

***Before the Board of Supervisors in and for the
County of Monterey, State of California***

Resolution No.: _____

Adopt a Resolution to:

- a. Accept the Budget End-of-Year Report for FY 2021-22 from the County Administrative Office; and
- b. Authorize the County Administrative Office and Auditor-Controller to make fund balance designations in FY 2022-23 included in Attachment A; and
- c. Authorize and direct the Auditor-Controller to amend the FY 2022-23 adopted budget by increasing appropriations and making the appropriate transfers included in Attachment A (4/5ths vote required).....

WHEREAS, the Budget End-of-Year Report (BEYR) evaluates year-end fiscal performance compared to the County's budget, as adopted and modified by the Board of Supervisors. Production of the BEYR is a collaborative effort between the County Administrative Office and departments following year-end closing adjustments overseen by the Auditor-Controller. Financial data analyzed in the BEYR is unaudited and subject to final adjustments. The BEYR begins with an analysis of the countywide performance of the general fund, followed by an analysis of the financial performance of departments and other funds; and

WHEREAS, general fund end-of-year results are favorable, with an operating surplus of \$17.7 million primarily attributed to growth in discretionary revenue, with revenues of \$758.0 million against \$740.3 million in expenditures. The strong performance of discretionary revenue and prudent financial management by departments allowed the County to invest in its strategic reserve, long-term liabilities, and capital outlay reserves. With Board authorization, the budget surplus was used to increase the strategic reserve to meet the 10% of FY 2022-23 adopted general fund revenues goal set by County ordinance. The BYER also includes recommendations by the CAO to increase fund balance assignments for capital projects and compensated absences. The surplus and the fund balance designations recommended by the CAO are testaments to the County's conservative management culture and the continuous monitoring of its finances with oversight of the Board and its Budget Committee; and

WHEREAS, as part of the FY 2022-23 adopted budget, the Board of Supervisors authorized the CAO to allocate FY 2021-22 surplus to the strategic reserve, general fund contingency assignment, and the pension trust assignment. The operating surplus allowed \$3.9 million to be transferred to the strategic reserve, increasing the strategic reserve to an all-time high of \$79.3 million (10% of FY 2022-23 adopted general fund revenues). The general fund contingency assignment increased by \$385,224 to reach 1% of adopted general fund revenues, and \$15.4 million was added to the pension trust assignment; and

WHEREAS, based on the FY 2021-22 general fund performance, the CAO recommends that \$4.0 million in added to the compensated absences assignment to strengthen the reserves for accrued leave liabilities. As a result of higher-than-expected Proposition 172 revenue, it is recommended that \$783,450 is added to the revenue stabilization assignment. To plan for future

capital and equipment outlay, the CAO recommends \$1.7 million be added to the general capital assignment. Lastly, \$432,681 is suggested to be added to the capital project assignment for planned sustainability energy projects and the COVID-19 county memorial project. Pending the Board's approval of this report's recommendations, the CAO estimates ending FY 2021-22 with an unassigned fund balance of \$10.0 million, of which \$6.4 million is utilized in accordance with prior Board approval as a funding source in the FY 2022-23 adopted budget; and

WHEREAS, the final year-end results are subject to audit and will be published by the Auditor-Controller later this year in the Annual Comprehensive Financial Report. Details of the preliminary results are in the attached BEYR; NOW, THEREFORE,

NOW, THEREFORE BE IT RESOLVED, by the Board of Supervisors of the County of Monterey, does hereby approve the following:

- a. The Budget End-of-Year Report for FY 2021-22 from the County Administrative Office is accepted.
- b. The County Administrative Office is authorized to make the fund balance designations in FY 2022-23 in attachment A and the Auditor-Controller is authorized and directed to make the fund balance changes in Advantage in attachment A.
- c. The County Administrative Office is authorized to make the appropriation increases and transfers, as appropriate, in FY 2022-23 and the Auditor-Controller is authorized and directed to make changes in Advantage as described in Attachment A (4/5ths vote required).

PASSED AND ADOPTED upon motion of Supervisor _____, seconded by Supervisor _____, and carried this ____ day of _____, 2022, by the following vote, to wit:

AYES:

NOES:

ABSENT:

I, Valerie Ralph, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original resolution of said Board of Supervisors duly made and entered in the minutes thereof at page ____ of Minute Book _____, on _____.

Dated:

Valerie Ralph, Clerk of the Board of Supervisors County of Monterey, State of California

By: _____, Deputy

ATTACHMENT A: FY 2022-23 BUDGET AMENDMENTS AND FUND BALANCE DESIGNATIONS

The items listed below are recommended amendments to the FY 2022-23 adopted budget and fund balance designations.

- A. Authorize the County Administrative Office and Auditor-Controller to make the following fund balance designations and fund balance changes in Advantage, respectively, in FY 2022-23 based on FY 2021-22 operating results:
 - 1. Designate \$3,980,683 to Compensated Absences Assignment (BSA 001-3115) from unassigned fund balance (BSA 001-3101).
 - 2. Designate \$400,000 to the Capital Project Assignment (BSA 001-3123) from unassigned fund balance (001-3101) for the Sustainability Program's solar and battery capital projects.
 - 3. Designate \$32,681 to the Capital Project Assignment (BSA 001-3123) from unassigned fund balance (BSA 001-3101) for the COVID-19 memorial.
 - 4. Designate \$783,450 to the Revenue Stabilization Assignment (BSA 001-3128) from unassigned fund balance (BSA 001-3101) funded from surplus Proposition 172 revenue.
 - 5. Designate \$80,000 to the General Capital Assignment (BSA 001-3065) from unassigned fund balance (BSA 001-3101) for survey software outlay.
 - 6. Designate \$493,237 to the General Capital Assignment (BSA 001-3065) from unassigned fund balance (BSA 001-3101) for future Agricultural Commissioner capital project outlay.
 - 7. Designate \$1,134,579 to the General Capital Assignment, Elections (BSA 001-3065) from unassigned fund balance (BSA 001-3101) for future elections capital equipment outlay.
- B. Authorize a \$32,681 general fund transfer to the capital fund (Fund 404) for the COVID-19 memorial by authorizing and directing the Auditor-Controller to amend the FY 2022-23 adopted budget by:
 - 1. Increasing appropriations in the Facility Master Plan Projects FY 2022-23 adopted budget (404-PFP057-8564) by \$32,681 financed by an operating transfer in of \$32,681 (4/5ths vote required); and
 - 2. Increasing appropriations in the General Fund FY 2022-23 adopted budget (001-CAO017-8038) by \$32,681 financed by the release of \$32,681 in assigned fund balance (BSA 001-3123) (4/5ths vote required); and
 - 3. Transferring \$32,681 in FY 2022-23 from General Fund, Fund 001, Other Financing Uses CAO017, to Facility Master Plan Projects, Fund 404, Appropriation Unit PFP057.
- C. Authorize and direct the Auditor-Controller to amend the FY 2022-23 adopted budget by increasing appropriation by \$15,000 in the CAO budget (001-CAO001-8045) financed by unassigned fund balance (BSA 001-3101) for department head training expenses (4/5ths vote required).
- D. Authorize and direct the Auditor-Controller to amend the FY 2022-23 adopted budget by increasing appropriation by \$6,000 in the Clerk of the Board's budget (001-COB001-1300-8020) to cover all expenses for framed Board Resolutions and to enhance certificates for Board Resolutions per Board Referral No. 2022.21 financed by unassigned fund balance (BSA 001-3101) (4/5ths vote required).

- E. Authorize and direct the Auditor-Controller to amend the FY 2022-23 adopted budget by increasing appropriations and estimated revenue by \$250,000 in the Pension Liability Fund (030-CAO049-8570), funded by supplemental unfunded accrued liability contributions for trust management and investment expenditures (4/5ths vote required).
- F. Authorize a general fund transfer to the pension trust fund (Fund 030) by authorizing and directing the Auditor-Controller to:
 - 1. Amend the FY 2022-23 adopted budget by increasing appropriations by \$15,402,538 in the CAO budget (001-CAO017-8038) financed by a release of \$15,402,538 in the Pension Trust Assignment (BSA 001-3135) (4/5ths vote required); and
 - 2. Amend the FY 2022-23 adopted budget in the pension trust fund (030- CAO049-8570) by increasing appropriations and estimated revenues by \$15,402,538 financed by an operating transfer in from the general fund (4/5ths vote required); and
 - 3. Transfer \$15,402,538 in FY 2022-23 from General Fund, Fund 001, Other Financing Uses CAO017, to the pension trust fund, Fund 030, Appropriation Unit CAO049.