



County of Yolo, California

2024-25 Budget Principles

Best Practices – The following key principles, which have been established in County financial policies, reflect best budgeting practices and shall provide the foundation for the 2024-25 annual budget development:

- The budget should be structurally balanced, with ongoing revenues equal to ongoing expenditures (*Policy on Budget & Financial Management*)
- Ongoing expenditures should not be funded by one-time or non-recurring revenue sources (*Policy on Budget & Financial Management*)
- Reserves and contingencies shall be funded at levels consistent with best practices and County policies. Efforts shall continue toward increasing the General Reserve to the reserve policy level of 10% (*Policy on Fund Balance and Reserves*)
- Fees and charges should be calculated to recover the full cost of providing services, unless prohibited by law or waived by specific action of the Board of Supervisors, and all departments are encouraged to routinely update fees to reflect cost inflation (*Policy on Cost Recovery and Fees*)
- The General Fund should be the fund of last resort; restricted and special purpose funds should be used wherever possible before General Fund resources are drawn upon (*Policy on Fund Balance and Reserves*)

Labor Costs – The 2024-25 budget will recognize the continuing pressure of labor cost increases and the potential impact of upcoming labor negotiations for certain bargaining units. Additionally, the budget will continue to prioritize adjusting to the change in compensation philosophy to 100% of market and minimizing operational and service impacts.

State and Federal Funding – The 2024-25 County budget will continue to take advantage of funding opportunities presented in the State budget, while preparing for the impacts of a State budget deficit in the upcoming year. The budget will also take advantage of any federal funding opportunities, while acknowledging that major federal resources including the American Rescue Plan Act (ARPA) are reaching their conclusions.

Financial Sustainability – The 2024-25 budget shall strengthen financial sustainability by continuing to proactively fund pension and OPEB liabilities, build reserves, and take a balanced view of both the long- and short-term impacts of policy and funding decisions.

Strategic Alignment – Funding recommendations shall reflect the Board’s strategic priorities including new goals and strategies that are established as part of the upcoming 2024 - 2028 Strategic Plan. Funding requests that do not clearly support the Board’s strategic priorities will receive lower prioritization.

Climate Sustainability – The 2024-25 budget will prioritize funding for programs and projects that support the County’s Climate Action and Adaptation Plan (CAAP) and further the County’s goal of achieving net-negative emissions by 2030.

New Position Requests – Due to an uncertain economic outlook and continued cost pressures from inflation and labor costs, new position requests that increase net county cost will be reviewed critically, while recognizing that resources are unlikely to be able to accommodate growth. Departments may submit new position requests where operational needs exist but are encouraged to identify alternate funding strategies.

Net County Cost – Departments shall continuously strive to minimize their net county cost through methods such as implementing operational efficiencies, maximizing the use of restricted funding sources, contracting for services, utilizing shared services agreements, identifying grant opportunities, and achieving full cost recovery.

Performance Measurement – For 2024-25 departments shall continue to provide one-sentence purpose statements for each program identified in the budget book. Departments shall also provide performance measures of their choice. These should be key measures of importance to the department and would ideally be outcome measures. Data should be provided along with each measure for the 2023-24 fiscal year for comparison.