

FY 2023-24 Fall Forecast

And Budget Update



Overview

- Five-year fiscal projections
- Economic Conditions
- FY2023-24 Budget Hearing Item Updates
- Fiscal Year 2024-25 Budget Development Timeline
- Groundwater Sustainability Agency Update

Five-Year General Fund Projections

(All number in millions)

General Fund Sources	FY 23-24 Projected	FY 24-25 Projected	FY 25-26 Projected	FY 26-27 Projected	FY 27-28 Projected	FY 28-29 Projected
Tax Revenue	\$ 374.4	\$ 384.6	\$ 395.4	\$ 408.2	\$ 421.4	\$ 435.1
Other Revenue	\$ 61.5	\$ 46.7	\$ 45.9	\$ 45.6	\$ 45.7	\$ 45.8
Use of 1x Fund Balance	\$ 29.4	\$ -	\$ -	\$ -	\$ -	\$ -
Total General Purpose	\$ 465.4	\$ 431.3	\$ 441.3	\$ 453.8	\$ 467.1	\$ 480.9

Departmental Revenue	\$ 220.3	\$ 222.5	\$ 226.2	\$ 229.8	\$ 233.5	\$ 237.2
Total GF Sources	\$ 685.7	\$ 653.8	\$ 667.5	\$ 683.6	\$ 700.6	\$ 718.1

General Fund Uses

Salary and Benefits	\$ 422.8	\$ 446.4	\$ 469.6	\$ 488.6	\$ 504.4	\$ 520.8
Other Expenditures	\$ 253.0	\$ 208.3	\$ 210.4	\$ 211.9	\$ 218.2	\$ 224.7
Total GF Uses	\$ 675.8	\$ 654.7	\$ 680.0	\$ 700.5	\$ 722.6	\$ 745.5

Total Surplus (Deficit)	\$ 9.8	\$ (0.9)	\$ (12.5)	\$ (16.9)	\$ (22.0)	\$ (27.4)
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Key Changes – FY 2023-24 Budget to Estimate

Revenues: +\$10.3 million

- Property tax growth: +\$8.3 million
- Interest income: +\$3.4 million
- Sales Tax and Proposition 172: (-\$3.1) million
- Other revenue: \$1.7 million

Expenditures: +\$0.5 million

- Deferred Maintenance (by policy): +\$3.3 million
- Salary and Benefits: +\$4.1 million
- Other expenditures: (-\$6.9) million

Estimated Surplus: +\$9.8 million based on first quarter

Key Changes – FY 2024-25

- One-time revenues and expenditures drop removed
- *Slowing property tax growth*
- *Continued weakness in other taxes*
- Estimated 5.6% total S&B Change
- Pension increases 19%
 - 3% of payroll employee cost share drops for non-legacy
 - Investment losses in 2022

	FY 23-24 Projected	FY 24-25 Projected
General Fund		
Tax Revenue	\$ 374.4	\$ 384.6
Other Revenue	\$ 61.5	\$ 46.7
Use of 1x Fund Balance	\$ 29.4	\$ -
Total General Purpose	\$ 465.3	\$ 431.3
Departmental Revenue	\$ 220.3	\$ 222.5
Total General Fund Sources	\$ 685.6	\$ 653.8
General Fund Uses		
Salary and Benefits	\$ 422.8	\$ 446.4
Other Expenditures	\$ 253.0	\$ 208.3
Total General Fund Uses	\$ 675.8	\$ 654.7
Total Surplus (Deficit)	\$ 9.8	\$ (0.9)

Key Changes – FY 2025-26

- Continued low tax growth
- Gradual reduction in interest earning
- Estimated 5% total S&B change
 - Final year of current labor agreements

General Fund	FY 24-25 Projected	FY 25-26 Projected
Tax Revenue	\$ 384.6	\$ 395.4
Other Revenue	\$ 46.7	\$ 45.9
Use of 1x Fund Balance	\$ -	\$ -
Total General Purpose	\$ 431.3	\$ 441.4

Departmental Revenue	\$ 222.5	\$ 226.2
Total General Fund Sources	\$ 653.8	\$ 667.5

General Fund Uses		
Salary and Benefits	\$ 446.4	\$ 469.6
Other Expenditures	\$ 208.3	\$ 210.4
Total General Fund Uses	\$ 654.7	\$ 680.0

Total Surplus (Deficit)	\$ (0.9)	\$ (12.5)
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Fund Balance Directory Update: Fund Types and Restriction on Use of Funds

- Funds are used to track and avoid comingling of resources
- Generally classified based on constraints on the use of funds
- Vast majority of funds are restricted by external parties or Board policies and designations

- **Governmental Funds:**

- General (Att. A) **Mix of discretionary funds and funds restricted by Board policy/designation or source of funds**
- Special Revenue (Att. B) **Restricted**
- Special District (Att. C) **Restricted**
- Capital Projects (Att. D) **Restricted by source of funds or Board designation**
- Debt Service (Att. E) **Restricted**

- **Proprietary Funds:**

- Enterprise (Att. F) **Restricted**
- Internal Service (Att. G) **Restricted**

Review of Select Funds

Should the Board have questions on these funds, departments can prepare information to be included in the Spring Budget Workshops. Inquiries to departments are encouraged by **January 31, 2024.**

Funds set aside by recent Board policy direction:

- Community Infrastructure Fund
 - District-specific funds; Fund 10138; details in Attachment 2 to the Board item

- Designated Purposes Fund
 - Fund 10155; details in Attachment 4 to the Board item

FY2024-25 Budget Development Timeline

- March – Consolidated Fee Hearings
- April 4 – Community and Board Budget Request Deadline
- April 23-25 – Budget Workshops
- April 26 – Board Budget Information Requests Due from Districts
- May 12 – Recommended Budget Published Online
- June 11-14 – Budget Hearings

Groundwater Sustainability Agencies Funding

- GSAs responses to board questions from October 17, 2023
See attachment 6.
- Seeking Board Policy direction on whether to provide 1-year subsidy of approximately \$1 million to maintain equal fees across basins.

Actions Requested

1. Receive Fiscal Fall Fiscal Update
2. Adopt revision to financial policy for Teeter Reserve in alignment with direction from Budget Hearings
3. Provide direction on funding for Groundwater Sustainability Agencies