

FY 2021-22

BUDGET UPDATE

Fourth Quarter



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COUNTY
one
FUTURE

COUNTY OF
SANTA BARBARA

August 30, 2022
County Executive Office

Today's Report

FY 2021-22 Budget and Financial Recap

Update on the County's 4th Quarter financial position relative to the adjusted budget

Update on Cannabis taxation, compliance, and enforcement activities

Background

- Compares 4th Quarter financial position as of June 30, 2022 against the adjusted budget
- Reportable variance threshold:

General Fund

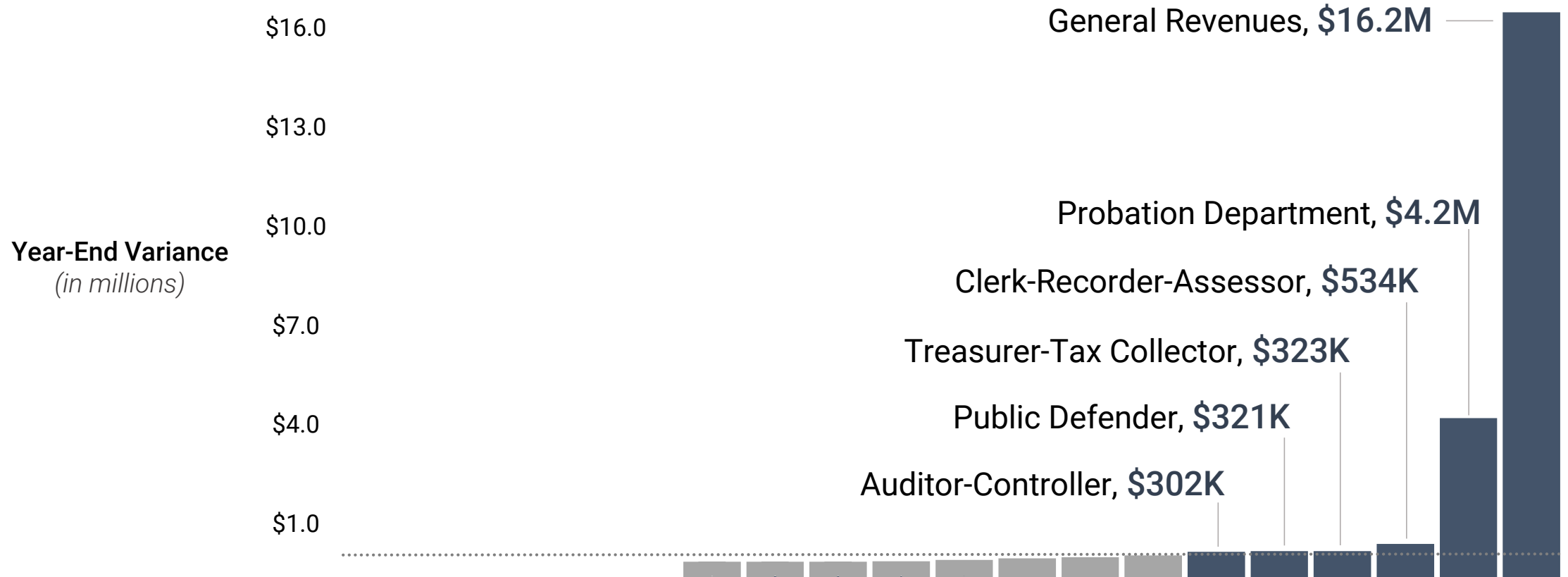
>\$300K per department, and;
Departments that would have ended negative without additional assistance

Special Revenue Funds

Not included
Funds required to end the year balanced

General Fund Summary by Department

\$22.4 M Projected Positive
Variance



General Fund Significant Net Financial Impacts

General Revenues Cannabis Taxes

Variance	% Budget
\$16.2M	4.9%
-\$10.3M	54.2%

Unanticipated Revenues

- Higher than budgeted Transient Occupancy Taxes, Property Taxes, Property Transfer Taxes, and Sales and Use Taxes

Notable Variances by Source

	Variance
Transient Occupancy Tax	\$4.9M
Property Taxes	\$4.4M
Property Transfer Taxes	\$3.3M
Sales and Use Taxes	\$2.8M
Other Revenues	\$0.8M

- Cannabis Cultivation and Retail Taxes came in lower than budgeted
 - Shortfall is covered by prior year carryover, unspent funds, and prudent reserve

General Fund

Significant Net
Financial Impacts

	Variance	% Budget
Probation	\$4.2M	5.5%
Clerk-Recorder-Assessor	\$534K	2.5%
Treasurer-Tax Collector	\$323K	3.7%
Auditor-Controller	\$302K	3.0%

Salary and benefit savings

Savings generated by staffing vacancies in all 4 departments

Probation

Savings in Services and supplies

Savings associated with medical and mental health services in the facilities

Clerk-Recorder-Assessor

Savings in Services and supplies

Savings relating to office expense and professional & special services

General Fund

Significant Net Financial Impacts

Sheriff

Variance

% Budget

\$0

0.0%

Overrun in overtime and pharmaceutical costs

Overtime costs exceeded the adopted budget by \$8.6M while pharmaceutical costs exceeded budget by \$572K

- Covered primarily by salary and benefit savings due to numerous funded vacancies
- \$2.2M of direct pandemic response costs reimbursed from ARPA
- \$438K funded by Prop 172 funding designated for overtime mitigation

CEO's Office will return to the Board this fall to discuss staffing considerations and a policy recommendation regarding overtime mitigation

General Fund
 FY 2023-24
 Budgetary
 Considerations

Prior Board Commitments and One-time Needs	Estimated Impacts
Anticipated significant pension cost increases (Phase in budget impact)	\$6-8M+
Budget policy requiring minimum for uninsured litigation costs	\$5.0M
Cash advances for debt-funded capital projects	\$3.0M
Cost inflation on previously approved capital projects	\$2.5M
One-time projects and set asides only partially funded in FY 2022-23 (Planning Dept consultant and EV infrastructure)	\$2.2M
New capital projects	Unknown

Cannabis Update

Taxation, Compliance, and Enforcement

Cannabis Operations

Gross receipts	Collected \$2.4M in cannabis gross tax receipts during Q4
Enforcement	Completed 6 enforcement actions against illegal cannabis operations, confiscating 1,701 plants and 9 pounds of cannabis product (est. \$856K street value)
Business licenses	19 new business licenses issued (55 total)
Acreage cap	<ul style="list-style-type: none">• Enough cultivation acreage approved in land use entitlements to exceed cap in unincorporated inland area• 5 operators on the waiting list (203 acres)
Sunset date for legal non-conforming operations	6 operations failed to make the unincorporated inland area eligibility list and were required to cease operations by June 30, 2022

Recommended Action

- a) Receive and file the Fiscal Year 2021-22 Fourth Quarter Budget and Financial Status Report as of June 30, 2022, showing the status of appropriations and financing for departmental budgets adopted by the Board of Supervisors; and
- b) Determine that the above actions are not a project under the California Environmental Quality Act (CEQA), because pursuant to sections 15378(b)(4) and 15378(b)(5) the recommended actions consist of organizational, administrative, or fiscal activities of government that will not result in direct or indirect physical changes in the environment.