

**COUNTY OF SACRAMENTO  
CALIFORNIA**

For the Agenda of:  
September 6, 2023  
9:30 A.M.

To: Board of Supervisors

Through: Ann Edwards, County Executive

From: Amanda Thomas, Chief Fiscal Officer  
Office of Budget & Debt Management

Subject: Public Hearing On, And Consideration Of Possible Revisions  
To, The Fiscal Year 2023-24 Approved Recommended  
Budget

District(s): All

**RECOMMENDED ACTION**

1. Approve the Fiscal Year (FY) 2023-24 Revised Recommended Budget.
2. Direct the Department of Personnel Services to prepare an administrative Salary Resolution Amendment (SRA) to reflect the positions approved in the FY 2023-24 Adopted Budget, including any deletion of positions and recognizing any class name changes approved by the Board but not yet reflected in the FY 2023-24 Summary of Positions.
3. Direct the Department of Finance to prepare the FY 2023-24 Budget Resolutions for Board of Supervisors (Board) consideration on September 26, 2023.
4. Approve the attached Resolution repealing the County's General Reserves Policy and adopting a new General Fund Reserve Policy.
5. Approve the project changes and new projects for inclusion in the County's Capital Improvement Plan (CIP) as shown on Attachment 2.
6. Approve the Community Engagement Plan for the FY 2024-25 budget process.

**BACKGROUND**

The County Budget Act requires that boards of supervisors in every county approve a Recommended Budget by June 30<sup>th</sup> for the fiscal year that begins on the upcoming July 1<sup>st</sup>. This Approved Recommended Budget provides appropriation (expenditure) authority from July 1, until the budget is adopted, which must occur no later than October 2<sup>nd</sup>. Prior to October 2<sup>nd</sup>, the Budget Act requires that boards of supervisors hold a public hearing on

the Approved Budget, including any recommended revisions, make any changes desired and, ultimately, approve resolutions adopting the budget.

In Sacramento County, the annual budget process begins in October and involves departments preparing their requested budgets, which are reviewed and analyzed by staff in the Office of the County Executive (OCE). OCE staff also prepare estimates of the amount of discretionary and semi-discretionary (Proposition 172 and Realignment) revenue the County will receive. After review, the County Executive provides a Recommended Budget to the Board of Supervisors for consideration, and the Board hears public comment, makes any desired revisions and approves the Recommended Budget (the "Approved Budget").

Following closing of the County's books for the prior fiscal year in late July, departments prepare requests for revision to the Approved Budget based on updated fund balance and other information. OCE staff reviews those requests and updates discretionary and semi-discretionary revenue estimates. After review, the County Executive then recommends revisions to the Approved Budget (the "Revised Recommended Budget").

For FY 2023-24, the Recommended Budget identified certain new or enhanced programs (Growth) funded with General Fund discretionary resources that were not included in the Recommended Budget but were a priority for funding in the Revised Recommended Budget. The resolution approving the Recommended Budget directed the County Executive to prioritize including this Growth in the Revised Recommended Budget, resources permitting, and, if additional discretionary resources remained after funding this Growth, to prioritize increasing General Fund discretionary reserves.

The purpose of this meeting is for the Board to hold a public hearing on, and approve revisions to, the FY 2023-24 Approved Budget. In addition to approving the Revised Recommended Budget, staff is requesting that the Board take several related actions. These include:

- Directing the Department of Personnel Services to prepare an administrative SRA to reflect the positions approved in the FY 2023-24 Adopted Budget, including the deletion of positions.
- Directing the Department of Finance to prepare the FY 2023-24 Budget resolutions for Board consideration on Tuesday, September 26, 2023.

- Approving the new or revised projects for inclusion in the County's CIP as shown on Attachment 2. These are projects that are included in the Revised Recommended Budget.

#### General Fund Reserve Policy

As discussed during the FY 2023-24 Recommended Budget hearings in June, staff recommends revising the County's General Fund Reserve Policy to establish a new policy target consistent with best practice recommendations for reserve funding levels and to provide adequate reserve funding considering the revenue and expenditures risks faced by the County.

The existing General Reserve Policy was adopted in 2016 and established a goal of having General Reserves equal to 10% of discretionary revenue and reimbursements. To achieve this goal, the policy calls for increasing General Reserves each year in an amount equal to 10% of the General Fund's available fund balance carryforward. Consistent with the existing policy, the FY 2023-24 Revised Recommended Budget includes a contribution to General Reserves equal to 10% of the fund balance carryforward, which would bring General Reserves to 9.7% of discretionary revenue and reimbursements.

A widely recognized best practice for reserve funding levels is the Government Finance Officers Association (GFOA) recommended minimum unrestricted budgetary fund balance of two months (or roughly 17%) of regular general fund operating revenues or expenditures.

Consistent with the GFOA recommendation, staff recommends approval of a new General Fund Reserve Policy that identifies a General Fund discretionary reserves target of 17% of all General Fund revenues and reimbursements (compared to the current policy goal of 10% of only discretionary revenues and reimbursements) and establishes a process for achieving that goal over time in the context of recommendations made during the annual budget process.

#### Community Engagement Plan

On June 10, 2021, in connection with approval of the FY 2021-22 Recommended Budget, the Board approved a community engagement plan for preparation of the FY 2022-23 budget, which was implemented by staff and served as the basis for the budget priorities adopted by the Board on December 8, 2021. On September 6, 2022, the Board approved a similar community engagement plan for the FY 2023-24 budget process, and on January 10, 2023, the Board adopted priorities for the FY 2023-24 budget.

For the FY 2024-25 budget, staff recommends a community engagement plan that continues to build on elements implemented in prior years and supports further refinement and enhancement in future years. Specifically, the following community engagement and outreach elements are recommended to support development of the FY 2024-25 budget:

- Easy-to-understand information about the County's budget, including a "Budget in Brief" budget summary to be published for the FY 2023-24 Adopted Budget and updates to the "Budget Explorer Tool," allows users to drill down into the County's budget will continue to be provided on the County's website.
- An updated budget priorities survey of County residents will be conducted by a professional public opinion firm this fall leading up to the FY 2024-25 budget process, building on the results of the budget priority survey conducted in 2021 and the focus groups of County residents conducted in 2022.
- County departments will continue to engage with the County's advisory boards and commissions to both share information about the County's budget and seek input from board and commission members about their priorities for departmental budget requests.
- One or more budget workshops open to the public and with participation from department representatives will be conducted to provide an opportunity for the public to ask questions and provide input on budget priorities.

Based on information gathered through these efforts, staff will recommend to the Board any updates or refinements to the budget priorities in advance of the development of the FY 2024-25 budget.

### **FINANCIAL ANALYSIS**

As proposed, the County's Budget is balanced.

Attachment(s):

Resolution – General Fund Reserve Policy

ATT 1 – General Fund Reserve Policy

ATT 2 - Adjustments to the Capital Improvement Plan (CIP) and List of New  
Projects by Department