

23-24 Mid-Year Budget Report



Chief Executive Officer
Darcie Antle
Acting Auditor-Controller
Treasurer-Tax Collector
Sara Pierce

The Executive Office/Auditor's Office continues to work with department heads and elected officials to seek ways to reduce waste, improve efficiency, and reduce costs.

- Executive Summary
- Budget Deficit Plan
- Team Collaboration



- Accept the FY 2023-24 Mid-Year Budget Report as presented
- Accept Exhibit A revenue adjustments
- Approve FY 2023-24 Mid-Year Budget Net Zero Adjustments (Attachment A)
- Approve FY 2023-24 Mid-Year Fixed Asset Request for those projects which have been funded as presented in Attachment B
- Create new budget units as recommended by Acting Auditor-Controller Sara Pierce as noted on slide 12



Revenue Management

- (\$2.3M) – Cost Plan increased revenue due to charging Social Services department its full share and beginning to charge Public Health
 - (\$0.5M) – Net of other Non-Departmental revenue changes – increases and decreases in multiple line items
 - (\$2.6M) – Use of Realignment funding
 - (\$2.0M) – Teeter Plan
- (\$7.4M) – Budget Deficit Plan Realization

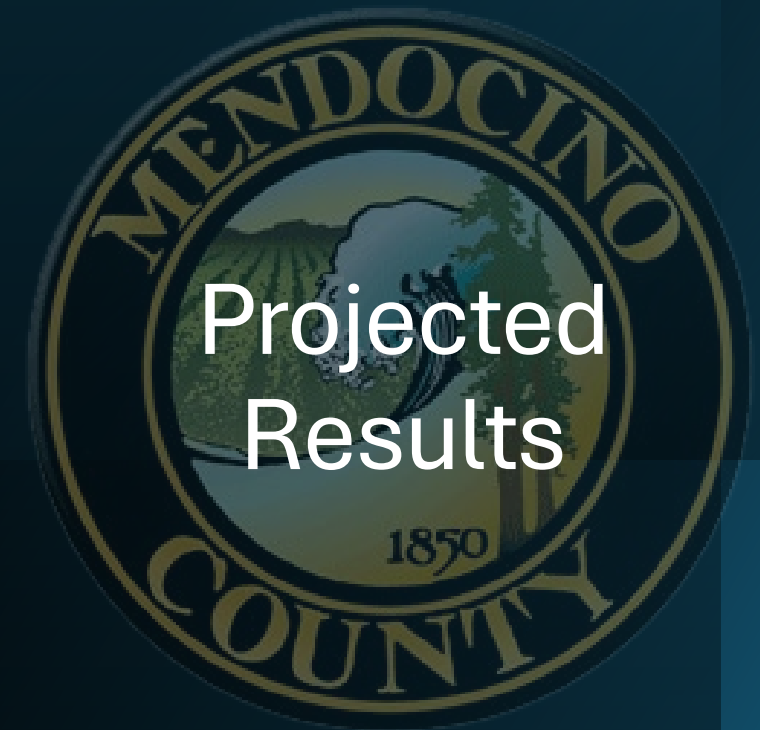
Expense Overrun

- \$1.6M – Public Safety increase in costs
- \$0.6M – Cannabis increases in costs
- (\$0.4M) – Cost savings from all other departments

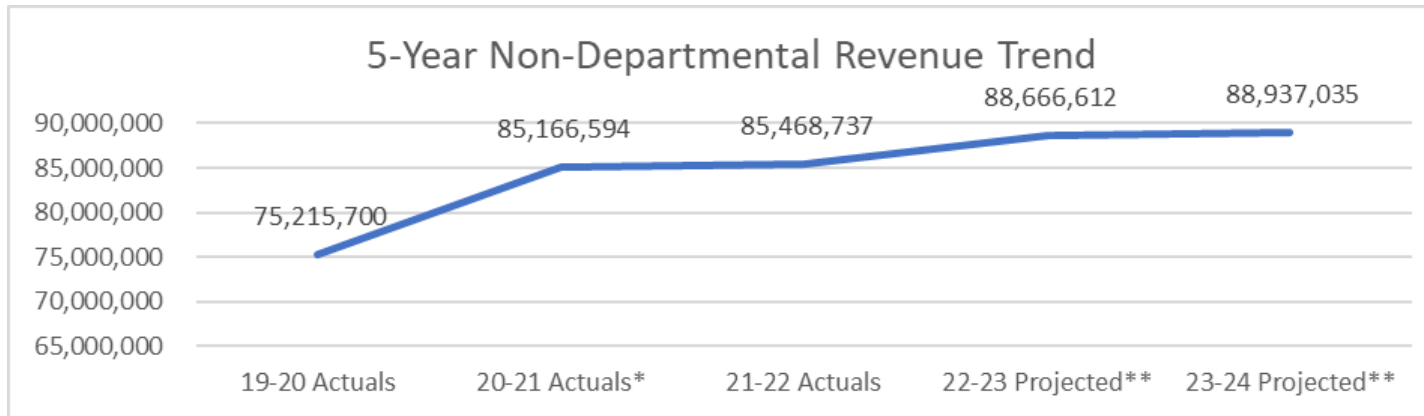
\$1.8M – Overall Increase in Costs (Projected vs Revised Budget)

- \$7.3M – One-time funds utilized to balance FY23/24 Budget
- (\$5.6M) – Net of Budget Deficit Plan Realizations

(\$1.7M) – One-time funding still being utilized to balance budget



Revenue growth has flattened over the last 5 years



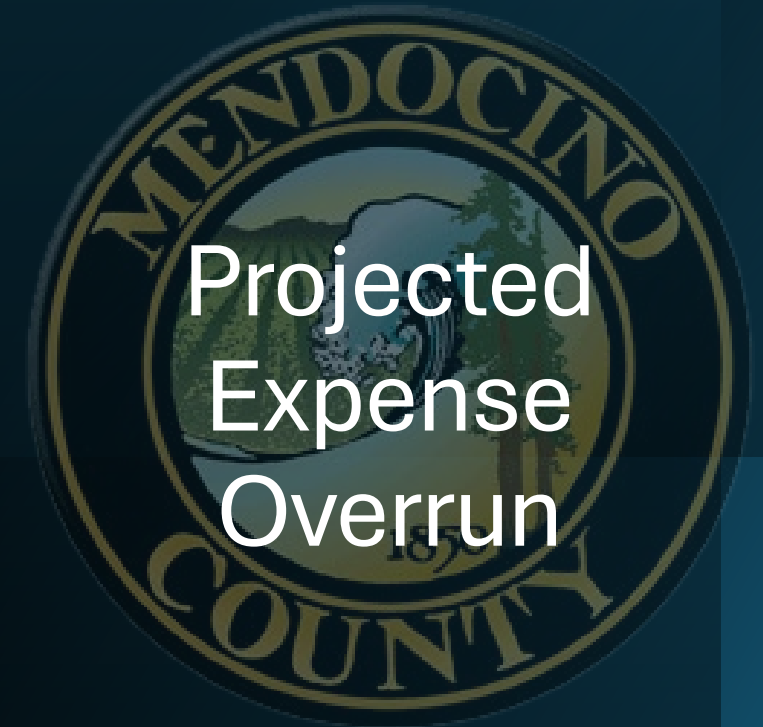
*\$22,652,909 of PG&E settlement has been intentionally removed to reflect the trend in revenues

**Measure P revenues are not included on this trend and are fully appropriated to outside agencies. (\$1,240,888-Fiscal Year 2022-23 & \$4,000,000- projected Fiscal Year 2023-24)



Projected Expense Overrun

- Cannabis - \$612,298 for the current year
- Fleet Management - \$259,337 for the current year
- Sheriff's Office - \$667,785 for the current year
- Jail - \$954,994 for the current year



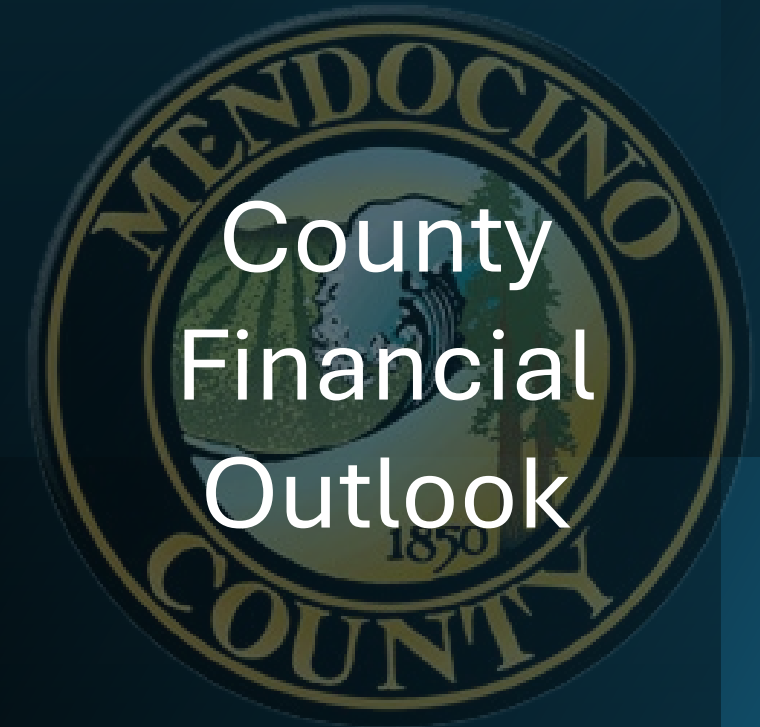
Decreases below

- Mendocino County's overall sales were **down 6.9%**, excluding all reporting aberrations
- Fuel and service stations **decreased 7%** , mostly due to the rising prices at the pumps
- Garden and Agricultural supplies **decreased 3.8%**

Increases below

- Grocery Store **increased 0.4%**
- Casual dining restaurants **increased 0.8%**
- Contractors **increased 24.6%**
- Hotels and Motels **increased 1.6%**
- Building Materials **increased 2.2%**
- Wineries **increased 2.0%**
- Quick-Service Restaurants **increased 4.4%**

*graph provided on page 7 of the report

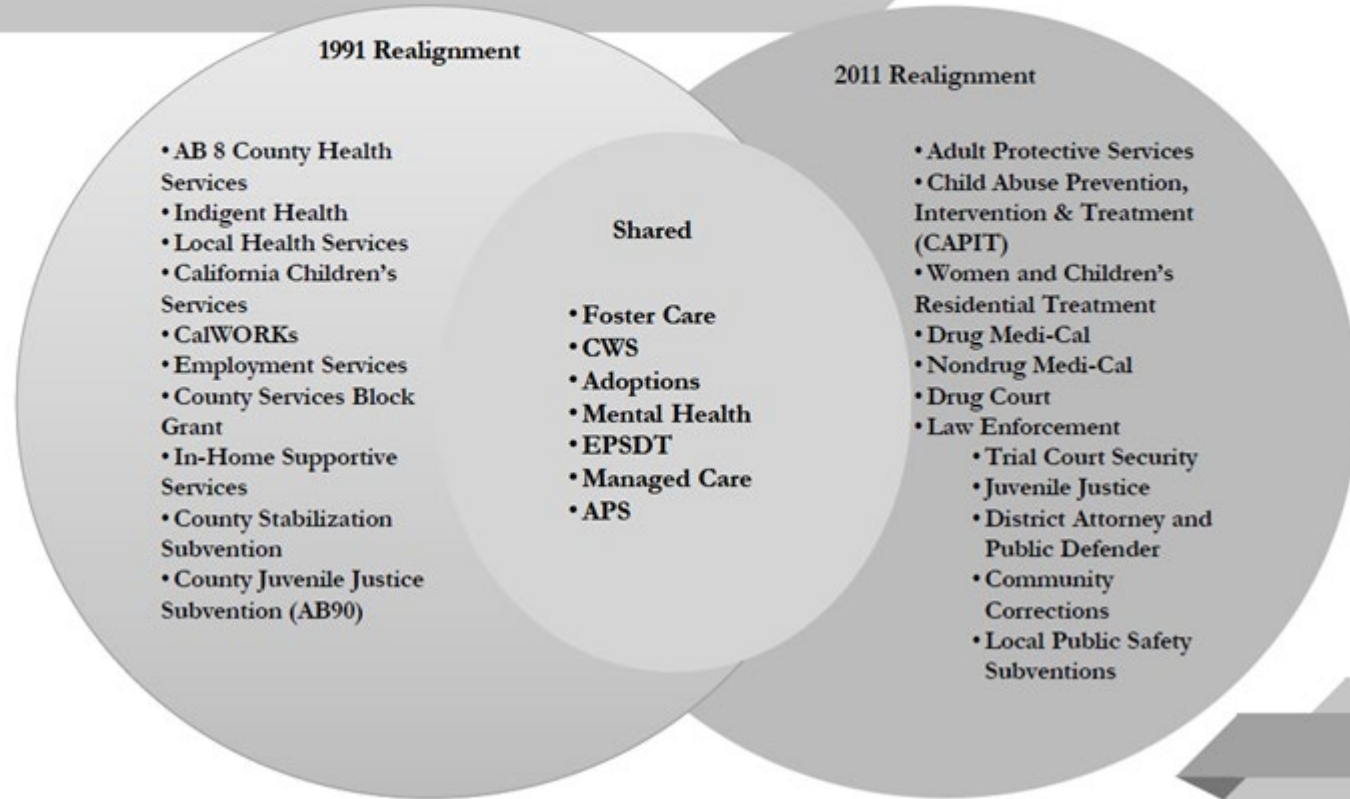


- Social Services is funded by Federal, State and Realignment.
- Realignment is derived on sales tax and vehicle license fees.
- Realignment funding is utilized to maximize State and Federal Funds, any decrease in realignment funding would impact the County's ability to receive maximum benefits from State and Federal funds.
- With the State experiencing a projected deficit of \$73B, the County must closely monitor all revenues including realignment funds and ensure highest and best use of funds.



SOCIAL SERVICES FUNDING

Intersection of Realignment Programs



State Financial Outlook

The Legislative Analysts Office revealed on February 20, 2024, that the projected budget deficit for the State of California is estimated to surge by \$15 billion dollars, thereby raising the new projected shortfall amount to \$73 billion dollars. This development comes primarily from an erosion of the expected revenues, which has led to an estimated increase of about \$24 billion in the shortfall.

Key Issues

- \$401 million in one-time funding in 2023-24 for flood management and response activities
- Reduced Corrections Spending Due to Deactivation of Several Correctional Facilities
- Increased Oversight and Accountability for Housing and Homelessness Programs

*More issues are provided on page 11 of the mid-year budget report



- Accept the FY 2023-24 Mid-Year Budget Report as presented
- Accept Exhibit A revenue adjustments
- Approve FY 2023-24 Mid-Year Budget Net Zero Adjustments (Attachment A)
- Approve FY 2023-24 Mid-Year Fixed Asset Request for those projects which have been funded as presented in Attachment B



- Create a new Fund under the Special Revenue fund range for the transfer of funding from General Fund 1100, Budget Unit 4010 PH (Public Health) to align funding and Organization Code with Special Revenue accounts, and to keep funding from being swept into the General Fund balance at the end of year, to be effective July 1, 2024-Source of funding is Realignment, State, and Federal funds

- Create a new Fund under the Special Revenue fund range for the transfer of funding from General Fund 1100, Budget Unit 4013 PN (Public Nursing) to align funding and Organization Code with Special Revenue accounts, and to keep funding from being swept into the General Fund balance at the end of year, to be effective July 1, 2024-Source of funding is Realignment, State, and Federal funds

- Create a new Fund under the Special Revenue fund range for the transfer of funding from General Fund 1100, Budget Unit 4070 CM (Hospital & Medical Services) to align funding and Organization Code with Special Revenue accounts, and to keep funding from being swept into the General Fund balance at the end of year, to be effective July 1, 2024-Source of funding is Realignment, State, and Federal funds

- Create a new Fund under the Special Revenue fund range for the transfer of funding from General Fund 1100, Budget Unit 4073 TH (Transitional Housing) to align funding and Organization Code with Special Revenue accounts, and to keep funding from being swept into the General Fund balance at the end of year, to be effective July 1, 2024-Source of funding is rent, grants, State, and Federal funds

- Create a new Fund under the Special Revenue fund range for the transfer of funding from General Fund 1100, Budget Unit 4080 CH (CCS & CHDP) to align funding and Organization Code with Special Revenue accounts, and to keep funding from being swept into the General Fund balance at the end of year, to be effective July 1, 2024-Source of funding is Realignment, State, and Federal funds

- Create a new Fund under the Special Revenue fund range for the transfer of funding from General Fund 1100, Budget Unit 5010 SS (Social Services) to align funding and Organization Code with Special Revenue accounts, and to keep funding from being swept into the General Fund balance at the end of year, to be effective July 1, 2024-Source of funding is Realignment, State, and Federal funds

- Create a new Fund under the Special Revenue fund range for the transfer of funding from General Fund 1100, Budget Unit 5130 CW (Cal-Works) to align funding and Organization Code with Special Revenue accounts, and to keep funding from being swept into the General Fund balance at the end of year, to be effective July 1, 2024-Source of funding is Realignment, State, and Federal funds



FUTURE BUDGET SCHEDULE

- March 2024 – Budget Workshops
- April 2024 – Fee Hearing
- May 2024 – 3rd Quarter Report
- June 2024 – Budget Hearings and Adoption



23-24 Mid-Year Budget Report



Questions?