



**Contra  
Costa  
County**

To: Board of Supervisors  
From: David Twa, County Administrator  
Date: September 15, 2020

Subject: Resolution No. 2020/217 Adoption of the FY 2020/21 Budget As Finally Determined

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**RECOMMENDATION(S):**

ADOPT Resolution No. 2020/217 adopting the FY 2020/21 Adopted Budget as finally determined, including:

- a. Final changes to close out the 2019/2020 County Budget, including changes to revenues, appropriations, and obligated fund balances; and AUTHORIZE the Auditor-Controller to make the necessary changes in the financial accounting system, as reflected in Attachment A;
- b. Final changes in the 2020/2021 County Budget, including changes to appropriations, revenues, and obligated fund balances; and AUTHORIZE the County Administrator and Auditor-Controller to make technical adjustments to the budgets pursuant to Attachment B (County - Schedule A, B, and C);
- c. Final changes to close out the 2019/2020 Special Districts Budget, including changes to revenues, appropriations, and obligated fund balances; and AUTHORIZE the Auditor-Controller to make the necessary changes in the financial accounting system, as reflected in Attachment C; and

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☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY  
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD  
COMMITTEE

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Action of Board On: **09/15/2020** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

**VOTE OF SUPERVISORS**

AYE: John Gioia, District I Supervisor  
Candace Andersen, District II Supervisor  
Diane Burgis, District III Supervisor  
Karen Mitchoff, District IV Supervisor  
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: September 15, 2020

David Twa, County Administrator and Clerk of the Board of Supervisors

Contact: Lisa Driscoll, County  
Finance Director (925) 335-1023

By: June McHuen, Deputy

cc: Robert Campbell, Auditor-Controller

## RECOMMENDATION(S): (CONT'D)

- d. Final changes in the 2020/2021 Special Districts Budget, including changes to appropriations, revenues, and obligated fund balances; and AUTHORIZE the County Administrator and Auditor-Controller to make technical adjustments to the budgets pursuant to Attachment D (Special Districts - Schedule A, B, and C).

## FISCAL IMPACT:

As described in the background information below, this action adjusts FY 2019/20 appropriations and revenues to balance budgeted figures to actual experience; and for FY 2020/21, includes fund balances, reserves, designations and all estimated revenue and appropriation line item changes to correspond to the latest information.

## BACKGROUND:

On April 10, 2020, the FY 2020/21 Recommended Budget document was published. On April 28, 2020, the Board of Supervisors adopted the State Controller's Office FY 2020/21 Recommended Budget Schedules for Countywide Funds and Special Districts. On August 4, 2020, the Board of Supervisors conducted public hearings on County and Special District budgets and directed the County Administrator to prepare for Board adoption the FY 2020/21 County and Special District Budgets, as modified, to incorporate any changes directed by the Board during the public hearings.

On August 11, 2020, the Board of Supervisors requested that the Auditor-Controller make adjustments to the FY 2019/2020 appropriations and revenues by reallocating and balancing budgeted and actual expenditures and revenues as needed for various budget units and special districts, subject to Board approval in September. This request is pursuant to state law that requires each budget unit and expenditure object level within those units not exceed appropriations. Each year, this requirement generates a substantial number of adjustments to balance each budget unit and object. Attachments A and C (County and Special Districts respectively) contain the necessary appropriation adjustments to close out the 2019/2020 Budget. As requested last year by the Contra Costa Budget Justice Coalition, Attachments Aa and Ca (County and Special Districts respectively) are provided as a companion document in a format more readable and with more detail for the lay person. Due to the volume of adjustments required and as allowable by the Budget Act (with the exception of fixed asset accounts ) adjustments are made to balance by major object (i.e. 1000, 2000, etc.); therefore, the over/under amounts due not always tie to the specific appropriation account.

Also on August 11, 2020, the Board of Supervisors authorized the Auditor-Controller to make technical adjustments to the FY 2020/2021 County and Special District Budgets when actual amounts were known. This action is pursuant to state law that requires the Board of Supervisors adopt a budget which includes obligated fund balances and all estimated revenue and appropriation line item changes to the proposed Budget no later than October 2 of each year. Attachments B and D (County and Special Districts

respectively) include changes to revenues, appropriations, and obligated fund balances in the 2020/2021 Budget to correspond with the latest fiscal and legal information and the necessity to re-budget appropriations for programs not fully utilizing Board authorized spending levels in 2019/2020. Also requested by the Contra Costa Budget Justice Coalition, Attachment Ba is provided as a companion document to Attachments B and D and provides a summary of how the numbers in the State Schedules tie with each other using the General Fund totals in the example (all funds total in the same way).

The schedules are prepared in reverse order - C, then B, and finally A.

- Schedule C begins with the final year in carryforwards/rebudgets/appropriations as described above. Note that the General Fund budget is required to be balanced, therefore there is not a recommended budget fund balance nor a final budget fund balance. Non-general funds can carry appropriated fund balance and therefore those funds may include recommended budget fund balance and final budget fund balance.
- Schedule B begins with the total fund balance calculated by the Auditor for each fund. From that total, encumbrances, the total from Schedule C, and all the fund balance totals from Schedule A are subtracted, with the exception of the assignment for general fund reserve. Encumbrances are used to control expenditure commitments and enhance cash management. The assignment to general fund reserve (undesignated balance) is the residual net resources excess of non-spendable, restricted, and committed fund balance over total fund balance. Note that the term fund balance available is misleading as the majority of these funds are restricted.
- Schedule A details the obligated fund balance. The obligated amounts increase or decrease only by Board adoption or adopted Board policy. The Schedule begins with the end of year totals in each fund balance category: Non-spendable, inherently non-spendable due to their form; Restricted, externally enforceable limitations of use imposed by creditors, laws or enabling legislation; Committed, self-imposed limitations set in place prior to the end of the year by the Board of Supervisors; Assigned, limitation resulting from intended use by the Board of Supervisors; and Unassigned, which is the residual net resources excess of non-spendable, restricted, and committed fund balance over total fund balance. The final figures in Schedule A are updated per previous actions of the Board, the \$4 million assignment for cyber security was included in the Recommended Budget (page 14), the increase to the assignment for capital reserve is directed by the General Fund Reserve Policy (described in the Recommended Budget on page 15), and the increase to the assignment to general fund reserve is the residual (described above).

Included in these annual materials are several items of note, specifically:

- Schedule C in Attachment B totals \$146.61 million. Of this amount, \$80,765,192 is due to the General Fund. The General Fund rebudgets fall into four general categories of restricted funds, computer system/cyber security/venture capital costs, facility costs, and "other" costs and are detailed below:
  - Restricted funds total \$43.71 million or 54.0% of the total carryforwards.
  - Computer system/cyber security/venture capital costs total \$5.88 million or 7.2% of the total carryforwards. Of this amount, \$599,505 is from prior year venture capital allocations that have not yet been expended due to changes in priority necessitated by the impacts of COVID-19, \$2.93 million is for cyber security projects outlined in the Recommended Budget and are in addition to the \$4.0 million reserve designation, and \$2.35 million is for a variety of

software and system upgrades throughout the County.

- Facility costs total \$28.40 million or 35.1% of the total carryforwards. As part of the ongoing build out of the new Administration Building and new Emergency Operations Center/Public Safety Building both the County Administrator's Office and the Public Works department are recommending adding \$2.50 million to the project budget for costs of delay and street repair in addition to the \$12.65 million in existing carryforwards, \$5.15 million is recommended for facility maintenance and capital projects, and \$8.10 million is for Module D modifications previously approved by the Board on March 10, 2020.
- Other costs total \$2.76 million or 3.4% of the total carryforwards. This category includes carryforwards for litigation (\$1.37 million), Census (\$465,274), a new traffic signal truck (\$250,000), Measure X (\$211,000), and regional correctional mental health planning costs (\$200,000).
- Attachment B (Schedule B) includes encumbrances of 105.58 million, \$104.23 million in the General Fund. Encumbrances reflect the outstanding contractual obligations for which goods and services have not been received and are set up to reserve portions of applicable appropriations. Encumbrances still open at year end are not accounted for as expenditures or liabilities, but as a constraint imposed on fund balance. Encumbrance amounts are much higher than historical figures due to the capital project encumbrances associated with the new County Administration Building, the new Emergency Operation Center, and the West Contra Costa County Reentry, Treatment, and Housing Facility project.

Timing of the phases of the compilation, publication, presentation, and adoption of the County budgets is an important topic of discussion. All of the individual phases of the County budget process have significant timing restrictions and adhere to the County Budget Act, as prescribed in Government Code 29000-29144. The County of Contra Costa operates on a modified accrual basis. Modified accrual accounting combines accrual basis accounting with cash basis accounting. Revenues are recognized when they become available and measurable and, with few exceptions, records expenditures when liabilities are incurred. For practical purposes this means that the final budget for June 30 includes a sixty-day adjustment period, leaving very little time to prepare the State Schedules for review and adoption. Government Code section 29088 states that the budget shall be adopted by Resolution no later than October 2.

#### CONSEQUENCE OF NEGATIVE ACTION:

Delay in Final Budget Adoption.

#### CLERK'S ADDENDUM

**Speakers: Marianna Moore, Ensuring Opportunity Campaign and Budget Justice Coalition; No name given; Melvin Willis, ACCE, Budget Justice Coalition, Richmond City Council; Susan Singh, Richmond; Randy Lewis, Martinez; Dan Geiger, Budget Justice Coalition; Francis Torres, ACCE; Katherine Wally, Walnut Creek; Raul Vasquez, ACCE; Blanca Rotano, Pittsburg; Resident of Richmond.**

**ADOPTED the recommendations; and ACKNOWLEDGED that the Board desires the matters of developing a mental health crisis pilot program with cities, the future of the Marsh Creek Detention Facility operation, and the operation or closure of Juvenile Hall and The Orin Allen Youth Facility to be brought back to the full Board for consideration.**

## **ATTACHMENTS**

Resolution 2020/217

Attachment A - County Appropriation Adjustments

Attachment Aa - Details of County Appropriation Adjustments

Attachment B - County Schedules A, B, and C

Attachment Ba - Summary for State Schedules A, B, and C

Attachment C - Special District Appropriation Adjustments

Attachment Ca - Details of Special District Appropriation Adjustments

Attachment D - Special Districts Schedules A, B, and C