



# 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

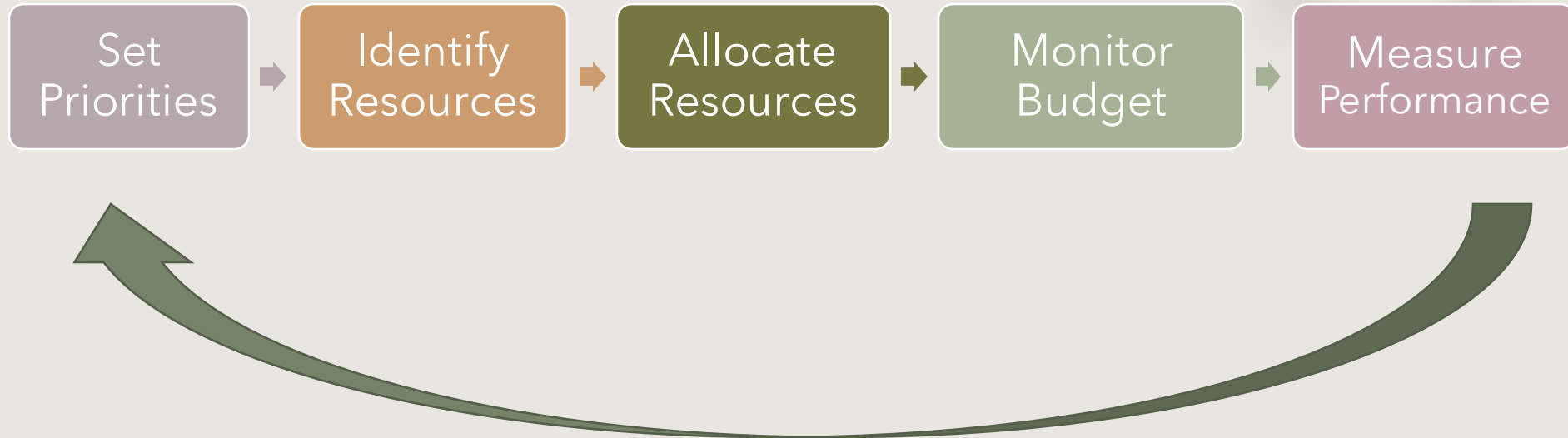


# Budget Principles

- 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



An illustration of a two-story house with a brown roof and orange walls. The house has a central entrance with a brown door and a small porch with steps. There are two windows on the second floor and a small window in the basement. The house is set on a green lawn with some bushes and trees. A circular seal is on the front of the house, featuring a building and the text 'MARIPOSA COUNTY' and 'MOTHER OF COUNTIES'. Four blue rectangular boxes with white text are overlaid on the image, representing financial categories: 'Liabilities & Reserves' on the roof, 'Ongoing Operations' on the second floor, 'Revenue Projections' on the basement, and 'Discretionary Priorities' on the lawn.

Liabilities & Reserves

Ongoing Operations

Revenue Projections

Discretionary Priorities



# 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

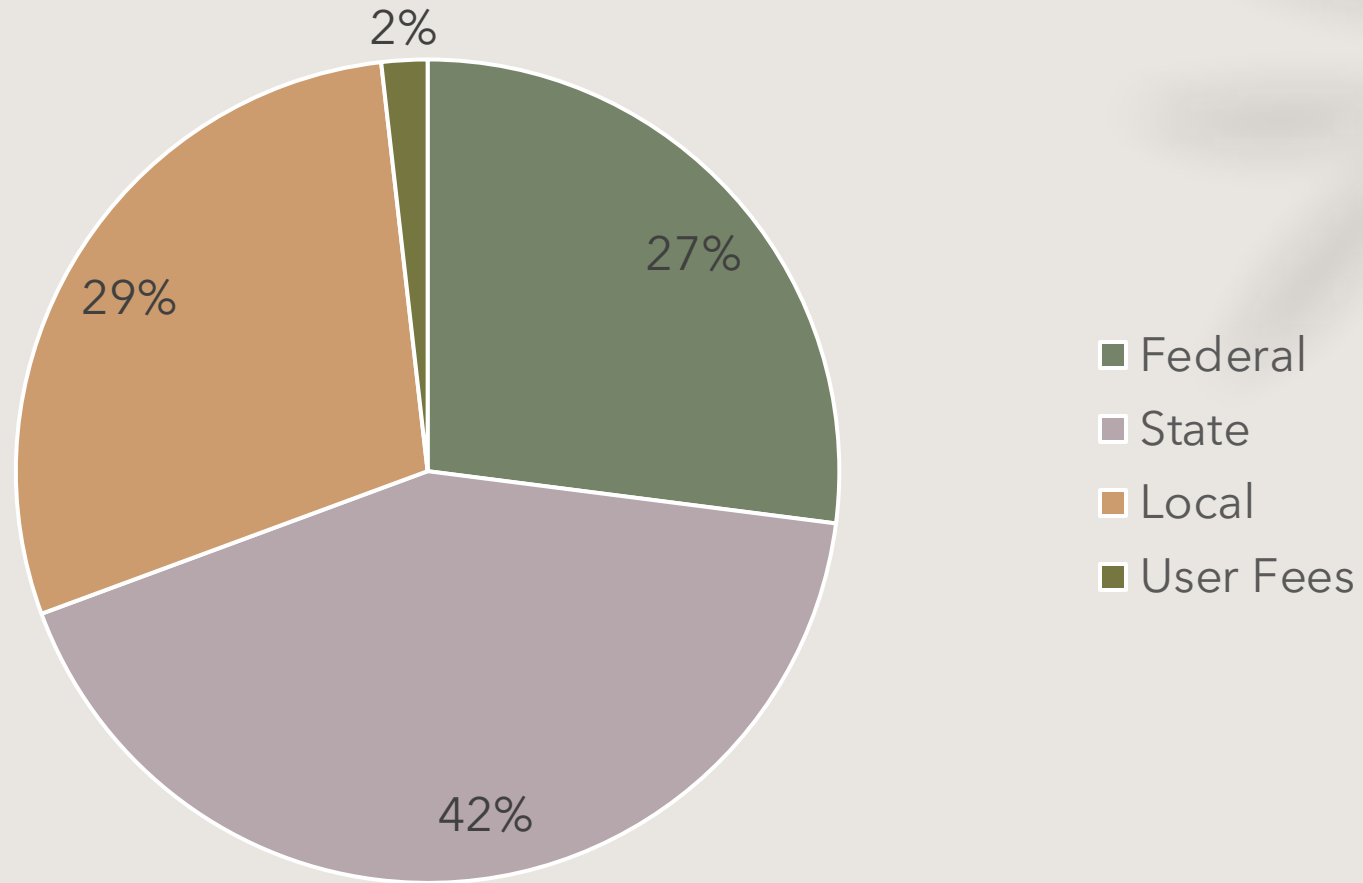
- Salaries consolidated - better information in employee allocation schedule
- Consistent accounts across all departments
- Following general accounting best practices using "natural classification"



# Department Budgets Overview



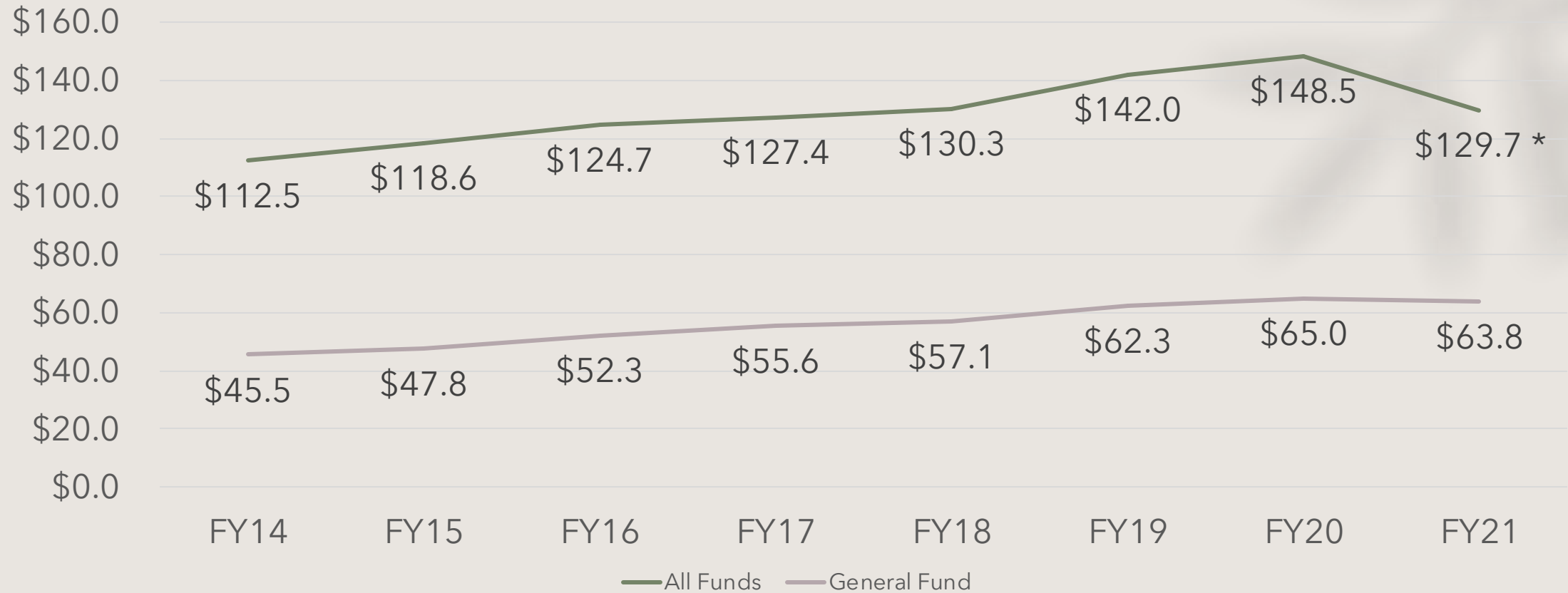
# Sources of Revenue





# Overview

Overall Funding Trends (in millions)



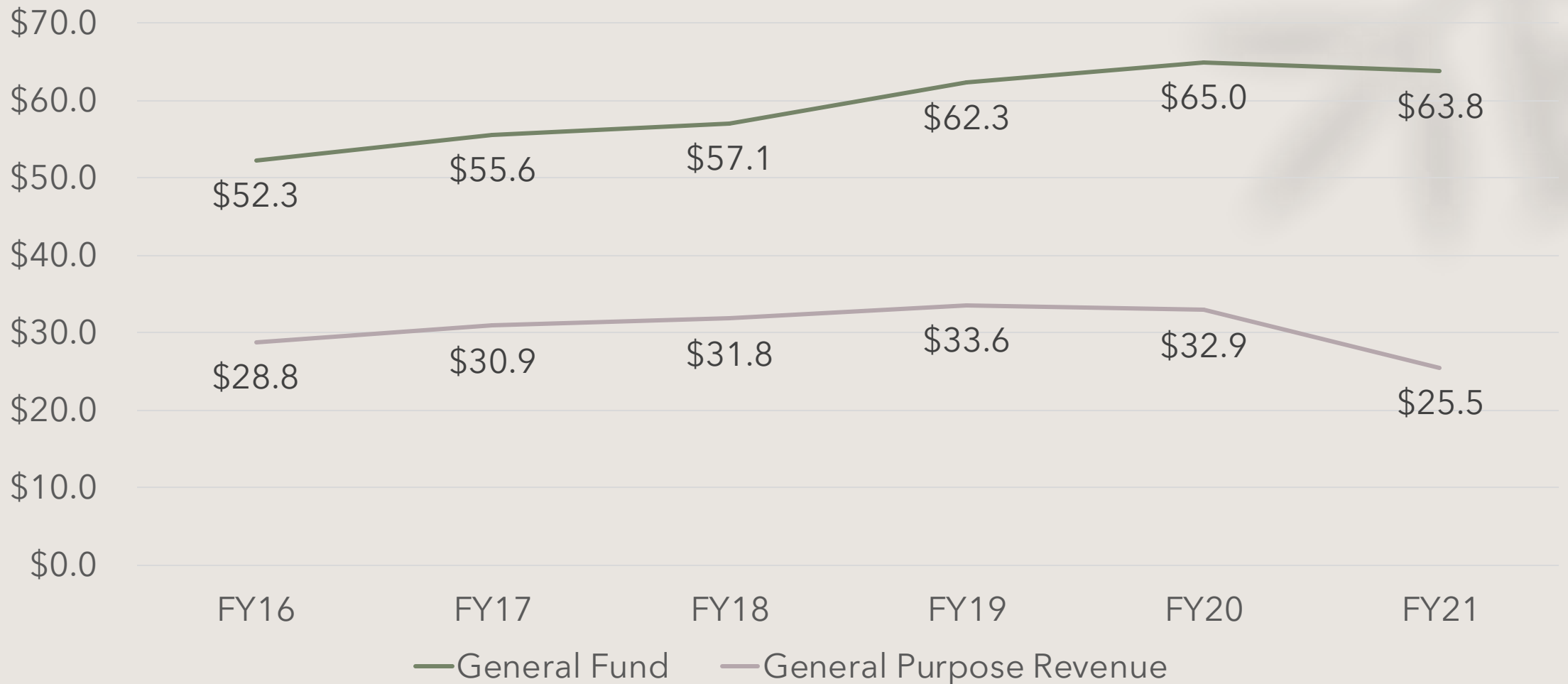
\*FY21 shown without transfers (which artificially inflate). With transfers, total budget is \$169 million.





# General Fund Overview

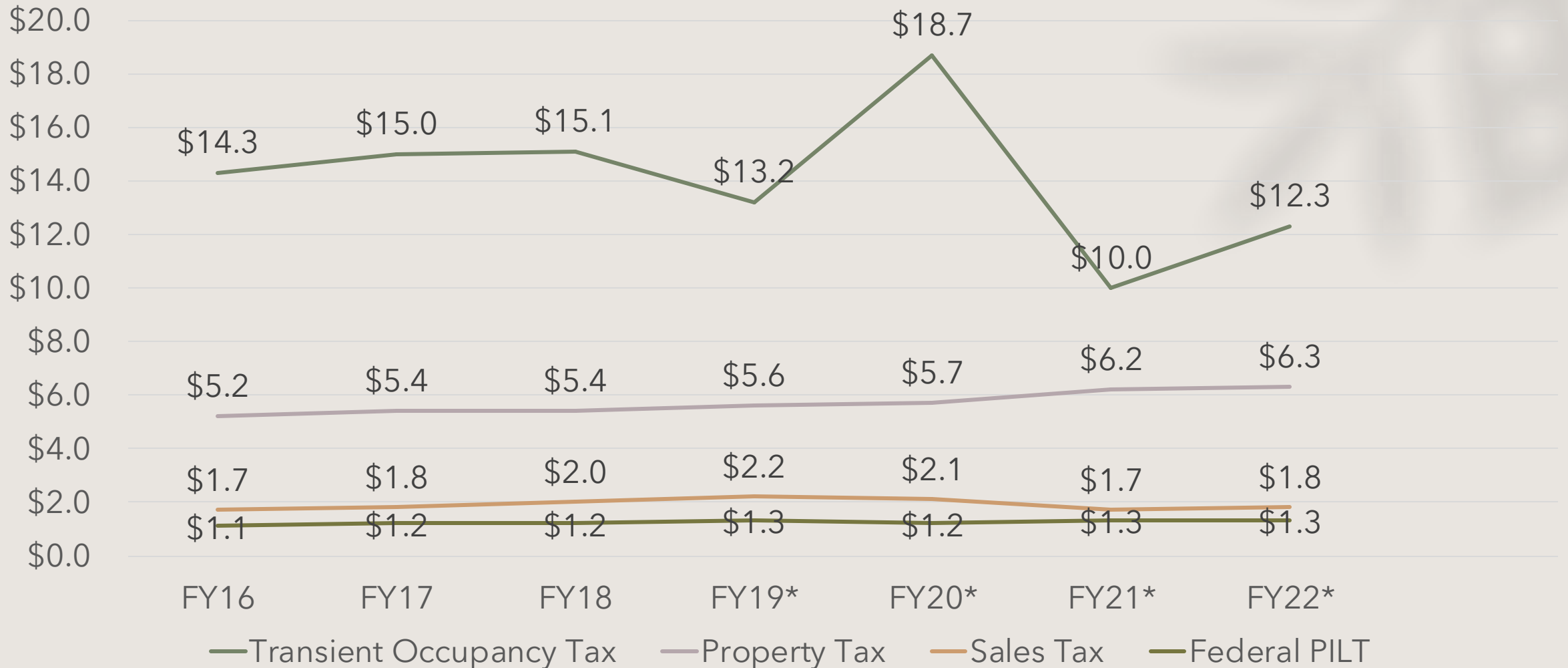
General Fund Trends (in millions)





# General Purpose Revenue

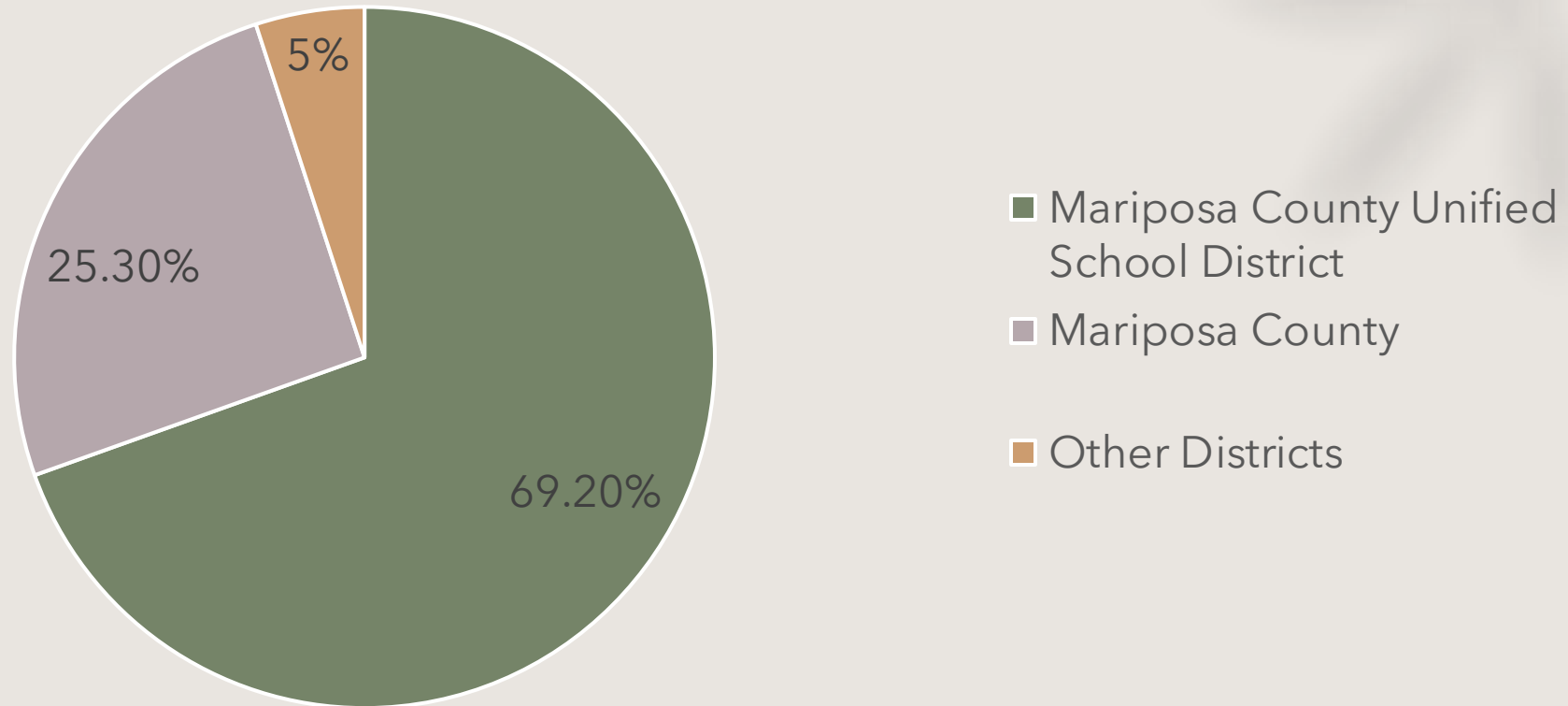
General Purpose Revenue (in millions)





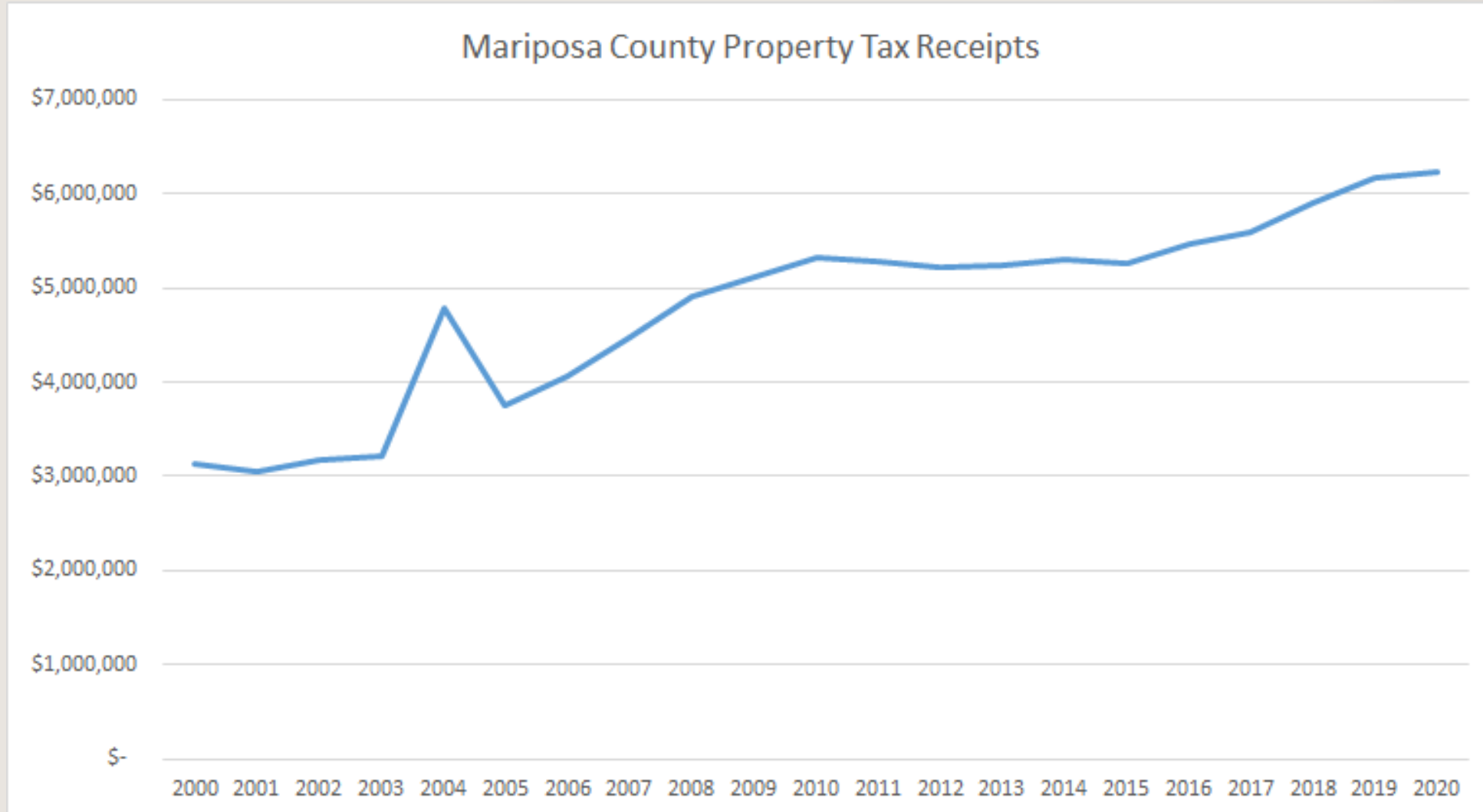
# Property Tax

Property Tax Breakdown





# Property Tax

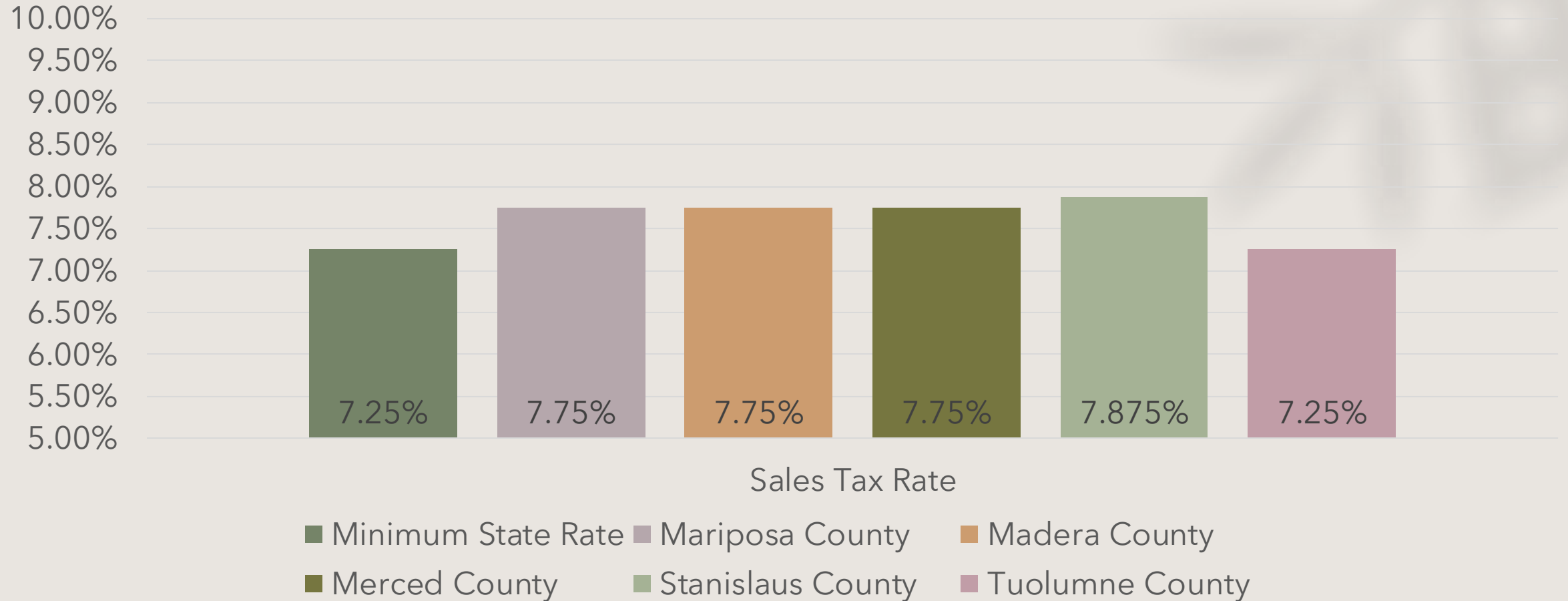


- 2004: Spike in delinquent receipts
- 2009 Recession: dipped 1.7%
- Recommend 1% increase in FY22



# Sales Tax

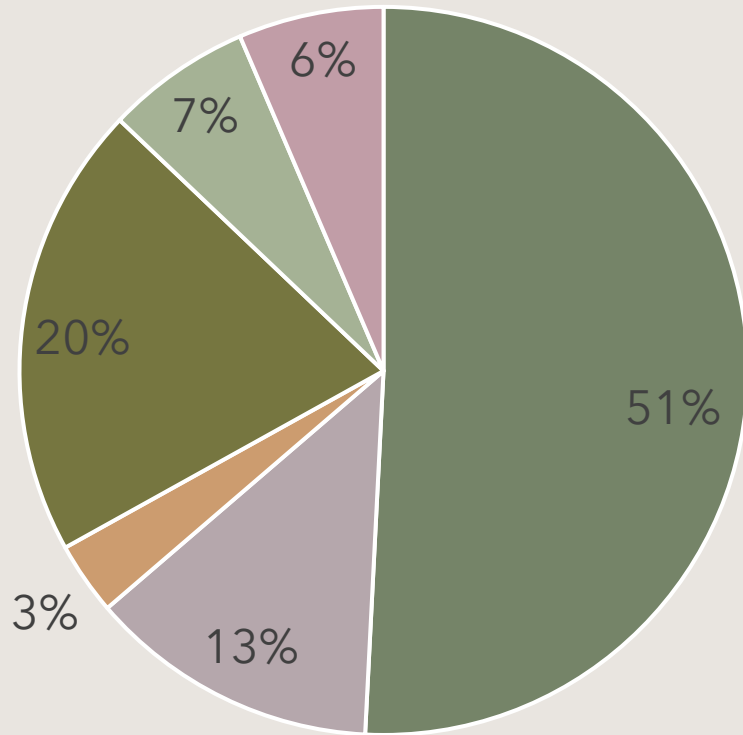
A Comparison of Sales Tax Rates





# Sales Tax

Sales Tax Breakdown

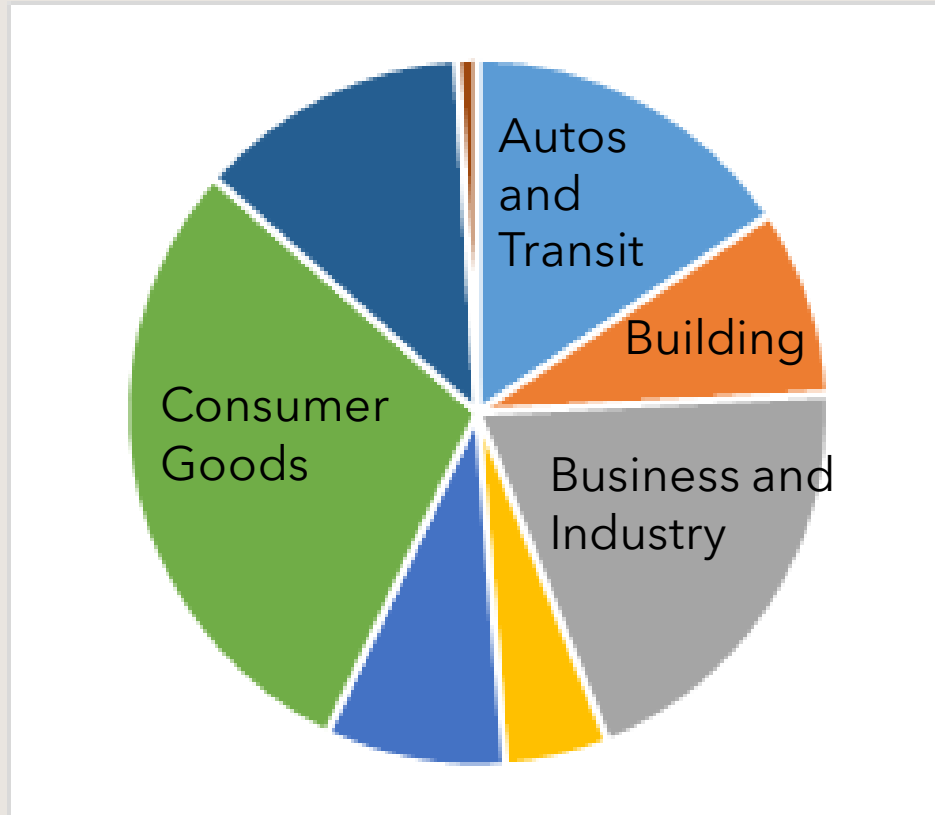


- State General Fund
- Local General Fund
- County Transportation Fund
- County Realignment
- Public Safety
- Healthcare District

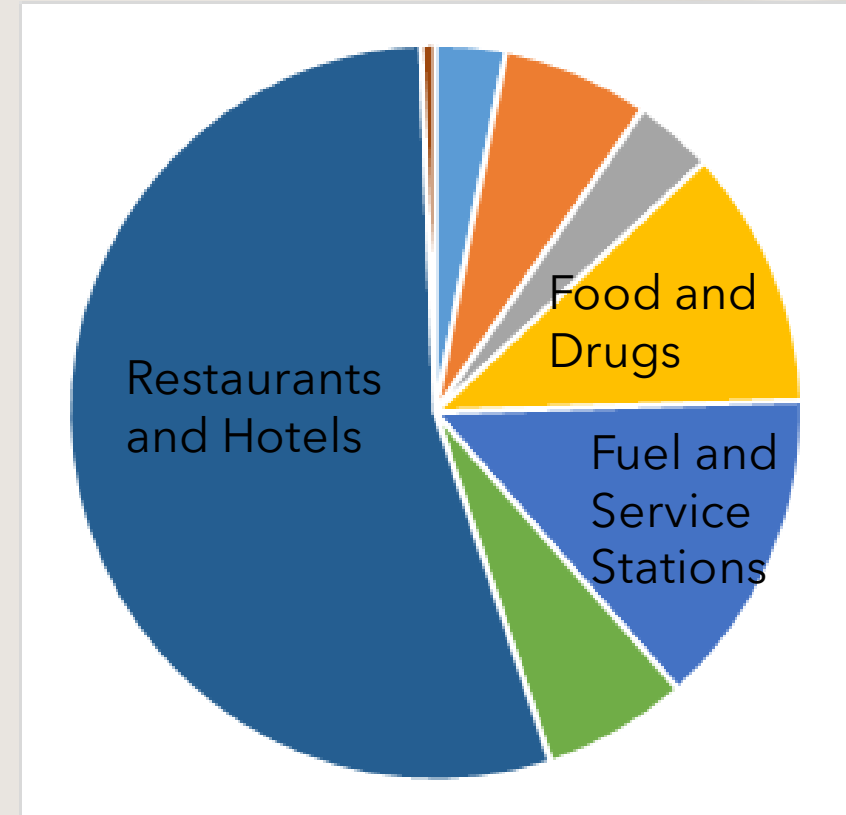


# Sales Tax: Our Markets are Different

*California Sales Tax*

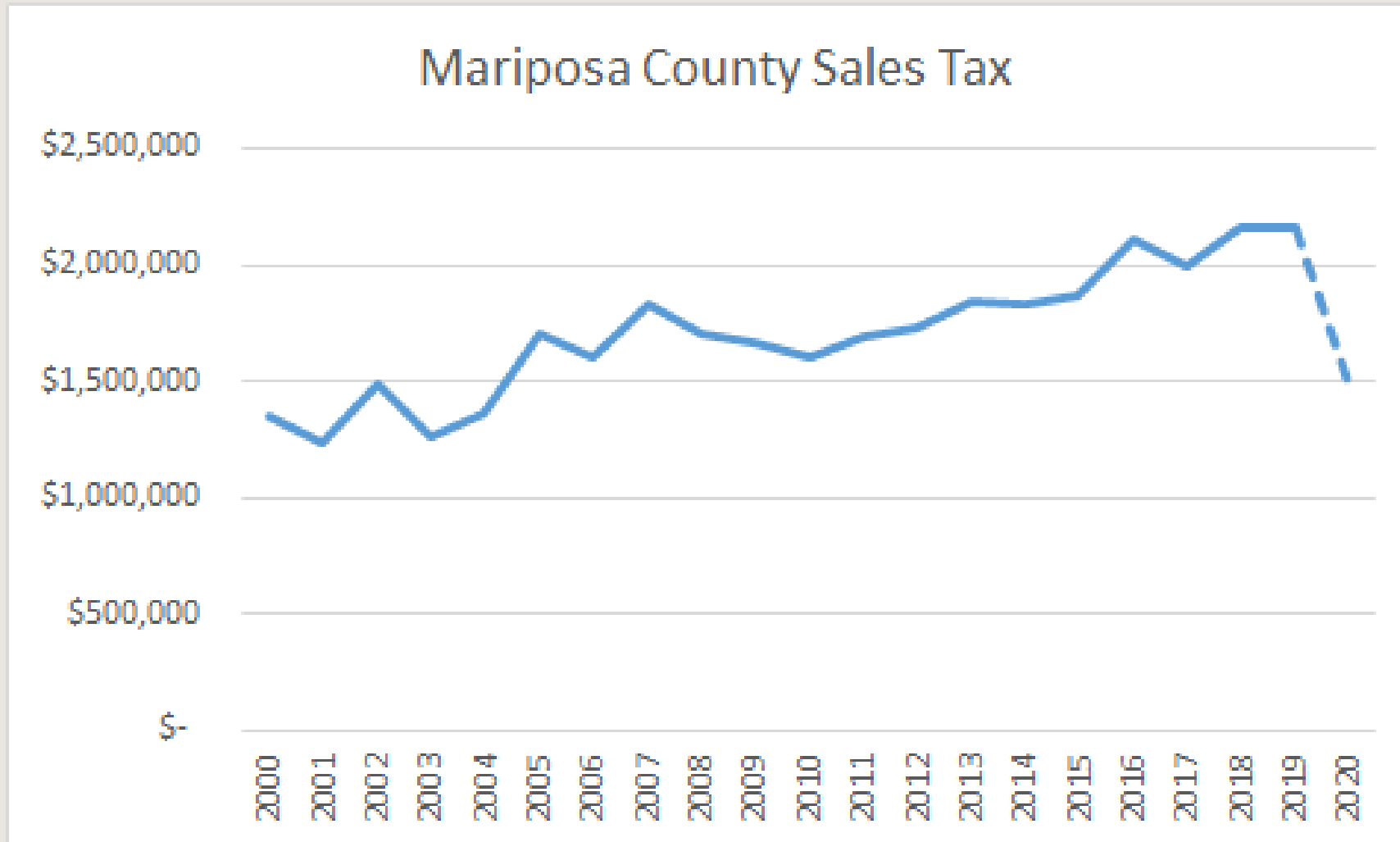


*Mariposa Sales Tax*





# Sales Tax: An Overview



- 2005 - 2016 includes "Triple Flip"
- Some volatility
- Most likely to receive state assistance





# Sales Tax: Forecasting Options

High: 95%

General Purpose:  
\$2,056,470

Realignment: \$3,632,350

Transportation: \$427,500

Safety: \$997,500

Middle: 85%

General Purpose:  
\$1,840,000

Realignment: \$3,250,000

Transportation: \$382,500

Safety: \$892,500

Low: 75%

General Purpose:  
\$1,625,000

Realignment: \$2,860,000

Transportation: \$337,500

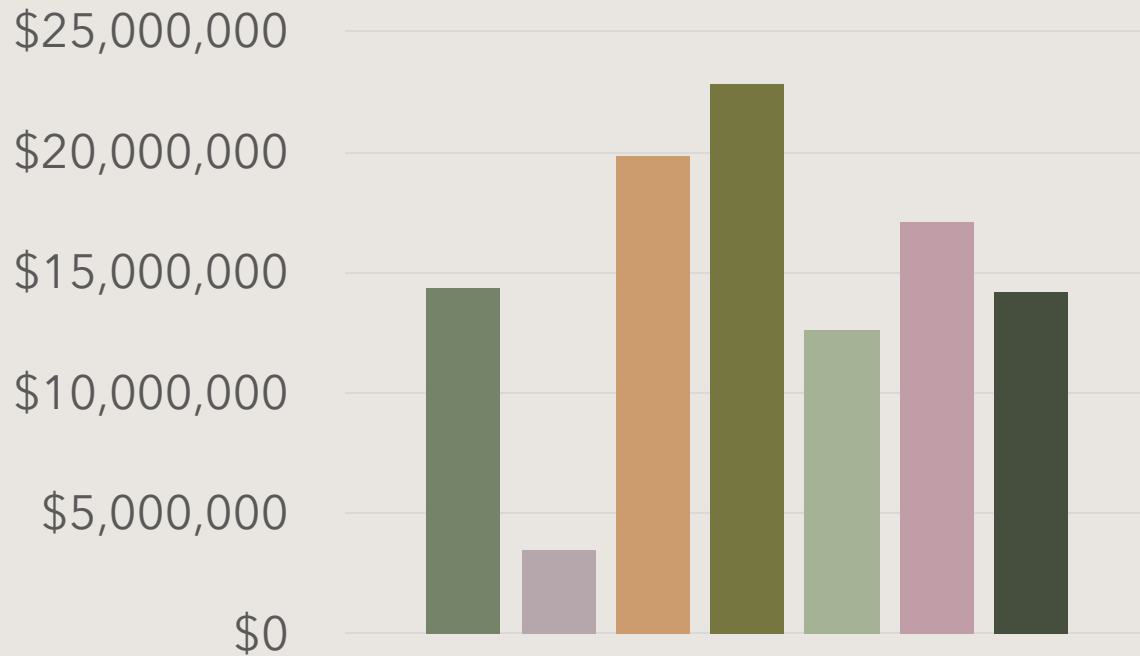
Safety: \$787,500

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



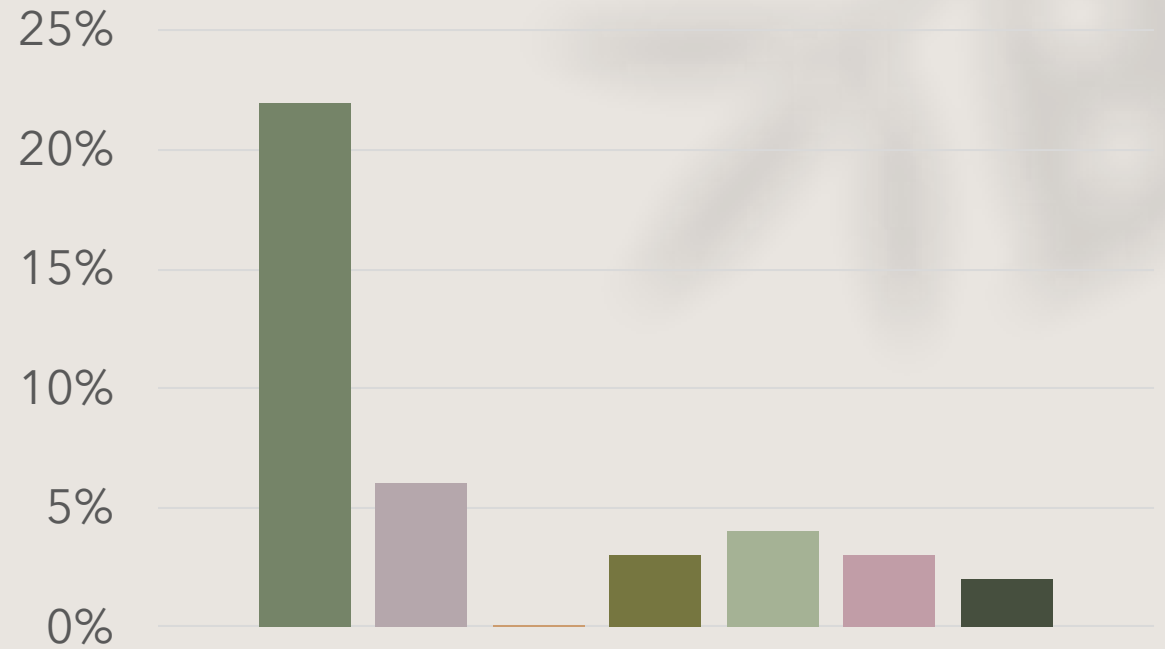
# Transient Occupancy Tax

## FY17 TOT Revenue



- Mariposa
- Inyo
- Los Angeles
- Monterey
- Napa
- Placer
- Sonoma

## FY17 TOT as % of Budget

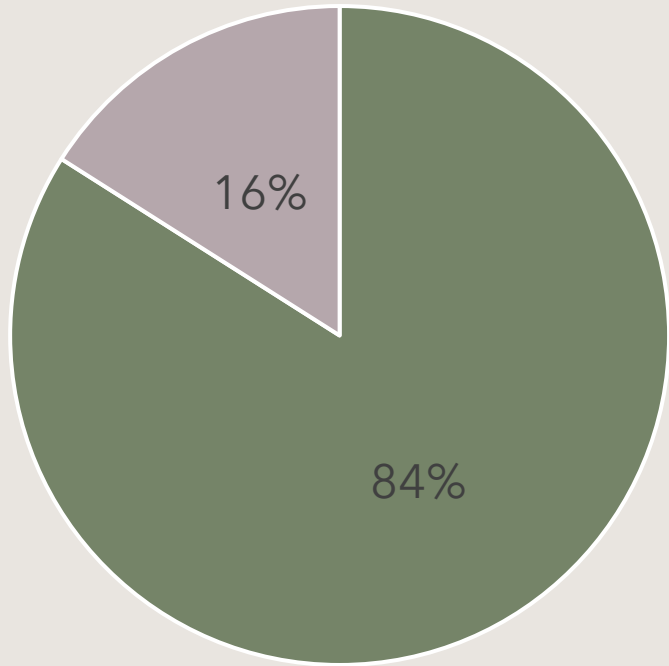


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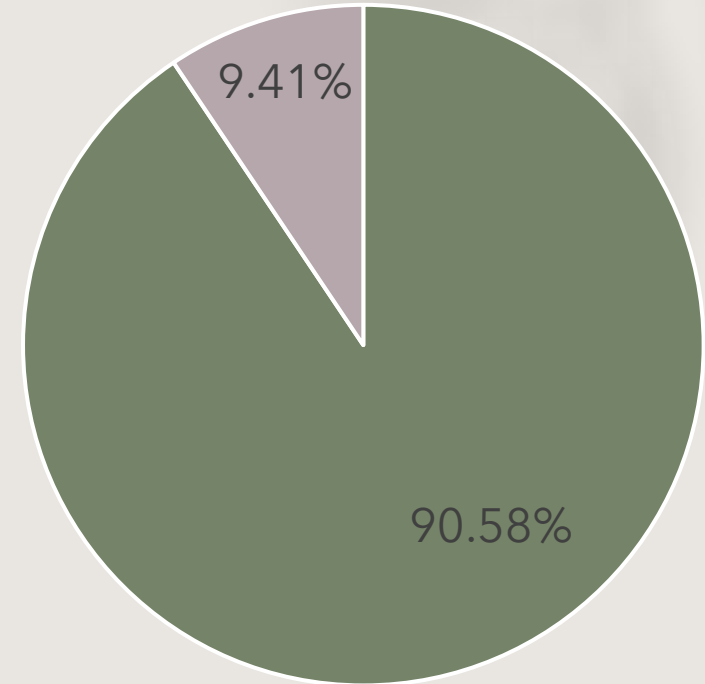
# Transient Occupancy Tax

Geography of TOT



- Yosemite Area (El Portal - Yosemite - Fish Camp)
- Rest of County

% TOT Collected

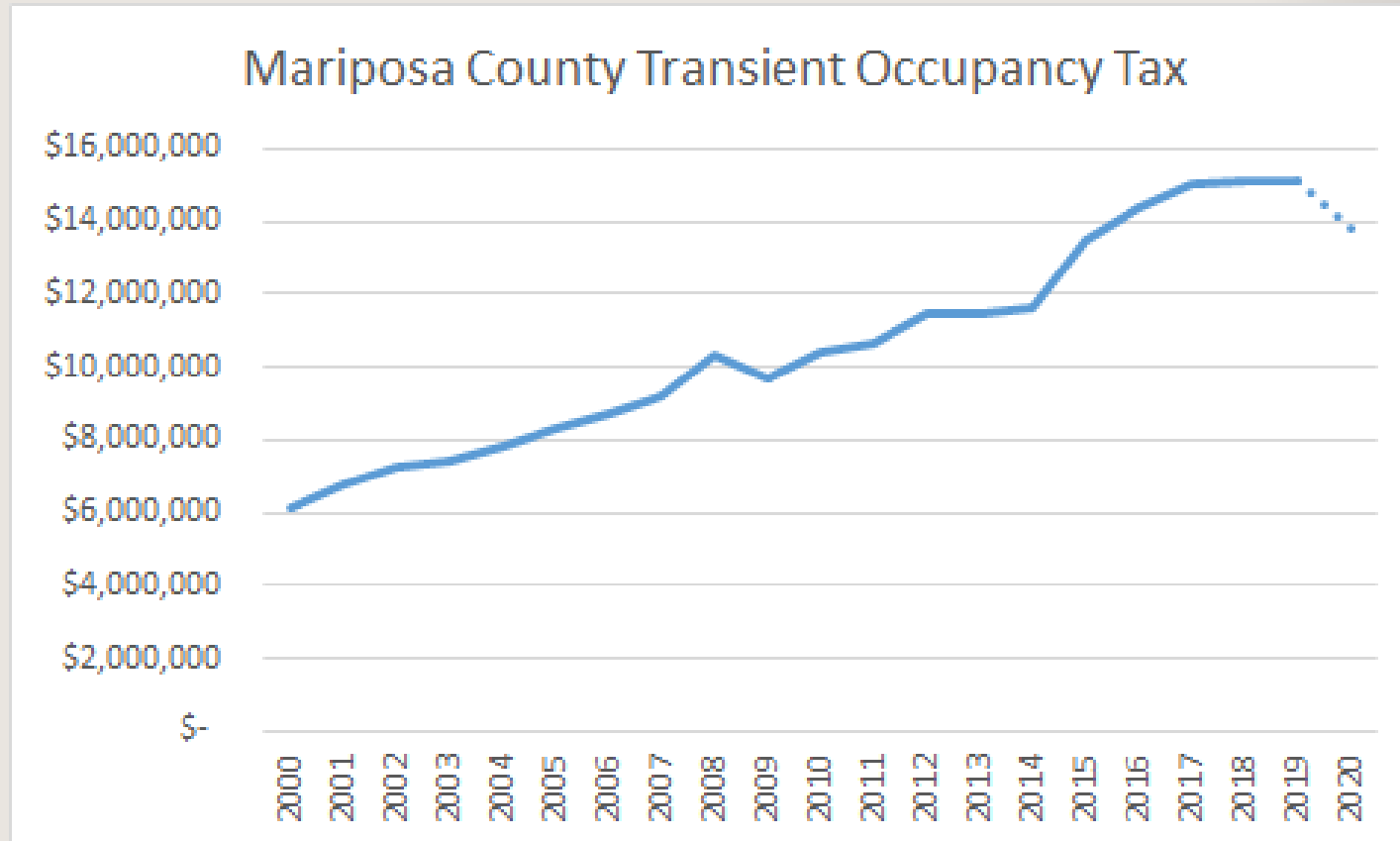


- Hotel / Motel
- Vacation Rental



# 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

High: 90%

General Purpose: \$15,750,000

Measure M: \$3,150,000

Middle: 80%

General Purpose: \$14,000,000

Measure M: \$2,800,000

Low: 70%

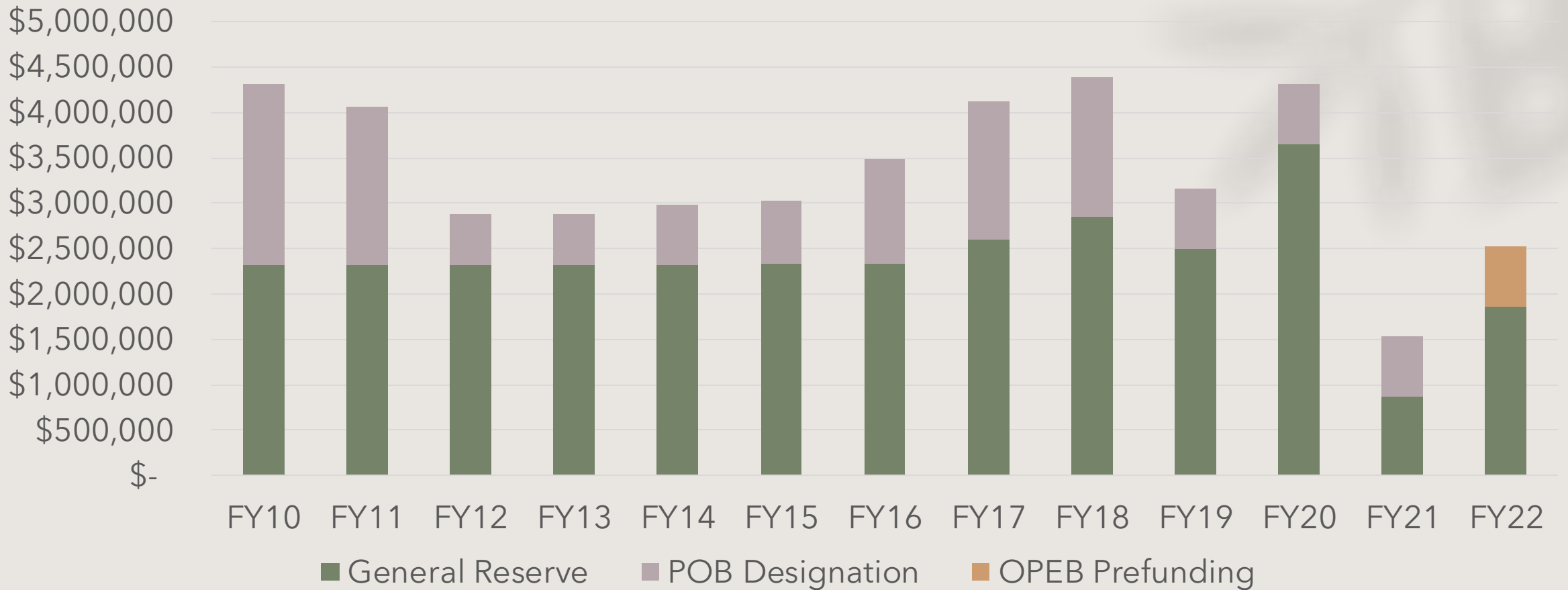
General Purpose: \$12,250,000

Measure M: \$2,450,000



# County Reserves

## Mariposa County Reserve Balances





# 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?