



Legislation Details (With Text)

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Title: Chief Administrative Office recommending the Board adopt and authorize the Chair to sign Resolution 162-2019, incorporating Exhibits 1 through 3, adopting the County Budget and Budgets for Board Governed Special Districts for Fiscal Year 2019-2020. (Est. Time: 10 Min.)

FUNDING: Countywide Budget Adoption.

Sponsors:

Indexes:

Code sections:

Attachments: 1. A - FY 2019-20 Adopted Budget Reso, 2. A - Exhibit 1 - Budget Amendments, 3. A - Revised Exhibit 1 - Budget Amendments w-cover & footers BOS Rcvd 9-20-19, 4. A - Exhibit 2 - Personnel Allocation Amendments, 5. A - Exhibit 3 - Fixed Assest Additions, 6. B - Budget Performance Report Ltr J Harn 09-20-19, 7. C - Memo - Road Fund receivables BOS Rcvd 9-24-19, 8. Memo from J. Harn BOS CalPERS Situation BOS Rcvd 9-24-2019, 9. Memo from J. Harn Cash Loans BOS Rcvd 9-23-19, 10. Staff Handout BOS Rcvd 9-24-19, 11. Executed Resolution 162-2019

| Date | Ver. | Action By | Action | Result |
|-----------|------|----------------------|----------|--------|
| 9/24/2019 | 1 | Board of Supervisors | Approved | Pass |

Chief Administrative Office recommending the Board adopt and authorize the Chair to sign Resolution **162-2019**, incorporating Exhibits 1 through 3, adopting the County Budget and Budgets for Board Governed Special Districts for Fiscal Year 2019-2020. (Est. Time: 10 Min.)

FUNDING: Countywide Budget Adoption.

DISCUSSION / BACKGROUND

The FY 2018-19 year-end close was completed by the Auditor’s Office on Friday, September 13, 2019. The final fund balance numbers, as a result of FY 2018-19 operations, are required to be incorporated in the FY 2019-20 Adopted Budget.

The General Fund ended FY 2018-19 with approximately \$29.2 million in undesignated fund balance. This is \$10.6 million more than what has been included in the FY 2019-20 Recommended Budget. Based on initial estimates, \$3.8 million of the additional fund balance is committed to on-going Accumulative Capital Outlay projects authorized in prior years. This leaves approximately \$6.8 million available as additional fund balance available for other operations, including increases to reserves and designations following current budgeting practices.

Due to the requirement to adopt the Budget prior to the statutorily required deadline of October 2nd, there is limited time available for the Chief Administrative Office to process and evaluate substantive changes to the Recommended Budget in time for the Board to consider those changes prior to the deadline.

Therefore, the Chief Administrative Office is recommending, as was recommended last year, that the

Board adopt the attached FY 2019-20 Budget Resolution in order to officially adopt the Recommended Budget as the final Adopted Budget. With this budget adoption, excepting a single new recommendation to reduce the budgeted amount for Current Secured Property Tax, only previously approved adjustments are included as final revisions to the Recommended Budget. It is also recommended that the Board delegate authority to the Auditor-Controller, in consultation with CAO, to balance funds within certain parameters based on the final fund balance figures.

The recommended delegated authority, to the Auditor-Controller, follows specific language detailed in the attached Budget Resolution, to use any additional General Fund fund balance to increase established Reserves/Designations and to restore the Appropriation for Contingency, based on prior Board discussion.

The recommended reduction in budgeted Current Secured Property Tax affects only the General Fund and reflects the final assessed valuation as determined by the County Assessor. The Recommended Budget currently assumes a 5% increase in Property Tax. While still showing an increase over the prior year, the final assessed valuation reflects an approximate 4.25% increase. Therefore, it is recommended that the budget for this revenue be reduced by \$676,200.

A separate budget meeting will be scheduled to present any new policy decisions and to offer recommendations regarding the use of any remaining General Fund fund balance. It should be noted that this will include a recommendation to increase the General Fund Designation for Economic Development Special Projects and to re-calculate the contribution to the Veteran's Commission, based on actual Transient Occupancy Tax revenue receipts in FY 2018-19.

We will be asking Departments to submit a separate Legistar item if there is a need to amend their Department's budget due to significant new information or a change to a department's plan of operation for FY 2019-20. This can include changes resulting from State budget actions, recent grant awards that require additional appropriations, or significant changes in revenue projections.

Because the budget is controlled at the appropriation level, we will not recommend amending the budget to simply reflect a minor change to a departmental revenue projection.

Please also recall that the required Budget Hearing was held in June. This means that approval of increases or additions to the Budget will require a 4/5 vote of the Board, regardless of whether the decision is made prior to or following October 2nd. Pursuant to statute, items introduced prior to the close of the June budget hearing, or which do not increase overall appropriations within a budget unit, will require a 3/5 vote.

With the adoption of the Budget Resolution, the Auditor-Controller is authorized to make the following adjustments to the FY 2019-20 budget where the FY 2018-19 actual year-end closing figures for any fund differ from the FY 2019-20 beginning fund balance budget estimates:

- (1) Should the available financing exceed the financing requirements for any individual fund other than the General Fund, the excess shall be applied to increase the Appropriation for Contingency in the respective fund as provided by Government Code Section 29084.
- (2) Should the financing requirements for any individual fund exceed available financing, the Auditor shall reduce the Appropriation for Contingency in the respective fund, until exhausted, and then shall reduce Reserves/Designations in the respective fund, excepting the General Fund General Reserve.

If financing requirements still exceed available financing, the Auditor-Controller shall inform the Chief Administrative Officer and the Chief Administrative Officer will make recommendations to the Board for adjustments in appropriate operating accounts.

(3) Should the available financing exceed the financing requirements for the General Fund, the excess General Fund fund balance available shall be used to increase Board established designations and related appropriations, in order of Board policies and established priorities, set forth as follows:

- a) Increase the General Fund Designation for CalPERS Increases, to reset the designated amount, reflecting the estimated additional General Fund cost in FY 2020-21 and FY 2021-22: \$2,028,079
- b) Increase General Fund Appropriation for Contingency, to re-set the Appropriation for Contingency at 3% of Net General Fund: \$183,000
- c) Decrease Property Tax - Current Secured revenue, reflecting final assessed valuation and a related 1% decrease in total valuation, leading to a reduction in anticipated property tax revenue: \$676,200
- d) Increase the Designation for Placerville Juvenile Hall, reflecting savings from closure of Placerville Juvenile Hall in FY 2018-19: \$222,556
- e) Increase Public Safety Payment Reserve, using excess unspent General Fund appropriations in the Sheriff's Office FY 2018-19 budget, to increase the reserve to the full amount of \$2.3 million, as required by the County's loan from the USDA (Public Safety Facility Construction): \$1,400,000

Remaining undesignated General Fund fund balance is to be placed in the General Fund Appropriation for Contingency, pending future recommendations for revisions or additions to the Adopted Budget, to be submitted to the Board of Supervisors for discussion and consideration during FY 2019-20. It is currently estimated that the remaining undesignated General Fund fund balance will equal approximately \$2.3 million.

The Exhibits to this Resolution reflect all changes to the FY 2019-20 Recommended Budget, approved during and following the June 17, 2019, Budget Hearing. These Exhibits are provided for reference, and the Board is not being asked to re-approve the listed items, amendments, or resolutions. Adoption of the Budget Resolution with the incorporated Exhibits allows the County to adopt the budget by reference, as provided for by Section 29090 of California Government Code (County Budget Act).

PRIOR BOARD ACTION

The Board conducted the Budget Hearing on the FY 2019-20 Recommended Budget on June 17, 2019 (Legistar #19-0853). Prior to the conclusion of the Hearing, the Board directed the Chief Administrative Officer to make changes to the Recommended Budget as outlined in Exhibit 1 to the Budget Resolution.

FINANCIAL IMPACT

Countywide Budget Adoption

CLERK OF THE BOARD FOLLOW UP ACTIONS

Provide signed copy of Resolution to Chief Administrative Office.

CONTACT

Don Ashton, Chief Administrative Officer

Shawne Corley, Assistant Chief Administrative Officer