



Monterey County

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Board Report

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Version: 1

Matter Type: General Agenda Item

- a. Approve revisions to the County's *General Financial Policies* including technical corrections regarding the annual appropriation for contingencies and policies pertaining to budget modifications.
- b. Provide direction to staff.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve revisions to the County's *General Financial Policies* including technical corrections regarding the annual appropriation for contingencies and policies pertaining to budget modifications.
- b. Provide direction to staff.

SUMMARY:

The County Administrative Office (CAO) annually reviews and recommends updates to the County's *General Financial Policies*. These policies, including recommended updates, provide a framework for building and administering the FY 2016-17 budget.

DISCUSSION:

The Board first adopted formal financial policies in February 2003, establishing a framework for overall fiscal planning and management. In the ensuing years, the Board and County management have continuously refined these policies to employ sound financial practices and strategies. This year's version includes two areas of revisions, including:

Appropriation for Contingencies. The FY 2016-17 General Financial Policies includes technical corrections clarifying that the County shall establish an annual appropriation for operational contingencies equal to 1% of annual estimated general fund revenue. Prior language pertaining to this appropriation erroneously stated the appropriation for contingencies should be maintained at a level of 1% of general fund assigned fund balance. These revisions can be found in Section 7.12 of the *General Financial Policies*.

Budget Modifications. The County Administrative Office revised the County's appropriations-related policies, clarifying that reports to the Board requesting budget modifications (e.g., position modifications) should, in addition to identifying the current year cost of the modification, also identify the annualized ongoing fiscal impact of the modification and the department's ability to sustain the modification financially. The revised policy further states that prior to requesting a budget modification, the department should make every attempt to anticipate future expenses and revenues to support those expenses to ensure requested modifications can be afforded without placing at risk existing staffing and services. These revisions are included in Section 7.11 of the *General Financial*

Policies.

Both of these changes document current practice.

In addition to these two areas of revisions, the County Administrative Office made technical, non-substantive revisions throughout the document to improve readability. A draft “strikeout” version of the revisions as well as a version incorporating all edits are included as attachments.

OTHER AGENCY INVOLVEMENT:

The policy revisions were presented at the March 2, 2016 Department Heads meeting and Budget Committee on March 2, 2016.

FINANCING:

The revised General Financial Policies provide the framework for building and administering the Recommended Budget each fiscal year.

Approved by:

Approved by:

Paul Lewis
County Budget Director

Dewayne Woods
Assistant County Administrative Officer

Prepared by:

Jaime Ayala
Associate Administrative Analyst

Attachment 1: Monterey County FY 2016-17 General Financial Policies Revision
Attachment 2: Monterey County FY 2016-17 General Financial Policies Revision [Redline Version]