

# FY 2023/24

## 3<sup>rd</sup> Quarter Budget Update



*Chief Executive Officer*    Darcie Antle



# Presentation Outline

- 3<sup>rd</sup> Quarter Summary
- Revenue Projections
- General Fund
- Use of one-time funds
- Museum update
- FY 2023-24 Recommendations



# FY 2023/24 Q3 Summary

## Overall Financial Status

- The county faces challenges with a slight decrease in consumer spending impacting sales tax revenue. Property tax revenues remain stable with a 3% growth from the previous fiscal year

## Revenue Concerns

- Sales Tax: Projected to decrease by 4.69% from the previous year
- Transient Occupancy Tax (TOT): Projecting to decrease 12% between TOT and TOT-Camping.

## Expenditure Overruns

- Several departments are projecting budget deficits due to higher operational costs and reductions in revenue

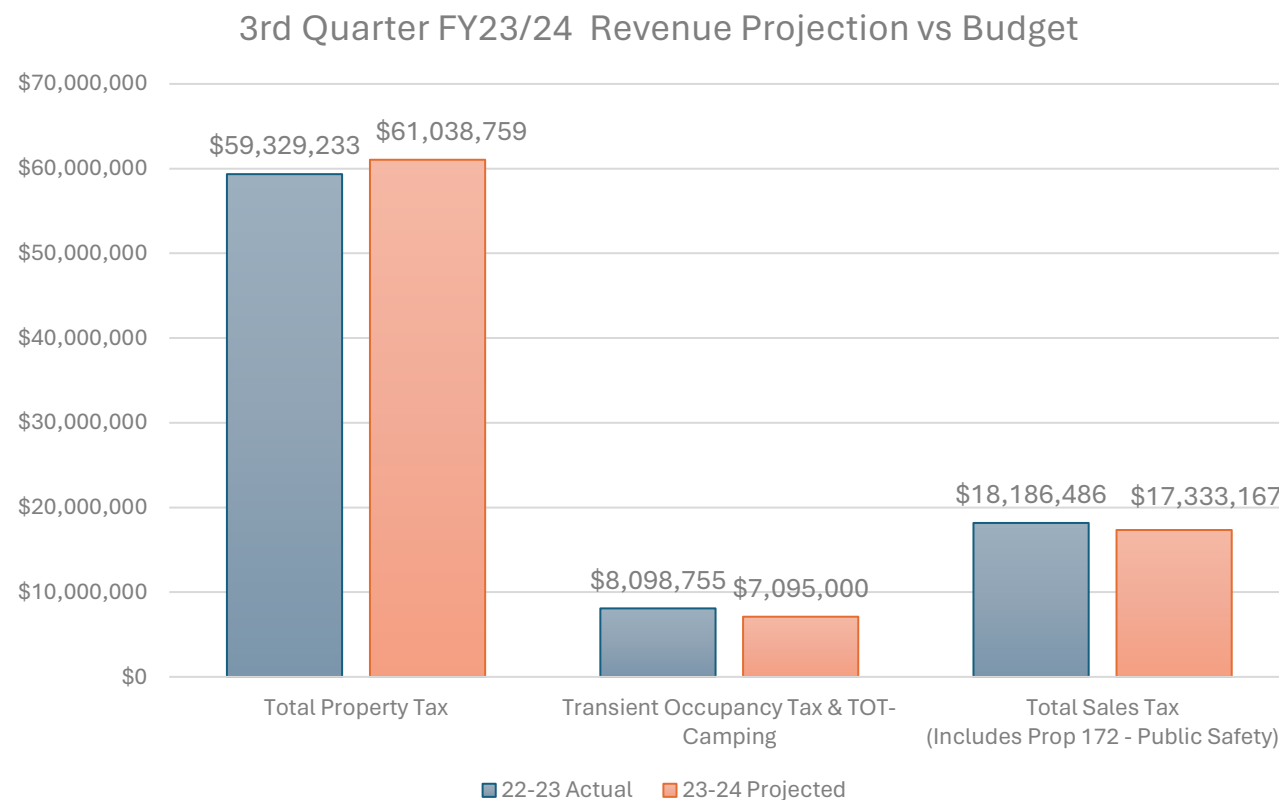
## Use of One-Time Funds

- Increased reliance on one-time funds, with projections indicating a need for approximately \$5.025 million to balance the budget, up from the mid-year estimate of \$1.73 million.



# 23/24 Revenue Projections

- Property Tax – 3% ↑ from FY 2022/23
- Transient Occupancy Tax – 12% ↓ from FY 2022/23
- Sales Tax – 4.69% ↓ from FY 2022/23
  - Sales Use Tax: 2.47% ↓
  - Prop 172 - Public Safety 6.34% ↓
- See Exhibit A – Revenue Forecast 3<sup>rd</sup> Qtr FY 2023-24
- 5-Year Revenue trends are included on page 8 of the 3<sup>rd</sup> Quarter Budget Report

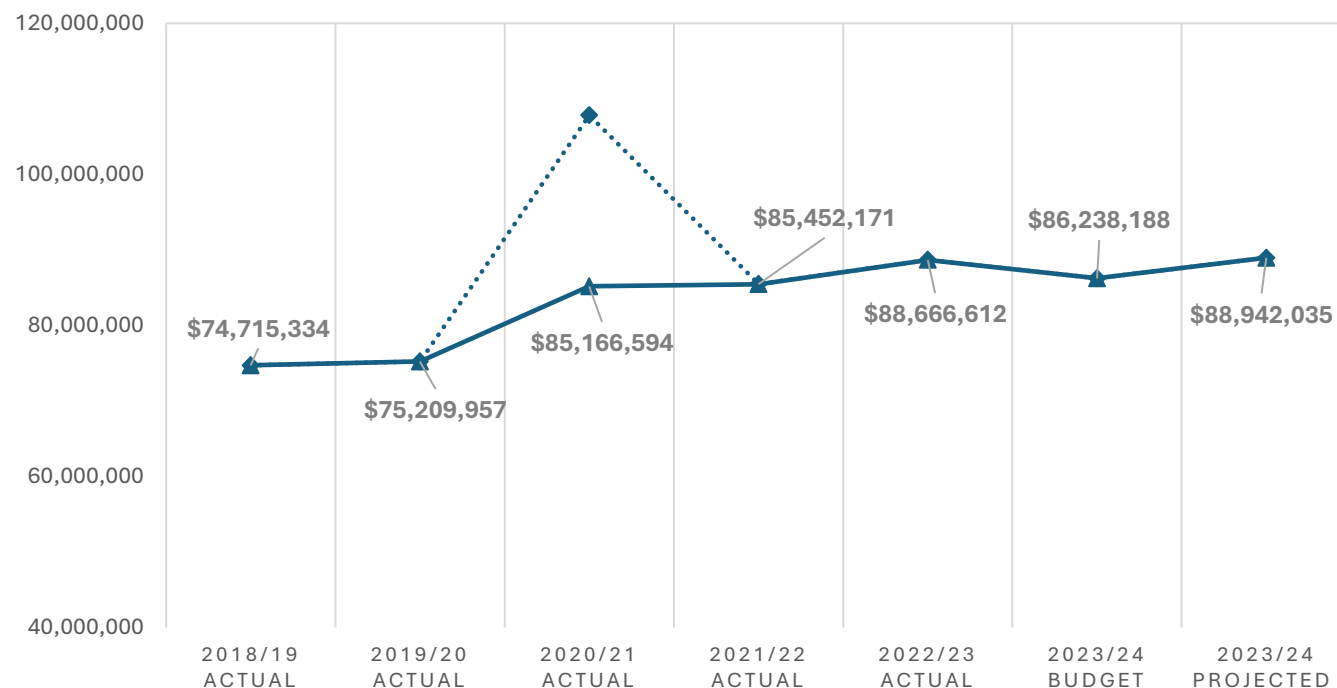




# 23/24 Revenue Projections

- FY 2023/24 Projection 0.31% ↑ from prior year 2022/23 actuals
  - 19.04% ↑ from FY 2018/19
  - Year-to-Year Average: +3.6%
- Spike in FY 2020/21 represents \$22.6m in one-time PG&E Settlement funds
- See Exhibit A – Revenue Forecast 3<sup>rd</sup> Qtr FY 2023-24

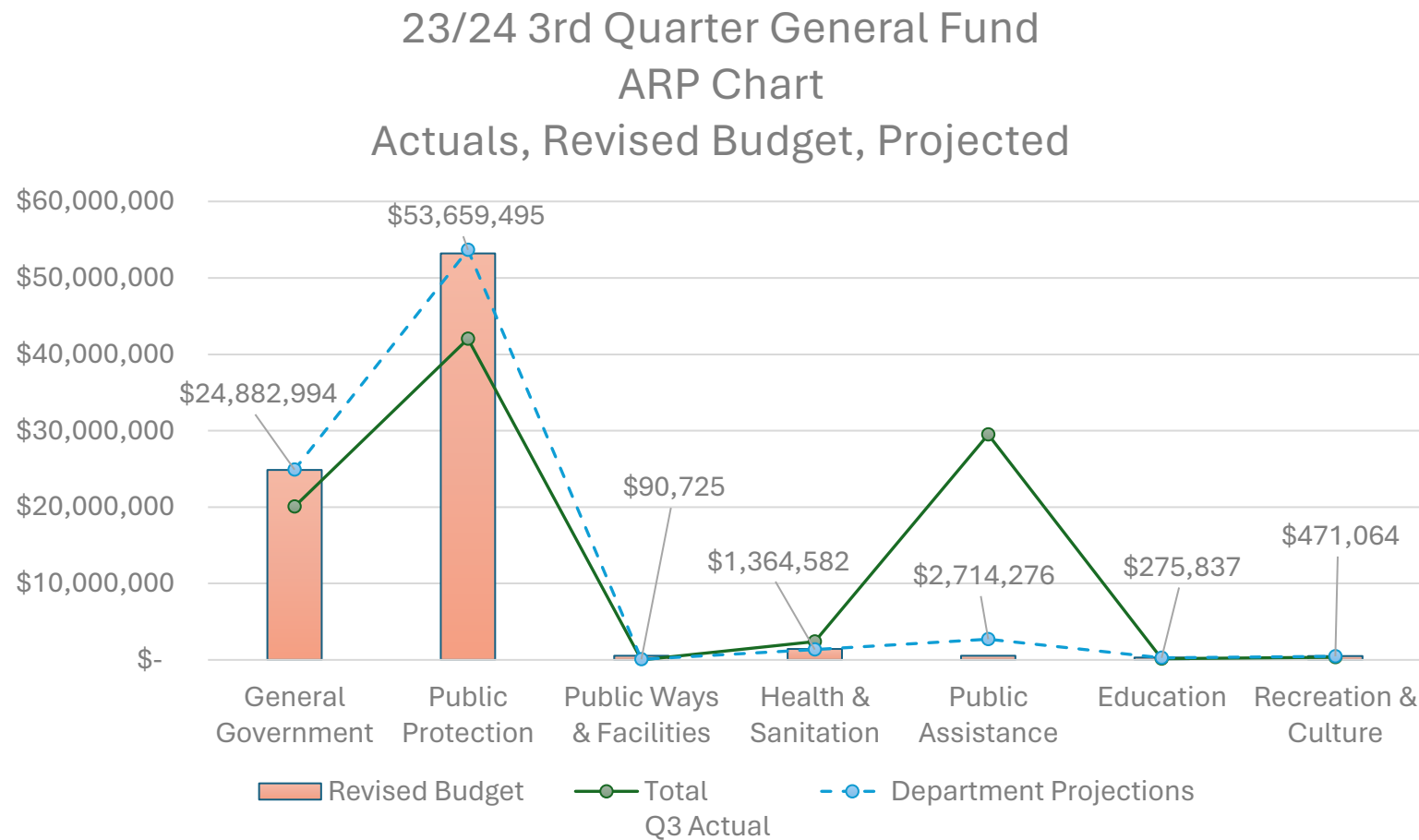
## NON-DEPARTMENTAL REVENUE PROJECTION NO OPERATING TRANSFER IN/OUT





# 23/24 General Fund

- Data labels reflect Department Projections for Year-End
- Actuals may represent expenses not offset by Year-to-date revenue
- Chart does not include Non-Departmental Revenue (ND)



*\*Functional areas defined on slide 8 of this presentation*



# Functional Areas Defined

## General Government

- Assessor Clerk Recorder
- Auditor
- Board of Supervisors
- County Counsel
- Executive Office
- Human Resources
- Tax Collector

## Public Protection

- Agriculture
- Animal Care and Control
- Cannabis
- Child Support
- District Attorney
- Planning and Building
- Probation
- Public/Alternate Defender
- Sheriff - Coroner

## Public Way & Facilities

- Department of Transportation

## Health & Sanitation

- Behavioral Health
- Public Health
- Solid Waste (DOT)

## Public Assistance

- Social Services

## Education

- Farm Advisor
- Library

## Recreation & Culture

- Museum



# 23/24 Budget Deficit Projections

- Projected deficits are a result of reductions in projected revenue and increases in salaries and benefits
- \$530,622 deficit in Human Resources is pending reimbursement from Social Services
  - May affect Social Services General Fund impact

Fiscal Year 2023-24					
3rd Quarter General Fund Budget Deficit Projections					
Budget Unit	Department Name	Adjusted Budget	Year-to-Date	Projected	Projected Deficit
1130	Treasurer-Tax Collector	406,145	432,038	716,573	(310,428)
1320	Human Resources	1,625,064	1,892,262	2,155,686	(530,622)
1620	Fleet Management	10,389	986,526	220,581	(210,192)
2310	Sheriff-Coroner	20,704,798	16,070,173	21,372,583	(667,785)
2510	Jail and Rehabilitation Center	11,102,582	10,123,683	12,057,576	(954,994)
2810	Cannabis Management	551,575	765,720	854,753	(303,178)
5010	Social Services Administration	29,153	25,694,109	2,172,755	(2,143,602)





## 23/24 Budget One-time Funds

- FY 2023-24 Adopted Budget included \$7.325 million in one-time funding to balance the budget
- Anticipated need based on current FY 2023-24 budget projections is **\$5.025 million**
- Recommended use of one-time funding
  - \$3.2m – ARPA (American Rescue Plan Act)
  - \$1m – LATCF (Local Assistance and Tribal Consistency Fund)
  - \$500k – Supplemental Property Tax Backlog
  - \$325k – Teeter Reserve



# Museum Non-Profit Model Update

- Kern County Model identified as potentially viable and preliminarily reviewed by Mendocino County Counsel
- Executive Director Mike McCoy of Kern County engaged with the Friends of the Museum, Museum Advisory Board, Roots of Motive Power, City of Willits, and provided a presentation for the community
- Friends of the Mendocino County Museum have stepped forward as a viable candidate for assuming operation of the Museum
- Museum staff held preliminary meetings with County Counsel, IT, Risk Management, General Services, and Facility Services to introduce the Kern County Lease and Operations Agreement
- Additional meetings have been scheduled with County Counsel and General Services to determine how the facility portion of the Kern County model can be emulated





# FY 2023-24 Recommendations

- Accept Fiscal Year 2023-24 3<sup>rd</sup> Quarter Budget Report as presented
- Accept Exhibit A revenue adjustments
- Approve Fiscal Year 2023-24 3<sup>rd</sup> Quarter Budget Net Zero Adjustments (Attachment A)
- Accept recommended use of one-time funds for Fiscal Year 2023-24

# FY 2023/24 3<sup>rd</sup> Quarter Budget Update

