



Contra  
Costa  
County

To: Board of Supervisors  
From: Monica Nino, County Administrator  
Date: September 20, 2022

Subject: Resolution No. 2022/325 Adoption of the FY22-23 Budget As Finally Determined

## **RECOMMENDATION(S):**

ADOPT Resolution No. 2022/325 adopting the Fiscal Year 2022-2023 Adopted Budget as finally determined, including:

- a. Final changes to close out the 2021-2022 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 to the 2022-2023 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 2021/2022 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
- d. Final changes to the 2022-2023 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).

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY  
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD  
COMMITTEE

Action of Board On: **09/20/2022** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

### **VOTE OF SUPERVISORS**

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

ABSENT: Diane Burgis, District III Supervisor

Contact: Adam Nguyen, County Finance Director (925) 655-2048

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 20, 2022

, County Administrator and Clerk of the Board of Supervisors

By: Antonia Welty, Deputy

cc:

### FISCAL IMPACT:

As described in the background information below, this action adjusts FY 2021-2022 appropriations and revenues to balance budgeted figures to actual experience; and for FY22-23, includes fund balances, reserves, designations and all estimated revenue and appropriation line item changes to correspond to the latest information.

### BACKGROUND:

On April 12, 2022, the Board of Supervisors adopted the State Controller's Office Fiscal Year 2022-2023 Recommended Budget Schedules for Countywide Funds and Special Districts, conducted public hearings on County and Special District budgets, and directed the County Administrator to prepare for Board adoption the FY22-23 County and Special District Budgets, as modified, to incorporate any changes directed by the Board during the public hearings.

On May 10, 2022, the Board of Supervisors requested that the Auditor-Controller make adjustments to the FY21-22 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 FY21-22 Budget. Attachments Aa and Ca (County and Special Districts respectively) are provided as companion documents 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 do not always tie to the specific appropriation account.

Also on May 10, 2022, the Board of Supervisors authorized the Auditor-Controller to make technical adjustments to the FY22-23 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 FY22-23 Budget to correspond with the latest fiscal and legal information

Schedule C begins with the final year carryforwards and appropriations adjustments 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. Encumbrances are used to control expenditure commitments and enhance cash management. The assignment to general fund reserve 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 balances. 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. For the General Fund:

- The reduction in the EBRCS (East Bay Regional Communication System) balance represents the expenses incurred in FY21-22;
- \$22.78M is restricted for Medicare Part D;
- \$6M is restricted for the Public Liability Trust Fund;
- \$3.3M is restricted for the CCTV's Public, Educational, and Governmental Fund;
- \$2M is assigned for a Workday procurement module;
- \$2.2 million is assigned for cyber security;
- The \$19.56M increase to the assignment for capital reserve is directed by the General Fund Reserve Policy (as described in the Recommended Budget on page 524);
- \$18.77M is assigned for the Measure X reserve; and
- No residual was assigned to the general fund designated reserve.

Included in these annual materials are several items of note, specifically Schedule C in Attachment B totals \$135.17M. Of this amount, \$71,684,114 are non-General funds and restricted. The balance of \$63,483,892 are for General Fund appropriation carryforwards and adjustments that fall into five general categories as detailed below:

- Measure X committed funds total \$33.9M or 53.5% of the total carryforwards;
- Restricted funds total \$19.1M or 30.2%;
- Information technology costs total \$6.8M or 10.7%;
- Capital project costs total \$2.97M or 4.7%;

- And \$624k are for program related costs, such as \$321k for indigent defense for the Public Defender, and \$235k for Geographic Information Systems, and other miscellaneous appropriations.

Attachment B (Schedule B) includes encumbrances of \$121.4M, of which \$119.96M is 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.

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.

#### ATTACHMENTS

Resolution 2022/325

Attachment A - County Appropriation Adjustments

Attachment Aa - Details of County Appropriation Adjustments

Attachment B - County 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