

2023-24 Mid-Year Budget Report



Board of Supervisors

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Submitted by Gabriel Hydrick, Chief Administrative Officer

Introduction

The following is the Chief Administrative Officer Mid-Year Report for the period of July 2023 through December 2023 for the Fiscal Year. It has been prepared to inform the Board of Supervisor, County Leadership and the public of the County's financial status at the mid-point of the fiscal year. The mid-year review begins the first week of January each year and Departments with budget revisions submit written requests to County Administration. Budget meetings are held to discuss the proposed adjustments, and the recommended revisions are presented to the Board for recommendation or approval today.

The CAO's report provides critical insights, supplying the necessary tools for the Board of Supervisors to vet the County's performance against its' set targets. The importance of this report also lies in its' undeniable role in establishing accountability, as it captures the county's operations and achievements and shapes future policy discussions. It holds public officials accountable for their budgetary decisions and expenditure during the fiscal year.

Background

The midyear report encapsulates essential metrics and provides a deep insight into Tehama County's financial standing. As advanced by the National Association of Counties (2010), such reports are crucial to ensure transparency, continuity, and management control over the county's finances. The allocation of resources across various departments mirrors a governs priorities. When prioritizing budgetary line items, the county harmonizes it's financial planning with its long term strategic goals. This requires diligent scrutiny. This year the administration office reviewed each request to ensure in keeping with Board Resolutions No. 2023-27 which was adopted by the board on April 25, 2023. A copy of the resolution is attached as Exhibit A to this report.

Fiscal Year 2023-24 Overall Summary

On September 19th, 2023, the County adopted a budget that was conservatively developed and included modest revenue growth consistent with the economic conditions at the time of budget development. All the operating funds of the County with budget appropriations of \$262,883,819 and provisions for new or increased obligated fund balance (reserves) of \$6,279,881 for a total of \$269,113,700. This equates to a 5.3% increase from FY 2022-23 budget requires.

The general fund total requirement of \$53,415,856 which includes operating transfers of \$24,672,532. General fund expense appropriations exceed estimated revenues by \$6,408,938. Actual fund balance carry-over in General Fund of \$7,236,026 and the reserve in Committed for Compensation Study in the amount of \$2,067,901 was used to cover the shortfall. Leaving a remaining balance of \$2,894,989 in fund balance carry-over.

Figure 1. Total Appropriation Breakdown

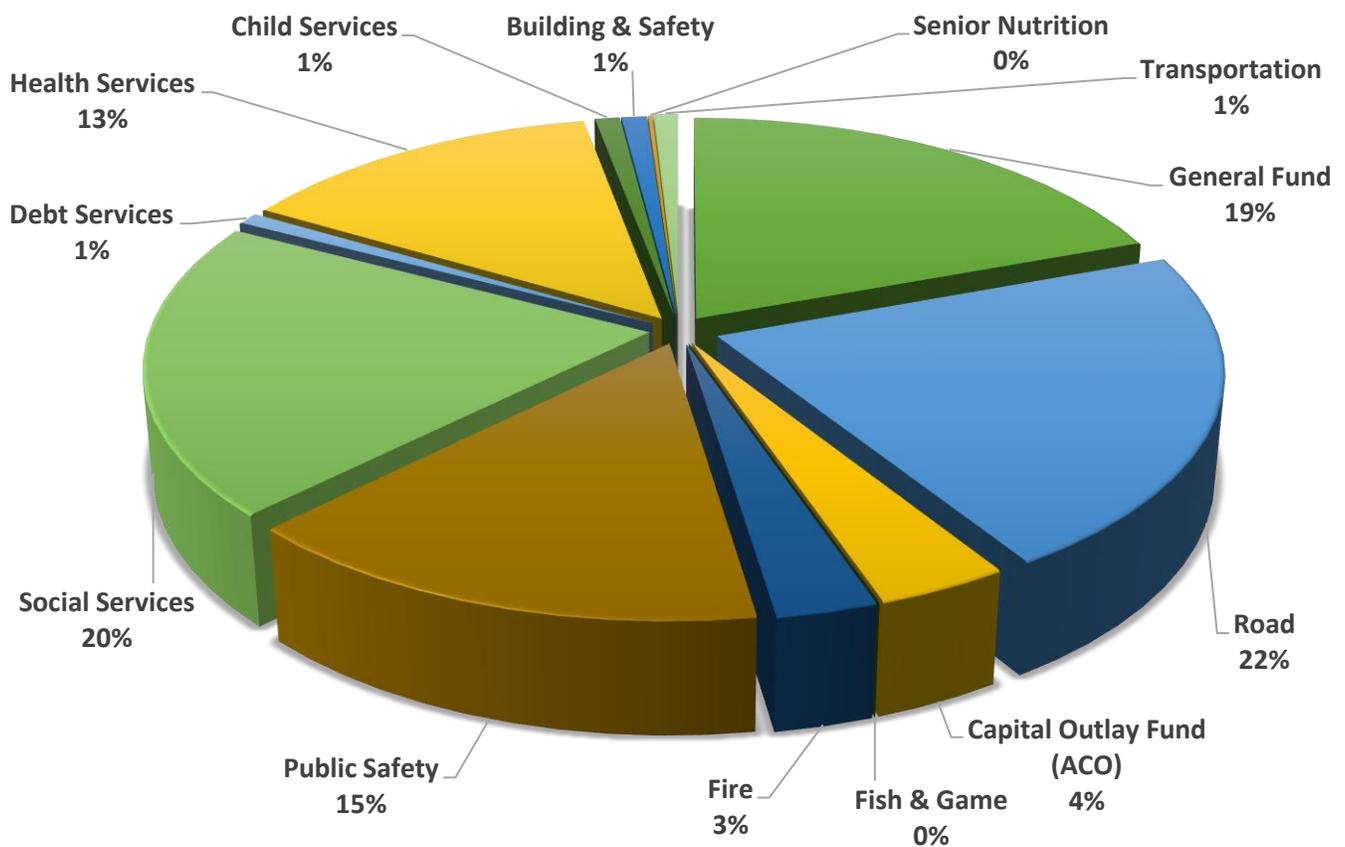


Figure 2. All Appropriation Revenue and Expenditure by Fund actuals as of 12/31/2023

Fund Name	Fund Number	FY 2023-24 ADOPTED REVENUE BUDGET				FY 2023-24 ADOPTED EXPENDITURE BUDGET			
		Budgeted Budget Book	Actual as of 12/31/2023	Balance	% of Actuals	Budgeted Budget Book	Actual as of 12/31/2023	Balance	% of Actuals
General Fund	101	\$50,520,867	\$21,351,025	\$29,169,842	58%	\$53,415,856	\$26,709,283	\$26,706,573	50%
Road	102	\$58,249,500	\$5,700,078	\$52,549,422	90%	\$59,569,118	\$18,547,183	\$41,021,935	69%
Capital Outlay	103	\$10,212,553	\$1,867,329	\$8,345,224	82%	\$10,212,554	\$1,763,192	\$8,449,362	83%
Fish & Game	104	\$16,894	\$1,449	\$15,445	91%	\$16,894	\$1,530	\$15,364	91%
Fire	105	\$7,277,820	\$3,061,973	\$4,215,847	58%	\$7,801,148	\$2,470,398	\$5,330,750	68%
Public Safety	106	\$41,317,818	\$19,281,436	\$22,036,382	53%	\$41,317,818	\$18,885,191	\$22,432,627	54%
Social Services	108	\$55,367,819	\$19,824,926	\$35,542,893	64%	\$55,367,819	\$24,029,816	\$31,338,003	57%
Debt Services Fund	110	\$1,836,248	\$1,171,788	\$664,460	36%	\$2,165,382	\$1,199,394	\$965,988	45%
Health Services	112	\$37,417,377	\$9,217,415	\$28,199,962	75%	\$37,417,377	\$13,043,346	\$24,374,031	65%
Children Services	113	\$2,414,072	\$1,328,873	\$1,085,199	45%	\$2,526,258	\$1,157,566	\$1,368,692	54%
Building & Safety	115	\$1,506,946	\$779,617	\$727,329	48%	\$2,607,573	\$575,314	\$2,032,259	78%
Senior Nutrition	116	\$478,631	\$38,602	\$440,029	92%	\$478,631	\$267,774	\$210,857	44%
Transportation	117	\$2,497,158	\$1,314,754	\$1,182,404	47%	\$2,497,158	\$1,135,455	\$1,361,703	55%
Total Appropriations		269,113,703	84,939,262	184,174,441	32%	\$275,393,586	\$109,785,441	\$165,608,145	40%

The above chart Figure 2 provides a concise overview of the revenue and expenditure estimates for FY 23-24, as well as the current status of actual revenues and expenditures categorized by fund. Up until December 2023, we have received approximately 32% of the projected revenues for this year. This figure aligns with the amount of revenue collected during the same period in previous years, suggesting a consistent pattern in revenue generation. Additionally, the expenditure budget for the current year reflects a spending rate of 40%, mirroring the expenditure actual of the preceding year. These similarities in spending patterns indicate a level of consistency and predictability in financial management, maintaining a comparable level of spending as in prior periods.

Summary of Recommended Mid-Year Adjustments

The summary of the mid-year budget request and Administrative recommended by fund and department are shown below in Figure 3. Please note that only funds with adjustments requests are shown. The adjustments requested by the department are generally routine in nature and in keeping with Board Resolutions No. 2023-27 (attached as Exhibit A).

--- FY 2023-24 Mid-Year Adjustments by Fund ---

	Adjustment to Expenditures	Adjustment to Revenue	Additional Funding Needed to cover Expense
General Fund - Board of Supervisors	7,894	0	7,894
General Fund - County Administration	21,119	0	21,119
General Fund - Auditor Controller	289,499	0	289,499
General Fund - RB Community Center	35,268	0	35,268
General Fund - Treasurer / Tax Collector	(4,260)	352,114	0
GF - Sheriff Coroner & OES	0	117,199	0
TOTAL GENERAL FUND 101	349,520	469,313	353,780
District Attorney	35,607	35,607	0
Probation	655,209	655,209	0
Sheriff	(551,513)	15,614	167,149
TOTAL PUBLIC SAFETY FUND 106	139,303	706,430	167,149
TOTAL GENERAL FUND & PUBLIC SAFETY	488,823	1,175,743	520,929
102 Road Fund	437,253	437,253	0
105 Fire Fund	0	0	0
107 Risk	2,362	0	2,362
112 Health Services Fund	867,076	450,222	416,855
113 Child Support Services	48,000	48,000	0
712 Tehama Major Crimes Unit	5,777	5,777	0
Total All Funds	1,849,291	2,116,994	940,146

Figure 3.

In every instance where a department requested an expenditure or revenue adjustment, the request was accompanied by a brief narrative describing the impetus for and implications of the adjustment. In lieu of detailing each departmental request in this report, these requests and associated narrative are available for review at the Board office and at the Clerk/Recorder's office in binder format. The requests that are unanticipated, non-routine, pertinent to County business, and not accompanied by offsetting revenue are discussed below:

Summary of non-routine General Fund and Public Safety Requests

101-1011 BOARD OF SUPERVISORS – EXPENSE +\$7,894; REVENUE \$0

The increase of \$7,894 in the salary and wages account is necessary to rectify an over-expenditure caused by an error in our payroll system. Unfortunately, this error led to two Board members not receiving the county’s benefits for covering the employee share of their Public Employee Retirement System (PERS). This was an unintended consequence of the mistake, but we have now fixed the error and implemented the necessary adjustments to ensure that it does not happen again. The increment in the account will cover the unexpected expense that arose from this situation. It is crucial to maintain the accuracy and fairness of our payroll system to ensure all employees, including Board members, receive the necessary benefits they are entitled to. Through this correction, we are committed to maintaining transparency and ensuring that such errors are promptly addressed in the future.

101-VARIOUS DEPARTMENTS - ADMINISTRATION – EXPENSE +\$2,980; REVENUE \$0

During the development of the FY 23-24 budget, it was discovered that certain miscellaneous budget units that fall under the Administration’s purview had incorrect budget allocations for Unfunded PERS Liability Misc ADP PERS Liability Misc and Insurance. Unfortunately, due to time constraints, there was not enough opportunity to make the necessary corrections once the accurate allocations were received. However, steps have been taken to address these errors and ensure that they are corrected accordingly.

1014	County Administration	Unfunded PERS Liability Misc	51022	1,815
		ADP PERS Liability Misc	51024	652
1025	Purchasing	Unfunded PERS Liability Misc	51022	15
		ADP PERS Liability Misc	51024	6
1074	Facilities Maintenance	Unfunded PERS Liab Misc	51022	198
		ADP Misc PERS	51024	71
5060	Veterans Services Office	Unfunded PERS Liab Misc	51022	164
		ADP Misc PERS	51024	59
1031	County Counsel	Insurance	53150	2,970
1041	Personnel	Insurance	53150	2,191
1101	Risk	Insurance	53150	2,362

101-1073 GENERAL SERVICES – EXPENSE +\$12,978; REVENUE \$0

The \$8,778 request for the computer account is specifically allocated for the cost of the highly important Megabyte server software. Additionally, there is a need to add \$4,200 and add office expenses account line item in the general services budget unit, specifically for IT related expenses. The significance of technology in our day-to-day operations cannot be understated, as it plays a crucial role in supporting various county departments and aligning with our strategic plan. Therefore, it is of utmost importance that we prioritize the development and growth of our IT infrastructure.

The increase in funds will allow us to cover the cost of miscellaneous items required to put together workstations, including monitors, docking stations, and keyboards. This investment will ensure that we have the necessary tools and resources to continue functioning efficiently and effectively in the ever-evolving digital landscape.

101-1012 AUDITOR-CONTROLLER – OPERATING TRANSFERS – EXPENSE +\$289,499; REVENUE \$0

In the FY 23-24 approved budget process, several important financial decisions were made. One such decision was related to the PERS Unfunded Policy and the Board’s approval of reserves adjustments. As a result, it was determined that 10% of the total carryover from the previous fiscal year would be designated to be moved to our 115 trust. The total carryover balance, after taking into consideration any shortfalls, was calculated to be \$2,894,989. The amount mentioned above represents exactly 10% of the overall carryover balance. These financial measures aim to ensure that allocation of funds towards important initiatives and solidify our financial stability in the upcoming fiscal year.

101-7034 RED BLUFF COMMUNITY CENTER – EXPENSE +\$35,268; REVENUE \$0

During the FY 23/24 budget process this budget unit was increased by 33%. However, even with this increase, it is still not enough to cover the \$140,268.35 invoice that the County has received for this current year. To address this shortfall, it has become necessary to further increase the budget allocation. By doing so, the County aims to ensure that it has sufficient funds to meet the expense associated with operating the community center. The County staff will also be working closely with City of Red Bluff to coordinate efforts for the next fiscal year’s budget, which is set to be implemented in FY 24-25. This collaborative approach will help in finding ways to better manage the financial aspect of the community center’s operations and ensure its smooth operation in the future.

101-2027 SHERIFF – EXPENSE -\$633,662; REVENUE \$10,614

In this budget unit, there are several adjustments made to expenses, primarily centered around reducing the salaries and benefits account by \$774,586. These savings have been made possible by a combination of vacant positions within the department as well as a reorganization of staff. Of the total salary savings, \$136,484 has been reallocated towards various services and supplies accounts. Specifically, a portion of these funds have been allocated towards the newly implemented K-9 program expenses, which includes expenses for training and K-9 equipment. Additionally, there has been an increase in expenses related to leasing a helicopter storage space, with a net expense decrease of \$633,662. These adjustments reflect the department's efforts to streamline expenses and allocate resources in a strategic manner, ultimately benefiting the overall efficiency and effectiveness of their operations.

101-2029 ANIMAL REGULATION – EXPENSE +\$7,149; REVENUE \$0

The increase in the volume of calls for service and animal seizures has resulted in a surge of expenses related to veterinary bills. To address this financial strain, a total amount of \$7,149 is being requested from the general fund. This funding is crucial in providing necessary care and treatment to the animals that have been seized. These expenses are an important aspect of ensuring the safety and well-being of these animals, as well as fulfilling our responsibility to protect the community from potential harm caused by these animals.

By allocating the requested funds, we can continue to effectively respond to the growing number of calls for service and ensure that the animals involved receive the care they need. This financial support will greatly contribute to our efforts in dealing with these animal seizures and maintaining the overall welfare of both the animals and the community.

101-20321 JAIL HEALTH – EXPENSE +\$165,000; REVENUE +\$5,000

To address budget constraints, several adjustments were made within the Jail Health budget unit resulting in an increase of \$5,000 in revenue. However, despite these adjustments, a significant budget deficit of \$165,000 remains in the pharmacy account. One major contributing factor to this shortfall is the exorbitant cost of psychiatric medication within the jail. Recognizing the need to find a solution, the jail's executive staff and jail nurse are diligently collaborating on exploring alternative methods for prescribing and administering medication that would effectively reduce costs without compromising the safety and wellbeing of the inmates. This effort reflects their commitment to ensuring that inmates receive the necessary treatment while also ensuring fiscal responsibility in managing the jail's healthcare budget.

Other Items to note:

Child Support Services

The State has recently given its approval for the Department's Budget Reallocation Request, which amounts to \$48,000. This reallocation has been made in order to cover the expenses associated with conducting four comprehensive job analyses and test development processes. These analyses are crucial for evaluating and understanding the essential functions, duties, and responsibilities of various job roles within the Department. By conducting these analyses, the Department aims to gain a deeper insight into the requirements and qualifications for each position, ensuring that candidates are properly evaluated, and that the Department is able to make informed decisions regarding recruitment and selection. Additionally, the development of tests will help in assessing the knowledge, skills, and abilities that are essential for each job role, thus ensuring that the Department hires the most qualified individuals who will contribute to its overall mission and objectives.

District Attorney

The State has recently given its approval for the Department's Budget Reallocation Request, which amounts to \$48,000. This reallocation has been made in order to cover the expenses associated with conducting four comprehensive job analyses and test development processes. These analyses are crucial for evaluating and understanding the essential functions, duties, and responsibilities of various job roles within the Department. By conducting these analyses, the Department aims to gain a deeper insight into the requirements and qualifications for each position, ensuring that candidates are properly evaluated, and that the Department is able to make informed decisions regarding recruitment and selection. Additionally, the development of tests will help in assessing the knowledge, skills, and abilities that are essential for each job role, thus ensuring that the Department hires the most qualified individuals who will contribute to its overall mission and objectives.

The California Office of Emergency Services approved the recently submitted XC County Victim Services grant for the period of 01/01/2024 through 12/31/2024.

This is a new grant for this office which necessitates the creation of a new budget unit. This grant identifies and fills gaps in victim services such as assisting financially with stolen vehicles, impound fees, safety planning, and financial needs that are not qualified under other programs. This office will head the newly formed victim services steering committee in Tehama County for the administration of this grant.

PAL Changes

A PAL Resolution is on the Board Agenda to request the changes accompanying Attachment D Summary of PAL Revisions. Those requests are summarized here:

DEPARTMENT/BUDGET Position	ACTION	ALLOCATION		RANGE		EFFECTIVE DATE
		From	To	From	To	

Library

Library Clerk I or Library Clerk II	Increase	2.80	3.25	8/12	8/12	3/1/24
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Road Department

Public Works Assistant Maintenance Supervisor	Decrease	4.00	3.00	27	27	3/1/24
Public Works Maintenance Supervisor	Increase	5.00	6.00	31	31	3/1/24

Conclusion

The County Administration would like to express their utmost gratitude for the exceptional cooperation and dedication exhibited by the department leaders and fiscal staff members throughout the entire process of managing the complex and onerous paper-based budget. It is worth acknowledging that without the unwavering commitment and support of these individuals, this arduous task could not have been successfully accomplished with such remarkable ease and efficiency. The level of flexibility and assistance exhibited by every single person involved in this process has been truly commendable. The Administration genuinely appreciates the hard work and commendable efforts put forth by each member, as they have undoubtedly contributed to the smooth and seamless execution of this crucial budgeting process.

Recommendations

The Administrative Office supports and recommends the adjustments proposed within Auditor Form A-118 #B-XX and Attachment A – Budget Spreadsheet and request the Board’s approval that the Auditor-Controller be authorized to make the adjustments as presented.

Attachments:

Board Resolution 2023-27, and

- A. Mid-Year 23-24 Attachment A – Budget Spreadsheet
- B. Mid-Year 23-24 Attachment B C – Tables
- C. Mid-Year 23-24 Summary of PAL Revisions

Resolution No. 2023-27

**Resolution of the Board of Supervisors
Establishing Mid-year Budgetary Policies**

WHEREAS, the Board of Supervisors has authorized budget appropriations in an amount reasonably expected to be sufficient to carry on the essential tasks of County Departments; and

WHEREAS, the Board of Supervisors of the County of Tehama declares that the goal and responsibility of every County department head is to operate within their Adopted budget appropriations.

WHEREAS, the intent of the mid-year review is for County departments to recalibrate department budgets responsibly and transparently to align Adopted budget expectations with Mid-year actuals,

WHEREAS, non-General Fund departments follow established procedures and guidelines set forth by their corresponding state or federal agencies to manage budget expenditures and deficiencies, and make mid-year budget adjustments.

WHEREAS, both General Fund and non-General Fund mid-year budget adjustments require Board of Supervisors approval.

NOW THEREFORE BE IT RESOLVED, the Board of Supervisors of the County of Tehama declares that from and after the date of adoption of this resolution the following policies shall be in effect:

1. Mid-year budget adjustments should only be used to reconcile differences between predicted and realized revenues and expenditures in the Adopted budget. Requests for other budget changes should be brought to the Board of Supervisors as separate agenda items for discussion and approval at a regularly scheduled meeting.
2. Departmental mid-year budget requests must identify funding sources to meet requested revisions to keep a balanced budget. Any department, if faced with a budget deficiency during the fiscal year, will be responsible to prepare and submit to the Board of Supervisors at a regularly scheduled meeting, after review by the Budget Ad Hoc, a plan for spending reductions as necessary to balance the department budget.
3. Alternatively, should a budget deficiency occur due to an extraordinary event that cannot be reasonably met within the existing budget, the department will be

