

FY 2022-23

# BUDGET UPDATE

## Fourth Quarter



one  
COUNTY  
one  
FUTURE

COUNTY OF  
SANTA BARBARA

September 12, 2023  
County Executive Office

# Today's Report

## FY 2022-23 Budget and Financial Recap

Update on the County's 4<sup>th</sup> 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, 2023 against the adjusted budget
- Reportable variance threshold:

## General Fund

**>\$300K** per department, and;

Departments that would have ended negative without additional assistance

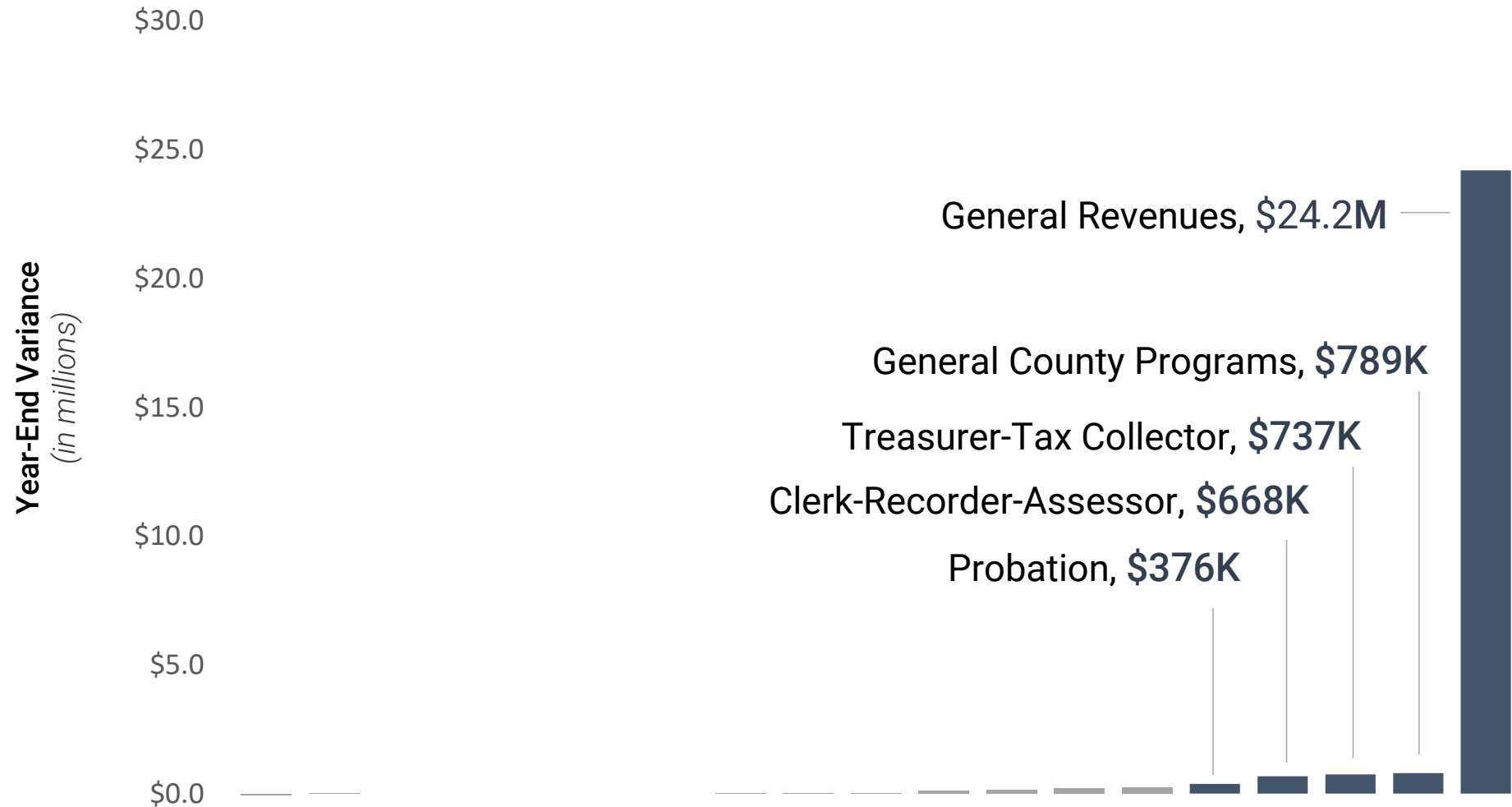
## Special Revenue Funds

**Not included**

*Funds required to end the year balanced*

# General Fund Summary by Department

**\$27.2 M** Projected Positive Variance



**General Fund**  
 Significant Net  
 Financial Impacts

**General Revenues**  
**Cannabis Taxes**

Variance	% Budget
<b>\$24.2M</b>	<b>7.0%</b>
<b>-\$10.2M</b>	<b>63.0%</b>

**Notable  
 Variances by  
 Source**

	Variance
Property Taxes	<b>\$15.5M</b>
Interest Income	<b>\$4.0M</b>
Transient Occupancy Tax	<b>\$2.0M</b>
Sales and Use Tax	<b>\$932K</b>
Cannabis Taxes	<b>-\$10.2M</b>

**General Fund**  
Significant Net  
Financial Impacts

**General County Programs**  
**Treasurer-Tax Collector**  
**Clerk-Recorder-Assessor**  
**Probation**

Variance	% Budget
<b>\$789K</b>	<b>0.3%</b>
<b>\$737K</b>	<b>7.3%</b>
<b>\$668K</b>	<b>3.8%</b>
<b>\$376K</b>	<b>0.4%</b>

General County Programs

ARPA reimbursement to the General Fund

Treasurer-Tax Collector, Clerk-Recorder-Assessor, and Probation

Savings generated through staffing vacancies

**General Fund**  
Significant Net  
Financial Impacts

**Sheriff-Coroner Office**

Variance

% Budget

**\$0**

**N/A**

**\$1.5M budget deficit addressed**

- Year-end deficit addressed through the release of \$1.5M in Prop 172 set-aside funds per Board’s prior policy direction in October 2022
- \$487K in ARPA funding reimbursed pandemic-eligible costs
- Deficit was primarily driven by overtime and extra help staffing costs in excess of budget
- CEO staff reviewing Sheriff analysis of driving factors contributing to overtime; no determination yet on appropriate “baseline” overtime

## General Fund One-time Considerations

### Anticipated FY 2023-24 and 2024-25 One-time Needs

- Disaster Recovery cashflow assistance
- Debt-funded capital projects cashflow assistance
- IST Penalty Assessment
- Preliminary design costs for expansion of beds at Northern Branch Jail
- Cost inflation on previously approved capital projects
- New capital projects
- Workday implementation costs
- Implementation costs of countywide plans (e.g. Recreation Master Plan, Climate Action Plan)
- **Anticipated one-time needs will exceed FY 2022-23 year-end carryover**



# Cannabis Update

Taxation, Compliance, and Enforcement

## Cannabis Operations

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### Tax Reporting

- Received all required tax reports by the deadline (July 31<sup>st</sup>)
- 3 state licensed operators did not report; they are currently not in operation and do not have active county business licenses

### Enforcement

Completed 4 enforcement actions against illegal cannabis operations, confiscating 554 plants and 20 pounds of cannabis product (est. \$309k street value)

### Business licenses

9 new business licenses issued (108 total)

### Acreage cap

- Enough cultivation acreage approved in land use entitlements to exceed cap in unincorporated inland area; however due to business license applicant withdrawals the cap is not full
- Currently no waitlist

# Cannabis Update

## Revenue by Fiscal Year

### Tax Payment

- Collected \$2.0M in cannabis gross tax receipts during Q4 by the payment deadline (August 31<sup>st</sup>)
- Total FY 2022-23 revenue: \$6.1M

### *Adopted Budget*

Fiscal Year	Revenue	Percent Change
18/19	\$ 6,760,662	-
19/20	\$ 12,182,206	80%
20/21	\$ 15,746,620	29%
21/22	\$ 8,718,776	-45%
22/23	\$ 6,117,412	-30%
23/24	\$ 7,500,000	23%

# Recommended Action

- a) Receive and file the Fiscal Year 2022-23 Fourth Quarter Budget and Status Report as of June 30, 2023, 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.