



County of Yolo, California

2025-26 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 2025-26 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*)

Financial Sustainability – The 2025-26 budget shall strengthen financial sustainability by work towards achieving a structurally balanced budget. The budget will seek out all opportunities for ongoing revenue enhancements and long-term cost savings and consider all options to minimize program reductions and service impacts. The budget will also continue to proactively fund pension and OPEB liabilities.

One Time Funding Sources – The 2025-26 budget will identify one-time funding sources and implement short-term budgetary solutions to mitigate program reductions and service impacts, while longer-term solutions working toward a structurally balanced budget are developed.

Grant Opportunities - The county shall continue to pursue grant funding where opportunities exist, provided those opportunities do not lead to ongoing expenses that will be incurred by the County in subsequent fiscal years.

State and Federal Funding – The 2025-26 County budget will continue to take advantage of any funding opportunities presented in the State budget while preparing to address any potential funding impacts from the Federal government.

Strategic Alignment – Funding recommendations in the 2025-26 budget shall reflect the Board’s strategic priorities as established in the 2024 - 2028 Strategic Plan. Funding requests that do not directly support the Board’s strategic priorities will receive lower prioritization.

Climate Sustainability – The 2025-26 budget will prioritize funding opportunities for programs and projects that support the County’s Climate Action and Adaptation Plan 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 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.

Performance Measurement – For 2025-26 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 2024-25 fiscal year for comparison.