Budget Study Session
April 27, 2021
Administration, Agricultural Commissioner, Assessor, Auditor, Building, Child Support Services, Clerk of the Board, County Counsel, District Attorney, Treasurer, UC Cooperative Extension
Objectives

• Review budgeting requirements and best practices
• Review new format / presentation of information
• Review requested departmental priorities and budgets

Board Feedback

• Budget format – how the information is presented
• Departmental priorities
• Budget requests
• Budget assumptions
Budgeting Requirements and Best Practices
Budget Process

- January 31: Administration provides guidance for requested budgets
- March 31: Requested budgets submitted to administration
- April 30: Requested budgets presented to the Board of Supervisors
- **June 10:** Recommended budget published (must be at least 10 days before public hearing)
- **June 30:** Board holds a public hearing and adopts the budget in the following meeting
- October: Board approves balancing adjustments
- **December 1:** Auditor submits final budget to State Controller’s office
- February: Board approves mid-year adjustments
Budget Principles

- Link budgets to long-range plans
- Regularly examine past spending
- Prioritize community services
- Assign costs specifically to service users
- Ongoing revenues for ongoing expense
- Fund at least current portion of liabilities
- Resolve structural deficits
- Evaluate new priorities with net cost, strategic priority, measurable results, and fund source
Budget Principles

• Develop performance measures for all programs including community impact (effectiveness, efficiency, equity) and customer service (quality)

• New positions considered only after evaluating technology, shared support options and contracting for service

• Fund reserves consistent with Reserve Policy with a minimum of 1% of General Fund operating budget in contingency
Budget Process

- Set Priorities
- Identify Resources
- Allocate Resources
- Monitor Budget
- Measure Performance
Prioritization of Balancing Strategies

• When deciding on budget cuts:
  • a. Eliminate services with low contribution to long-term goals
  • b. Reduce expenditures by improving productivity
  • c. Eliminate proposed new initiatives with high net County cost
  • d. Seek grant funding and postpone expenditures until obtained
  • e. Postpone reserve contributions for asset maintenance and replacement costs, etc.
  • f. Employee furloughs or salary reductions
  • g. Employee lay offs (part-time first then full-time employees)
  • h. Emergency inter-fund loans
  • i. Use of General Fund reserve
General Fund Reserve Policy

- Recommends reserve levels at 22.7% - 31% of General Fund (~$14M)
  - 2-3 months of operating expenses
  - Accounts for frequent disasters and unstable revenue sources
- Used for emergencies and temporary revenue loss
- Allows for up to 30% to be held in a trust fund
- Recommends replenishment in five years
- Requires replenishment in no less than ten years
A Few More Things

• Most operating funds belong in General Fund
• All funds are under the discretion of the Board
• Internal Service Funds should be self-supporting
• One-time, non-recurring revenue (including fund balance) should be used for one-time (usually capital) expenses or to boost reserves/prefunding
• Internal controls and quarterly updates to the Board
New Format
Presentation of Information
New format
Presentation of information

DEPARTMENTAL ORIENTATION
• Organized around departmental activities
• Focused on priorities and goals first, funds second
• Condensed while still providing supporting details

CHART OF ACCOUNTS
• Salaries consolidated - better information in employee allocation schedule
• Consistent accounts across all departments
• Following general accounting best practices using “natural classification”
Department Budgets
Overview
Sources of Revenue

- Federal: 27%
- State: 42%
- Local: 29%
- User Fees: 2%

Legend:
- Federal
- State
- Local
- User Fees
Overview

Overall Funding Trends (in millions)

*FY21 shown without transfers (which artificially inflate). With transfers, total budget is $169 million.
General Fund Overview

General Fund Trends (in millions)

- General Fund
- General Purpose Revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>General Fund</th>
<th>General Purpose Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY16</td>
<td>$52.3</td>
<td>$28.8</td>
</tr>
<tr>
<td>FY17</td>
<td>$55.6</td>
<td>$30.9</td>
</tr>
<tr>
<td>FY18</td>
<td>$57.1</td>
<td>$31.8</td>
</tr>
<tr>
<td>FY19</td>
<td>$62.3</td>
<td>$33.6</td>
</tr>
<tr>
<td>FY20</td>
<td>$65.0</td>
<td>$32.9</td>
</tr>
<tr>
<td>FY21</td>
<td>$63.8</td>
<td>$25.5</td>
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</tbody>
</table>
Property Tax Breakdown

- Mariposa County Unified School District: 69.20%
- Mariposa County: 25.30%
- Other Districts: 5%
Property Tax

- 2004: Spike in delinquent receipts
- 2009 Recession: dipped 1.7%
- Recommend 1% increase in FY22
Sales Tax

A Comparison of Sales Tax Rates

<table>
<thead>
<tr>
<th>Sales Tax Rate</th>
<th>Mariposa County</th>
<th>Madera County</th>
<th>Merced County</th>
<th>Stanislaus County</th>
<th>Tuolumne County</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.25%</td>
<td>7.75%</td>
<td>7.75%</td>
<td>7.75%</td>
<td>7.875%</td>
<td>7.25%</td>
</tr>
</tbody>
</table>
Sales Tax
Sales Tax: Our Markets are Different

California Sales Tax

Mariposa Sales Tax
Sales Tax: An Overview

- 2005 - 2016 includes "Triple Flip"
- Some volatility
- Most likely to receive state assistance
**Sales Tax: Forecasting Options**

<table>
<thead>
<tr>
<th></th>
<th>High: 95%</th>
<th>Middle: 85%</th>
<th>Low: 75%</th>
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</thead>
<tbody>
<tr>
<td><strong>General Purpose</strong></td>
<td>$2,056,470</td>
<td>$1,840,000</td>
<td>$1,625,000</td>
</tr>
<tr>
<td><strong>Realignment</strong></td>
<td>$3,632,350</td>
<td>$3,250,000</td>
<td>$2,860,000</td>
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<tr>
<td><strong>Transportation</strong></td>
<td>$427,500</td>
<td>$382,500</td>
<td>$337,500</td>
</tr>
<tr>
<td><strong>Safety</strong></td>
<td>$997,500</td>
<td>$892,500</td>
<td>$787,500</td>
</tr>
</tbody>
</table>

Realignment, Transportation and Safety are determined by state formula, so those numbers will be revised as that data is available.
Transient Occupancy Tax

FY17 TOT Revenue

<table>
<thead>
<tr>
<th>County</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mariposa</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>Inyo</td>
<td>$15,000,000</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>$20,000,000</td>
</tr>
<tr>
<td>Monterey</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>Napa</td>
<td>$0</td>
</tr>
<tr>
<td>Placer</td>
<td>$0</td>
</tr>
<tr>
<td>Sonoma</td>
<td>$0</td>
</tr>
</tbody>
</table>

FY17 TOT as % of Budget

<table>
<thead>
<tr>
<th>County</th>
<th>% of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mariposa</td>
<td>0%</td>
</tr>
<tr>
<td>Inyo</td>
<td>5%</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>10%</td>
</tr>
<tr>
<td>Monterey</td>
<td>15%</td>
</tr>
<tr>
<td>Napa</td>
<td>20%</td>
</tr>
<tr>
<td>Placer</td>
<td>25%</td>
</tr>
<tr>
<td>Sonoma</td>
<td>0%</td>
</tr>
</tbody>
</table>
Transient Occupancy Tax

Geography of TOT
- Yosemite Area (El Portal - Yosemite - Fish Camp): 84%
- Rest of County: 16%

% TOT Collected
- Hotel / Motel: 90.58%
- Vacation Rental: 9.41%
Transient Occupancy Tax

2020 Original Budget $18,756,627 / Actual: $12,305,234 (66%)
Transient Occupancy Tax: What We Know

- Trending toward $21M prior to pandemic (including Measure M)
- Most dramatically impacted by travel restrictions & disasters
- Yosemite implementing day-use reservations
- Uncertain future with ongoing vaccinations vs. variants
- Easier to adjust higher than lower
## TOT: Forecasting Options

<table>
<thead>
<tr>
<th>Option</th>
<th>High: 90%</th>
<th>Middle: 80%</th>
<th>Low: 70%</th>
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</thead>
<tbody>
<tr>
<td>General Purpose</td>
<td>$15,750,000</td>
<td>$14,000,000</td>
<td>$12,250,000</td>
</tr>
<tr>
<td>Measure M</td>
<td>$3,150,000</td>
<td>$2,800,000</td>
<td>$2,450,000</td>
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</tbody>
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County Reserves

Mariposa County Reserve Balances

- General Reserve
- POB Designation
- OPEB Prefunding
COVID Recovery Priorities

• Start with ensuring a solid foundation
  • Rebuild reserves
  • Eliminate reliance on fund balance
  • Evaluate departments, staffing and space needs

• Allocate resources to make us more productive and efficient
  • Technology - Enterprise Resource Planning (ERP), digital signatures, property tax software, GIS platform, Office 365, remote capability
  • Training - Asking employees to do more requires support learning how
  • Travel - More video calls, but stay connected to legislative allies
  • Data-driven performance metrics
COVID Recovery Priorities

• Allocate resources to support a brighter future
  • General Plan amendments, plans that enhance grant eligibility
  • Infrastructure to support new, expanding, and reinvented businesses
    • Broadband to support a new way of doing business
    • Shovel-ready sites in areas with water and/or sewer utilities
    • LAFCo analysis of MPUD service territory
  • Housing at all levels, including higher density workforce housing

• Community Health Improvement Plan
  • Tele-health access and options
  • Mobile health unit for schools
  • Transportation to healthcare providers
COVID Recovery Priorities

- Capital Improvement Plan (5-10 Year Outlook)
  - Technology - broadband, hardware, software, security, functionality
  - Roads
  - County Facilities

- Remember our focus areas:
  - Public safety
  - Infrastructure
  - Wellness
  - Economy
  - Stewardship
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Questions?