



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

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Adopt the updated General Financial Policies for reflecting revisions to the County's fiscal management framework, including updates to operating budget requirements, revenue and expenditure policies, fund balance and reserve policies.

RECOMMENDATION:

It is recommended that the Board of Supervisors adopt the updated General Financial Policies for reflecting revisions to the County's fiscal management framework, including updates to operating budget requirements, revenue and expenditure policies, fund balance and reserve policies.

SUMMARY/DISCUSSION:

The stewardship of public funds is among the most significant responsibilities of County officials and managers. The General Financial Policies serve as the County's primary framework for fiscal planning, budget development, financial reporting, revenue management, capital planning, and internal controls. These policies are reviewed at least annually and updated to reflect best practices, statutory changes, operational requirements, and the Board's strategic direction.

The recommended updates are intended to strengthen fiscal discipline, support long-term financial sustainability, clarify governance structures, and ensure alignment with Countywide priorities. The revised policies continue to centralize the County's financial guidelines, providing transparency, accountability, and consistency for all departments.

Some of the significant changes in the fiscal policy update include:

- Updating references to state and federal document guidance.
- Clarification to the Budget Committee role and responsibility.
- Establishment of budgetary controls at the major expenditure category versus general appropriation unit.
- Prohibition of departments' ability to reallocate their board approved general fund contributions within their budget units without the approval of the Board of Supervisors.
- Clarification of funds assigned in the strategic reserve by Natividad Medical Center do not count towards the Boards requirement of maintaining strategic reserves at 10% of general fund revenues.
- Establishment of a Compensated Absences assignment usage and reserve level policy. Compensated assignment reserve level shall be maintained at a 10% of the General Fund liability and usage is restricted to departments that are projected to exceed their board

approved appropriations or general fund contributions.

- Clarifications that General Fund usage shall be the funding of last resort and departments are required to use all other fund balances and revenue streams prior to usage of general fund contributions.
- Updated to the Risk Management General Liability and Workers Compensation fund balance provision. Delineating the minimum fund balance levels shall be maintained at no less than 70% confidence level as determined by an actuarial study.
- Expectation that any county position established as a result of a grant or external funding source is expected to be eliminated if that funding ceases.

OTHER AGENCY INVOLVEMENT:

Development of the updated fiscal policy has been reviewed by County Counsel, Auditor Controller's Office, Risk Management, and discussed with departments. With portions of the updates presented to the County Budget Committee with recommendation of support.

FINANCING:

There is no direct fiscal impact associated with adopting the updated fiscal policy. The changes serve to guide Countywide fiscal practices and improve long term financial stewardship.

BOARD OF SUPERVISORS STRATEGIC PLAN GOALS:

- ☐ Well-Being and Quality of Life
- ☒ Sustainable Infrastructure for the Present and Future
- ☐ Safe and Resilient Communities
- ☒ Diverse and Thriving Economy

Link to the Strategic Plan:

<https://www.countyofmonterey.gov/home/showdocument?id=139569>

Prepared by: Michael Beaton, Assistant County Administrative Officer, ext. 5309

Approved by: Sonia M. De La Rosa, County Administrative Officer

Attachments: General Financial Policy Update; General Financial Policy (redline)