

FY 2026-27

**Board of Supervisors
General Financial Policy
Updates**

4.21.2026

Presented by:
County Administrative Office
Budget Team



Clarification of Budget Committee Role & Responsibility

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3.4 – The Budget Committee’s principal functions include receiving staff updates on financial issues affecting the County and **providing recommendations** to staff in developing and modifying the budget.

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12.3 – Removed “Determines available funding sources and provides input towards scope changes to meet any fiscal constraints”

5.7 Appropriations and Transfers

Page 6 (highlights)

- Establishes appropriation control at the **major expense category level within each budget unit.**
- After budget adoption, no transfers between **major expense categories** within the same budget unit unless approved by CAO office
- CAO instituted system-based budgetary controls at the **budget unit level and major expense category level.**
- Transfers of appropriations or movement of general fund contribution **between budget units** must be approved by Board resolution.

7.8 Maintaining Revenue and Expenditure Categories

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Add to 7.8 as (a)

- a. Appropriation controls will be established for the **major expenditure categories** of “Salary and Employee Benefits”, “Services and Supplies”, “Other Charges”, “Capital Assets”, and “Other Finance Uses”. Appropriations may not be used across appropriation categories without the express approval of the County Administrative Office. Appropriations will be controlled at the major expenditure category.

7.9 Outside Organization Contributions

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Contributions to the Road Fund

The TOT contribution percentage for the Road Fund was established by the Board and is currently capped at twenty-five percent (25%) of total TOT revenue.

8.3 Committed Fund Balance-Strategic Reserve Fund

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(end of first paragraph addition)

The Natividad Medical Center (NMC) strategic reserve designation, is a sub-designation of the General Fund strategic reserve and **does not count towards the County's goal of maintaining a strategic reserve equal to 10%.**

8.4 Assigned Fund Balance – Compensated Absences Assignment

Page 16 ADDITION HIGHLIGHTS

- Maintain a fund balance as reserve for Compensated Absences.
 - Cover the cost of retirement or resignation payouts of accrued employee liabilities.
- Maintained ten percent (10%) of the Compensated Absence Liability as delineated in ACFR
- Compensated leave expenditures shall be paid from department budget units first.
 - If department cannot cover cost, must submit a request to CAO with proof the payment will exceed salary and benefit appropriations.

Compensated Absences Assignment Reserve Balance (5 Year to Current Activity)

B-3115 -Compensated Absences Assignment	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
BEGINNING BALANCE	8,038,238	-	9,527,138	12,708,427	12,670,138	10,060,493
Addition through Budget/BEYR		9,527,138	3,980,683			
Transfer to PARS 115 Fund	(8,038,238)					
Discretionary Fund Program Allocation					(941,160)	
BOS Retirement				(38,289)		
Sheriff Office Comp Absences Use			(799,394)		(1,298,327)	
WRA Cloud Seeding Reserve Reclassed to 3123					(125,000)	
WRA Markeley Swamp Reserve Reclassed to 3123					(245,158)	
Payment SDI tax under-withholding (no recoupment from County employees)						(1,700,000)
Retirement of a Deputy County Counsel IV						(62,477)
ENDING BALANCE		- 9,527,138	12,708,427	12,670,138	10,060,493	8,360,493

8.5 Order of Usage of Fund Balance

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- Start with the most restricted category and spend those funds first before moving down to the next fund balance category with available funds.
- **General Fund usage shall be the funding of last resort.**

14. Grant Management

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Paragraph 3 addition

- At the expiration of the grant, the position must be terminated unless funding has been identified within the department's budget for retention through attrition of vacant FTE, new grant revenue, OR an augmentation request has been approved by the Board prior to the expiration of the grant.

Paragraph 5 addition

- Grants that require a General Fund match or potential general funds to fulfill the grant requirements

11. Internal Service Funds

11.1 Use of Internal Service Funds (page 19)

Funding for both ISFs shall be no less than the 70% confidence level funding as estimated in the annual actuarial reports, and fund 475 shall be inclusive of Property Insurance allocations.

11.4 Internal Service Funds Reporting – REMOVED (page 20)

Updates: State and Federal Reference Guidance

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5.9 Preparation of Financial Reports

The ACO annually prepares:

- b. Removed “Circular A 133 Compliance Supplement
- c. Replace “Federal Management” with “U.S. Office of Management and Budget”
- c. Removed “Cost Principals for State and Local Governments”

QUESTIONS/COMMENTS

