

# The County of Yuba

## County Administrator

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**TO:** Board of Supervisors

**FROM:** Kevin Mallen, County Administrator  
Sean Powers, Assistant County Administrator  
Michelle Logan, Principal Management Analyst

**SUBJECT:** 10:00 A.M. County Administrator: Hold public hearing, receive recommended adjustments, approve Fiscal Year 2023-2024 Final Budget, adopt the Budget for Fiscal Year 2023-2024 and approve Resolution adopting County Budget for Fiscal Year 2023-2024; and adopt Resolution to Amend Classification System-Basic Salary/Hourly Schedule as it relates to Asst. Administrative Services Director Effective September 1, 2023

**DATE:** September 12, 2023

**NUMBER:** 443/2023

### RECOMMENDATION

It is recommended that the Board of Supervisors:

1. Hold a public hearing;
2. Receive information on recommended adjustments; and
3. Approve Fiscal Year 2023/2024 Final Budgets:
  - a. Total Operating Funds (en mass) \$312,272,091
  - b. Airport Enterprise Funds \$1,226,273
  - c. Contribution to Pension UAL \$2,800,000
  - d. Reserves-General \$300,000
  - e. Fund for General Contingency \$270,000
  - f. Fund for Economic Uncertainties \$250,000
  - g. Contribution to PARS 115 Trust \$500,000
  - h. Total Internal Service Funds \$38,450,720
4. Adopt Resolution Establishing the Budget for Fiscal Year 2023-2024
5. Adopt Resolution amending Classification System – Basic Salary/Hourly Schedule as relates to Asst. Director of Administrative Services effective 9/1/2023

## **BACKGROUND**

On June 13, 2023, the Board of Supervisors adopted the FY 2023/2024 Proposed Budget as the County's interim spending plan. Since its adoption, several changes and request occurred which resulted in recommended adjustments for the Final Budget.

## **DISCUSSION**

The final budget recommendation includes requests from Departments received at budget workshop that support the County's Strategic Plan, adjustments for updated cost plan rates, and other administrative adjustments. Staff is recommending the following changes with Final Budget:

- General Fund Adjustments: A net General Fund request of \$1,647,155 from most all General Fund Departments based on receiving the Cost Plan / A-87 rates after the Proposed Budget adoption. Additional changes as follows:
  - Fill/Fund general funded positions within the Administrative Services (including Building and Grounds/Custodial), Assessor and County Counsel departments.
  - Administrative Services Amend the Classification System Basic Salary / Hourly Schedule effective September 1, 2023 as it relates to the Assistant Administrative Services Director classification, which has been vacant and unfunded.
  - Information Technology Credit card acceptance and system integration solution \$200,000
  - County Administrator contract assistance with Behavioral Health \$50,000
  - Public Defender contract increase \$145,000
- Other Adjustments:
  - District Attorney Extra Help staff \$50,000 (Measure K)
  - County Administrator Yuba Water Agency Grant for Broadband Programmatic Environmental Impact Report \$198,000 (Grant)
  - County Administrator Department of State Hospitals Diversion collaboration meetings \$100,000 (Grant)
  - Information Technology Department to be moved under the Administrative Services umbrella

The Proposed Budget included \$300,000 (Measure K) to Code Enforcement for abatements with no changes at final budget. Ordinance changes will be coming to the Board in the near future.

Staff is recommending the use of one-time revenue for end of year cash balance of additions for potential future budget growth and uncertain economic conditions to Reserves, Contingencies, and Economic Uncertainty.

- General Fund Reserves: General Fund Reserves are held outside of the General Fund. The balance for the Proposed Budget was \$4,700,000, which exceeds policy level of 5% and the Board's stated goal of 10% at 10.58%. A recommended additional contribution of \$300,000 will result in a balance of \$5,000,000 and 11.26%.
- General Fund Contingencies: The Proposed Budget allocated \$1,403,452 (including interest) to General Fund Contingencies, which exceeds the minimum policy level of 1.5% at 3.16%. A

recommended additional contribution of \$270,000 plus accrued interest will result in a balance of \$1,673,452 and 3.77%.

- Economic Uncertainty: This fund was established in FY 2019-2020 to provide the ability to have an emergency funding source if the County experienced a catastrophic financial event like a large-scale emergency, unanticipated loss of General Fund discretionary revenue, or facility or system failure. The proposed budget balance was \$2,554,099 (including interest) and exceeds the minimum policy level of 4% at 5.75%. A recommended additional contribution of \$250,000 plus accrued interest will result in a balance of \$2,824,098 and 6.31%.

The contributions to Reserves, Contingencies, and Economic Uncertainty would occur in January 2024, which supports a better cash flow position for the County.

Staff is also recommending the following:

- Unfunded Accrued Liability: (UAL) contribution of \$2,800,000. Funding a larger portion of the County's Annual payment pension liability to reduce the interest and borrowing expense. This will also reduce the annual borrowing amount from the Yuba Water Agency with a goal of the County funding this obligation without borrowing.
- PARS 115 Trust: Trust contribution of \$500,000. Trust contributions are a longer-term investment to help prefund the County's contributions for pension liability through investment earnings.

These contributions to UAL and PARS 115 Trust would also occur in January 2024.

- End of Year Balance: Proposed Budget included an estimate of \$5,673,266. This estimate was based on higher than anticipated revenues, mostly from property taxes and sales tax. Position vacancy rates, equipment purchase challenges, and re-budgeted items also contributed to General Fund savings. Final Budget exceeded this estimate allowing for additional use of funds.
- General Fund Cash Flow: To help maintain a more positive cash flow within the General Fund, staff is recommending maintaining \$3,883,530 of unappropriated funds in the General Fund. The General Fund typically runs a negative balance September through December down to \$15 million before receiving property tax payments which results in an interest expense for the General Fund.

The attached recommended adjustments for Final Budget from Proposed Budget FY 2023/2024 worksheet reflects the items noted above as well as other recommended adjustments. Consistent with Board policy, additional one-time revenue was directed to one-time expenses.

## **SUMMARY**

The Final Budget reflects a total operating budget of \$313,498,364.

As required by Government Code Section §29000, the Board of Supervisors must formally adopt, by resolution, the budget for each fiscal year prior to October 2nd. By establishing the budget for the fiscal

year, the Board permits the departments to act on the direction given by the Board and to carry out their assigned function. Expenditures are not authorized without an adopted budget. Adopting the budget allows the Auditor-Controller to approve expenditures for which the Board has appropriated resources.

Staff requests the Board approve Fiscal Year 2023/2024 Final Budgets, adopt the resolution establishing the Budget for Fiscal Year 2023-2024, and adopt the resolution amending Classification System – Basic Salary/Hourly Schedule as relates to Asst. Director of Administrative Services effective 9/1/2023.

### **Attachments**

443/2023 FY 2023/24 Budget Allocation

443/2023 FY 2023/24 Adjustments to Proposed Budget

443/2023 FY 2023/24 Position Changes

443/2023 Supplemental Requests FY 2023-24

443/2023 FY 2023/24 Measure K Requests

443/2023 FY 2023/24 Budget Resolution

443/2023 Resolution Amending Classification System-Basic Salary/Hourly Schedule as relates to Asst. Dir. of Administrative Services effective 9-1-2023