if it represents an increase or decrease of at least 10 percent in an item not otherwise explained for all budgets (such as insurance cost changes).

However, the fixed assets section of Major Budget Changes is treated differently. Rather than showing the incremental increase or decrease from the prior year, the fixed assets section will detail each fixed asset purchase that is included in the proposed 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 grouping will also contain briefer discussions of the specific budget units contained within the grouping.

### **2005-06 Accomplishments 2006-07 Objectives**

Finally, to show what is gained by investment of resources in a budget unit, each budget unit lists up to five significant accomplishments achieved during FY 2005-06 and up to five objectives planned for attainment in FY 2006-07.

### **Goals**

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

### **Performance Measures**

New for FY 2006-07 is a listing of quantifiable measures of performance. Information is presented as to why the 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.

## ***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 225 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, and Los Angeles.

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

## About Humboldt County

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### 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, 2006, was 132,526.

The County has seven incorporated cities ranging in size from 320 to 27,052 persons. Slightly less than half of the County's residents live in incorporated communities, while 59 percent of

County residents live in the area surrounding Humboldt Bay. This area includes the cities of Arcata, Ferndale, Fortuna and Eureka, and the unincorporated community of McKinleyville.

In terms of regional population trends, the chief growth areas of the County are around the communities of McKinleyville and Garberville, and the cities of Arcata and Fortuna.

### 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 April 2006 are:

Government	28.0%
Trade, Transportation & Utilities	19.3
Educational & Health Services	11.2
Leisure & Hospitality	10.5
Manufacturing	7.3
Professional & Business Services	6.9

## About Humboldt County

Construction	4.5
Other Services	3.9

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. 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.

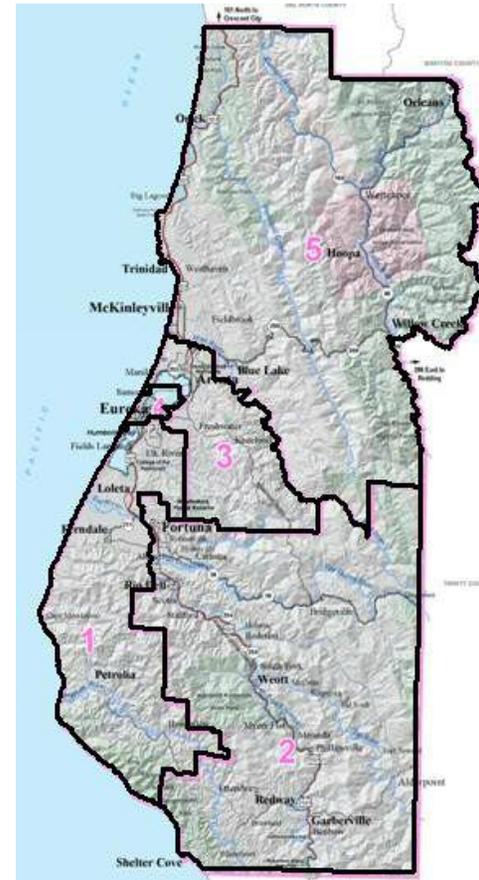
The County provides a wide range of services to its residents, including police protection, medical and health services, library services, judicial institutions and supporting programs, road maintenance, airport service, parks and a variety of public assistance programs. The County also operates recreation and cultural facilities in the unincorporated areas of the County.

Many of the County's functions are required under County

**County of Humboldt 2006-07 Budget**

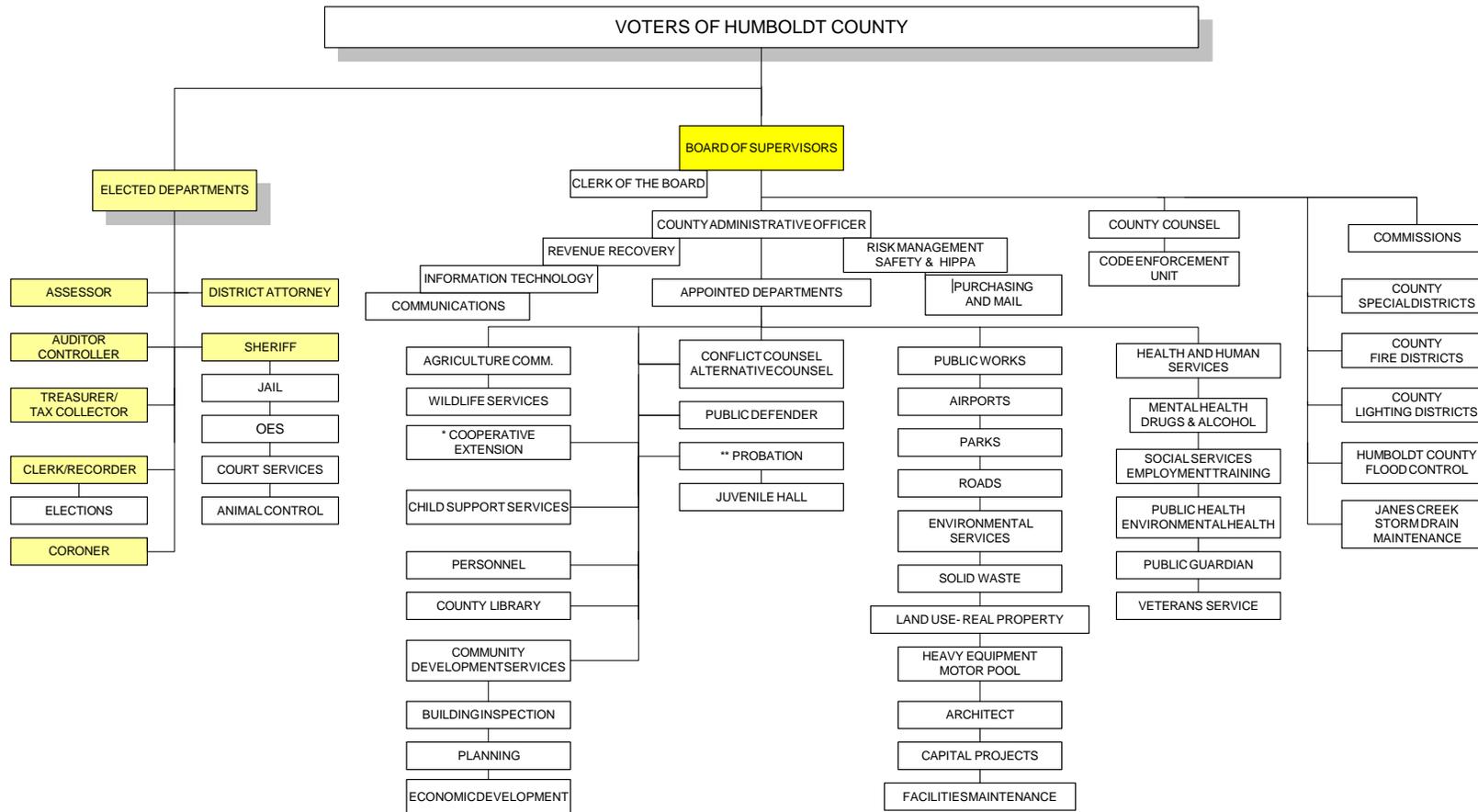
ordinances, or by State or Federal mandate. State and federally mandated programs, primarily in the social and health service areas, are required to be maintained at certain minimum levels, which limits the County's control.

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 Humboldt County Officials

## Elected Officials

### BOARD OF SUPERVISORS

- First District ..... James R. Smith
- Second District..... Roger M. Rodoni
- Third District..... John S. Woolley, Chair
- Fourth District..... Bonnie J. Neely, Vice-Chair
- Fifth District..... Jill K. Geist
- 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..... John Falkenstrom, Interim
- Chief Probation Officer..... Douglas Rasines
- Conflict Counsel ..... Glenn L. Brown
- Cooperative Extension Director\* ..... Gary Markegard
- County Administrative Officer ..... Loretta A. Nickolaus
- County Counsel..... Tamara C. Falor
- Director of Community Development Services... Kirk A. Girard
- Director of Health and Human Services ..... Phillip R. Crandall
- Director of Library Services ..... Carolyn M. Stacey
- Personnel Director ..... Richard A. Haeg
- Public Defender ..... Kevin Robinson
- Public Works Director ..... Thomas K. Mattson

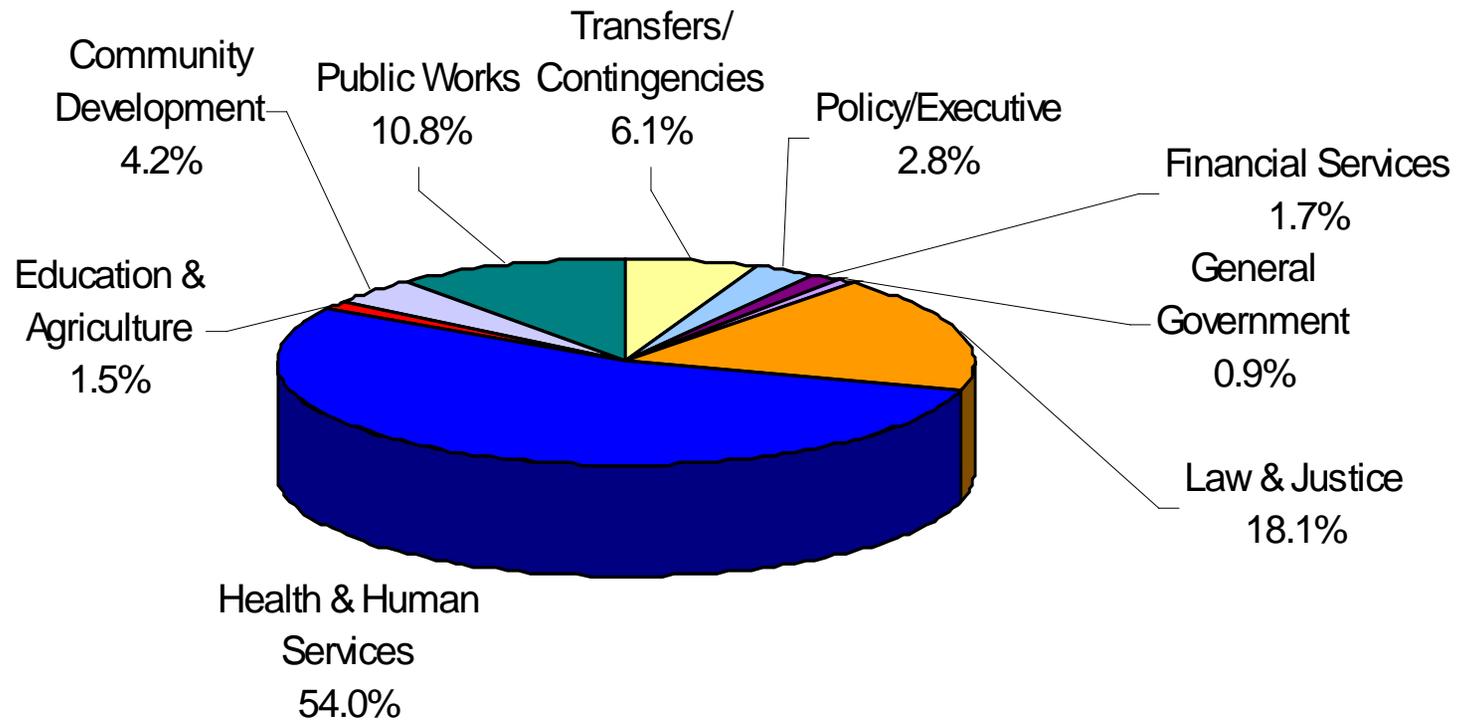
\* Not a County employee

## Trends & Graphs

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### Expenditure by Function - All Funds

Humboldt County's total FY 2006-07 budget of \$242,316,988 is distributed in accordance with the expenditure categories listed on Chart I.

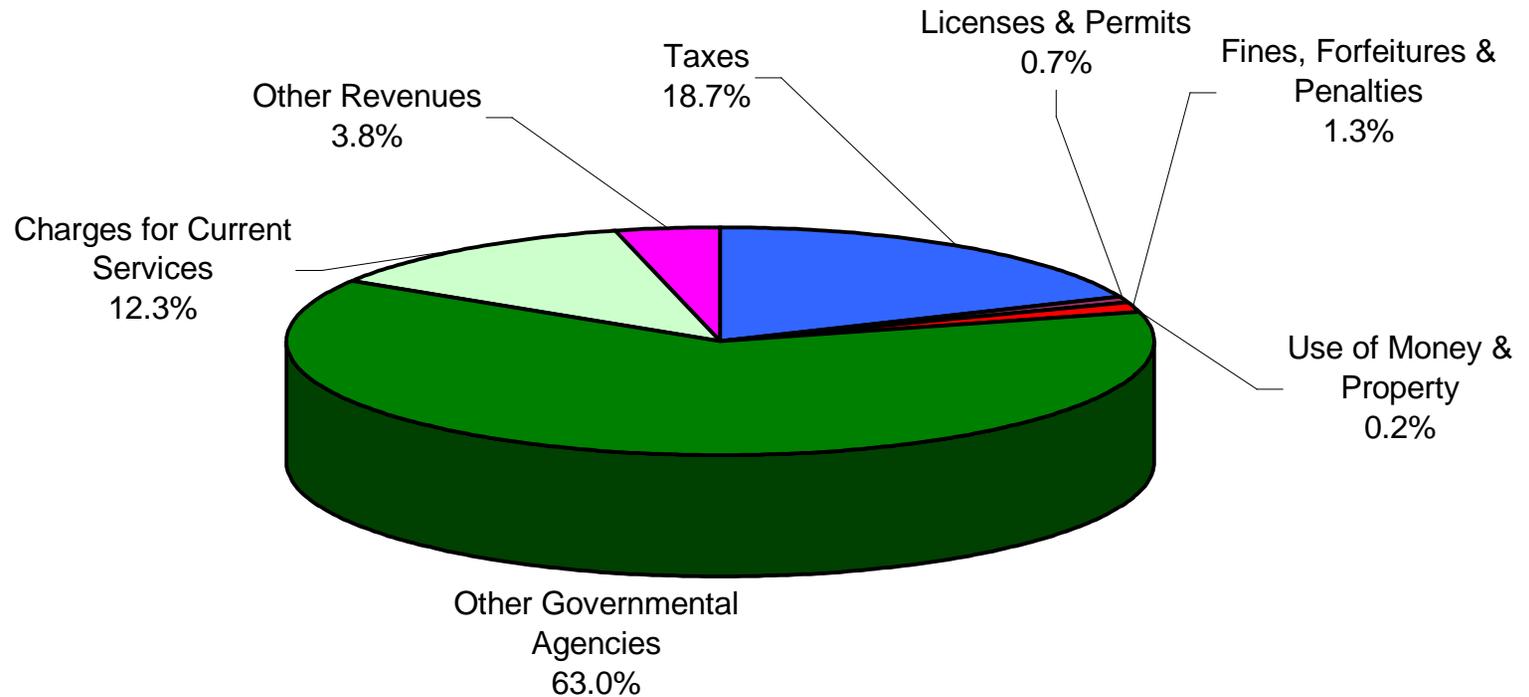


## Trends & Graphs

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### Revenue by Source - All Funds

**Chart II** illustrates the sources of revenue for all funds. Within the overall budget, the largest source of funding comes from the State and Federal governments. Most of these funds are restricted for specific purposes, and the Board of Supervisors has little discretion regarding their allocation to individual programs.

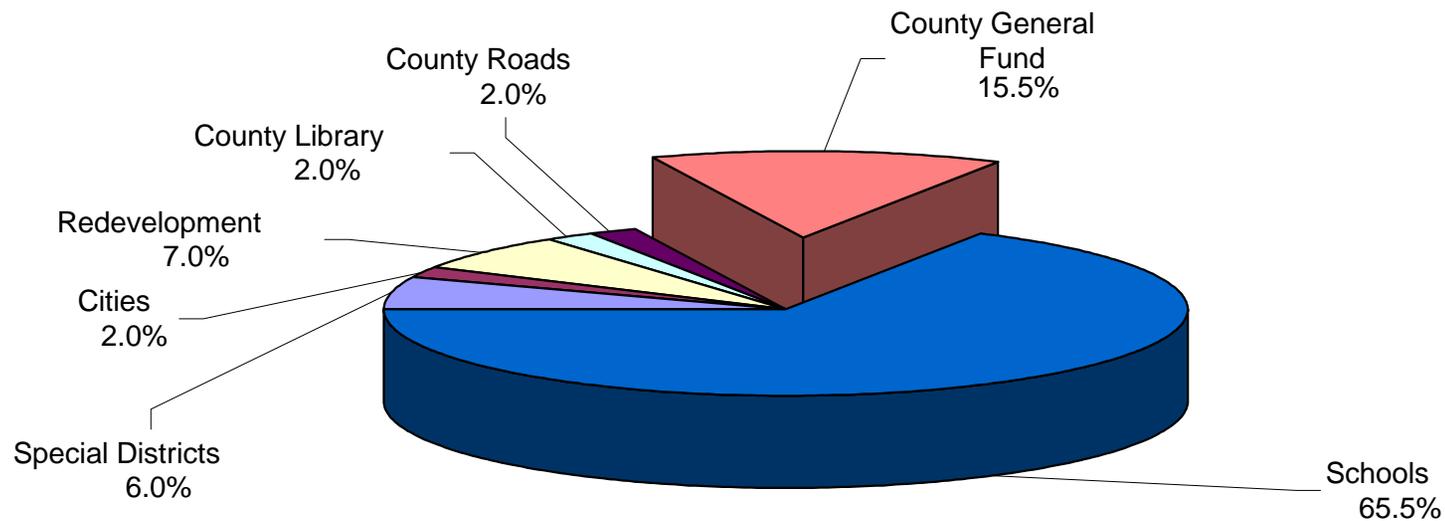


## Trends & Graphs

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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 other governmental jurisdictions. Almost two-thirds of every property tax dollar benefits our school districts as illustrated in **Chart III**.

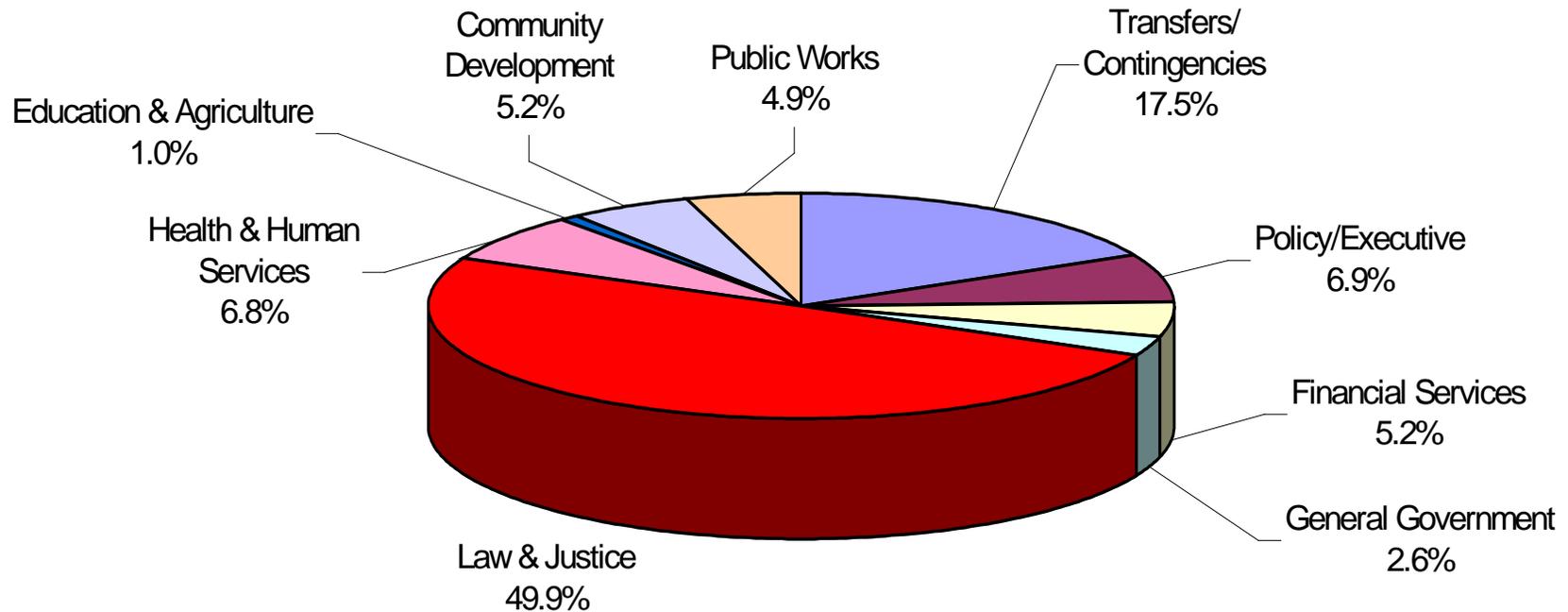


## Trends & Graphs

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### County General Fund Breakdown by Function

The distribution of County General Fund monies is illustrated in **Chart IV**.



## General Purpose Revenues (1100 888)

<b>1100 - General Fund</b>	<b>2002-03 Actual</b>	<b>2003-04 Actual</b>	<b>2004-05 Actual</b>	<b>2005-06 Actual</b>	<b>2006-07 Request</b>	<b>2006-07 Adopted</b>	<b>Increase/ (Decrease)</b>
<b>Revenues</b>							
Taxes	\$17,197,561	\$18,863,745	\$28,619,233	\$32,981,051	\$36,686,490	\$36,686,490	\$3,705,439
Fines, Forfeits & Penalties	215,965	118,644	254,371	725,741	423,412	423,412	(302,329)
Use of Money & Property	10,406,376	8,484,132	3,511,288	1,691,541	628,500	628,500	(1,063,041)
Other Gov't Agencies	2,615,979	4,383,333	2,626,862	2,802,690	2,462,188	2,462,188	(340,502)
Charges for Services	133,966	164,014	2,558,989	1,091,958	212,800	212,800	(879,158)
<b>Total Revenues</b>	<b>\$30,569,847</b>	<b>\$32,013,868</b>	<b>\$37,570,743</b>	<b>\$39,292,981</b>	<b>\$40,413,390</b>	<b>\$40,413,390</b>	<b>\$1,120,409</b>
<b>Expenditures</b>							
Total Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0

### 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.

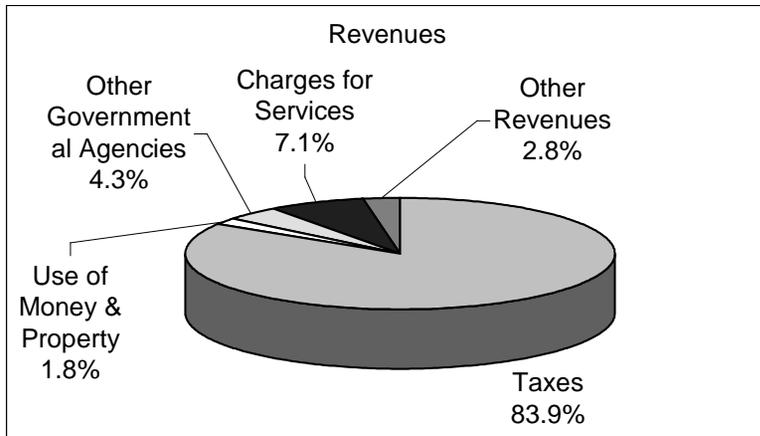
### Major Budget Changes

#### Revenues

- \$2,715,666 Increase in property tax and property tax-related revenues.
- \$1,003,722 Increase in estimated sales tax revenues.

## General Purpose Revenues (1100 888)

- \$50,000 Increase in transient occupancy tax revenues.
- \$290,000 Increase in estimated interest earnings.
- (\$338,000) Allocation of Social Services stabilization fund revenues to Department of Health & Human Services.
- \$60,000 Increase in SB90 state mandate reimbursements.
- (\$518,781) Decrease in A-87 cost reimbursement revenue.



## 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 only discretionary revenues over which the Board of Supervisors has control. Even though General Purpose Revenues comprise only 18.0% 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.

Because General Purpose Revenues are discretionary in nature, there are a wide variety of competing demands upon its use. In recent years, the County's General Fund has been strained almost to the breaking point due to State raids upon County property tax revenues, elimination of State cost reimbursements for State-mandated programs, and unpredictable shifts of funds to the State, such as the three-month gap in vehicle license fee revenue that occurred at the beginning of FY 2003-04. In addition to unilateral State actions that affected the County's treasury, other General Purpose Revenues were stagnant or even declined, due to federal actions and the County's general economic situation. However, FY 2005-06 and 2006-07 have seen improvements.

## ***General Purpose Revenues (1100 888)***

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Total General Fund revenues are projected to be \$40,493,180 in FY 2006-07. This represents an increase of approximately \$6.7 million over the adopted budget for FY 2005-06.

The single-largest factor in that growth is an estimated \$2.7 million increase in property tax revenue, based upon an estimated 7% increase in the County's property tax roll. Although property valuation growth has slowed since its heights in Summer 2005, the total taxable property tax roll is still increasing.

In order to balance its own budget, the State enacted a shift of property tax funds from various local jurisdictions beginning in FY 2004-05. The County lost over \$1.0 million of property tax revenue in FY 2004-05 due to this shift, dubbed "ERAF III" after similar shifts of funds in the early 1990's that the State labeled the "Education Revenue Augmentation Fund" because the shifted revenues were dedicated to schools. After the ERAF III shift, Humboldt County's General Fund share of total property taxes declined from 15.5% to 14.0%. Local government jurisdictions forcefully objected to ERAF III. Government officials from across the state negotiated with the Governor's Administration to place Proposition 1A, a constitutional amendment to protect local government

revenues, on the ballot in November 2004. Voters overwhelmingly passed Proposition 1A. Because of Proposition 1A, the County will again be able to retain 15.5% instead of 14.0% of total property tax revenues beginning in FY 2006-07.

In addition to the 15.5% that the County General Fund retains, another 2% (not included in the figure shown above) is dedicated to County Road Funds and to the County Library System. The remainder is transferred to the State for K-12 education, to cities, and to special districts.

The General Fund gets reimbursed when it provides centralized services (such as accounting, building maintenance, and personnel services) to other funds. These are typically referred to as "A-87 charges", after the number of the federal circular that regulates how the charges are computed. A-87 charges are usually charged two years in arrears, so FY 2006-07 revenues are based on actual expenditures in FY 2004-05. Because FY 2004-05 was the year with the most severe budget cutbacks, A-87 charges for FY 2006-07 will actually decline by almost \$519,000 from the prior year.

Other revenue sources, such as the transient occupancy tax and sales tax, tend to be highly variable from year-to-year.

# Contingency Reserve (1100 990)

Loretta Nickolaus, County Administrative Officer

<b>1100 - General Fund</b>	<b>2002-03 Actual</b>	<b>2003-04 Actual</b>	<b>2004-05 Actual</b>	<b>2005-06 Actual</b>	<b>2006-07 Request</b>	<b>2006-07 Adopted</b>	<b>Increase/ (Decrease)</b>
<b>Revenues</b>							
<b>General Fund Support</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Expenditures</b>							
Supplies & Services	\$0	\$0	\$0	\$0	\$3,066,962	\$3,066,962	\$3,066,962
Total Expenditures	\$0	\$0	\$0	\$0	\$3,066,962	\$3,066,962	\$3,066,962

## Purpose

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

## Major Budget Changes

### Services & Supplies

- \$144,115 Increase in County General Fund Contingency Reserve

# Contingency Reserve (1100 990)

Loretta Nickolaus, County Administrative Officer

## 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 2006-07 budget sets the contingency reserve at \$3,066,962, or 1.3%, of the County’s operating budget. This will provide a hedge against unanticipated adverse state and federal budget actions, fund employee salary and benefits adjustments, and provide funds for unanticipated need that may occur during the course of the fiscal year.

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%

The zeroes shown in the “Actual” columns for FYs 2002-03 and 2003-04 can appear misleading. To avoid double-counting of expenditures, the Auditor-Controller’s Office reduces the budgeted amount in the Contingency Reserve and adds to the budgeted amount in the new budget unit when a transfer is made. A more illustrative history of transfers from the Contingency Reserve is shown below:

Fiscal Year	Original Contingency Reserve	Total Amount Transferred
2001-02	\$2,453,091	\$756,791
2002-03	\$1,870,543	\$928,767
2003-04	\$854,871	\$155,862
2004-05	\$1,209,798	\$250,029
2005-06*	\$2,922,847	\$788,099

\*The Contingency Reserve for FY 2005-06 was augmented at mid-year when the State repaid \$2,509,983 in vehicle license fee revenue that it borrowed from the County in FY 2003-04. Therefore, the adjusted Contingency Reserve for FY 2005-06 was \$5,432,830. However, to retain consistency, the amount shown in the chart above reflects the originally-adopted budget amount.

## Centers for Advancement (1100 991)

<b>1100 - General Fund</b>	<b>2002-03 Actual</b>	<b>2003-04 Actual</b>	<b>2004-05 Actual</b>	<b>2005-06 Actual</b>	<b>2006-07 Request</b>	<b>2006-07 Adopted</b>	<b>Increase/ (Decrease)</b>
<b>Revenues</b>							
<b>General Fund Support</b>	\$0	\$0	\$0	\$0	\$915,000	\$915,000	\$915,000
Total Revenues	\$0	\$0	\$0	\$0	\$915,000	\$915,000	\$915,000
<b>Expenditures</b>							
Other Charges	\$0	\$0	\$0	\$0	\$915,000	\$915,000	\$915,000
Total Expenditures	\$0	\$0	\$0	\$0	\$915,000	\$915,000	\$915,000

### Purpose

The Centers for Advancement concept is Humboldt County's response to a budgetary situation in which legitimate needs for funding continue to outpace the ability of County government to provide resources to address those needs. Through Centers for Advancement, the Board of Supervisors as stewards of the County's budget will allocate fixed amounts of funding for investment in three high-priority areas which impact the long-term ability of County government to provide high-quality services to Humboldt County residents: capital improvements to facilities, technology improvements, and employee development.

For each of these three areas, an interdisciplinary team will make recommendations to the Board on the best investment of limited County resources from among the proposals submitted by departments.

### Major Budget Changes

#### Other Charges

- \$640,500 Center for Facility Advancement
- \$228,750 Center for Technology Advancement

## Centers for Advancement (1100 991)

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➤ \$45,750 Center for Employee Advancement

### Program Discussion

This budget does not provide direct services. It is set up to hold funds for the three Centers for Advancement until the funds are allocated to individual departments for specific projects in accordance with the recommendations of the steering team for that Center.

The Centers for Advancement concept is new for FY 2006-07. For this year, \$915,000 is available in the County's General Fund beyond the proposed budgets and necessary reserves. This amount is recommended to be split between the three Centers for Advancement as follows:

- ❖ 70% Center for Facility Advancement
- ❖ 25% Center for Technology Advancement
- ❖ 5% Center for Employee Advancement

Because FY 2006-07 will be the first year of the program, some time will be spent in preparing application forms, organizing steering teams, and developing funding criteria. This will limit the amount of money that the Centers can feasibly allocate to projects during the year. Accordingly, \$385,000 from the Center for Facility Advancement is recommended to be pre-designated as a transfer to the Facility Management Division of the Public Works Department for completion of the following high-priority capital projects:

- ❖ \$200,000 Improvements at the Clark Complex to provide increased access for persons with disabilities.
- ❖ \$100,000 Initial planning for replacement of metal building at the Agriculture Center.
- ❖ \$60,000 Investigation and repair of warped flooring on third floor of Courthouse.
- ❖ \$25,000 Installation of appropriate screening for the toilet area used by the juvenile holding cells on the second floor of the Courthouse.

### 2006-07 Objectives

1. To develop criteria for funding from each of the three Centers.
2. To allocate \$255,500 for facility improvements, \$228,750 for technology investments, and \$45,750 for employee development.

## Certificates of Participation-Payments

<b>1100 - General Fund</b>	<b>2002-03 Actual</b>	<b>2003-04 Actual</b>	<b>2004-05 Actual</b>	<b>2005-06 Actual</b>	<b>2006-07 Request</b>	<b>2006-07 Adopted</b>	<b>Increase/ (Decrease)</b>
<b>Revenues</b>							
Other Govt'l Agencies	\$320,603	\$311,710	\$323,282	\$320,500	\$339,556	\$339,556	\$19,056
<b>General Fund Support</b>	<b>1,209,335</b>	<b>897,711</b>	<b>952,341</b>	<b>1,058,398</b>	<b>1,101,336</b>	<b>1,101,336</b>	<b>42,938</b>
Total Revenues	\$1,529,938	\$1,209,421	\$1,275,623	\$1,378,898	\$1,440,892	\$1,440,892	\$61,994
<b>Expenditures</b>							
Other Charges	\$1,583,268	\$1,209,421	\$1,275,623	\$1,378,898	\$1,440,892	\$1,440,892	\$61,994
Expense Transfer	(53,330)	0	0	0	0	0	0
Total Expenditures	\$1,529,938	\$1,209,421	\$1,275,623	\$1,378,898	\$1,440,892	\$1,440,892	\$61,994

### 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.

### Program Discussion

This budget funds long-term debt payments on the County's capital improvement projects. The recommended budget of \$1,378,961 includes funding in the following amounts:

## ***Certificates of Participation-Payments***

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- ❖ \$375,393      1994 Jail Phase I Project
- ❖ \$326,500      2004 Animal Shelter Project
- ❖ \$250,000      1996 Jail Phase II Public Safety Project
- ❖ \$183,348      1996 Jail Phase II Project
- ❖ \$150,618      1996 Jail Phase I Project
- ❖ \$94,231        1994 Library Project
- ❖ \$60,802        1996 Regional Juvenile Center Project

budget includes an additional \$80,661 paid toward the Library debt service; the above amount represents that portion allocated to the General Fund.

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 itself, 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 1994 COP financed the new Library and Jail Phase I. It also included remodeling the ground floor of the Courthouse after the Eureka Police Department moved out. The Library

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



## Criminal Justice Construction

<b>1410 - Criminal Justice Construction Fund</b>	<b>2002-03 Actual</b>	<b>2003-04 Actual</b>	<b>2004-05 Actual</b>	<b>2005-06 Actual</b>	<b>2006-07 Request</b>	<b>2006-07 Adopted</b>	<b>Increase/ (Decrease)</b>
<b>Revenues</b>							
<i>Dept. 170 - Capital Projects</i>	\$0	\$358,859	\$0	\$0	\$0	\$0	\$0
<i>Dept. 190 - COP Payments</i>	0	0	0	0	0	0	0
<i>Dept. 242 - Courthouse Constr.</i>	239,876	277,311	324,100	327,062	329,300	329,300	2,238
<b>General Fund Support</b>	0	0	0	0	0	0	0
<b>Total Revenues</b>	<b>\$239,876</b>	<b>\$636,170</b>	<b>\$324,100</b>	<b>\$327,062</b>	<b>\$329,300</b>	<b>\$329,300</b>	<b>\$2,238</b>
<b>Expenditures</b>							
<i>Dept. 170 - Capital Projects</i>	\$68,829	\$260,075	\$106,384	\$0	\$0	\$0	\$0
<i>Dept. 190 - COP Payments</i>	0	38,976	38,976	124,611	112,885	112,885	(11,726)
<i>Dept. 242 - Courthouse Constr.</i>	107,231	191,005	180,553	0	0	0	0
<b>Total Expenditures</b>	<b>\$176,059</b>	<b>\$490,056</b>	<b>\$325,913</b>	<b>\$124,611</b>	<b>\$112,885</b>	<b>\$112,885</b>	<b>(\$11,726)</b>

### Purpose

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

### 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 Superior

## ***Criminal Justice Construction***

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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).



## Courthouse Construction

<b>1420 - Courthouse Construction Fund</b>	<b>2002-03 Actual</b>	<b>2003-04 Actual</b>	<b>2004-05 Actual</b>	<b>2005-06 Actual</b>	<b>2006-07 Request</b>	<b>2006-07 Adopted</b>	<b>Increase/ (Decrease)</b>
<b>Revenues</b>							
<i>Dept. 170 - Capital Projects</i>	\$485,909	\$2,399,671	\$373,375	\$0	\$0	\$0	\$0
<i>Dept. 190 - COP Payments</i>	0	0	0	0	0	0	0
<i>Dept. 242 - Courthouse Constr.</i>	240,520	206,648	226,815	228,023	228,600	228,600	577
<b>General Fund Support</b>	0	0	0	0	0	0	0
<b>Total Revenues</b>	<b>\$726,429</b>	<b>\$2,606,319</b>	<b>\$600,190</b>	<b>\$228,023</b>	<b>\$228,600</b>	<b>\$228,600</b>	<b>\$577</b>
<b>Expenditures</b>							
<i>Dept. 170 - Capital Projects</i>	\$543,747	\$2,490,150	\$739,094	\$0	\$0	\$0	\$0
<i>Dept. 190 - COP Payments</i>	0	309,024	309,024	311,945	311,500	311,500	(445)
<i>Dept. 242 - Courthouse Constr.</i>	0	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>\$543,747</b>	<b>\$2,799,174</b>	<b>\$1,048,118</b>	<b>\$311,945</b>	<b>\$311,500</b>	<b>\$311,500</b>	<b>(\$445)</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 Superior Court for

## ***Courthouse Construction***

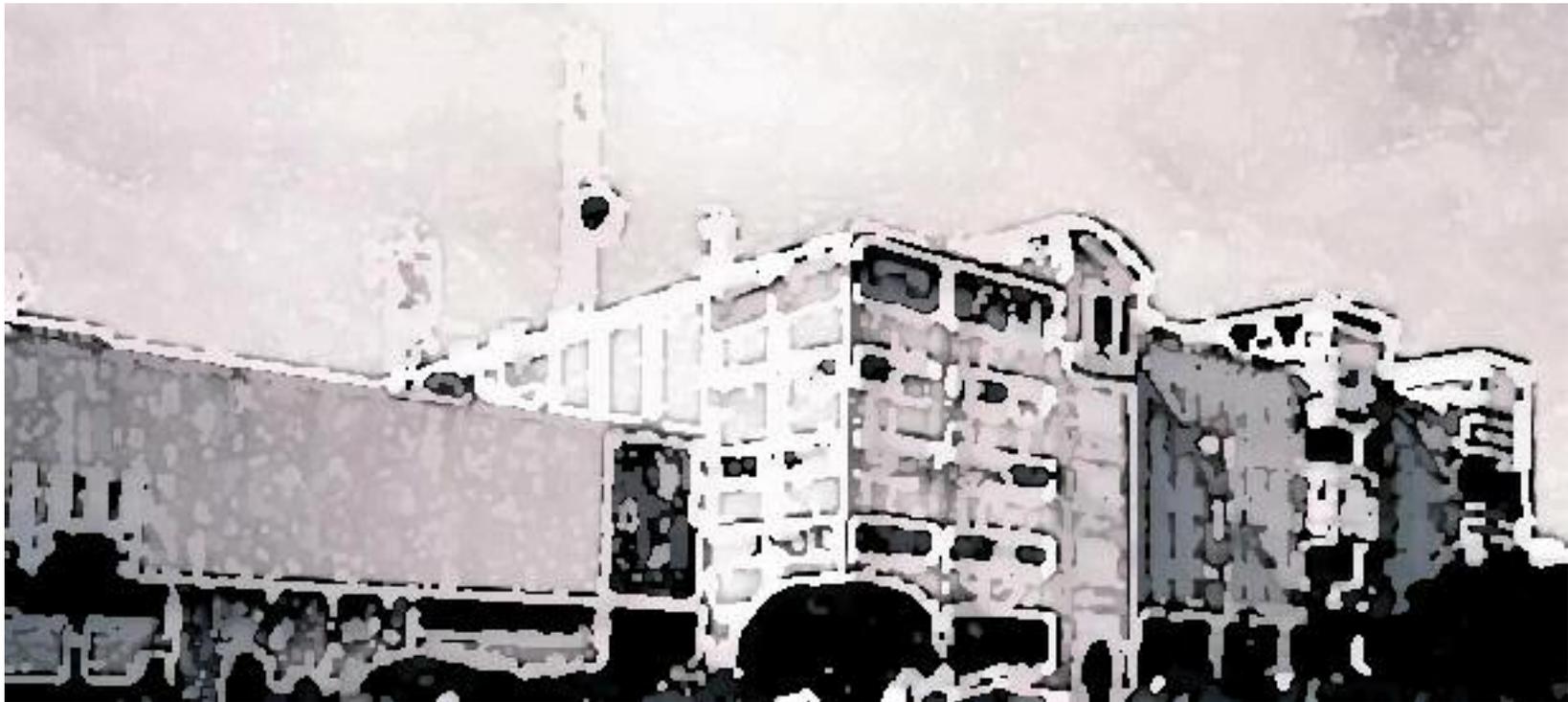
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violations occurring within Humboldt County. This amount is in addition to the \$2.50 surcharge that is dedicated to the Criminal Justice Facilities Construction Fund.

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 as part of our FY 2006-07 facility needs assessment and financing study.



## Contributions-Other (1100 199)

<b>1100 - General Fund</b>	<b>2002-03 Actual</b>	<b>2003-04 Actual</b>	<b>2004-05 Actual</b>	<b>2005-06 Actual</b>	<b>2006-07 Request</b>	<b>2006-07 Adopted</b>	<b>Increase/ (Decrease)</b>
<b>Revenues</b>							
Other Gov't Agencies	\$215,000	\$171,785	\$0	\$0	\$122,834	\$122,834	\$122,834
Charges for Services	679,004	140,547	9,344	29,705	30,000	30,000	295
<b>General Fund Support</b>	<b>4,114,030</b>	<b>2,755,804</b>	<b>3,530,604</b>	<b>5,275,912</b>	<b>7,853,342</b>	<b>7,853,342</b>	<b>2,577,430</b>
Total Revenues	\$5,008,034	\$3,068,136	\$3,539,948	\$5,305,617	\$8,006,176	\$8,006,176	\$2,700,559
<b>Expenditures</b>							
Other Charges	\$5,008,034	\$3,068,136	\$3,539,948	\$5,305,617	\$8,006,176	\$8,006,176	\$2,700,559
Total Expenditures	\$5,008,034	\$3,068,136	\$3,539,948	\$5,305,617	\$8,006,176	\$8,006,176	\$2,700,559

### 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

#### Other Charges

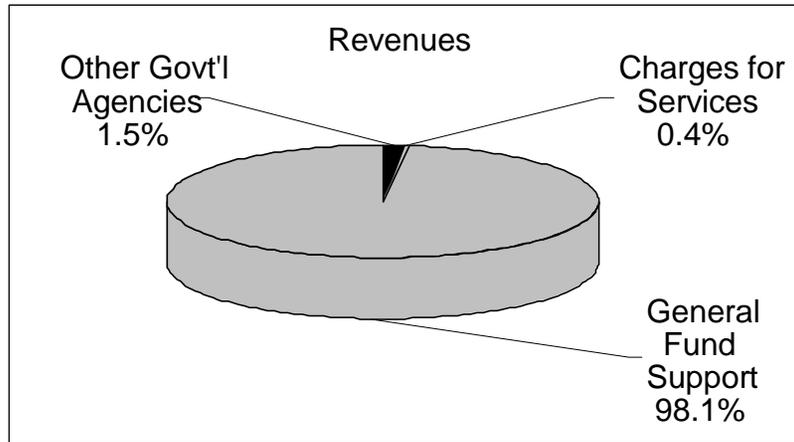
- \$122,834 Estimated contribution to Fire Districts.

- \$1,652,899 Repayment of Motor Pool Fund's 2003-04 loan to General Fund.
- \$1,500,000 Increase in transfer to General Reserve.
- \$154,006 Increase in contribution to Social Services Fund.
- \$112,523 Transfer of County Librarian contribution from County Librarian budget #622.

## Contributions-Other (1100 199)

### Revenue

- \$122,834 Estimated Proposition 172 revenue for contribution to Fire Districts.



### 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:

- \$30,000 Child Abuse Prevention Coordinating Council
- \$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
- \$43,803 Mental Health
- \$1,652,899 Motor Pool
- \$122,834 Independent Fire Protection Districts
- \$1,544 Special District Benefit Assessment
- \$320,523 County Library System, including \$8,000 for the Hoopa Library and the General Fund's contribution to the Librarian's position
- \$1,500,000 General Reserve

This budget unit is used to account for the County General Fund's contributions to other funds.

Humboldt County's fiscal principles, in general, include that

## ***Contributions-Other (1100 199)***

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the County will provide the minimum local match required to provide the maximum benefits. Thus, the County's contributions to Public Health, Mental Health, and Social Services are generally at the minimum local match levels required by state and federal law.

However, growth in costs for the Public Guardian budget (#273) and the Veterans Services budget (#599), plus general inflation, has increased the General Fund's contribution to the Social Services fund from \$3,309,142 to \$3,463,148 for FY 2006-07, an increase of \$154,006 from FY 2005-06.

In FY 2003-04, due to the shift of property taxes from the counties to the State, the County General Fund borrowed \$1,652,899 from the Motor Pool Fund to avoid even deeper budget cuts in General Fund departments than were already being enacted. According to State Controller's Office regulations, the loan must be repaid in three years, which is October 2006.

In October 2005, the Board voted to contribute \$100,000 to the recognized Fire Districts of Humboldt County. This contribution is increased to \$122,834 for FY 2006-07, an amount equivalent to 1.4% of anticipated Proposition 172 receipts in FY 2006-07. More detailed information regarding this issue is listed in the "Unfunded Supplemental Funding Request" section, below.

Although the County Library System receives most of its revenues from a special allocation of County property taxes, state law requires the County General Fund to fund the cost of the County Librarian's position. This amounts to \$112,523 for

FY 2006-07. In prior years, this cost has been budgeted in a separate budget unit #622, County Librarian. Beginning in FY 2006-07, the separate budget unit is being eliminated and the costs are being consolidated into this budget unit. An additional \$200,000 represents the General Fund's contribution to the operations of the County Library System, and \$8,000 is the County's contribution to the Hoopa Library.

The \$30,000 contribution to the Child Abuse Prevention Coordinating Council is offset by an equal amount of birth certificate fee revenue that is dedicated by state statute for this purpose.

The County's General Reserve is used to provide cash flow for the County 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. For FY 2006-07, the adopted budget increases the General Reserve from \$1.0 million to \$2.5 million to increase the Reserve to more prudent levels.

## **Unfunded Supplemental Funding Request**

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. Proposition 172 of 1992 enacted a one-half cent sales tax statewide, dedicated to public safety purposes. It was intended as partial

## ***Contributions-Other (1100 199)***

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compensation to counties and cities for property tax revenue that was shifted from local governments to the State Education Revenue Augmentation Fund (ERAF). For a number of years, Fire Districts have requested 2% of the County's total Proposition 172 revenue, or 50% of the annual growth in Proposition 172 revenue. Because of the County's strict financial constraints in the early 2000's, and the County's inability to adequately fund even basic County public safety services, the County Administrative Office (CAO) could not support or recommend the Fire District's requests.

At the direction of the Board's Proposition 172 subcommittee, CAO staff researched ERAF property tax losses, and determined that the fire districts' share of lost property taxes amounts to approximately 3% of county-fire losses. The \$100,000 of General Fund revenue that the Board of Supervisors appropriated for Fire Districts in FY 2005-06 represents approximately 1.2% of total Prop 172 receipts. Working with the subcommittee and representatives of the Fire Chiefs' Association, the CAO proposed a funding formula which would increase the Fire Districts' share of Prop 172 revenue from 1.2% to 3.0% over a nine-year period. We

believe that this formula is equitable in that it is proportionate to the Fire Districts' share of lost property taxes, but is phased-in over time in order to avoid disruption to County Law & Justice departments.

The Fire Chiefs initially responded to the County's proposal with a request that their share of Prop 172 revenue grow to 6% of total Prop 172 revenue. Based upon anticipated Prop 172 revenue receipts, this would equate to approximately \$155,000 in FY 2006-07. Since this amount is out of proportion to the Fire Districts' property tax losses, the CAO could not recommend adoption of the Fire Districts' proposal. However, through continued negotiations, the Fire Chiefs and the subcommittee reached an agreement to accept the CAO's proposal, but with a three-year term, and a built-in growth factor of 0.2% each year, bringing the fire districts up to a total of 1.8% of the total Prop 172 revenue in FY 2008-09. The Fire Chiefs' proposal would include language in their agreement with the County that the discussions would re-open in January 2009, should either party desire, to meet and discuss an updated revenue-sharing agreement for FY 2009-10 beyond.