



COUNTY OF EL DORADO, CALIFORNIA

BOARD OF SUPERVISORS POLICY

Subject: BUDGET POLICIES	Policy Number: B-XX	Page Number: 1 of 23
	Date Adopted: 11/14/2017 (revised)	Effective Date: 11/14/2017

I. PURPOSE

The County Budget Policies were originally adopted May 19, 2015.

The County Budget Policies provide a framework for budgetary decision-making regarding the use of County funds, to ensure prudent County fiscal management and to direct the Chief Administrative Officer in the development and management of the County Budget.

II. POLICY

- Pursue Operational Efficiencies:** Eliminate, combine or reorganize programs or processes to reduce expenditures and/or respond to changing needs or priorities. Identify lower priority programs that can be reduced or eliminated to free up resources to fund higher priority programs. Carefully review and justify all expenditure line items to identify possible cost reductions. Identify and implement training programs, utilize Information Technology and promote interdepartmental cooperation to maximize operational efficiencies.
- Maximize the Board's Discretion:** Except where the Board has previously made a decision to earmark revenues for a particular purpose, wherever legally possible, revenues are to be treated as discretionary resources, rather than as dedicated to a particular program or service. ~~The goal is to give the~~ to provide the Board as much flexibility as possible in allocating resources to local priorities, based on the strategic plan.
- Pursuit of New Revenues:** Pursue new revenues to the fullest extent possible for all services, as well as total cost identification (including departmental overhead and indirect costs) for fee setting purposes. ~~To the extent possible, a~~ Any new revenues for programs receiving General Fund support should be used to offset the cost of existing staff and programs, rather than funding new staff or programs.
- Grant Funding:** ~~Prior to applying for and accepting Federal or State grants, departments must identify current and future fiscal implications of either accepting or rejecting the grant, including matching fund obligations, non-supplanting requirements, required continuation of a program after grant funds are exhausted, and if the program is consistent with the County's Strategic Plan goals and objectives.~~
- New or Enhanced Discretionary Programs:** Departments should not propose new or enhanced programs unless those programs are fully funded (including overhead costs) by

grant or other dedicated revenue source. Departments submitting requests for new or enhanced discretionary-funded programs should identify lower priority programs in the Department that can be reduced or eliminated to generate discretionary resources to fund the new programs. New or enhanced discretionary funded programs will only be recommended/approved to the extent the annual General Fund Five Year Forecast identifies sufficient funding capacity.

6. **County Share:** If funding is reduced, there should be no increased County share for programs funded primarily from non-General Fund sources unless increased County share is mandated or the Board of Supervisors has previously determined that this program is a high priority for use of limited General Fund dollars.
7. **Vacant and New Positions:** All unfunded positions should be clearly identified and discussed with the Chief Administrative Office. New positions will not be considered unless the positions are funded by secure, on-going, non-General Fund sources or there is a significant and compelling reason that the position is needed.
8. **General Fund Contingency:** The General Fund Appropriation for Contingency shall be set, at the time of budget adoption, at an amount not less than 3% of total adjusted General Fund appropriations, as adjusted for non-General Fund programs (i.e., State mandated Social Services, Child Support Services). Place a minimum of 3% of adjusted General Fund appropriations into The Appropriation for Contingency is to be used during the fiscal year to address unanticipated expenditure increases or revenue decreases.
9. **Budget Controlled at Expenditure Class/Object Level:** California statute requires county budgets are controlled at the object of expenditure level, except for capital assets which are appropriated at the sub-object level (29006, 29008, 29089). The Board may authorize additional controls for the administration of the budget (29092).
10. **General Reserves:** The General Fund General Reserve shall be set, at the time of budget adoption, at an amount not less than Transfer funds to and from the General Fund Reserves toward a goal of having General Fund Reserves equivalent to approximately 5% of total adjusted General Fund appropriations. The General Reserves are to be maintained at this level at all times, except in the case of a Board recognized fiscal emergency shall be established, canceled, increased, or decreased as provided for in Government Code Section 29086.
11. **Designation for Capital ReservesProjects:** Once the General Reserves and General Fund Appropriation for Contingency equal 8% of adjusted General Fund appropriations, the Board may choose to transfer any remaining un-appropriated discretionary resources will be used to increase the Designations for Capital Projects in an amount not less than \$5,000,000, each year. The annual increase shall continue until the Designation for Capital Projects equals 2% of the replacement value of County-owned facilities. The Designation for Capital Projects may be cancelled, in any amount, when alternate funding sources are not available, and upon a recommendation from the Chief Administrative Officer, to be retained to assist in addressing unmet capital replacement and maintenance needs projects. and building a replacement reserve. A standard measurement used for determining the

~~required budget to properly maintain public facilities is 2 to 4 percent of their replacement value. For example, currently the replacement value of County owned facilities is \$250,000,000. Beginning in FY 2016-17 the goal is to set aside 2%, or \$5,000,000, annually into the Capital Reserve.~~

12. **Other Post-Employment Benefits (OPEB):** ~~El Dorado County shall continue the policy of to~~ “pay as you go” to fund the County’s OPEB liability. ~~Allocate~~ OPEB costs will be allocated to the ~~relevant~~ respective County departments based on a State–approved allocation formula. ~~If fiscal conditions improve, t~~The Board may ~~choose to modify this policy to at any time, to~~ allocate un-appropriated discretionary resources to fund the OPEB liability, to set funds aside to fund future years’ liabilities, based on actuarial analysis or to begin funding on-going OPEB liabilities by establishing a pre-funding trust. ~~This section of the policy shall be reviewed in 2018.~~

III. REFERENCES

Board Adopted Budget Policies, May 19, 2015

IV. RESPONSIBLE DEPARTMENT

Chief Administrative Office

V. DATES ISSUED AND REVISED; SUNSET DATES:

Issue Date:	05/19/2015	Next Review Date:	06/30/2022
Revision Date:	11/14/2017 tentative	Sunset Review Date:	N/A