



April 27, 2021

Matthew H. Hymel
COUNTY ADMINISTRATOR

Daniel Eilerman
ASSISTANT COUNTY
ADMINISTRATOR

Angela Nicholson
ASSISTANT COUNTY
ADMINISTRATOR

Marin County Civic Center
3501 Civic Center Drive
Suite 325
San Rafael, CA 94903
415 473 6358 T
415 473 4104 F
CRS Dial 711
www.marincounty.org/cao

Marin County Board of Supervisors
3501 Civic Center Drive
San Rafael, CA 94903

SUBJECT: Allocation of Unassigned Year-End Fund Balance

Dear Supervisors:

RECOMMENDATION: Approve allocation of \$10,886,701 from FY 2019-20 unassigned year-end fund balance as detailed in staff report.

OVERVIEW:

Marin County is among a handful of California Counties that has maintained a AAA bond rating available because we have, among other things, practiced sound financial discipline by not using one-time revenues for ongoing expenses. Our policy has been to allocate one-time funds for solely for one-time purposes.

\$10.9 million in one-time resources are available. With the completion of our prior year financial audit, there is approximately \$10.9 million in additional General Fund unassigned fund balance that is available to allocate by your Board. This balance is largely due to higher-than-expected salary savings, interest earnings and excess Education Resource Augmentation Funds (ERAF). Additional one-time funds are anticipated to be available as part of the FY 2021-22 Proposed Budget.

Recommended Allocations:

Consistent with past practices of dedicating unassigned year-end fund balance toward infrastructure and reserves, we recommend the following:

Contribution to the Contingency Reserve (\$5,500,000)

Your Board's fiscal policies recommend the County maintain contingency reserves of 5 to 15 percent, with a minimum of 8.5 percent for the General Fund. Given our region's increasing risk for fires and the ongoing risk of natural disasters such as earthquakes, we are recommending a one-time increase to the General Fund contingency reserve of \$5.5 million. This will bring the total balance to \$46.5 million, which will be approximately 10 percent of the annual operating budget.

Contribution to the Road and Bridge Capital Fund (\$5,386,701)

Consistent with past Board direction, we recommend approximately half of the unassigned fund balance be allocated to the County's Road and Bridge Capital program. Given budget uncertainty, we were not able to provide our goal of \$8

million in annual General Fund contributions to the Road and Bridge program in the FY 2020-21 Adopted Budget. This one-time allocation will allow us to meet our annual contribution goal. These funds will be used to support this summer's work program for road and bridge improvement projects that maintain and/or improve pavement condition index (PCI) in unincorporated areas.

FISCAL IMPACT:

Your Board's approval will increase General Fund transfer appropriations by \$5,386,701 for the Road Capital Fund (1430) to support the summer road improvement program, and to increase the Contingency Reserve (320555) committed fund balance by \$5,000,000, which would result in a balance of approximately \$46.5 million, or ten percent of the General Fund operating budget. Future expenditures from the contingency reserve would require subsequent approval by your Board and are generally limited to natural disasters, economic depression or other unforeseen events.

Please let me know if you have any questions or concerns.

Respectfully submitted,



Matthew Hymel
County Administrator