

Mendocino County Executive Office

SECOND QUARTER MID-YEAR BUDGET UPDATE FY 2009-10

The second quarter budget projections were based on all County Departments estimates of projections for their budgets including the Auditor's estimates of projected discretionary through FY 2009-10.

The second quarter mid-year FY 2009-10 preliminary projections by Departments including updated discretionary revenue forecast indicating a projected **shortfall in the amount of \$(3,674,078).**

The following are the some of the key variances noted for the second quarter mid-year fiscal year 2009-10 Adopted Budget or as amended by the Board of Supervisors:

DISCRETIONARY REVENUE

- Budget Unit 1000 – Non Department Revenue – Secured taxes down due to Prop 8 and BOE reductions; Supplementals, Sales Tax, Public Safety Sales Tax, Timber Tax, and Transfer Tax down due to economy. Transient Occupancy Tax down due to loss of settlement funds and economy. Interest earnings also down. This discretionary revenue budget is projected to have an overall **decrease** in anticipated budgeted revenue **by approximately \$(2,742,941)**. The decline in discretionary revenue is now projected to be down by \$1.2 million dollars from first quarter projections. There may be some adjustments by the Auditor for assessed valuation at year end to DOT and Library as a result of reduced valuation on property taxes that will offset some of the projected discretionary shortfall but unknown at this time.

CRIMINAL JUSTICE

- Budget Unit 2010 – Court Collections– This budget is projected to be **under budget by approximately \$239,562** due to additional revenue from surety bond forfeiture settlement.
- Budget Unit 2310-2510- Sheriff and Jail – These budgets are projected in the aggregate to be **over budget by \$(804,102)**.
- Budget Unit 2086 – Indigent Defense - This budget is projected to **be over budget by \$(100,000)** The shortfall is primarily due to court assignments to private attorneys for a long term juvenile case that will be settled this fiscal year.

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INTERNAL SUPPORT

- Budget Unit 1020 – CEO – This budget has some salary savings from delay in hiring and vacant positions. This budget is projected to be **under budget in NCC by \$70,806.**
- Budget Unit 1110 – Auditor/Controller – This budget is projected to be over due to decline in revenue for supplemental tax assessments for administration. This budget is projected to be **over budget in NCC by \$(54,328).**
- Budget Unit 1160-1610-1620-1960 – General Service Agency – General Services, B&G, Garage, and IS – These budgets are in the aggregate for all budgets expected to meet NCC.

HEALTH AND HUMAN SERVICES

- Budget Unit 2860 - Animal Control - This budget is projected to be **over budget by \$(46,799)** due to under realized revenue.
- Health and Human Service Agency Budgets 4010-5190. All of the budgets within the agency are projected to meet NCC.
- BU 5170 - IHSS – is projected to meet NCC due to the increase of general fund appropriations budgeted in the amount of \$413,962 over the maintenance of effort MOE of \$187,932 for 2009-10 anticipated for the reduction in revenue from state participation in this program.

RESOURCE AGENCIES

- BU 2851 and 2853 – Planning and Building and Planning Team– These budgets in the aggregate are projected to have significant savings in contract costs in the 2000 series that were budgeted for contracts that were done in house to finish the General Plan and UVAP. These budgets in the aggregate are projected to be **under budget by \$ 203,931.**

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GENERAL GOVERNMENT

- Budget Unit 1940 – Miscellaneous – This budget is projected to have lower interest earnings than budgeted. This budget is projected to be **over NCC by \$(455,062)**.
- Budget Unit 1930 – Teeter – This budget is currently projected to meet NCC at this time, however, the Auditor states that collections may not be enough to cover the delinquency. The Executive Office and Auditor will continue to monitor this budget and report any shortfall if known.
- Budget Unit 1410 – Elections – This budget is projecting to be slightly over in the 2000 series operating expense, and recording revenue is projected to be lower with a downward trend. There will be a reimbursement in 2009-10 as budgeted in the January Governors budget for reimbursement for last year's May special election. This was included in the projection for this year. This budget is projected to be **over NCC by \$(25,992)**.
- Budget unit 1710 - Capital Maintenance – This budget is projecting to meet fund balance budgeted. There may be some additional fund balance carryover from projects carried forward or in progress which will be considered for FY 2010-11 for facility maintenance projects that require a general fund contribution.

Non-General Fund Departments and Debt Service

- Budget Unit 4050 – Mental Health – This budget is projected to have a deficit fund balance at the end of the year due to reductions in state revenue and Medi-Cal reimbursements as well as cost report filings. This budget is projected to be **over fund balance budgeted by \$(1,300,000)**. This deficit will be mitigated within the Health and Human Service Agency.

Key highlights on Debt Obligations are as follows:

- Internal Services Fund Budgets 0713-0716 – Workers' Compensation, liability, and retiree health budgets are expected to meet the fund balance contribution budgeted.
- Other debt obligations as follows are: COPS and Pension Obligation Bonds are projected to be within the funding requirements and on target to meet the amortization debt schedule payments set up.

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SUMMARY

In summary, the 2nd quarter review represents a projected general fund shortfall for FY 2009-10 in the amount of **(\$3,674,078)**.

The discretionary funding available for FY 2009-10 was built on a projection of **\$59,315,819** million dollars as depicted in Budget Unit 1000 and as adopted by the Board.

Departments were allocated funding on this assumption. The available discretionary revenue is now projected to be under realized by **\$(2,742,941)**, resulting in a net balance of **\$56,572,878**. There are also additional departmental budget shortfalls projected as variances to the 2009-10 Adopted Budget in the amount of **\$(931,137)**.

Most of the projected department overages for FY 2009-10 are in the Miscellaneous Budget Unit 1940 for under-realized interest earnings in the amount of **\$(455,062)**, and in the Sheriff and Jail budgets (aggregate) for salary and benefits overruns in the amount of **\$(804,102)**. The remainder of all county departments are projecting to meet NCC or projecting to be under NCC as stated above.

SUMMARY OF THE VARIANCES LISTED ABOVE BY FUNCTION

PROJECTED 2ND QUARTER MID-YEAR VARIANCE BY FUNCTION FY 2009-10		
Non-Departmental Revenue	\$ (2,742,941)	(under realized)
Criminal Justice Departments	\$ (642,540)	(over budget)
Internal Support Departments	\$ 12,771	(under budget)
Health & Human Services Departments	\$ (52,624)	(over budget)
Resource Agencies Departments	\$ 238,132	(under budget)
General Government Departments	\$ (486,876)	(over budget)
Total Over/Short	\$ (3,674,078)	(over budget)

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