

SHASTA COUNTY ADMINISTRATIVE OFFICE
FISCAL YEAR 2022-23 MID-YEAR REPORT

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PURPOSE

The purpose of the Fiscal Year (FY) 2022-23 Mid-Year Report is to outline the County's financial outlook by comparing actual financial activities for the first six months of the fiscal year, and projections for the remaining six months with the Adjusted Budget. The Mid-Year Review affords us an opportunity to strategize for the proposed spending plan for FY 2022-23.

Locally, revenue from property taxes have been rebounding as compared to the last five years. The County's discretionary revenue is derived primarily from various taxes.

Revenue Type	FY2018-19 Actual	FY2019-20 Actual	FY2020-21 Actual	FY2021-22 Actual	FY2022-23 Estimated
Taxes	55,344,626	57,358,708	61,674,820	65,294,842	63,385,788
Licenses, Permits, Franchises	758,669	816,665	848,590	928,750	837,253
Fines, Forfeitures, Penalties	2,818,032	1,523,825	2,635,179	2,604,534	2,089,349
Money & Property	2,059,205	2,543,667	2,213,802	1,694,534	1,494,998
Intergovernmental Revenue	3,573,382	3,187,916	7,295,198	11,600,425	8,165,664
Charges for Services	449,565	146,219	150,741	150,318	145,765
Miscellaneous Revenues	261,212	96,116	10,104,943	45,322	1,596,428
Grand Total	\$65,264,691	\$65,673,115	\$84,923,273	\$82,318,725	\$77,715,245

Departments are required to monitor spending in the current fiscal year. Any resulting savings, combined with the roll-over of the contingency reserve, will become the fund balance basis for the FY 2023-24 proposed budget. Departments will request budget amendments as necessary to adjust for variances in expenditures and revenues before June 30, 2023.

BONDED INDEBTEDNESS

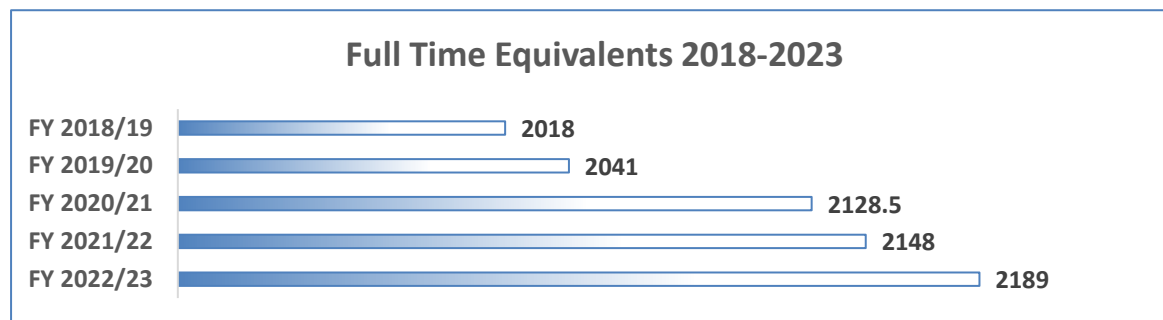
At the end of June 30, 2022, the County had total debt obligation outstanding of \$34.9 million. Of this amount, \$20.5 million comprises bonds that are secured by the County's lease rental payments and other dedicated sources of revenue, and \$589,500 of special assessment debt secured by property subject to the assessment. The remainder of the County's debt represents loans secured solely by specified revenue sources.

Moody's Investors Service assigned an "Aa2" rating to the Shasta County Lease Revenue Refunding Bonds 2013 Series A in June of 2021. The rating action reflects the County's solid fiscal position including satisfactory cash levels, extensive tax base, and a moderate wealth and income profile. The cash balance as a percent of operating revenues is notably higher than the U.S. median.

Moody's also highlighted the County's debt burden is extremely small and favorable when compared to the assigned rating of Aa2. With the situation surrounding Coronavirus and the unknown impacts, a strong fund balance will enable the County weather any possible downturn.

COUNTY WORKFORCE

The County Workforce included in the FY 2022/2023 budget adopted by the Board on June 26, 2022 included 2,189 positions. As of February 10, 2023, 313 (14.2%) of these budgeted positions were vacant.



PRINCIPLES FOR FY 2023-24 PROPOSED BUDGET

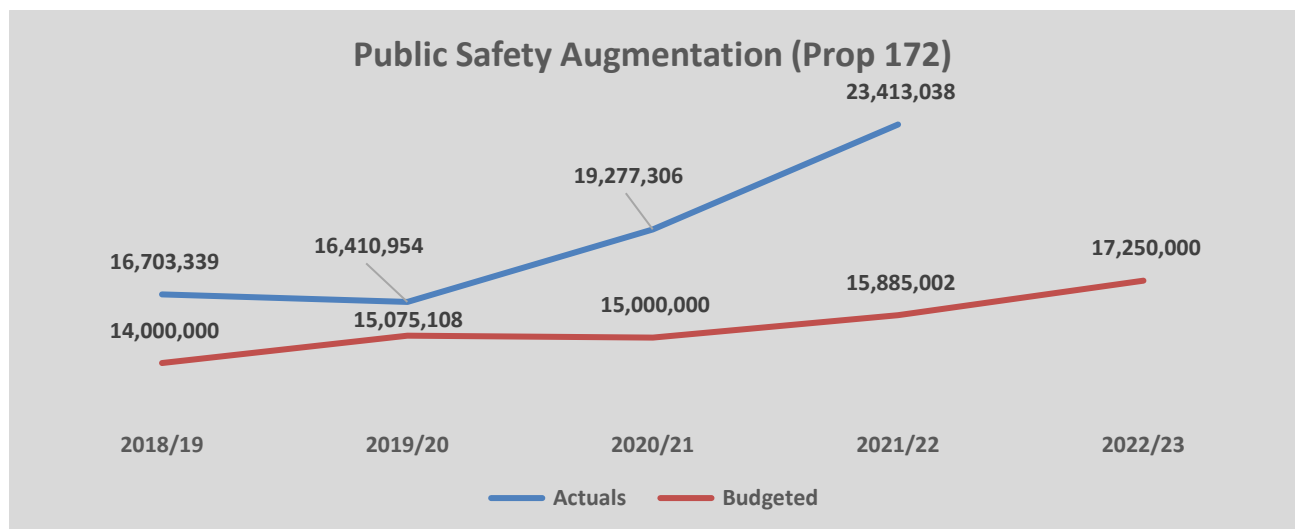
Staff recommends that these policies be reaffirmed or implemented immediately. They will become the framework for the County Executive Officer's (CEO) Proposed Budget. The CEO will closely monitor the State Budget and recommend alternatives as necessary. The Board of Supervisors (Board) will have the opportunity to make adjustments to the spending plan during Final Budget Hearings.

- Continue the Controlled Hiring Process
- No approval for new programs or new positions without clearly demonstrating revenue support.
- Review all grant funded positions. The Board has consistently maintained that the County will not preserve positions that have lost grant funding.
- The County administers many costly State programs. We have limited ability to raise revenues to offset any loss in State and Federal funding. We will avoid back-filling reductions in such funding when legally permissible and continue to seek relief from unfunded State mandates.
- The County Executive Officer will review all requests for Capital Assets.
- As a baseline, direct departments to prepare a status quo budget in County Contribution or General Fund Net-County-Cost. *[Subject to Change]*
- Realize salary and benefit savings through collaborative bargaining with our labor partners.
- Require the deletion of positions vacant over 18 months unless an exception is approved by the County Executive Officer.
- Encourage expenditure reductions in the current year.
- In accordance with Administrative Policy 2-101, direct Department Heads to limit expenditures to ensure that their spending remains within each Object Level in the Adopted Budget.
- Hold Department Heads responsible for Revenues in the Adopted Budget; direct them to notify the County Executive Officer of any revenue shortfall; and further, direct them to reduce spending as necessary to remain within the Adopted Budget net-county-cost.

PUBLIC SAFETY HALF-CENT SALES TAX (PROPOSITION 172)

The County began receiving revenue from this tax in FY 1993-94, after the ballot initiative passed. The County factor has fluctuated from a high of 0.00534 in FY 1994-95 to a low of 0.004526 in FY 2016-17. This rate increased to .005088 in FY 2021-22 but has since decreased to .004804 and is anticipated to continue at this rate for the near future.

We project this revenue conservatively due to fluctuations in the County's share of statewide sales tax. This revenue source can only be used for public safety needs as defined by the Board of Supervisors in 1994. The Board's discretion is in the proportional amounts appropriated to the various public safety departments.



MID-YEAR REVIEW OF SELECT BUDGET UNITS

The CEO commends Department Heads for monitoring their specific revenues and reducing expenditures where appropriate. Daily, they make decisions relative to service delivery. The public is well served by the myriad of staff who provide service within limited resources. Unless the department is specifically listed below, there is no significant variance from budget.

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Many departments face unique fiscal challenges throughout the year. Departments respond in a timely manner to adjust their budgets with the Board of Supervisors approval as the need arises. As of the month of December, most departments report no significant variances from their budget authority. Budget amendments for HHSA, Sheriff, Child Support, Agricultural Commissioner and Sealer of Weights and Measures, Risk Management, Economic Development, Housing, Reserves for Contingencies and Miscellaneous budgets are included as action items for consideration by the Board of Supervisors with this report. Departments will continue to monitor their revenues and expenditures through the end of the year and present further budget amendments as needed.

AREAS OF CONCERN

FY 2022-23

FY 2023-24

Downtown Parking	Court Transportation (up to \$1,000,000 annually)
Risk Management Rates	Courthouse Demo
Emergency Operations Center (EOC)	Jail Expansion