

Mono County

General Fund Revenue Forecast – FY24 – FY29

May 16, 2023

Agenda

- Revenues
- Expenses
- Budget Forecast

Current Issues & Opportunities

ISSUES

- Limited revenue sources and ability to increase revenue (70% taxes)
- High inflation increasing costs, but have little positive impact on revenues
- High interest rates could dampen the real estate market
- Keeping up with competitive compensation will stress future budgets
- Historically limited capital investment (*deferred maintenance, fleet, new facilities*)

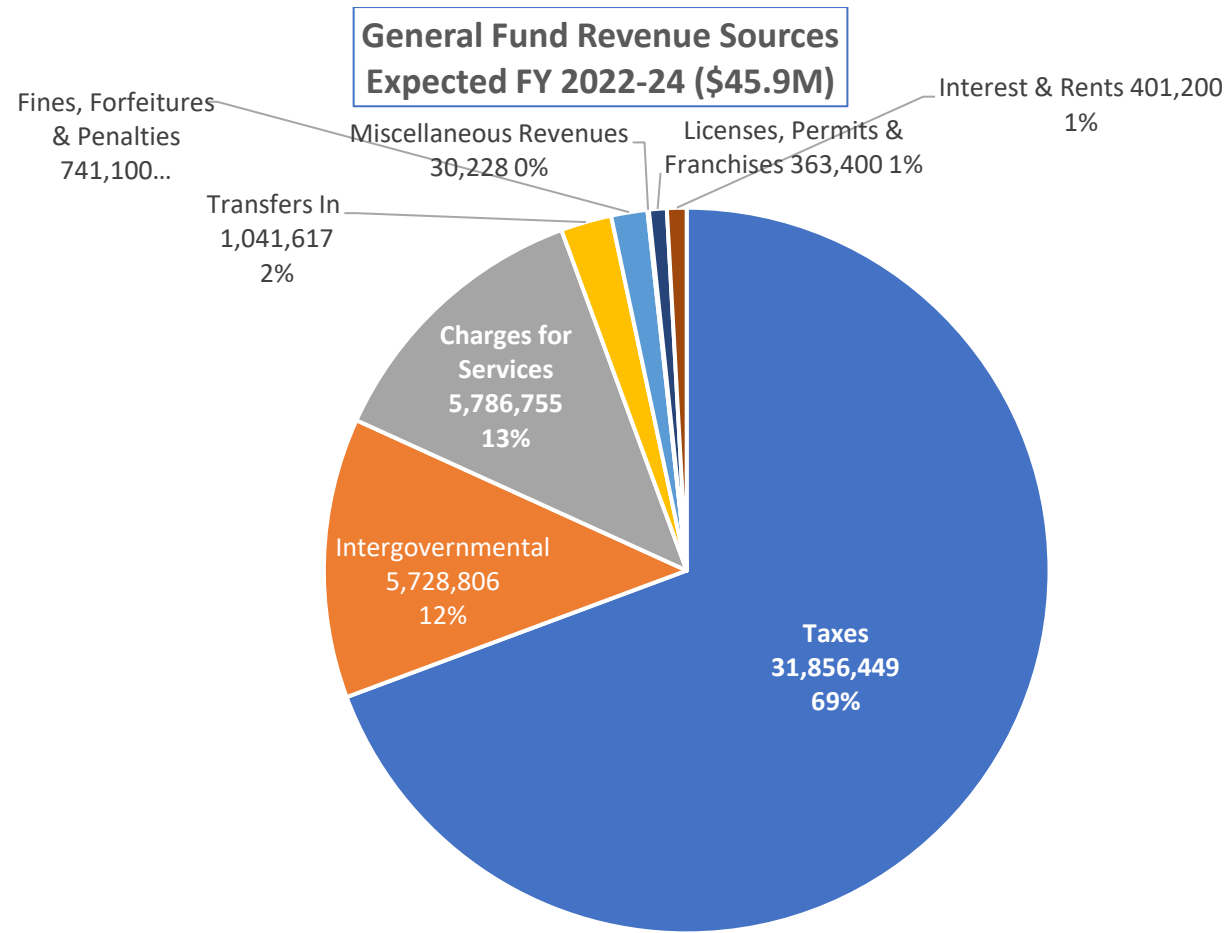
OPPORTUNITIES

- New fee schedule adopted in April of 2023
- **New resort hotel will bolster property tax**

Revenues

Mono County GF Revenue | Sources

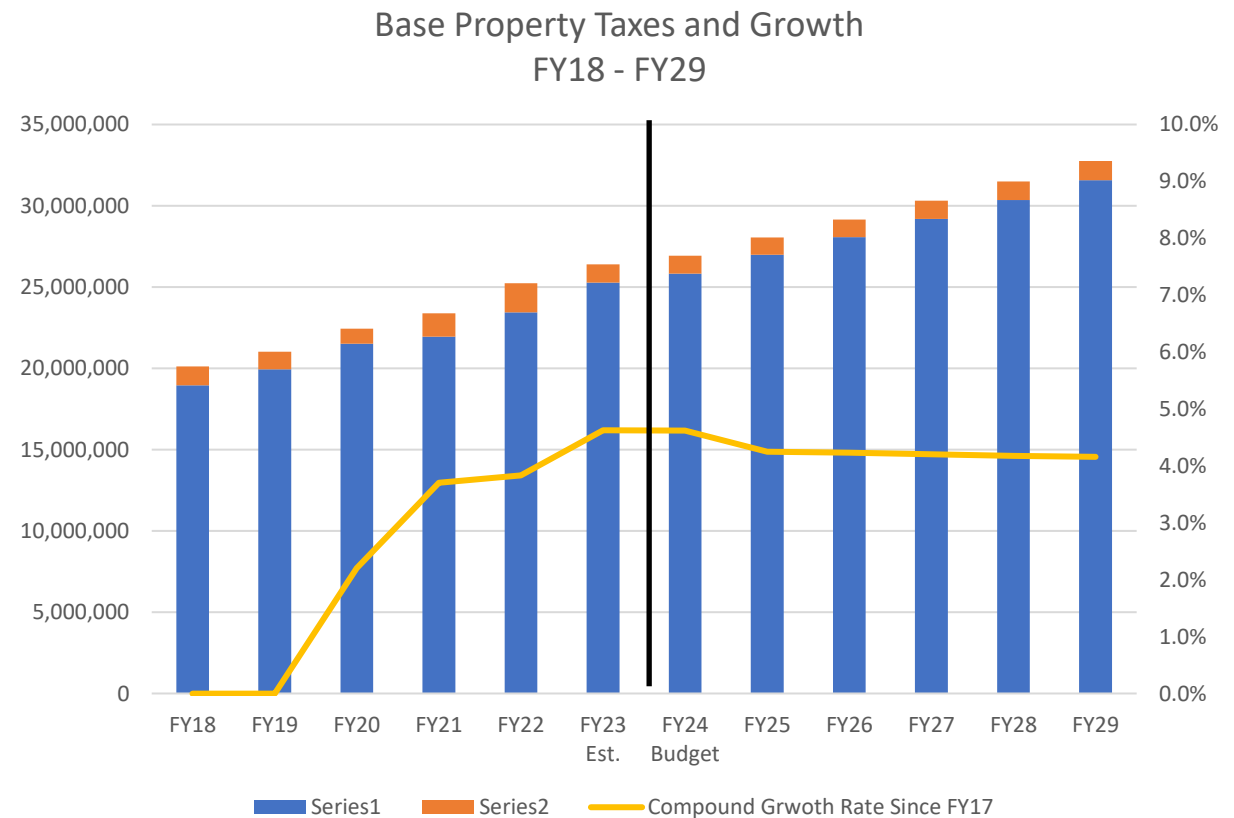
- The County relies on a limited set of revenues in its General Fund
 - **Taxes = 69%**
 - **Fees and Charges = 13%**
 - **Intergovernmental = 12%**
 - **All Other = 6.0%**
- This revenue base provides stability for the County **BUT** also limits growth in General Fund revenues



Property Taxes

58.8%

- Compound annual growth rate of 5.9% per year for the past 5 years.
- Property value rises during the pandemic appear to have boosted property tax revenues
- Forecast growth in base property tax is:
 - 3.0% Base Property Tax based on slowing re-sale of properties
- **Alternative Forecast** –Impact of increased or slower property tax growth



Charges for Service

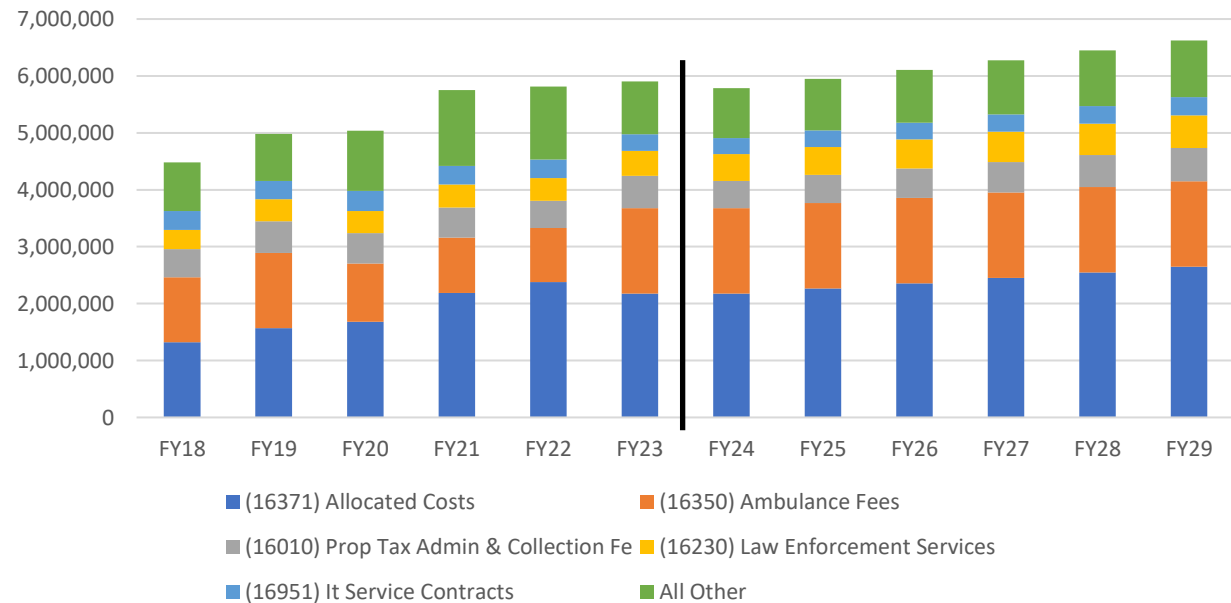
12.6%

- Dominated by costs allocated to other County departments and Ambulance Fees, Charges for service are difficult to forecast
- Future total growth is expected to be 1.9% through FY29. Adopted new fees will be evaluated in the next fiscal year
- **No Alternative Forecast**

Charges for Service Revenue Growth

Revenue	CAGR FY18- FY29	FY23 - FY29
(16371) Allocated Costs	6.5%	3.3%
(16350) Ambulance Fees	2.5%	0.0%
(16010) Prop Tax Admin & Collection Fe	1.5%	0.5%
(16230) Law Enforcement Services	4.9%	4.6%
(16951) It Service Contracts	-0.3%	1.3%
All Other	1.4%	1.2%

Charges for Service
Actual Revenues FY18-FY29

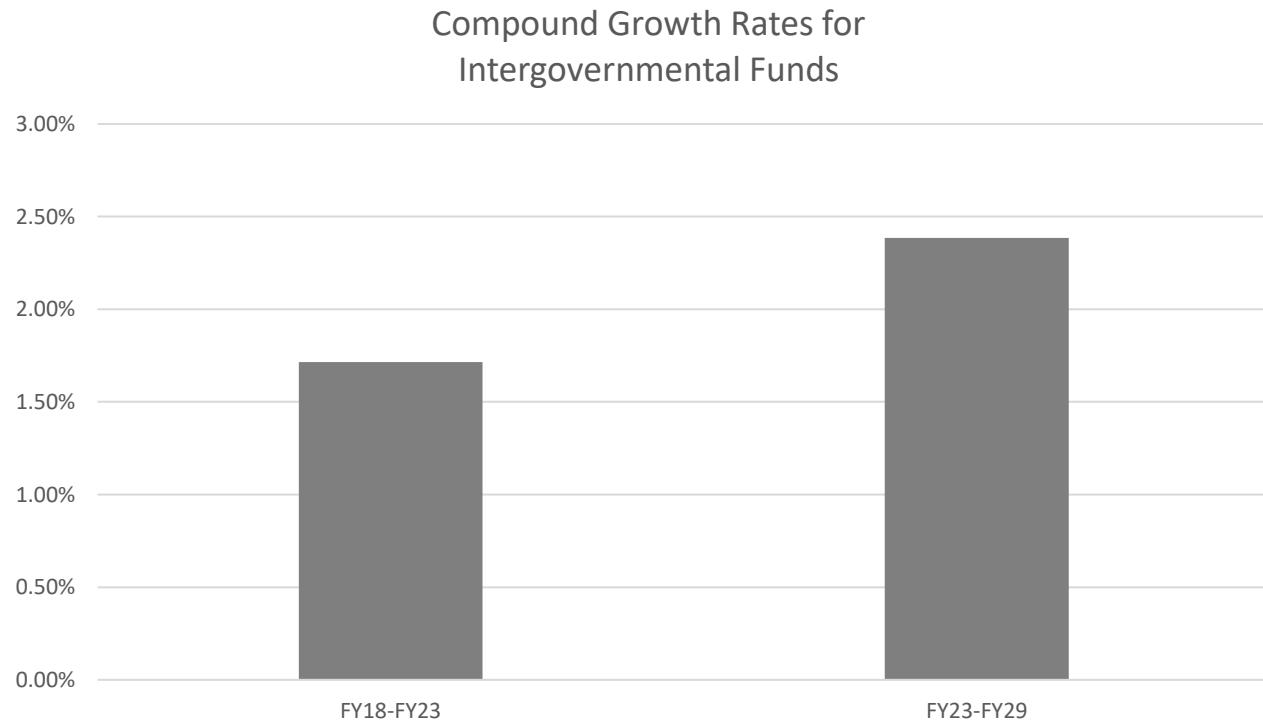


Intergovernmental

12.5%

Federal	FY24
PILT	\$1,448,966
Victim/Witness Grant	\$251,963
Tobacco Settlement	\$140,000
Other	\$35,000
Total	\$1,875,929
State	
Prop. 172	\$2,777,001
Rural law enforcement	\$500,000
COPS - Sheriff	\$175,500
Boat Safety	\$131,065
OES	\$303,656
Property Tax Relief	\$31,500
Reimbursements	\$48,960
Revenue Stabilization	\$21,000
Fish & Game PILT	\$15,575
Motor Vehicle Theft Prev.	\$15,000
Other	\$13,769
Total	\$4,033,026
Other	
Other Gov't Agencies	\$310,000

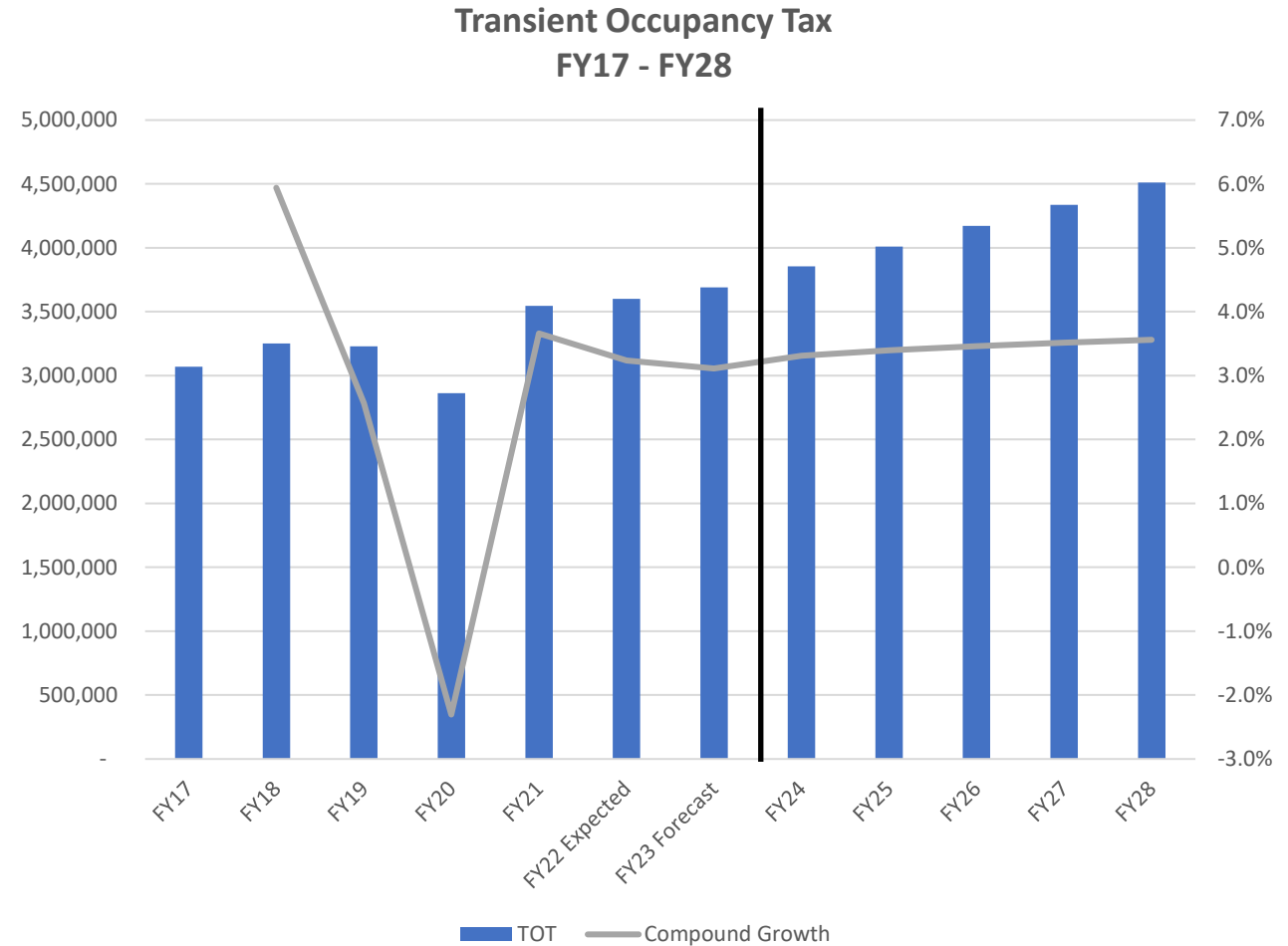
- Stable revenue sources with little growth
- Increased growth rate from Prop. 172 revenues
- No Alternative Forecast



Transient Occupancy Taxes

7.8%

- TOT recovered quickly in FY21 with a strong 4th quarter
- TOT is forecast to grow an average of 2.7% per year

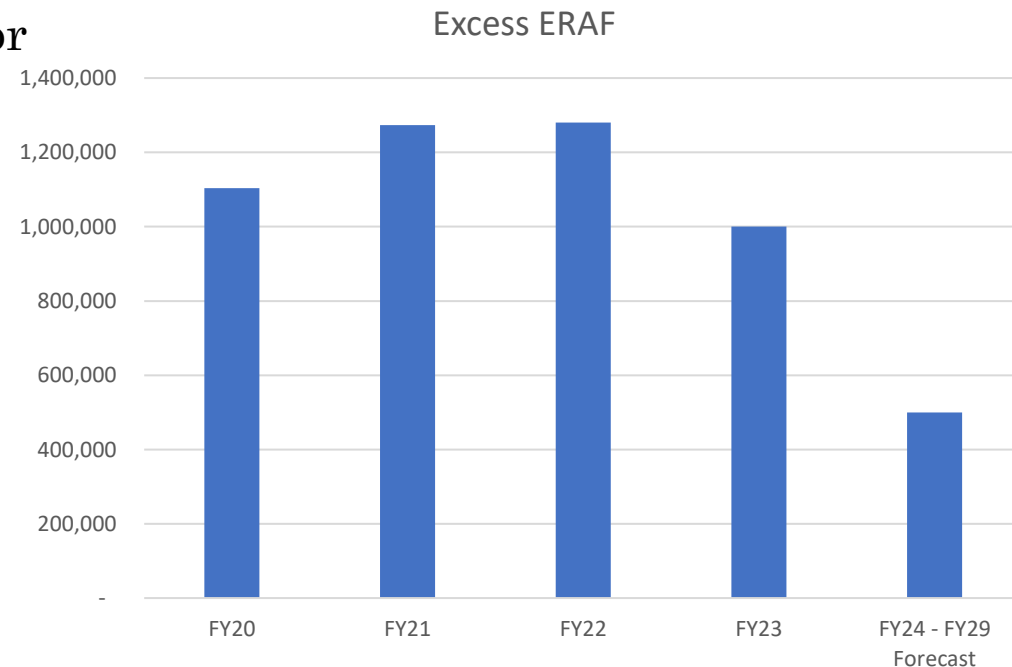


Excess ERAF

1.1%

- Property tax revenues allocated back to County from ERAF I and II from the 1990s
- Based on countywide property taxes generating more revenue than needed to fund K-12 schools
- Current risk to VLF in-lieu revenues from Excess ERAF shifted from property taxes prior to allocation of VLF
- **Alternative Forecast** – increase, reduce, or eliminated Excess ERAF revenue
- **Target toward limited-term expenses**

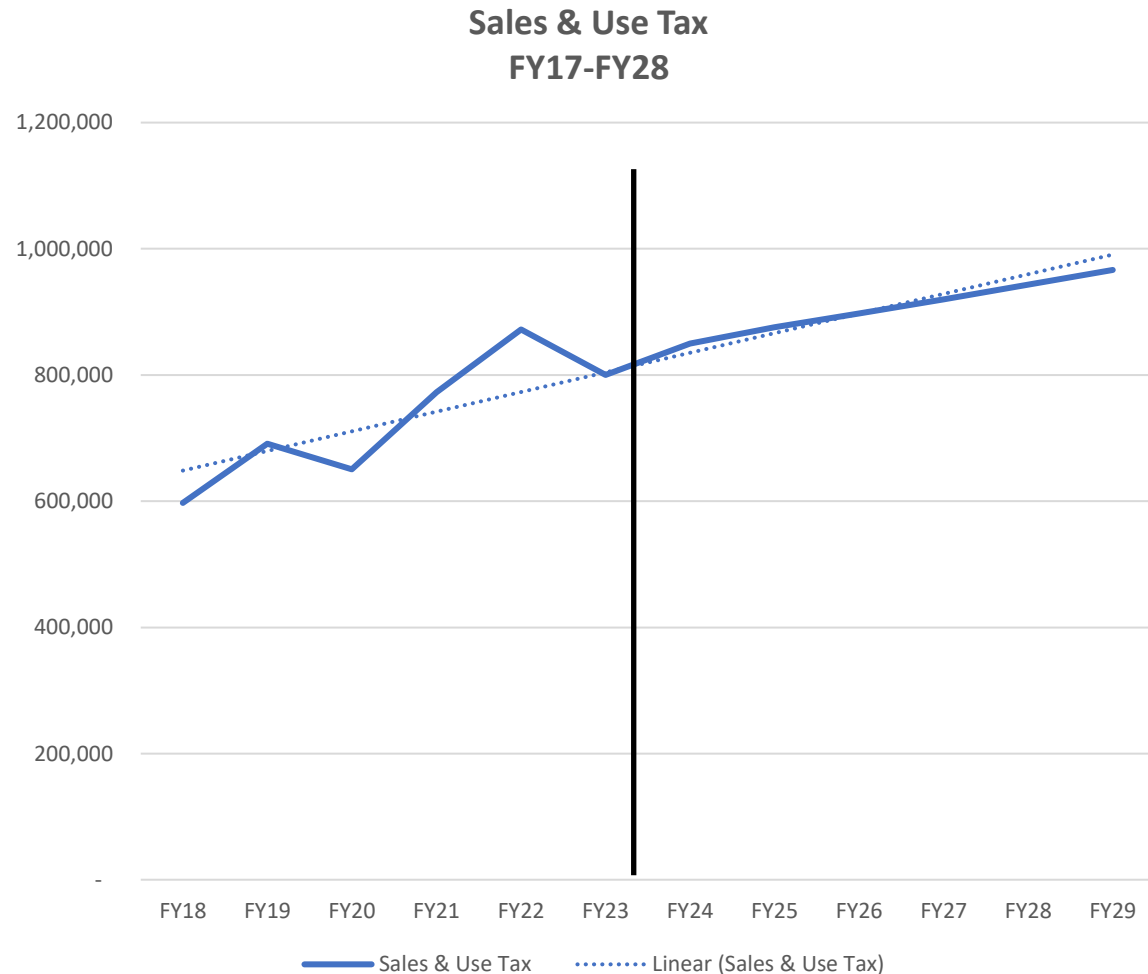
ERAF = Educational Revenue Augmentation Fund



Sales Tax

1.5%

- Sales taxes are expected to continue at a consistent growth rate
- **Alternative Forecast** – increase growth rate in next five years to reflect potential continuing high inflation.
- Bump in sales tax with new Jail construction not in projections. Could be used to offset cost of Jail



All Other Revenues

7.1%

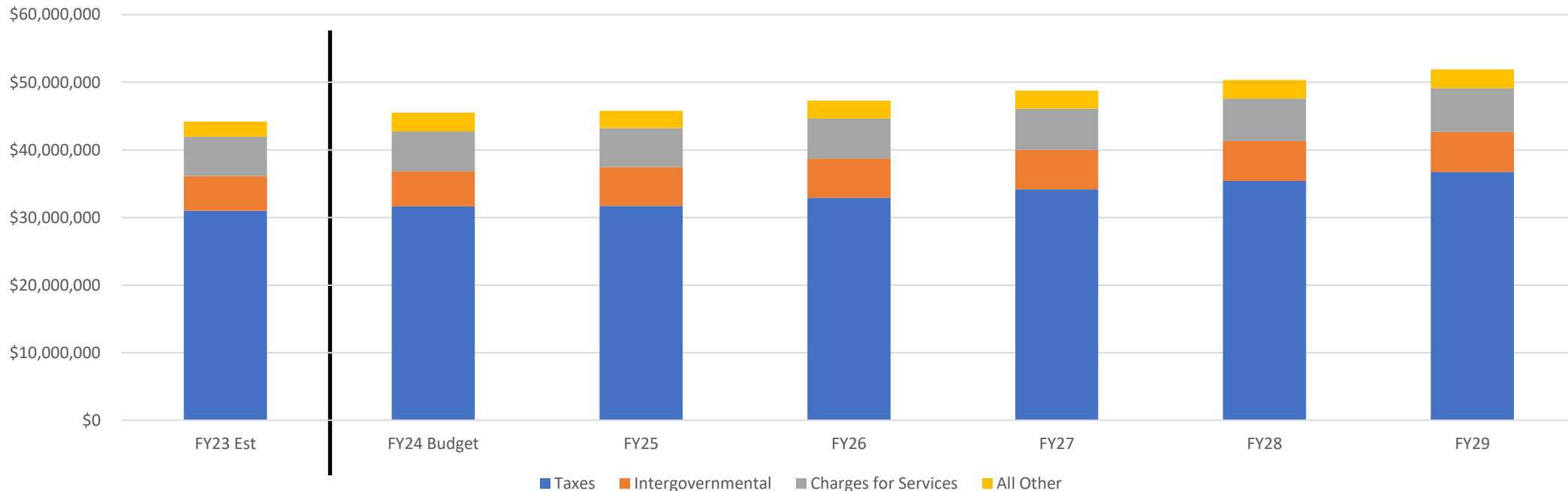
- These revenues have decreased over the last several years but are forecast to grow slightly in the next five years. Interest income is expected to rise with the recent uptick in interest rates
- **Alternative Forecasts** will not impact these revenue sources to any extent, as the underlying growth factors are too volatile to tag growth trends to

Category	Source	FY24 Budget
Transfers In	Court Security & Probation	\$1,141,617
Fines & Forfeitures	Court and Vehicle Code fines	\$741,100
Licenses & Permits	Franchises, building permits, business license tax, and animal licenses	\$363,400
Interest & Rents	Idle funds, repeater tower, housing and interest	\$401,200
Other		\$30,228
Total		\$2,577,545

Baseline Revenue Forecast | FY23 to FY29

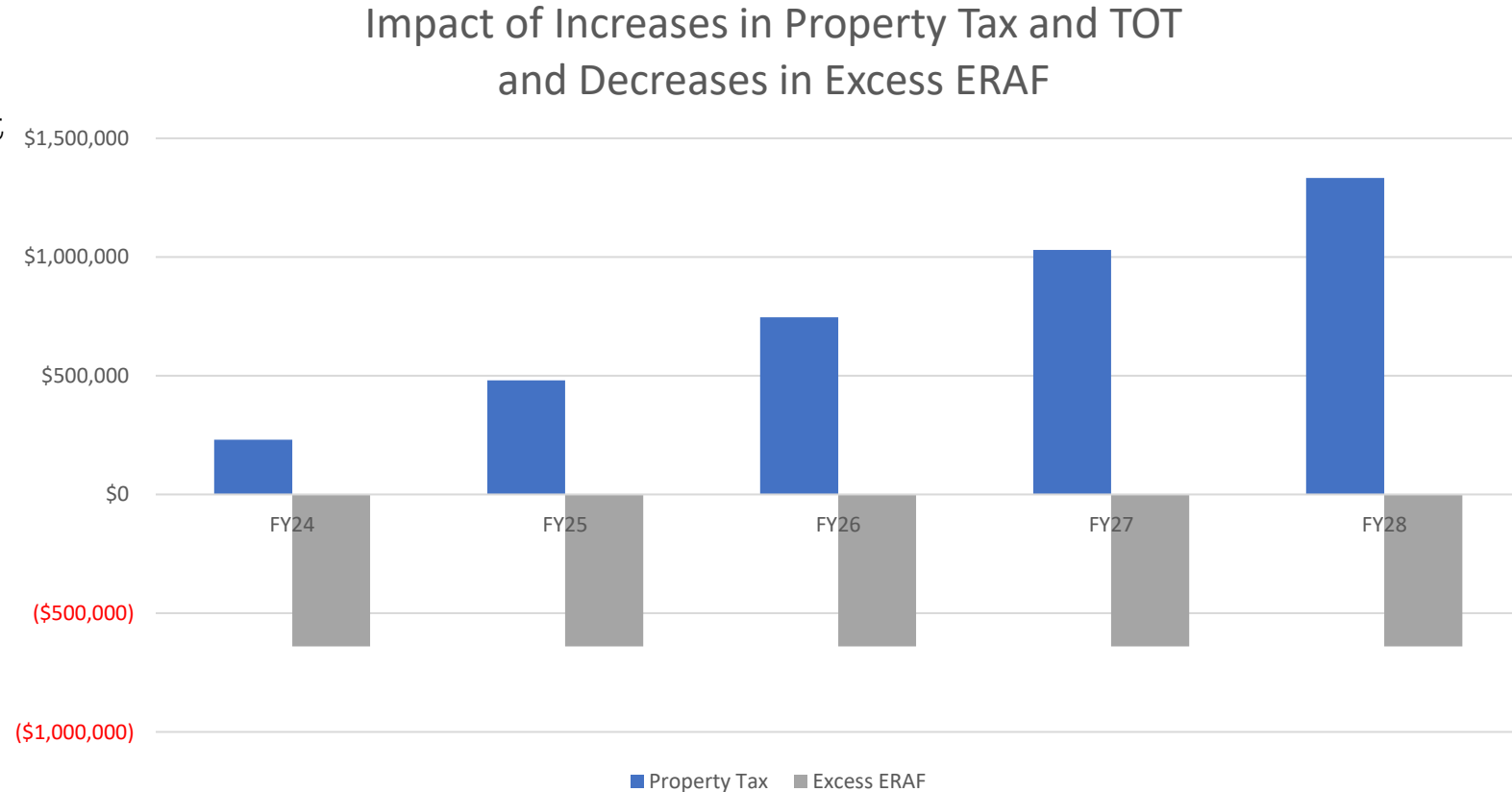
- Total revenues expected to grow at an annual compounded rate of 3.2% per year (*compared to a rate of 3.3% per year FY18 to FY23*)
- **Average revenue increase per year is \$1.3 Million**

General Fund Revenue BASELINE Forecast
FY23 to FY29



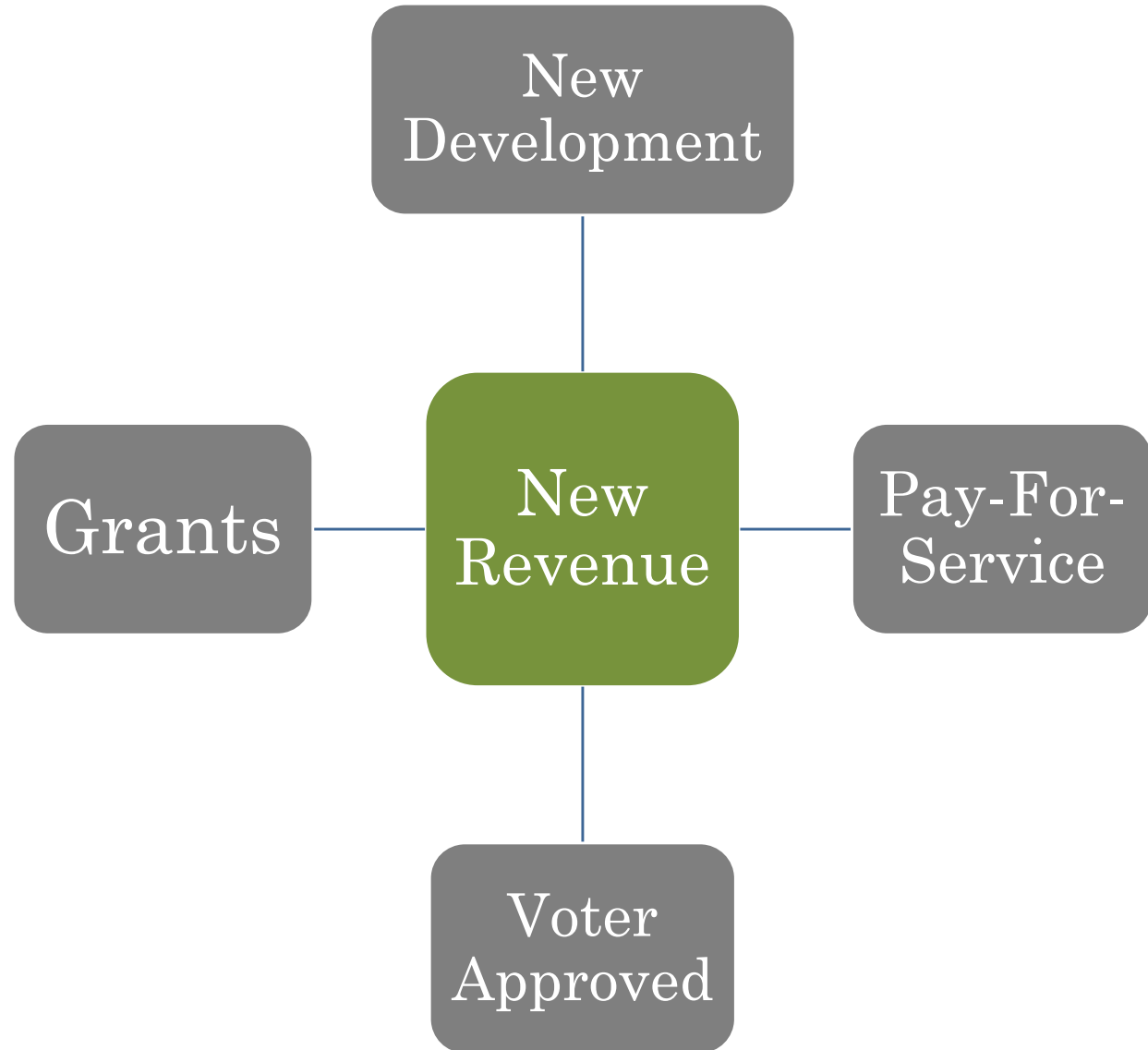
Alternative Revenue Forecasts

- Changes in the forecast will have an impact on what the County can and cannot fund in the future
- Increases of 1% per year in property tax will increase revenue by \$1.5 Million per year by FY29
- A reduction of Excess-ERAF will reduce this gain by one-third



Revenue Opportunities

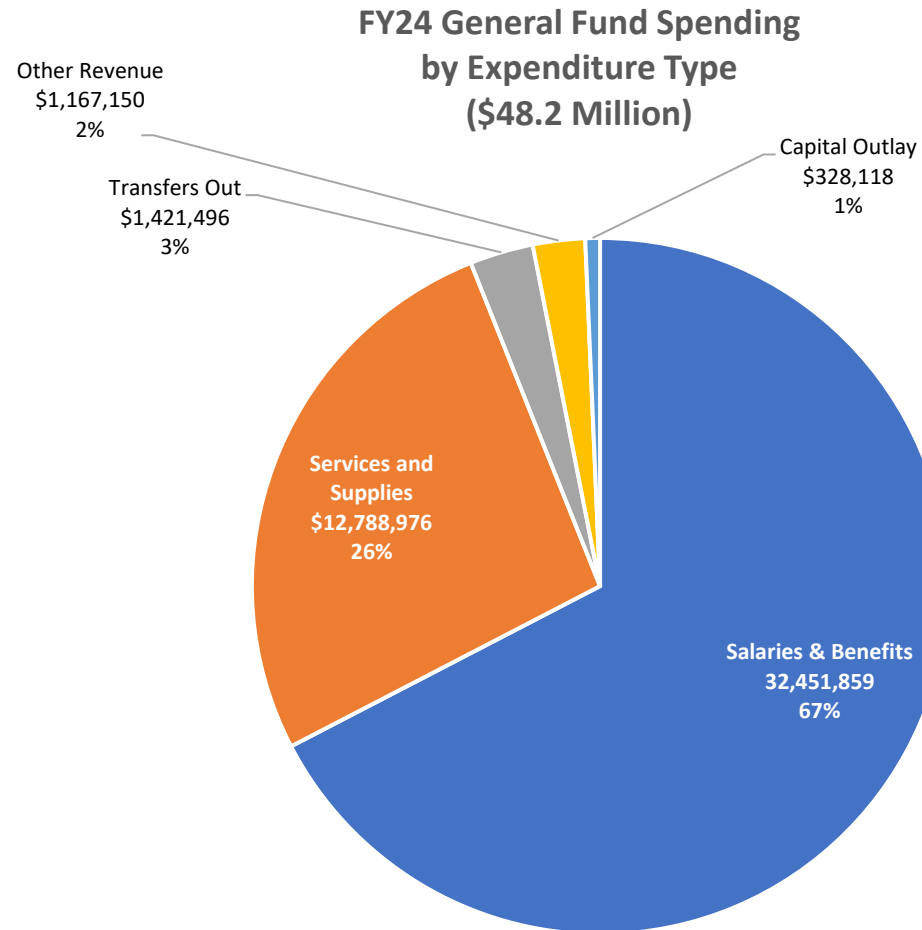
New/Expanded Revenues Require Action by the County



Expenses

Mono County GF Expenses | Categories

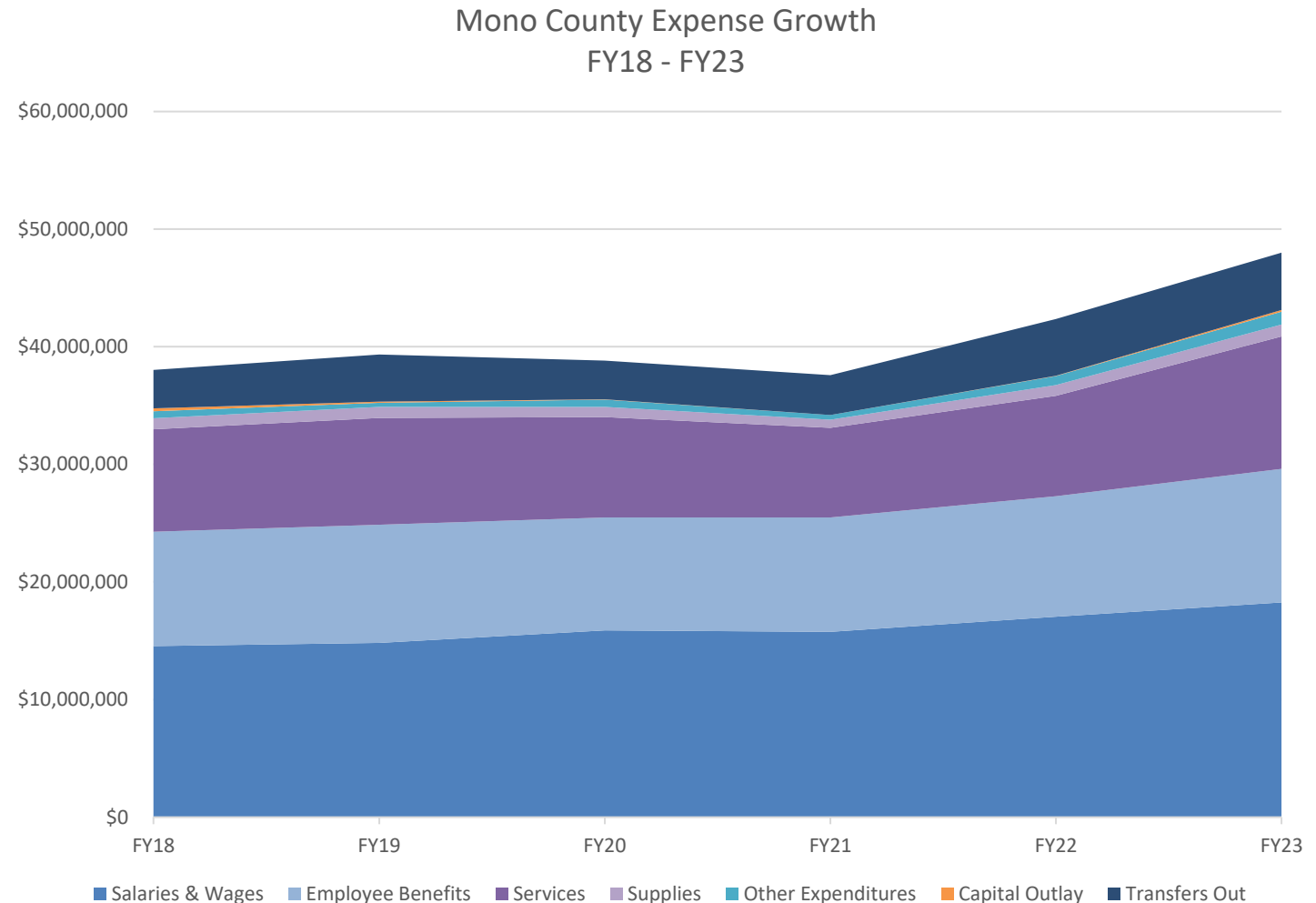
- **67% of County expenses are for direct personnel costs**
- Services are a broad category
 - Public protection for other departments
 - Contract Services
 - Insurance
 - Maintenance & Repair
 - Rents & Leases
 - Technology
- There is very little “fat” in the County’s budget



Mono County GF Expenses | Growth

- Expenses are driven by market forces that outpace revenue in the County
 - Salaries 3.2%/year
 - Benefits 4.4%/year

General Fund expenses grew 4.8%/year between FY18 and FY23

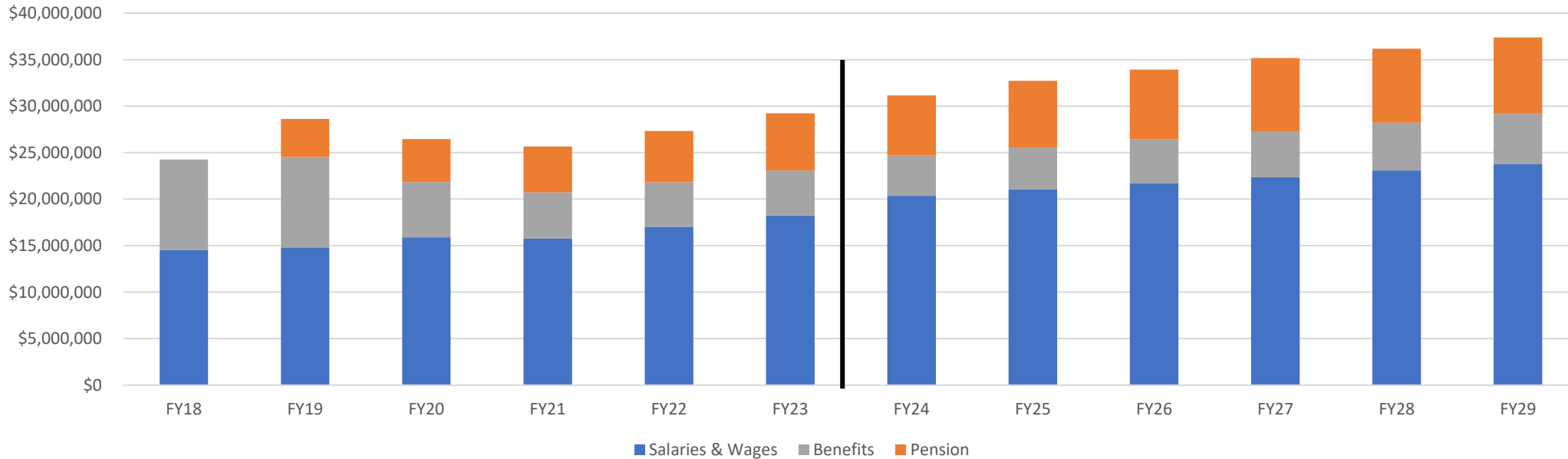


Personnel Costs

67.4%

- Salaries grew 5.8% through FY24 and is projected to grow 3.2% per year through FY29. This is based on an average salary growth per year of 3.23% and will be affected by labor contracts
- Pensions increase the fastest as unfunded liabilities grow

Personnel Expenses
FY18 to FY29



Services & Supplies

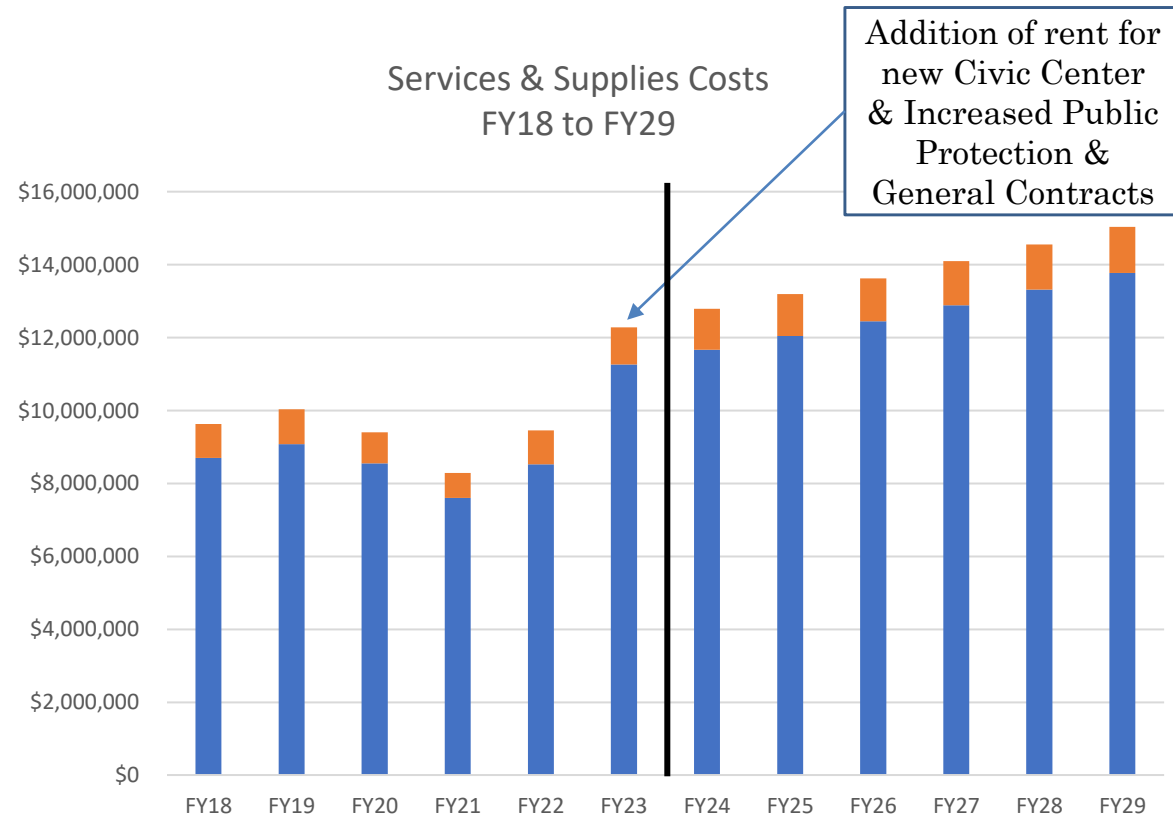
26.5%

- Services are volatile, but are expected to grow a consistent 3.4% through FY29
- Supplies are a smaller portion of the total, but are forecast to grow double by 3.6% per year

Mono County

FY22 Services & Supplies

Category	Expense	% of Total
Contracted Services	\$3,402,290	26.7%
Insurance	\$1,669,746	13.1%
Maintenance & Repair	\$2,021,228	15.8%
Technology	\$1,127,485	8.8%
MOE	\$618,880	4.8%
General Supplies	\$844,566	6.6%
Travel & Training	\$569,132	4.5%
Fuel	\$503,255	3.9%
Utilities	\$877,755	6.9%
Communications	\$182,118	1.4%
Rents & Leases	\$904,896	7.1%
Uniform Allowance	\$44,650	0.3%
Total	\$12,766,001	100.0%

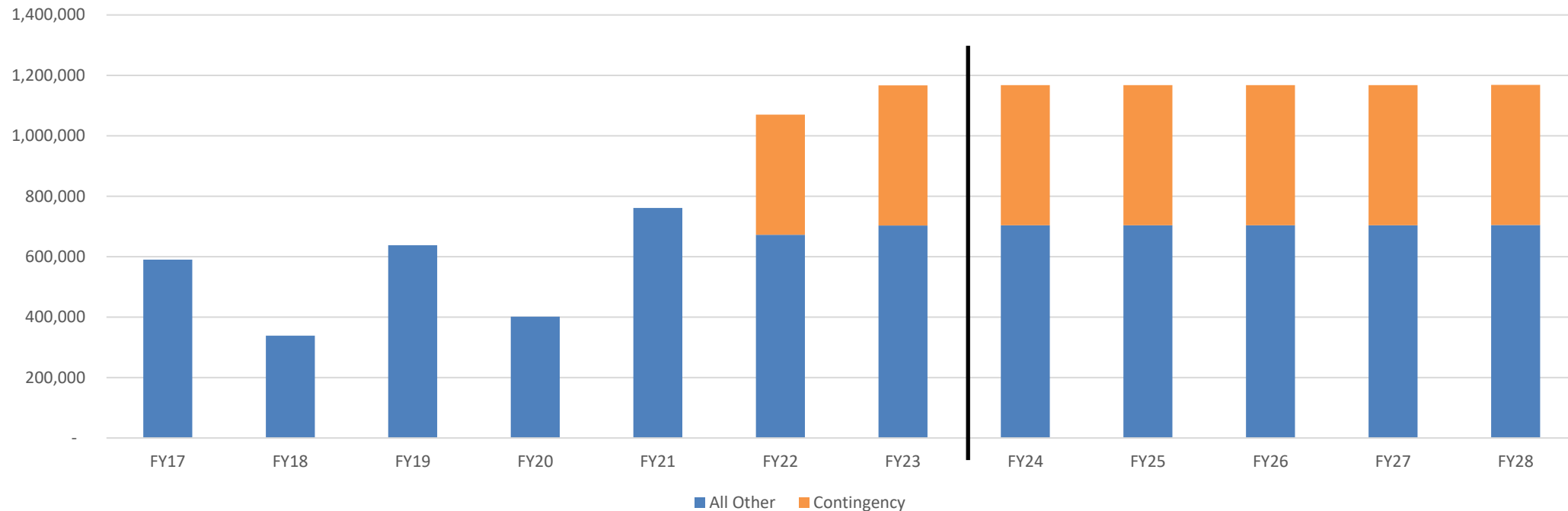


Other Expenses

2.0%

- Other expenses are primarily for support of outside agencies; however, a contingency amount was added in FY22 and increases prospectively in FY23 and beyond

Other Expenses
FY18 to FY29

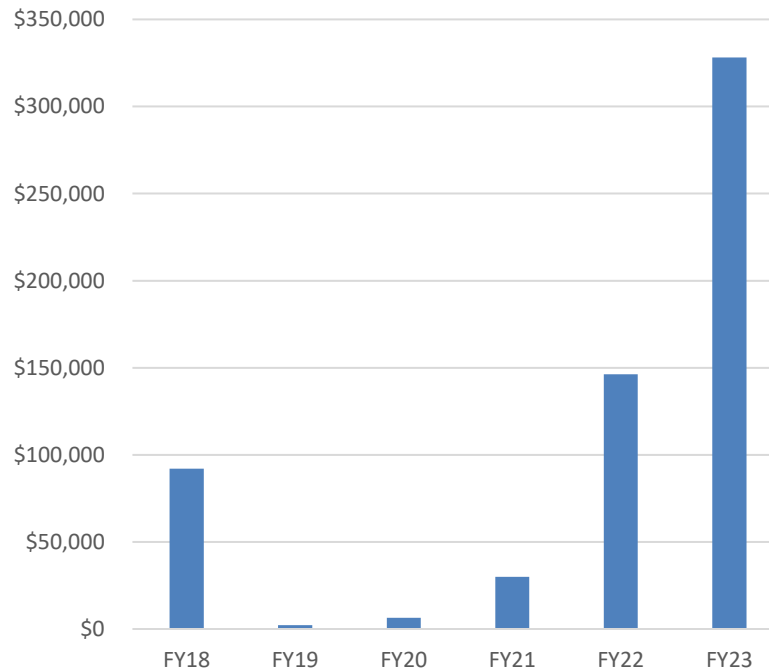


Capital

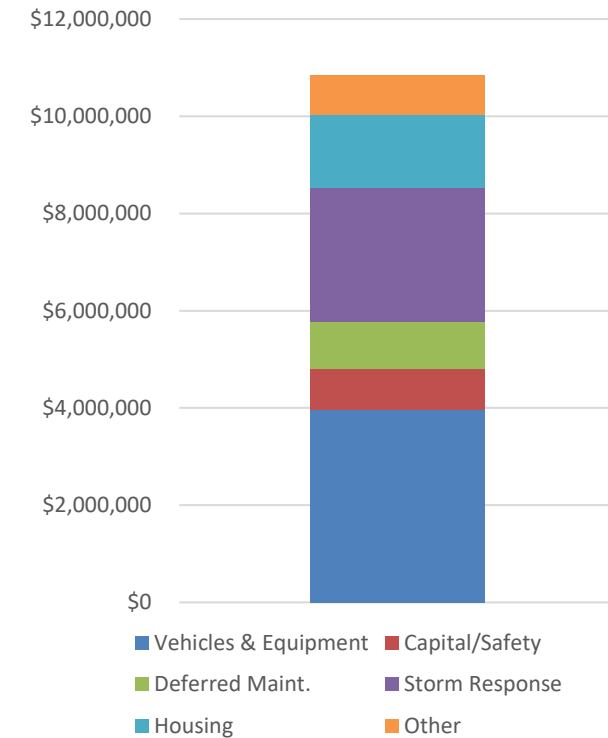
0.7%

- The County has recently committed \$10.8 Million one-time revenue for capital
- Additional investment will be needed to maintain County facilities, roads, and other infrastructure. New Jail in the next few years
- Investments in the diesel engine fleet to meet CARB requirements and the County's radio system are two major expenditures that could require significant investment

Actual and Budgeted Capital Outlay



Recent Allocations of One-Time Funds to Capital Projects

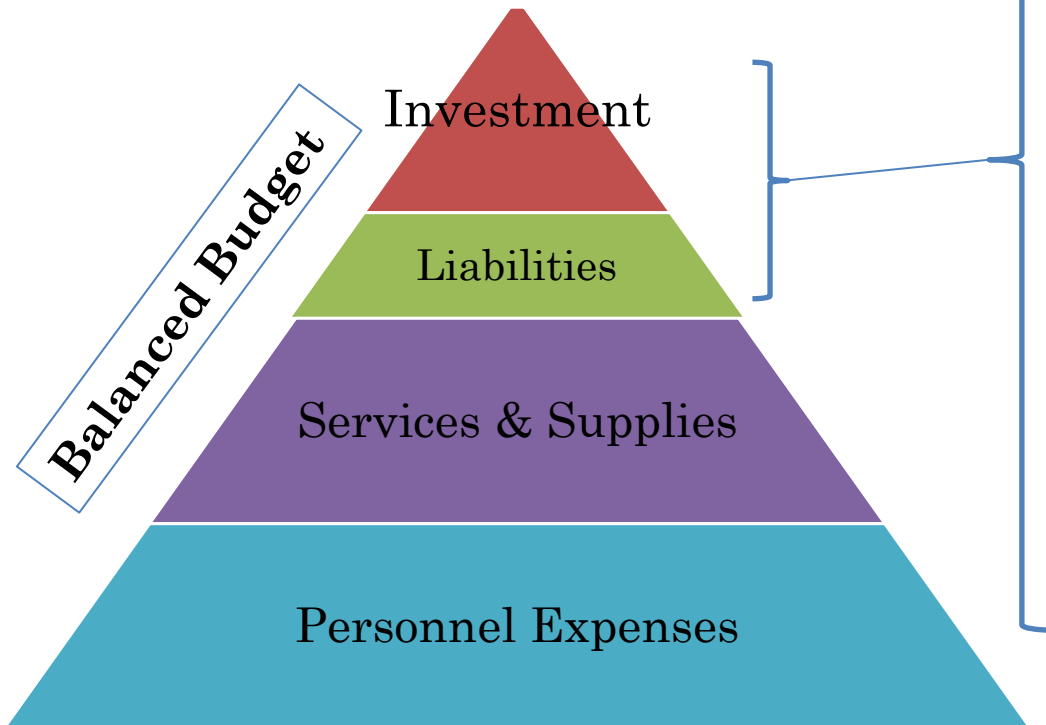


Preliminary Forecast Alternatives

Need to lock in FY23 expense budget

What a Balanced Budget Is

- **Balance** means the ability to fund all agency needs over time



Deferred Maintenance

- Streets & Buildings
- Parks & Playgrounds
- Technology



Retiree Benefits

- Buffer pension increases
- OPEB & Retiree Payoffs



Community Investments

- Pools/Recreation/Youth Programs
- Community Centers/Libraries

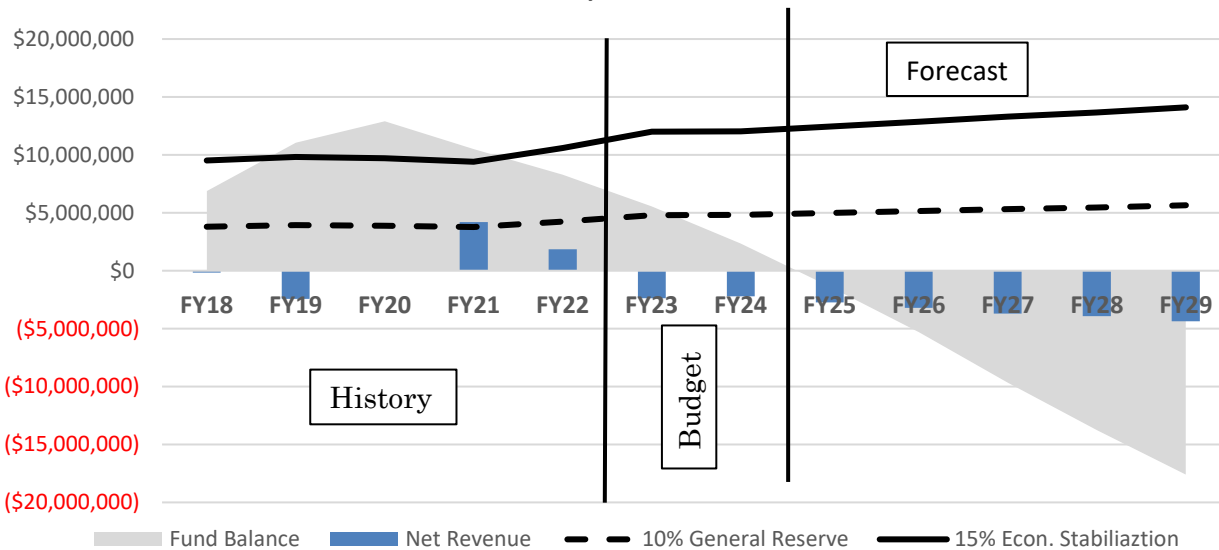
Preliminary Forecasts

- The County will need to re-think expenditures in FY24 and beyond to maintain positive net revenue and make needed investments

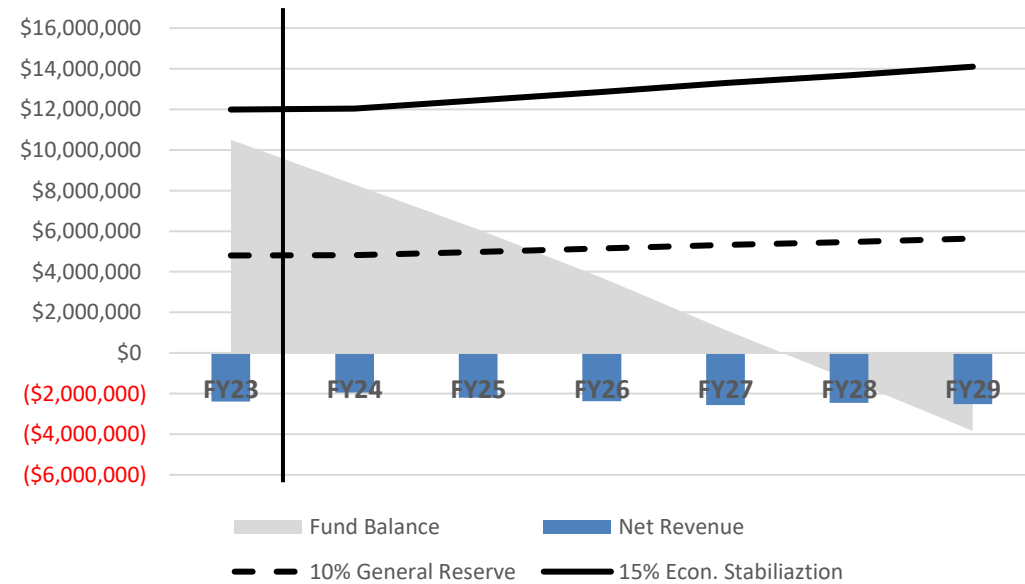
The fully-loaded departmental requests cannot be supported by the current revenue forecast unless revenues come in higher or expenses come in lower

Higher Property Tax growth will benefit the County, but likely not address all fiscal issues. Cost control will be needed

Mono County - Baseline Budget History & Forecast



Alternative #1: Higher Property Tax (3% to 4% Per year)



Issues to Watch

1. **The Economy** – Inflation, recession, regional demand for services
2. **Reduction of Excess ERAF**– Funds from ERAF property taxes exceeding school funding needs. Could erode over time and should be focused on limited-term revenues
3. **Continued Economic Development** – Focus on new revenue-generating/revenue supporting development
4. **Affordable Housing** – Ability to recruit and retain staff