NOTICE OF CHAIRMAN CALLING SPECIAL MEETING OF THE SUTTER COUNTY BOARD OF SUPERVISORS FOR NOVEMBER 30, 2018

The Chairman of the Sutter County Board of Supervisors hereby calls a Special Meeting of the Sutter County Board of Supervisors to be held on November 30, 2018 at 3:00 PM, in the County Administrator's Large Conference Room at 1160 Civic Center Blvd., Suite A, Yuba City, CA 95993.

The business to be transacted at this Special Meeting is set forth below in the Agenda Summary and incorporated herein.

Date of Call: 11/29/18
Time of Call: 2:00 p.m.

Dan Flores, Chairman
Sutter County Board of Supervisors

SPECIAL MEETING – AGENDA SUMMARY
SUTTER COUNTY BOARD OF SUPERVISORS
1160 Civic Center Blvd., Suite A Yuba City, CA 95993
NOVEMBER 30, 2018

PROCEDURE FOR PUBLIC PARTICIPATION

Members of the Public will be allowed to address the Board with respect to the items listed on the Agenda only. The law requires that business not appearing on the Agenda may not be discussed at a special meeting. If you wish to speak on any item appearing on the Agenda, please fill out a Speaker Card, noting the number of the Agenda item about which you wish to speak, and present it to the Board Clerk. Testimony should always begin with the speaker giving his or her name.

3:00 PM SPECIAL MEETING

Roll Call

PUBLIC COMMENT

Public Comment Period

APPEARANCE ITEM

STEVEN M. SMITH, ASSISTANT COUNTY ADMINISTRATOR

Approval of recommended adjustments and adoption of worksheet summarizing the recommendations, enabling the Auditor-Controller to produce the Final Adopted Budget for Fiscal Year 2018-19 and submit to the State Controller's Office (4/5 vote required)

ADJOURNMENT

Requests for assistive listening devices or other accommodations, such as interpretive services, should be made through the Clerk of the Board at (530) 822-7106. Requests should be made at least 72 hours prior to the meeting. Later requests will be accommodated.
SUTTER COUNTY BOARD OF SUPERVISORS
Board Agenda Staff Report

To: Honorable Board of Supervisors
From: Scott Mitnick, County Administrator
Department: County Administrator
Subject: Approval of recommended adjustments and adoption of worksheet summarizing the recommendations, enabling the Auditor-Controller to produce the Final Adopted Budget for FY 2018-19 and submit to the State Controller's Office (4/5 vote required)

Recommendation: It is recommended that the Board of Supervisors approve the recommended adjustments regarding items #1-3 and adopt the attached worksheet (Attachment A) summarizing the recommendations, enabling the Auditor-Controller to produce the Final Adopted Budget and submit it to the State Controller’s Office.

Background & Discussion: The Fiscal Year 2018-19 budget was adopted by the Board on July 24, 2018, by Resolution No. 18-048. That resolution provided authority to the Auditor-Controller to make identified adjustments to individual funds within the budget, and established deadlines for submittal of additional information, if necessary, intended to provide both the Auditor-Controller’s Office and the County Administrative Office ample time to prepare, review, and recommend any proposed budget adjustments such that the County’s budget can be submitted to the State Controller’s Office by December 1st.

At the November 13, 2018 meeting of the Board of Supervisors, the Board approved recommended adjustments that provided additional authority to the Auditor-Controller to balance the FY 2018-19 budget. However, since that time, three adjustments were further discussed by staff of the Auditor-Controller’s Office and CAO’s Office. These adjustments include the need to resolve the negative net assets in both the Wellness Internal Service Fund (4595) and the Fleet Management Internal Service Fund (4580) and to budget for depreciation in the Sutter County Waterworks District #1 Fund (4400).

Item #1 – Wellness Internal Service Fund – The Wellness ISF contains a net assets beginning balance of -$63,973. A reduction in the Professional and Specialized Services line item (52180) of $63,973 is recommended to resolve this issue. There is no impact to the General Fund.

Item #2 – Fleet Management Internal Service Fund – The Fleet ISF contains an estimated net assets ending balance of -$260,234. A cancellation of General Fund reserves, committed fund balance for capital projects, of $260,234 is recommended to resolve this issue. CAO staff are currently working with the Auditor-Controller’s Office and General Services Department to resolve this issue prospectively. Staff anticipate returning to the Board later in FY 2018-19 with recommended amendments that ensure state and federally subvented departments pay their proper share of Fleet costs, thus reducing the actual General Fund impact of the $260,234 budget adjustment.
Item #3 – Sutter County Waterworks District #1 Fund – The WWD1 Fund budget did not include a budget for depreciation. The Auditor-Controller’s Office recommends including depreciation expense in this enterprise fund budget. Depreciation is calculated at $160,000 for FY 2018-19. To offset this additional expense, it is recommended to increase revenue in the State Grant line item (45111) by the same amount. There is no impact to the General Fund. However, staff anticipate returning to the Board of Supervisors in FY 2018-19 to review the operation and financial viability of WWD1.

Budgetary Legal Basis: Government Code Section 29009 requires that the County budget be balanced (the funding sources shall equal the financing uses). Government Code Section 29093 requires that the adopted budget shall be filed by the Auditor in the Office of the Clerk of the Board and the Office of the State Controller not later than December 1st of each year. Therefore, any action to balance the FY 2018-19 budget must be taken at the special meeting of the Board of Supervisors on November 30, 2018.

Past Consideration of the Board: On November 13, 2018, the Board approved a set of recommended adjustments to the FY 2018-19 Adopted Budget.

Action Following Approval: The Auditor-Controller will amend the budget as attached and submit the Final Adopted Budget to the State Controller’s Office and the office of the Clerk of the Board.

Alternatives: There are no other viable recommendations at this time.

Fiscal Impact: The November 13, 2018 staff report stated the total General Fund impact of all recommended adjustments increases the General Fund fund balance by $1,961,849 for FY 2018-19. This included additional “roll forward” fund balance of $3,164,698 and use of $1,140,337 to resolve the negative fund balance in the Public Safety Fund.

The impact of the recommended adjustments in this staff report combined with those from the November 13, 2018 staff report, specifically the $260,234 recommended to be transferred to the Fleet ISF, results in an increase in General Fund fund balance for FY 2018-19 of $1,701,615 instead of $1,961,849 that was stated in the November 13, 2018 staff report.

Respectfully Submitted,

S/ Scott Mitnick
County Administrator

Steve Smith
Steve Smith, Assistant County Administrator 11/30/2018

Attachments:
1. Additional final budget adjustments 2018-19
<table>
<thead>
<tr>
<th>Budget Unit</th>
<th>Problem as stated by Auditor-Controller</th>
<th>Recommended Solution for BOS Adoption</th>
<th>Discussion</th>
</tr>
</thead>
<tbody>
<tr>
<td>4580 Fleet ISF</td>
<td>1) Negative beginning Net Assets $162,750 2) Negative ending Net Assets $260,234 3) Investment in Fixed Assets wasn’t properly adjusted at year end</td>
<td>Budget to transfer $260,234 from the General Fund to correct the negative net assets.</td>
<td>Staff anticipate returning to the Board later in FY 2018-19 with recommended amendments that ensure state and federally subvented departments pay their proper share of Fleet costs, thus reducing the actual General Fund impact of the $260,234 budget change.</td>
</tr>
<tr>
<td>4580 Fleet ISF</td>
<td></td>
<td></td>
<td>Cancel FB 0001-1209-00-49995 Operating Tx Out 0001-1209-00-56200 Operating Tx In 4580-4580-00-48600</td>
</tr>
<tr>
<td>4595 Wellness ISF</td>
<td>Negative fund balance of $63,973</td>
<td>Reduce appropriation for Professional and Specialized</td>
<td>Based upon recent budget/actual results, there will be adequate appropriations after reducing</td>
</tr>
<tr>
<td>4400 Waterworks District #1</td>
<td>No Depreciation Expense budgeted</td>
<td>Budget for depreciation and offset with increased State Grant revenue.</td>
<td>Staff anticipate returning to the Board in FY 2018-19 to address the financial viability of this fund.</td>
</tr>
</tbody>
</table>

**Total Budget Adjustment:** 260,234