

FY 2021-22

BUDGET UPDATE
Third Quarter



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COUNTY
one
FUTURE

COUNTY OF
SANTA BARBARA

May 24, 2022
County Executive Office

Today's Report

FY 2021-22 Budget and Financial Recap
Update on the County's 3rd Quarter financial
position relative to the adjusted budget
Update on Cannabis taxation, compliance, and
enforcement activities

Background

- Compares 3rd Quarter financial position as of March 31, 2022 against the adjusted budget
- Reportable variance threshold:

General Fund

> **\$300K** per department

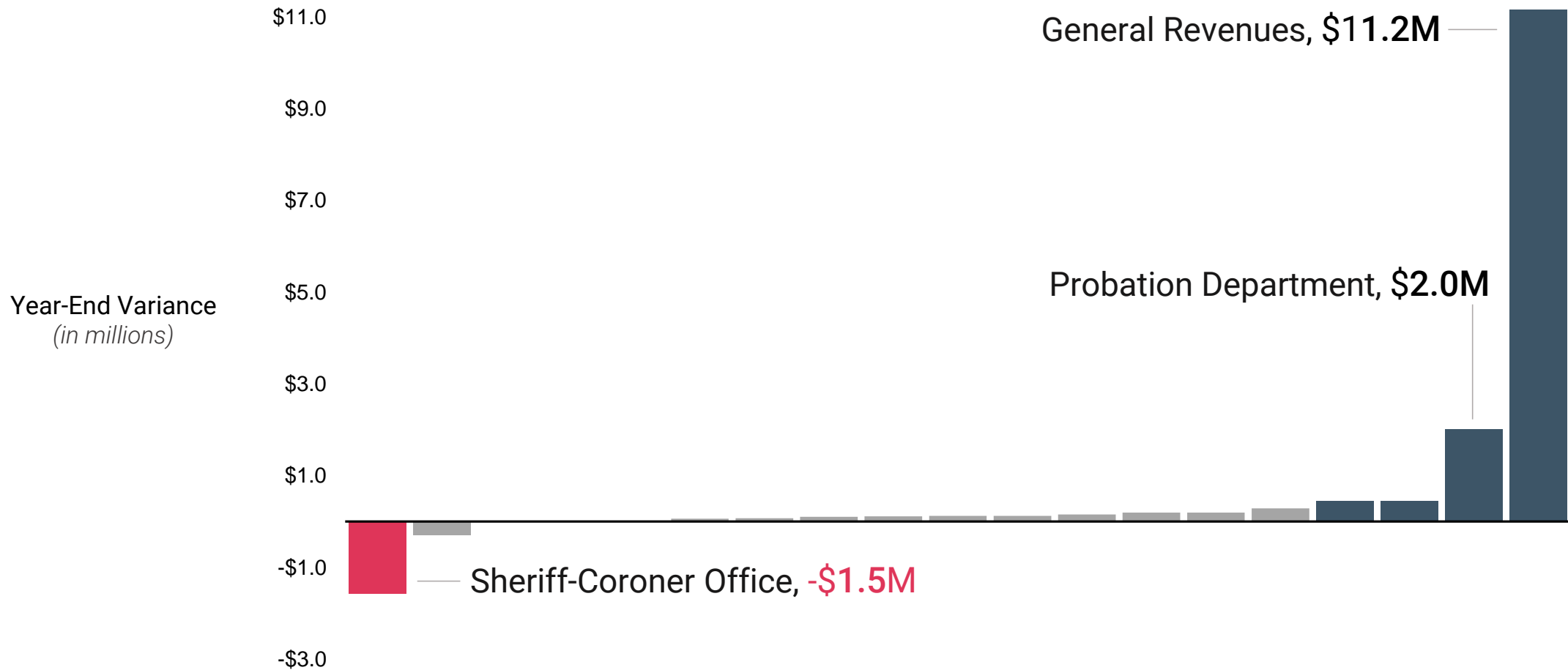
Special Revenue Funds

> **\$500K** per fund

*Funds required to end the year
balanced*

General Fund Summary by Department

\$13.6M Projected Positive
Variance



General Fund

Significant Net Financial Impacts

General Revenues

Cannabis Taxes

Variance	% Budget
\$11.2M	3.4%
-\$8.2M	43.2%

Unanticipated revenues

- Higher than budgeted Transient Occupancy Taxes, Property Transfer Taxes, Sales and Use Taxes, and Property Taxes, offset by lower than budgeted Interest Income

	Variance
Transient Occupancy Tax	\$3.9M
Property Transfer Tax	\$3.0M
Sales and Use Taxes	\$2.3M
Property Taxes	\$2.0M
Other Revenues	\$1.0M
Interest Income	-\$1.1M

- Cannabis Cultivation and Retail Taxes are also projected to come in lower than budgeted
 - Not contributing to the projected year-end variance due to carryover, unspent funds, and prudent reserve

General Fund

Significant Net
Financial Impacts

	Variance	% Budget
Probation Department	\$2.0M	2.7%
Public Defender's Office	\$453K	2.6%
Auditor-Controller's Office	\$442K	4.4%

Salary and benefit savings Savings generated by staffing vacancies in all 3 departments

Probation

Lower service levels \$480K savings in Professional & Special Services due to lower community-based organization (CBO) contracts spending

Lower restricted fund balance drawdown Salary savings and lower service levels result in a decreased drawdown from RFB by \$2.4M

General Fund

Significant Net Financial Impacts

Community Services Department

Variance

% Budget

-\$293K

0.9%

Over-accrued revenue in
prior year

Parks Division posted FY 2021-22 revenues to FY
2020-21

- Resulted in department's positive variance of \$485K in FY 2020-21, which was returned to the General Fund
- An adjusting transfer from General County Programs will be applied by fiscal year-end to correct balance

General Fund

Significant Net Financial Impacts

Sheriff-Coroner Office

Variance

% Budget

-\$1.5M

0.8%

Overtime costs not completely offset by salary and benefit savings

- \$2.6M of academy and field/custody training time required before new deputies can work unsupervised
- Sworn staff on workers' compensation leave due to injury
- Provide minimum level of staffing necessary for all Post positions

Pandemic direct response costs

\$678K of direct response costs to be reimbursed from ARPA (not contributing to projected variance)

Recommended actions

- Resolve anticipated year-end budget shortfall with a transfer from Sheriff Overhire Program in Prop 172 fund balance, not to exceed \$2M
- Develop budget policy for consideration in December 2022 to address long-term fiscal plan

Special Revenue Fund

Significant Net Financial Impacts

Social Services (Fund 0055)

Variance

% Budget

\$1.3M

0.7%

Unanticipated revenues	2011 Realignment revenues exceeding budget due to strong sales tax collection
Salary savings	Underspending in Salaries & Benefits due to staffing vacancies
Increased fund balance	Higher revenues and lower expenditures will reduce budgeted fund balance draws and increase the amount of total fund balance available to cover primarily realigned programs in future years

Special Revenue Fund Significant Net Financial Impacts

Court Activities (Fund 0069)

Variance

% Budget

\$623K

0.4%

Revenue growth

Higher revenues of \$267K in Fines, Forfeitures, and Penalties due to stabilization of pandemic impacts on collections

Delayed billings

Savings of \$419K in Services & Supplies are anticipated to decrease by year-end as delayed billings from the Matador trials are received in Q4

Cannabis Update

Taxation, Compliance, and Enforcement

Cannabis Operations

Gross receipts

Collected \$858K in cannabis gross tax receipts during Q3

Enforcement

Completed 4 enforcement actions against illegal cannabis activities, confiscating 78 plants and 41 pounds of cannabis product (est. \$80K street value)

Business licenses

4 new business licenses issued (36 total)

Acreage cap

- Enough cultivation acreage approved in land use entitlements to exceed cap in unincorporated inland area
- 8 operators on the waiting list (265 acres)
- 34 acres remain available under the Carpinteria Ag Overlay cultivation cap

Recommended Action

- a) Receive and file the FY 2021-22 3rd Quarter Budget Status Report as of March 31, 2022
- b) Direct staff to resolve anticipated year-end budget shortfall for Sheriff-Coroner Office funded from the Sheriff Overhire Program (Prop 172 fund balance) not to exceed \$2M
- c) Direct staff to develop and propose budget policy for consideration in December 2022 that addresses a long-term fiscal plan regarding overtime costs, overhire ability, and other cost issues for the Sheriff-Coroner Office while ensuring accountability
- d) Provide other direction as appropriate
- e) CEQA determination