



The FY2018/19 Recommended Budget of \$1,016,433,937 is a balanced budget utilizing a combination of funding from State, federal and local revenues, tax revenues, fees for services, transfers from designated reserves and fund balance carryover from FY2017/18. It is important to note that while the budget is mathematically balanced, relying on one-time funds and the use of fund balance, it is not structurally balanced. Ongoing revenues are lagging and are not at this time growing at a pace that's kept up with operating costs. While Solano County's sound financial practices and fiscally prudent management policies have ensured continued provision of key services, it is clear we still face budget challenges as we look to FY2019/20 and beyond. While the FY2018/19 Recommended Budget works to address these challenges, additional efforts will be necessary in the coming year.

The FY2018/19 Recommended Budget was published on May 24, 2018, since then departments have identified several budget-related technical and programmatic changes that require your Board's consideration as part of your deliberation of the FY2018/19 Budget. If approved by the Board as presented, the revised total FY2018/19 Budget for all Governmental Funds subject to the Budget Act including the Supplemental Adjustments will be **\$1,065,186,194**, an increase of \$48,752,257. The increase includes \$14,874,151 in supplemental adjustments due to re-budgeting of FY2017/18 capital projects, programs, etc. and an increase of \$33,878,106 in other budget adjustments primarily due to the recognition of revenue from the reimbursement of State mandated costs and the transfer of \$10,000,000 from the CalPERS Rate Reserve to the PARS 115 Trust Reserve. The budget adjustments result in a net decrease \$114,670 in General Fund costs, after an additional draw from the Capital Renewal Reserve of \$3,345,000. There is consensus between the County Administrator and Department Heads on the FY2018/19 budget documents presented to the Board for approval.

The County Administrator, in collaboration with the Auditor-Controller, Human Resources, and the Department Heads, has prepared the attached Supplemental Budget Adjustment documents and resolutions for the Board's deliberation during the Public Hearing.

### **Budget Considerations and Recommended Actions:**

The following are the recommended budget actions:

1. Adopt the attached Budget Resolution (Attachment H) which includes both the FY2018/19 Recommended Budget and the FY2018/19 Supplemental Budget adjustments (Attachment A & B) that includes the following specific authorizations listed in items 2 - 22.
2. Approve the attached Changes in Position Allocation List reflecting allocated positions included in the Recommended and Supplemental Budgets and Approve the Resolutions Amending the List of Numbers and Classifications of Positions incorporating the deletions and additions recommended in the FY2018/19 Recommended Budget, as modified by the Supplemental Budget requests for FY2018/19 (Attachment C).
3. Consider approving the Recommended Contributions to Non-County Agencies as included in the Recommended and Supplemental Budgets (Attachment D).

The following delegated authority is recommended to facilitate the closeout of FY2017/18:

4. Authorize the Auditor-Controller, with the concurrence of the County Administrator, to transfer appropriations within a fund to cover FY2017/18 year-end closeout if justified, subject to the transfer(s) not increasing the total appropriation within the fund.
5. As part of FY2017/18 closeout, transfer and/or redistribute BOS approved County General Fund contribution between Departments within Fund 900 (Public Safety) and between Departments/Divisions for Fund 902 (Health & Social Services), provided that the BOS approved General Fund

contribution/appropriation amount directed to each of the individual Funds 900 and 902 remains within the approved County General Fund contribution/appropriations amount.

6. In addition, as part of FY2017/18 closeout, if the Midyear projection of fund balance for the General Fund is not met (estimated at \$26.9 million), County Administrator will authorize the Auditor-Controller to reduce, in this order, Accrued Leave Payoff, Capital Renewal, CalPERS Reserve, and then General Fund Contingency for FY2018/19 by the amount short of the projection.
7. Authorize the County Administrator to pay the FY2016/17 claim for Solano Coalition for Better Health in the amount of \$87,500 utilizing FY2017/18 Fund Balance.

The following delegated authority is recommended to facilitate other actions related to approval and financing of the FY2018/19 Recommended Budget:

8. In the event the General Fund's year-end fund balance exceeds the amount needed to balance the FY2018/19 Budget, as may be authorized by the Board of Supervisors following Budget Hearing deliberations, authorize the County Administrator to direct the Auditor-Controller to (please refer to page D-14 of the Budget Construction & Legal Requirements of the FY2018/19 Recommended Budget):
  - i. Increase the General Fund Committed Fund Balance for Deferred Maintenance/Capital Renewal up to \$5.0 million; and
  - ii. Increase the General Fund Committed Fund Balance for the Employer CalPERS Rate Increases and/or 115 Trust up to \$5.0 million;
  - iii. Increase the General Fund Committed Fund Balance for General Fund Reserves up to \$4.0 million;
9. Authorize the Auditor-Controller to apply year-end available fund balance at 6/30/2018 as an Operating Transfer Out to the Library Contingency (BU 9304) in the following Budget Units: Library Zone 1 (BU 6150), Library Zone 2 (BU 6180), Library Zone 6 (BU 6166), and Library Zone 7 (BU 6167).
10. Authorize the Auditor-Controller to increase (decrease) appropriations in the Department of Child Support Services Operations Division (BU 2488, subobject 0002312) by the available year-end fund balance at 6/30/2018.
11. Authorize the Auditor-Controller to increase (decrease) appropriations in the East Vallejo Fire Protection District (BU 9814, subobject 0002245) by available year-end fund balance.
12. Authorize the Director of Human Resources, with the concurrence of the County Administrator, to make technical changes to the Position Allocation List.
13. Authorize the Auditor-Controller, with the concurrence of the County Administrator, to make adjustments after the close of the Budget Hearings and the end of the fiscal year as needed and where applicable to balance the FY2018/19 Adopted Budget.
14. Authorize the County Administrator to delete positions that have been vacant for over six months, in accordance with the 2011 Budget Reduction Strategy of eliminating or freezing vacant positions and only filling positions that are "Mission Critical" to the organization, and to accordingly direct the Director of Human Resources to make technical changes to the Position Allocation List as needed.
15. Authorize the Auditor-Controller, with the concurrence of the County Administrator to increase the committed Employer CalPERS Rate Reserve by repayments to the General Fund from Pension Debt

Service Fund.

16. Authorize the Auditor-Controller to increase General Fund Reserves by repayments from General Fund Loans.
17. Authorize the Auditor-Controller, with the concurrence of the County Administrator, to increase (from the 6/30/2018 year-end close/fund balance) the following (please refer to Schedule 4 of the FY2018/19 Recommended Budget):
  - i. Committed Fund Balance - Employer CalPERS Rate by \$4.8 million
  - ii. Committed Fund Balance - Capital Renewal by \$3 million; and
  - iii. Committed Fund Balance - Accrued Leave Payoff by \$1 million.
18. Authorize the County Administrator, assisted by the Auditor-Controller, to draw down (please refer to Schedule 4 of the FY2018/19 Recommended Budget and Supplemental adjustments):
  - i. Committed Fund Balance - Capital Renewal by \$4.9 million to fund the various projects in the Accumulated Outlay Fund.
19. Authorize the County Administrator, assisted by the Auditor-Controller, to transfer \$10 million from the Committed Fund Balance - Employer CalPERS Rate to the Committed Fund Balance -PARS 115 trust.
20. Authorize the Auditor-Controller, with the County Administrator's approval to increase the General Fund Balance for Accrued Leave Payoff by the amount appropriated in the General Expenditures Budget for Accrued Leave payoff not used by the end of the fiscal year.
21. Authorize the County Administrator, to complete all actions necessary, including approval of any necessary Appropriation Transfer Requests (ATR's) related to the Intergovernmental Transfer funds (IGT) previously approved by the Board in April 2018.
22. Authorize the County Administrator to sign all agreements and/or contract amendments resulting from the Board's approval of the Recommended Budget and Supplemental Budget requests.

The following separate attachments have been prepared in support of the recommended Board actions and provide additional detail and explanations:

- Attachment A: Summary of Supplemental Budget Adjustments
- Attachment B: Supplemental Adjustments to FY2018/19 Recommended Budget
- Attachment C: Changes in the Permanent Position Allocation and Resolutions Amending the List of Numbers and Classifications of Positions in the Recommended and Supplemental Budget
- Attachment D: Summary of Contributions to Non-County Agencies
- Attachment E: State and Federal Update
- Attachment F: Projected CalPERS Retirement Rates and Costs
- Attachment G: Capital Facilities Improvement Plan Table

Attachment H: FY2018/19 Budget Resolution

Attachment I: [Hyperlink to Solano County FY2018/19 Recommended Budget](#)