

# Appendices



# Glossary of Budget and Planning Terms

**Adopted Budget:** The budget document formally approved by the Board of Supervisors after the required public hearings and deliberations on the Recommended Budget.

**Appropriation:** An authorization by the Board of Supervisors from a specific fund to a specific agency or program to make expenditures or incur obligations for a specified purpose and period of time. The budget contains many items of appropriation. These appropriations are limited to one year unless otherwise specified.

**Budget Unit:** Similar to sub-accounts within budgets; created for tracking expenditures or revenues which must be accounted for separately.

**Capital Expenditures:** Expenditures incurred for the improvement to or acquisition of land, facilities and infrastructure.

**Capital Improvement Plan (CIP):** A mid-range plan, usually four to ten years, which identifies capital projects and equipment purchases, provides a planning schedule and identifies options for financing the plan.

**Cash Flow:** The analysis of cash receipts (revenues) to required payments (expenditures) and reporting of net cash balance projections. The Auditor and Controller prepares cash flow reports that project the inflow, outflow and net balance of cash on a monthly, quarterly and annual basis.

**Community Development Block Grant (CDBG):** A federal grant administered by the County for housing and development activities that: (1) benefit lower income persons; (2) prevent/eliminate slums and blight; or (3) meet urgent community development needs.

**Contingencies:** A budgetary provision representing that portion of the set aside to meet unforeseen expenditure requirements or to offset revenue shortfalls during the fiscal year. Contingencies may be budgeted for specific funds or groups of funds.

**Debt Service:** Annual principal and interest payments that local government owes on borrowed money.

**Enterprise Fund:** A fund established to account for operations that are financed and operated in a manner similar to private business enterprises (e.g. water, gas and electric utilities; airports; parking garages; or transit systems). The governing body intends that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

**Expenditures:** Actual spending of funds authorized by an appropriation.

**Expense Transfers & Reimbursements:** This expenditure account group, which is shown as a decrease in expenditures, consists of transfers of costs for services provided between budget units in the same governmental type fund. The cost of the service is transferred to the revenue earning department with an equal reduction in cost to the department providing the service.

**Fee for Services:** Fees charged for certain services provided to citizens and other public agencies. Examples of these fees include: planning and public works services such as sale of plans and specifications and blueprints, and plan or map check fees; library services including book fines and lost or damaged books; park facilities usage including camping, parking and picnic area usage; document recording services, certified copies of vital statistics; animal services such as vaccination and impound fees; law enforcement reimbursement for hospital care and services for prisoners, juvenile court wards and juvenile hall.

**Final Budget:** The Adopted Budget adjusted by all revisions throughout the fiscal year as of June 30.

**Fiscal Year (FY):** A 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position and the results of its operations. The County of Yolo's fiscal year is July 1 through June 30.

**Full Time Equivalent (FTE):** In concept, one person working full-time for one year. A normal fiscal year equals 2,080 staff hours. Two workers, each working half that number of hours, together equal one staff year. County salaries and benefits costs are based on the total number of FTEs approved in each budget unit.

**Fund:** A fiscal and accounting entity in which cash and other financial resources, all related liabilities and equities or balances, and changes therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions or limitations. Funds may contain one or more budget units.

**Fund Balance:** The amount of dollar resources remaining in a fund at year's end. Usually this is the difference between total expenditures and total resources of a fund.

**Fund Balance Types:**

- **Nonspendable Fund Balance:** Amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- **Restricted Fund Balance:** When constraints placed on the use of the resources are either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.
- **Committed Fund Balance:** Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Supervisors. These committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit these amounts.
- **Assigned Fund Balance:** Amounts that are constrained by the Board's intent to use the funds for specific purposes, but are neither restricted nor committed.
- **Unassigned Fund Balance:** The residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

**General Fund:** The County's primary operating fund, which is used to account for all financial resources, except those required to be accounted for in another fund (Funds 110, 111, 114).

**Generally Accepted Accounting Principles (GAAP):** The uniform minimum standards and guidelines for financial accounting and reporting. They govern the form and content of the financial statement of an entity.

**General Purpose Revenue:** Revenue derived from sources not specific to any program or service delivery that may be used for any purpose that is a legal expenditure of County funds. Examples of General Purpose Revenue include property taxes, sales taxes, property tax in lieu of vehicle license fees, court fines, real property transfer tax and miscellaneous other sources. There are no restrictions as to the use of these monies - often referred to as discretionary revenue.

**General Reserve:** A reserve established to address unforeseen catastrophic situations. The general reserve can only be established or adjusted during the annual budget adoption process and is not available except during a legally declared emergency. Generally accepted accounting principles (GAAP) provide that a local government should maintain a general reserve between 5% and 15% of expenditures.

**Goal:** A long-term organizational target or direction of development. It states what the organization wants to accomplish or become over the next several years. (Bryson)

**Government Finance Officers Association (GFOA):** An organization comprised of government accounting and finance professionals throughout the United States and Canada, whose goals include but are not limited to improving financial management practices and encouraging excellence in financial reporting and budgeting by state and local governments.

**Gross Appropriation:** The total spending authority of a budget unit. This is the total of all expenditures not including intrafund (or expense) transfers.

**Interfund Transfers:** The transfer of resources between funds of the same government reporting entity.

**Internal Service Fund (ISF):** A proprietary type fund used to account for the financing of goods or services provided by one department to other departments of the County, or to other governmental units, on a cost-reimbursement basis.

**Intrafund Transfers:** Optional transfers of costs between budget units in the same governmental type fund. This transfer distributes costs to various departments for budgeting and informal operating statement purposes.

**Joint Powers Agreement (JPA):** A contractual agreement between a city, county and/or special district in which services are agreed to be performed, or the County agrees to cooperate with or lend its powers to the other entity.

**Key Initiative:** The specific action steps that will be taken during a budget year to accomplish part of the program goals and help accomplish one of the department's goals or one of the Board of Supervisor's strategic goals.

**Maintenance of Effort (MOE):** Occasionally required by state law or by an initiative, it requires the county to maintain a designated base level of spending, usually in order to receive additional revenues.

**Mandate:** A requirement from the State or federal government that the County perform a task, perform a task in a particular way, or perform a task to meet a particular standard.

**Mission:** What the County is striving to do over a continuous period of time; its organizational purpose.

**Net Appropriation:** A budget unit's gross appropriation less any transfers within the same budget unit for services rendered and received.

**Net County Cost:** Budgeted appropriations less estimate of revenue anticipated. The amount of General Fund dollars needed to balance the proposed budget.

**Objective:** A measurable target that must be met on the way to attaining a goal. A statement of anticipated accomplishment, usually measurable and time bound.

**Operating Transfers:** Operating transfers result when one fund provides a service on behalf of another fund. The providing fund budgets the amount required by the other fund in the "Operating Transfer Out" expenditure account. The receiving fund budgets the amount in one of the "Operating Transfer In" revenue accounts.

**Performance Measures:** Indicators of the amount of work accomplished, the efficiency with which tasks were completed, and/or the effectiveness of a program; often expressed as the extent to which objectives were accomplished. Performance measures focus primarily on outcome measures (planned results).

**Public Value:** Initiating and reshaping public sector enterprises in ways that increase the responsiveness to refined public preferences that lead to just and fair conditions in the society at large.

**Realignment Funds:** These funds come from vehicle license fee and sales tax revenue collected by the state and allocated to counties. The funds are a "backfill" of the loss of state General Fund support or a shift of program responsibility from the state to the county for health, social services and youth corrections.

**Recommended Budget:** The budget document developed by the CAO and county departments and formally approved by the Board of Supervisors to serve as the basis for public hearings and deliberations prior to the determination of the adopted budget.

**Requested Budget:** The budget as submitted and requested by the division, department or district.

**Reserves:** A portion of fund equity that is set aside and not appropriated or spent, or that is legally or contractually restricted for a specific future.

**Revenues:** Amounts received from taxes, fees, permits, licenses, interest earnings and intergovernmental sources.

**Special Fund:** A fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Usually eligible expenses are very specific and known to a reasonable degree of accuracy, e.g., a health insurance premium increase set for a date certain.

**Strategic Goal:** A long-term organizational target or direction of development. The established long range priorities that the organization strives to achieve.

**Tactical Plan:** A detailed statement of the short-term activities to be used to achieve the strategic goals.

**Transfers-out:** Nonrecurring transfers of equity from one fund to another fund.

**Unreserved/Undesignated Fund Balance:** The portion of fund balance that is available for financing the budget requirements for a current or future fiscal period.

**ABBREVIATIONS**

**ARRA:** American Recovery and Reinvestment Act of 2009

**CAO:** Chief Administrative Officer

**CDBG:** Community Development Block Grant

**CSA:** County Service Area

**CSAC:** California State Association of Counties

**CSS:** Department of Child Support Services

**CWS:** Child Welfare Services

**FEMA:** Federal Emergency Management Agency

**FY:** Fiscal Year

**GAAP:** Generally Accepted Accounting Principles

**GASB:** Governmental Accounting Standards Board

**GFOA:** Government Finance Officers Association

**GIS:** Geographic Information System

**IHSS:** In-Home Supportive Services

**ISF:** Internal Service Fund

**IT:** Information Technology

**NACO:** National Association of Counties

**OES:** Office of Emergency Services

**OPEB:** Other Post Employment Benefit

**TABs:** Tax Allocation Bonds

**TOT:** Transient Occupancy Tax

**TRANS:** Tax and Revenue Anticipation Notes

**VLF:** Vehicle License Fees

# Recommended Budget Equipment List 2019-20

APPENDIX B

Item #	Dept	Fund-B/U	Account	Details	Source	Qty	Unit Cost	Total Cost
1	Agriculture	4013-60-2701	503071	Pick-Up Truck (Replacement)	Dept	1	\$25,000	\$25,000
2	Agriculture	4013-60-2701	503071	Pick-Up Truck	Dept	1	\$25,000	\$25,000
3	Agriculture	4012-60-2701	503020	Modular Building	Dept	1	\$200,000	\$200,000
4	Community Services	0100-20-2971	503060	Permitting Software (Replacement)	Dept	1	\$160,000	\$160,000
5	Community Services	0130-20-4013	503071	SUV (Replacement)	CUPA	1	\$30,000	\$30,000
6	Community Services	0130-20-4013	503071	Hazmat Vehicle (Replacement)	CUPA	1	\$200,000	\$200,000
7	Community Services	5021-20-4401	503070	Emissions Monitoring Equipment	IWM	1	\$30,000	\$30,000
8	Community Services	5021-20-4401	503070	Blower and Control	IWM	1	\$275,000	\$275,000
9	Community Services	5021-20-4401	503070	Aeration System	IWM	1	\$180,000	\$180,000
10	Community Services	5021-20-4401	503070	Gas Flowmeter (Replacement)	IWM	1	\$56,000	\$56,000
11	Community Services	5021-20-4401	503070	Chart Recorder (Replacement)	IWM	1	\$45,000	\$45,000
12	Community Services	5021-20-4401	503070	Leachate Pump	IWM	1	\$45,000	\$45,000
13	Community Services	5021-20-4401	503070	Survey Equipment (Replacement)	IWM	1	\$25,000	\$25,000
14	Community Services	5021-20-4401	503070	Gator Track System	IWM	1	\$7,000	\$7,000
15	Community Services	5021-20-4401	503070	Ice Machine (Replacement)	IWM	1	\$8,000	\$8,000
16	Community Services	5021-20-4401	503070	Vehicle Utility Boxes	IWM	2	\$10,000	\$20,000
17	Community Services	5021-20-4401	503070	Pipe Welder	IWM	1	\$25,000	\$25,000
18	Community Services	5021-20-4401	503070	Telehandler	IWM	1	\$140,000	\$140,000
19	Community Services	5021-20-4401	503070	Forklift	IWM	1	\$60,000	\$60,000
20	Community Services	0301-20-3011	503071	SUV (Replacement)	Road Fund	1	\$45,000	\$45,000
21	Community Services	0301-20-3011	503070	Loader (Replacement)	Road Fund	1	\$200,000	\$200,000
22	Community Services	0301-20-3011	503070	Trailer (Replacement)	Road Fund	1	\$16,000	\$16,000
23	Community Services	0301-20-3011	503070	Combi Roller (Replacement)	Road Fund	1	\$60,000	\$60,000
24	Community Services	0301-20-3011	503070	Digital Message Boards	Road Fund	2	\$24,000	\$48,000
25	Community Services	0301-20-3011	503070	Utility Trailer	Road Fund	1	\$12,000	\$12,000
26	Community Services	0301-20-3011	503070	Mud Plows (Replacement)	Road Fund	2	\$14,500	\$29,000
27	Community Services	0301-20-3011	503070	Ditch Cleaner	Road Fund	1	\$190,000	\$190,000
28	District Attorney	0202-31-2059	503071	Hybrid SUV (Replacement)	Dept	1	\$33,000	\$33,000
29	District Attorney	0202-31-2059	503071	Hybrid SUV (Replacement)	Dept	1	\$33,000	\$33,000
30	District Attorney	1251-31-2055	503071	SUV	Dept	1	\$45,000	\$45,000
31	General Services	0100-66-1303	503070	Vaughn Pump (Justice Campus)	Dept	1	\$17,703	\$17,703
32	General Services	0100-66-1303	503020	Replacement Windows (600 A St)	Dept	1	\$19,000	\$19,000
33	General Services	0100-66-1303	503020	Roof (replacement Sheriff Morgue)	Dept	1	\$30,000	\$30,000
34	General Services	0100-66-1303	503020	Roof (replacement Sheriff Admin)	Dept	1	\$80,000	\$80,000
35	General Services	0100-66-1561	503071	Vehicle (Replacement)	Dept	1	\$20,000	\$20,000
36	General Services	0100-66-7011	503070	John Deere Loader	Dept	1	\$7,200	\$7,200
37	General Services	0100-66-7011	503070	Riding Lawnmower	Dept	1	\$10,000	\$10,000
38	General Services	0100-66-7011	503070	Photovoltaic Inverter (campground solar array)	Dept	1	\$20,940	\$20,940
39	General Services	0100-66-7011	503070	Water Tank (replacement - Cache Creek Campground)	Dept	1	\$40,000	\$40,000
40	General Services	4031-66-1851	503020	Telephone System	Dept	1	\$1,200,000	\$1,200,000
41	HHSA	0100-40-2871	503071	Van (New)	Dept	1	\$52,000	\$52,000
42	HHSA	0120-40-5510	503071	SUV (Replacement)	Dept	1	\$31,000	\$31,000
43	HHSA	0120-40-5510	503071	Van (Replacement)	Dept	1	\$45,000	\$45,000
44	HHSA	0120-40-5511	503071	Sedan (New)	Dept	3	\$31,000	\$93,000
45	HHSA	0120-40-5511	503071	Sedan (Replacement)	Dept	13	\$31,000	\$403,000
46	HHSA	0120-40-5511	503071	SUV (Replacement)	Dept	1	\$31,000	\$31,000
47	HHSA	0120-40-5511	503071	Van (Replacement)	Dept	1	\$45,000	\$45,000
48	HHSA	0120-40-5650	503071	Sedan (New)	Dept	2	\$31,000	\$62,000
49	HHSA	0141-40-4011	503071	Van (Replacement)	Dept	1	\$52,000	\$52,000
50	HHSA	0401-40-4101	503071	Sedan (New)	Dept	2	\$31,000	\$62,000
51	HHSA	0401-40-4101	503071	Sedan (Replacement)	Dept	3	\$31,000	\$93,000
52	HHSA	0401-40-4101	503071	SUV/Van (New)	Dept	1	\$45,000	\$45,000
53	HHSA	0401-40-4101	503071	Van (New)	Dept	1	\$45,000	\$45,000
54	HHSA	0402-40-4111	503071	Sedan (New)	Dept	2	\$31,000	\$62,000

## Recommended Budget Equipment List 2019-20

APPENDIX B

55	HHSa	0410-40-4100	503071	Sedan (Replacement)	Dept	2	\$28,000	\$56,000
56	HHSa	0410-40-4100	503071	Van (Replacement)	Dept	1	\$45,000	\$45,000
57	Probation	0202-32-2612	503071	Hybrid Sedan (Replacement)	Dept	2	\$35,000	\$70,000
58	Probation	0202-32-2612	503070	Vehicle Add-on Equipment	Dept	2	\$7,000	\$14,000
59	Sheriff	0100-34-2801	503071	Animal Services Truck	Dept	1	\$37,500	\$37,500
60	Sheriff	0100-34-2801	503071	Animal Services transport box	Dept	1	\$37,500	\$37,500
61	Sheriff (CAP)	0202-34-2507	503071	Patrol Vehicle (New)	Tribal	1	\$75,000	\$75,000
62	Sheriff (CAP)	0202-34-2507	503070	Motorola APX 7000 radio	Tribal	4	\$6,737	\$26,946
63	Sheriff (CAP)	0202-34-2507	503071	Patrol Vehicle (Replacement)	Tribal	2	\$75,000	\$150,000
64	Sheriff (Small & Rural)	0523-34-2507	503071	Patrol Vehicle (New)	Small & Rural	1	\$75,000	\$75,000



# Funded Position Summary

Department	Authorized Position	Full-Time Equivalent (FTE)	
		Funded 2018-19	Funded 2019-20
<b>Agriculture</b>			
	Administrative Clerk II	1	2
	Ag & Standards Inspector IV	9	10
	Ag & Standards Technician	2	2
	Ag Comm & Sealer of Weights	1	1
	Business Services Supervisor	1	1
	Chief Deputy Ag Commissioner	1	1
	Deputy Ag Comm/Sealer	3	3
	Office Support Specialist	2	2
		20	22
<b>Assessor/Clerk-Recorder/Elections</b>			
	ACE Deputy of Technology	1	1
	Appraiser III	4	4
	Assessor Clerk-Recorder Asst. II	4	4
	Assessor Clerk-Recorder Spec. II	15	15
	Assessor Clerk-Recorder Supervisor	1	1
	Assr/Clerk-Rec/Elect Conf Secretary	1	1
	Assr/Clerk-Rec/Registrar of Voters	1	1
	Auditor-Appraiser III	2	2
	Chief Deputy Assessor	1	1
	Chief Deputy Clerk-Recorder/Elections	1	1
	Clerk-Recorder-Assr Prog Mgr	3	3
	Elections Technician	1	1
	Managing Deputy Clerk-Rec-Assr	2	2
	Outreach Specialist II	1	1
	Principal Appraiser	1	1
	Principal Auditor-Appraiser	1	1
	Senior Accounting Technician	1	1
	Senior Appraiser	4	4
	Senior Assessment Technician	1	1
	Senior Auditor-Appraiser	1	1
	Senior Elections Technician	3	3
	Vital Records Deputy Registrar	1	1
		51	51
<b>Board Of Supervisors</b>			
	Asst. Supervisor's Deputy	5	5
	Board of Supervisors	5	5
	Supervisor's Deputy	5	5
		15	15
<b>Child Support Services</b>			

# Funded Position Summary

Department	Authorized Position	Full-Time Equivalent (FTE)	
		Funded 2018-19	Funded 2019-20
	Administrative Assistant	1	1
	Administrative Clerk II	2	2
	Administrative Serv An-InfoSys	1	1
	Business Services Manager	1	1
	Child Support Assistant	4	4
	Child Support Attorney V	3	3
	Child Support Officer II	20	20
	Child Support Program Manager	1	1
	Director of Child Support Serv	1	1
	Office Support Specialist	1	1
	Senior Child Support Officer	4	4
	Supervising Child Support Off	3	3
		42	42
<b>Community Services</b>			
	Accounting Technician	1	1
	Administrative Serv Analyst	1	1
	Associate Civil Engineer	2	2
	Asst. Road Maintenance Worker	1	1
	Building Inspector III	2	2
	Business Services Supervisor	1	1
	Cannabis Code Enf. Officer	4	4
	Cannabis Policy & Enforcement Manager	1	1
	Chief Building Official	1	1
	Chief Fiscal Admin. Officer	1	1
	Civil Engineer	4	4
	Code Enforcement Officer	1	1
	Community Serv Analyst	1	1
	Construction Inspector	1	1
	Director of Community Development	1	1
	Director of Community Services	1	1
	Director of Environmental Health	1	1
	Director, Integrated Waste Div	1	1
	Director, Public Works Div	1	1
	Environmental Health Spec. III	8	8
	Environmental Health Tech II	4	4
	Fiscal Administrative Officer	1	1
	Fleet Services Ops & Maint Tech	1	1
	Fleet Services Superintendent	1	1
	Hazardous Materials Spec. III	7	7
	Heavy Equipment Mechanic	1	1
	Landfill Construction Insp.	1	1
	Office Support Specialist	4	4

# Funded Position Summary

Department	Authorized Position	Full-Time Equivalent (FTE)	
		Funded 2018-19	Funded 2019-20
	Permit Counter Technician II	4	4
	Plan Check Engineer	1	1
	Principal Civil Engineer	2	2
	Principal Planner	1	1
	Public Works Superintendent	1	1
	Road Maintenance Crewleader	2	2
	Road Supervisor	2	2
	Secretary to the Dir.-Nonsup	1	1
	Senior Accounting Technician	5	5
	Senior Admin Serv Analyst	1	1
	Senior Civil Engineer	7	7
	Senior Planner	3	2
	Senior Road Maintenance Worker	20	20
	Senior Solid Waste Attendant	7.5	8
	Senior Waste Fac. Worker	3	3
	Senior Water/Air Quality Spec	1	1
	Supervising Cannabis Code Enf Off	1	1
	Supervising Env. Health Spec.	2	2
	Supervising Haz Mat Spec.	1	1
	Supervising Solid Waste Attend	2	2
	Supervising Waste Facility Wkr	1	1
	Waste Management Operations Mgr	1	1
	Waste Red/Recycling Mgr	1	1
	Waste Reduction/Recycling Coor	1	1
	Waste Reduction/Recycling Spec	3	3
		129.5	129
<b>County Administrator</b>			
	Accountant III	1	1
	Administrative Assistant	1	1
	Administrative Assistant - Conf	1	1
	Airport Operations Manager	0.5	0
	Asst. County Administrator	1	1
	Communications Coordinator	1	1
	County Administrator	1	1
	Deputy County Administrator	1	1
	Deputy Dir - General Services	1	0
	Deputy, Clerk of the Board	1	1
	Director of Human Resources	1	1
	Emergency Services Mgr	1	1
	Emergency Services Planner	1	1
	Executive Dir - Child Alliance	1	1
	Financial System Manager	1	1

# Funded Position Summary

Department	Authorized Position	Full-Time Equivalent (FTE)	
		Funded 2018-19	Funded 2019-20
	Grants Administrator	1	1
	Human Resources Manager	2	2
	Manager of Natural Resources	1	1
	Manager of Operations & Strategy	1	1
	Mgr of Governmental Relations	1	1
	Natural Resources Prog Coord	1	1
	Personnel Assistant	2	2
	Personnel Specialist I - Conf	1	1
	Personnel Specialist II - Conf	2.7	2.7
	Principal Management Analyst	1	1
	Risk Manager/Safety Officer	1	1
	Secretary to the Dir. -Conf	1	1
	Senior Accounting Tech - Conf.	1.5	1.5
	Senior Accounting Technician	1	1
	Senior Management Analyst	2	2
	Senior Personnel Analyst	4	4
	Sr. Deputy, Clerk of the Board	1	1
		39.7	38.2
<b>County Counsel</b>			
	Asst. County Counsel	1	1
	County Counsel	1	1
	Legal Administrative Assistant	1	1
	Secretary - County Counsel	1	1
	Senior Deputy Co. Counsel	8	8
		12	12
<b>District Attorney</b>			
	Accountant II	1	1
	Administrative Clerk II	0	0
	Administrative Serv Analyst	4	3
	Asst. Chief DA Investigator	1	1
	Asst. Chief Deputy Dist. Atty.	3	3
	Chief DA Investigator	1	1
	Chief Deputy Dist. Attorney	1	1
	Chief Fiscal Admin. Officer	1	1
	Children's Advocacy Center Dir	1	1
	Children's Advocacy Ctr Prog Mgr	1	1
	DA Confidential Secretary	1	1
	DA Enforcement Officer	4	4
	DA Investigator II	13	13
	DA Lieutenant	2	2
	Deputy District Attorney IV	29	28

# Funded Position Summary

Department	Authorized Position	Full-Time Equivalent (FTE)	
		Funded 2018-19	Funded 2019-20
	Deputy District Attorney V	6	6
	District Attorney	1	1
	District Attorney Program Coor	1	1
	Fiscal Administrative Officer	1	0
	Forensic Interview Specialist	1	1
	Forensic Systems Analyst II	0	0
	Innovation Technician	1	1
	Legal Secretary II	20	20
	Office Support Specialist	1	0
	Paralegal	9	9
	Process Server	1	1
	Programmer Analyst IV	0	0
	Senior Accounting Technician	1	1
	Senior Administrative Services Analyst	0	2
	Senior Deputy Probation Off.	1	1
	Senior Social Worker	1	1
	Senior Victim Witness Prog Ast	1	1
	Social Worker	1	1
	Supervising Legal Secretary	2	2
	Technology Innovation Manager	1	1
	Victim Services Program Asst.	5	5
	Victim Services Program Mgr	1	1
		119	117
<b>Financial Services</b>			
	Accountant II	5	5
	Accountant III	1	1
	Accounting Manager	1	1
	Accounting Manager-CPA	1	1
	Asst. Chief Financial Officer	1	1
	Audit Manager	1	1
	Auditor II	2	2
	Auditor III	1	1
	Chief Budget Official	1	1
	Chief Financial Officer	1	1
	Financial Services Analyst	3	3
	Lead Buyer	1	1
	Manager of Procurement	1	1
	Office Support Specialist	1	1
	Procurement Specialist	2	2
	Property Tax Supervisor	1	1
	Revenue Collections Spec. II	1	1
	Revenue Collections Spec. III	2	2

# Funded Position Summary

Department	Authorized Position	Full-Time Equivalent (FTE)	
		Funded 2018-19	Funded 2019-20
	Revenue Supervisor	1	1
	Senior Accounting Technician	4	5
	Systems Accountant	2	2
		34	35
<b>General Services</b>			
	Accountant II	1	1
	Administrative Serv Analyst	1	1
	Associate Parks Planner	1	1
	Building Craftsmechanic III	10	10
	Database Administrator	1	1
	Departmental IS Coordinator	2	2
	Director of General Services	1	1
	Facilities Superintendent	1	1
	Facility Project Coordinator	0	1
	Fiscal Administrative Officer	1	1
	General Services Assistant II	1	1
	Geographic Info Syst Analsyt II	2	2
	Geographic Info Syst Coordinator	1	1
	Information Security Officer	1	1
	Information Technology Manager	3	3
	Internet Systems Specialist	1	1
	Lead Building Craftsmechanic	1	1
	Network Systems Specialist III	3	3
	Office Support Specialist	2	2
	Parks & Facilities Worker II	1	1
	Parks & Facilities Worker III	3	3
	Programmer Analyst III	5	5
	Programmer Analyst IV	2	2
	Project Coordinator	1	1
	Project Manager	1	1
	Senior Admin Serv Analyst	1	1
	Supervising Building Craftsmechanic	1	1
	Supervising Parks & Facilities	1	1
	Supervising Technical Supp Spc	1	1
	Supervising Telecom. Spec.	1	1
	Systems Software Spec. III	4	5
	Technical Support Spec. III	4	4
	Telecommunications Technician	1	1
		61	63
<b>Health &amp; Human Services</b>			
	Accountant II	6	6

# Funded Position Summary

Department	Authorized Position	Full-Time Equivalent (FTE)	
		Funded 2018-19	Funded 2019-20
	Accountant III	5	5
	Accountant-Auditor I	1	1
	Accounting Technician	8	8
	Administrative Assistant	6	5
	Administrative Clerk II	15	15
	Administrative Clerk IV	1	1
	Administrative Hearings Off	3	3
	Administrative Serv Analyst	29	30
	Administrative Serv An-Fiscal	2	2
	Adult Services Worker II	11	11
	Adult Services Worker III	4	4
	Assistant Dir, Health & Human Serv	1	1
	Associate Admin Serv Analyst	1	1
	Associate Personnel Analyst	1	1
	Behavioral Health Case Mgr II	20	21
	Behavioral Health Case Mgr III	5	5
	Branch Director, Health & Human Serv	4	4
	Business Process Analyst	2	2
	Business Services Manager	1	1
	Business Services Officer	1	1
	Business Services Supervisor	1	2
	Child Welfare Srvs Mgr	3	3
	Child Welfare Worker II	1	7
	Children Services Elig Spec II	2	2
	Clinician II	30	29
	Clinician II - Bilingual	1	1
	Comm. Health Asst. II	5	5
	Comm. Health Asst. II-Bil/Bic	2	2
	Conservatorship Officer	3	3
	Deputy Branch Director, HHSA	4	4
	Director of PH Nursing	1	1
	Director, Health and Human Srv	1	1
	Emergency Med Srvs Program Coord	1	1
	Emergency Med Srvs Spec II	2.5	2.5
	Emergency Med. Srvs. Admin	1	1
	Emergency Prep Program Coord	1	1
	Emergency Prep Spec II	2	2
	Emp & SS Division Manager	1	1
	Employment & SS Program Sup.	24	24
	Employment Services Spec III	44	44
	Fiscal Administrative Officer	2	2
	Guardian Technician	1	1
	Health and Human Services Mgr I	2	2

# Funded Position Summary

Department	Authorized Position	Full-Time Equivalent (FTE)	
		Funded 2018-19	Funded 2019-20
	Health and Human Services Mgr II	7	7
	Health Department Program Mgr	2	2
	Health Officer	0.5	0.5
	HHSA Analyst	1	1
	HHSA Clinical Manager	3	3
	HHSA Comm & Strategy Mgr	1	1
	HHSA Human Resources Mgr.	1	1
	HHSA Program Coord	9	10
	Lactation/Breastfeeding Coord.	1	1
	Medical Assistant	1	1
	Nurse Practitioner	0.625	0.625
	Occupational Therapist	1	1
	Office Support Specialist	20	21
	Outreach Specialist II	13.8	13.8
	Personnel Analyst	1	1
	Personnel Assistant	1	1
	Personnel Specialist II	2	2
	Physical Therapist	1	1
	Physician	0.5	0.5
	Psychiatric Health Spec. II	1	1
	Psychiatrist-Board Certified	3.8	3.8
	Psychiatrist-Med. Director	1	1
	Public Assistance Sp III-IEVS	4	5
	Public Assistance Spec. III	113.5	119.5
	Public Health Epidemiologist	2	2
	Public Health Nurse	1	2
	Senior Accounting Technician	12	12
	Senior Admin Serv Analyst	9	9
	Senior Comm. Health Asst.	1	1
	Senior Comm. Health Asst.-Bil	1	1
	Senior Public Health Nurse	10	10
	Senior Staff Nurse	3	3
	Senior Storekeeper	1	1
	Service Centers Admin Spec	21	21
	Social Services Assistant	1	2
	Social Worker Practitioner	61	61
	Social Worker Supervisor I	2	2
	Social Worker Supervisor II	11	12
	Storekeeper	3	3
	Supervising Accounting Technician	1	1
	Supervising Clinician	7	7
	Supervising PH Nutritionist	2	2
	Supervising Pub Health Nurse	1	1



# Funded Position Summary

APPENDIX C

Department	Authorized Position	Full-Time Equivalent (FTE)	
		Funded 2018-19	Funded 2019-20
	Supervising Staff Nurse	1	1
	Support Services Supervisor	1	1
	Therapy Aide II	1	1
	Veterans Service Officer	1	1
	Veterans Service Rep II	1	1
	Welfare Farud Tech II	1	1
		609.225	628.225
<b>Library</b>			
	Account Clerk II	0.5	0.5
	Asst. County Librarian	1	1
	Business Services Manager	1	1
	County Librarian	1	1
	Librarian II	9.7	9.7
	Library Assistant II	9.6	9.6
	Library Associate	5	5
	Library Branch Sup - MLS	3	3
	Library Central Services Manager	1	1
	Library Circulation Supervisor	1	1
	Library Regional Manager	2	2
	Library Regional Supervisor	2	2
	Museum Curator	1	1
	Office Support Specialist	1	1
	Outreach Specialist II	1	1
		39.8	39.8
<b>Probation</b>			
	Administrative Assistant	2	2
	Administrative Clerk II	2	2
	Administrative Serv Analyst	1	1
	Administrative Serv An-Program	1	1
	Asst. Chief Probation Officer	1	1
	Chief Fiscal Admin. Officer	1	1
	Chief Probation Officer	1	1
	Clinician II	5	5
	Departmental HR Coordinator	1	1
	Deputy Probation Officer II	38	39
	Detention Officer II - 1	34	34
	Juvenile Services Aide	3	3
	Legal Secretary II	7	7
	Probation Aide	4	4
	Probation Division Manager	4	4
	Secretary II	1	1

# Funded Position Summary

Department	Authorized Position	Full-Time Equivalent (FTE)	
		Funded 2018-19	Funded 2019-20
	Secretary to the Dir.-Sup	1	1
	Senior Accounting Technician	2	2
	Senior Deputy Probation Off.	6	6
	Senior Detention Officer - 1	7	7
	Senior Social Worker	2	2
	Social Services Assistant	2	2
	Social Worker	3	3
	Superintendent of Juv Det Fac	1	1
	Supervising Clinician	1	1
	Supervising Detention Off - 1	6	6
	Supervising Legal Secretary	2	2
	Supervising Probation Officer	6	6
	Youth Construction Crew Assistant	0	1
		145	147
<b>Public Defender</b>			
	Administrative Assistant	1	1
	Asst. Chief Deputy Public Def	1	1
	Chief Deputy Public Defender	1	1
	Chief Public Defender Inv.	1	1
	Deputy Public Defender IV	17	17
	Deputy Public Defender V	4	4
	Legal Secretary II	4	3
	Office Support Specialist	1	1
	Paralegal	2	2
	Public Defender	1	1
	Public Defender Invest. II	3	3
	Public Defender Investigative Asst.	1	1
	Secretary to the Dir.-Sup	0	1
	Social Worker Practitioner	3	3
	Supervising Legal Secretary	1	1
		41	41
<b>Sheriff-Coroner</b>			
	Accountant II	2	2
	Administrative Serv Analyst	1	1
	Animal Care Attendant	2	2
	Animal Services Office Spec II	4	4
	Animal Services Officer II	7	7
	Asst. Public Administrator	1	1
	Business Services Manager	1	1
	Captain	3	3
	Chief Deputy Coroner	1	1

# Funded Position Summary

Department	Authorized Position	Full-Time Equivalent (FTE)	
		Funded 2018-19	Funded 2019-20
	Correctional Lieutenant	3	3
	Correctional Officer II	98	108
	Correctional Sergeant	10	10
	Corrections Records Shift Sup	4	4
	Corrections Records Spec. II	18	18
	Crime & Intel Analyst	1	1
	Crime Scene Investigator	1	1
	Department Volunteer Coord.	1	1
	Deputy Coroner II	4	5
	Deputy Public Administrator	1	1
	Deputy Sheriff	68	70
	Detention Senior Cook	6	8
	Food Services Coordinator	1	1
	Legal Secretary II	3	3
	Lieutenant	4	4
	Property and Evidence Tech.	1	1
	Registered Veterinary Technician	3	3
	Senior Crime Scene Invest.	1	1
	Senior Social Worker	1	1
	Sergeant	9	9
	Sheriff-Coroner-Public Admin	1	1
	Sheriff's Chief of Finance	1	1
	Sheriff's Conf. Secretary	1	1
	Sheriff's Human Resources Tech	1	1
	Sheriff's Operations Coordinator	1	1
	Sheriff's Plan/Research Mgr	1	1
	Sheriff's Records Manager	1	1
	Sheriff's Service Technician	2	2
	Sheriff's Support Specialist	1	1
	Sheriff's Training Manager	1	1
	Supervising Animal Services Of	2	2
	Supervising Legal Secretary	2	2
	Undersheriff-Coroner	1	1
		276	291
<b>GRAND TOTAL</b>		<b>1634.225</b>	<b>1671.225</b>



## County of Yolo

# Administrative Policies and Procedures Manual

<b>TITLE:</b> Budget and Financial Management	<b>DEPARTMENT:</b> County Administrative Office
<b>TYPE:</b> Policy	<b>DATE:</b> 11/04/2014

### A. LEGAL BASIS

The Yolo County Board of Supervisors has the authority and responsibility to adopt and oversee implementation of a budget approving the use of public funds for the operation of all County functions, as provided for in Sections 29000 et seq. of the Government Code of the State. The policies adopted by the Board of Supervisors shall not be contrary to those established under state statute. However, the Board may add to the information required, or show it in more detail, providing the financial information and the classification or items are clearly and completely set forth.

### B. APPLICABILITY

The following policies apply to all County officials and employees in elected offices, county divisions, departments and special districts for whom the Board is required to adopt an annual budget.

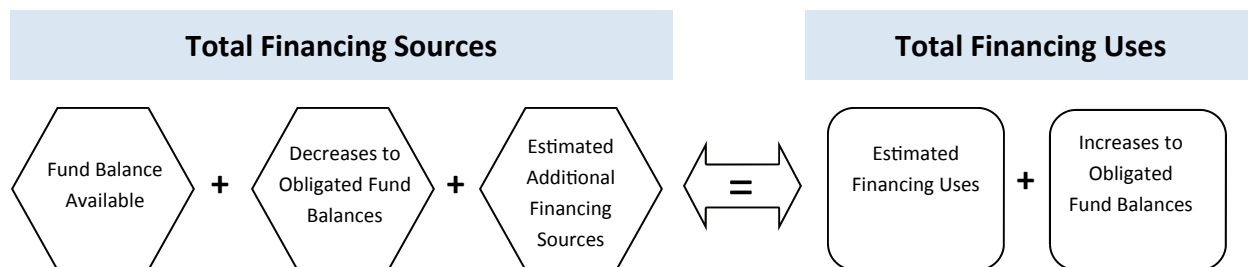
### C. DEFINITIONS

The definitions for all financial policies can be found in the *Financial Policy Glossary and Definitions* section.

### D. PURPOSE

1. To establish minimum requirements for preparation, management, content and timeframes of the County budget, and
2. To promote financial stability and long-term planning, and
3. To provide a context to guide decisions during the budget process and throughout the fiscal year.

### E. STATE MANDATED BUDGET REQUIREMENTS



The following requirements are stipulated in detail in the County Budget Act (Government Code Section 29000 through 29144).

1. The recommended, adopted, and final budgets must be balanced. Expenditures cannot be greater than the total anticipated spendable resources.



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**E. STATE MANDATED BUDGET REQUIREMENTS** (continued)

2. The adopted budget shall provide for the presentation of data and information to include, at a minimum, estimated or actual amounts of the following items by fund:
  - a. Fund balances of the nonspendable, restricted, committed, assigned and unassigned funds.
  - b. Additional financing sources shall be classified by source as prescribed by the Controller. For comparative purposes the amounts of financing sources shall be shown as follows:
    - 1) On an actual basis for the fiscal year two years prior to the budget year.
    - 2) On an actual basis, except for those sources that can only be estimated, for the fiscal year prior to the budget year.
    - 3) On an estimated basis for the budget year, as submitted by those persons responsible.
    - 4) On an estimated basis for the budget year, as approved, or as adopted, by the Board.
  - c. Financing uses for each budget unit, classified by the fund or funds from which financed, by the objects of expenditure, other financing uses, intrafund transfers, and transfers-out as prescribed by the Controller. For comparative purposes the amounts of financing uses shall be shown as follows:
    - 1) On an actual basis for the fiscal year two years prior to the budget year.
    - 2) On an actual basis, except for those sources that can only be estimated, for the fiscal year prior to the budget year.
    - 3) On an estimated basis for the budget year, as submitted by those persons responsible.
    - 4) On an estimated basis for the budget year, as approved, or as adopted, by the Board.
  - d. Appropriations for contingencies.
  - e. Provisions for nonspendable, restricted, committed, and assigned fund balances.
  - f. The appropriations limit and the total annual appropriations subject to limitations.
3. There shall be a schedule in or supporting the adopted budget document or separate ordinance or resolution, setting for each budget unit the following data for each position:
  - a. Salary rate or range, as applicable.
  - d. Total allocated positions approved by the Board.



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**E. STATE MANDATED BUDGET REQUIREMENTS** (continued)

4. At a minimum, within the object of capital assets, the budget amounts for the following shall be reported, as specified:
  - a. Land shall be reported in total amounts, except when included as a component of a project.
  - b. Structures and improvements shall be reported separately for each project, except that minor improvement projects may be reported in totals.
  - c. Equipment shall be reported in total amounts by budget unit.
  - d. Infrastructure shall be reported in total amounts by budget unit.
  - e. Intangible assets may be reported in total amounts by budget units.

**5. Amending the Adopted Budget**

Departments may find it necessary to amend their budgets due to a change in estimates, change in economy, program changes, grant modifications, accounting changes, correction of budget errors, unanticipated revenue, etc. The budget adopted by the Board of Supervisors and submitted to the State may be amended during the fiscal year within the parameters listed below (per Government Code §29125 and §29130):

Type of budget amendment	Official/s authorized to approve amendment
Transfers not exceeding \$5,000 between any appropriation line within an object	Department staff with concurrence of County Administrator
Transfers between objects within the same budget unit	County Administrator with concurrence of the Chief Financial Officer
Intra-fund transfers of \$2,000 or less between departments	County Administrator
Transfers between budget units	Board of Supervisors
Increase of staffing levels including transfer of positions from one department to another	Board of Supervisors
Transfer from appropriations for contingencies to a budget unit	Board of Supervisors by four-fifths vote
Designations and reserves no longer required for the purpose for which intended (excluding general reserve, balance sheet reserves, and reserve for encumbrances).	Board of Supervisors by four-fifths vote
Unanticipated revenue, including amounts in excess of estimated revenues or not specifically included in the budget.	Board of Supervisors by four-fifths vote
Administrative corrections and revisions	Chief Financial Officer



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**E. STATE MANDATED BUDGET REQUIREMENTS** (continued)

**6. Legal Duties of Specific Officials**

County officials will fulfill the following legal duties within the time frame prescribed by law:

Official Responsible	Government Code Section	Deadline	Event
All County Officials	§29040	June 10	To provide an itemized request detailing estimates of required financing sources and uses for units administered.
CAO or Chief Financial Officer as designated by Board	§29040		To receive budget requests from officials
	§29042		To prescribe procedures for submitting requests
	§29045		To submit budget requests when official responsible has not done so
	§29060		To compile budget requests
	§29061 & §29062	June 30	To review budget requests, prepare the recommended budget and submit the recommended budget to the Board
	§29083		To revise the recommended budget to reflect changes made by the Board
Board of Supervisors	§29063	June 30	To make revisions, reductions and additions to budget requests
	§29064	June 30	To formally approve the recommended budget, as revised, as the legal authorization to spend until approval of the adopted budget
	§29065	September 8	To make the recommended budget available to the general public
	§29080	September 8	To publish notice that the budget is available and to announce public hearings
	§29080	September 18	To commence public hearings 10 days after published notice
	§29081	October 2	To conclude public hearings
	§29088	October 2	To approve the adopted budget by resolution for County and dependent special districts.
Chief Financial Officer	§29043		To provide estimates for bonded debt service requirements
	§29044		To provide financial statements data, or recommendations for any changes to the estimated financing sources to the responsible officials.
	§29083		To provide for the Chief Financial Officer or his/her deputy to attend the public hearing on the recommended budget and to furnish any financial statements and data required.
	§29093	December 1	To file a copy of the adopted budget in the office of the clerk of the board and the office of the State Controller.
	§29124		To approve certain payments pending adoption of the adopted budget.



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### F. BUDGET PRINCIPLES

The following will guide our budget and finance decisions:

1. Link budget to long-range plans - Each annual budget shall serve to connect successive budgets into a coherent strategy to realize long-term goals. The budget will be consistent with other long-term plans: strategic and tactical plan, long-term financial plan, land-use plan (General Plan), and capital improvement plan.
2. Regularly examine past spending patterns - Incremental budgeting should be used sparingly and each budget should include a critical review of past spending patterns.
3. Prioritize services - Budget decisions are based on prioritization of services and the priority will be linked to the tactical plan, organizational goals and department initiatives.
4. Assign costs specifically to users of services - An equitable matching of costs with beneficiaries should occur. User fees and charges must fully cover costs unless prohibited by law or by specific action of the Board of Supervisors.
5. Maintain existing services over providing new services - Budget decisions should support the long-term ability to maintain current services.
6. Fund liabilities -The annual budget should fund at least the current portion of long-term liabilities, capital investments, asset maintenance, pension, other post-employment benefits (OPEB) and compensated absences.
7. Prioritization of budget-balancing strategies - Predetermined strategies should be developed to utilize when deciding on budget cuts, namely:
  - a. Eliminate services with low contribution to long-term goals
  - b. Reduce expenditures by improving productivity
  - c. General Fund support
  - d. Cancel reserves for asset maintenance, etc.
  - e. Lay off part-time first then full-time employees
  - f. Emergency inter-fund loans
  - g. Use of general reserve
8. Resolve structural budget deficits - Through development of a long-range budget reduction plan, correct structural deficits where expenditures are growing more rapidly than revenues. Strategies could include the use of one-time revenues, inter-fund loans, or use of reserves.





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### F. **BUDGET PRINCIPLES** (continued)

9. New expenditures - Ongoing expenses are never funded by a non-recurring or one-time revenue source. Future and current funding sources are identified for all new programs and services.
10. Net County Cost - Departments shall, in developing their budgets, examine strategies which reduce their net county cost; the portion of the department general fund spending for which the County must cover the cost. Possible methods include increased State and Federal reimbursement, contracting for services, shared services agreements, grants, strengthened fee collection and reducing costs. Requests which include an increase in a department's net county cost must be associated with a high priority initiative.
11. Performance Measurement - All departments shall develop sophisticated performance measures that measure, community impact (effectiveness) and customer service (quality). Any new program requests shall include performance measures and anticipated outcomes.
12. Public Value - An appraisal of what is created by government on behalf of the public; the equivalent of shareholder value in public management. Adding public value means contributing both to what the public most values and also to what adds value to the public sphere.
13. Requesting new positions or filling vacant positions - Departments shall seek to use technology to meet increased workload demands before requesting new position or filling vacant positions. Where possible, departments shall increase the array of services offered online prior to filling or adding customer service positions. New position requests will be considered where there is no net county cost increase. All new position requests must demonstrate the long-term public value or fiscal benefit gained and must identify a long term funding source or be marked as limited term. The total number of permanent full-time/part-time employees on the payroll shall not exceed the total number of positions specified by department and authorized by the Board in the adopted budget.
14. Shared Services - Departments are encouraged to identify shared service opportunities with city, county, regional agency and nonprofit partners. Funding priority shall be given to shared service concepts consistent with the Board of Supervisors' adopted Shared Services Program.
15. Reserve - The budget shall fund reserves and contingencies consistent with the County Fund Balances and Reserves Policy.
16. Special Funds - The fund balance and appropriation of all special departmental funds that are available to a department will be detailed in a department's requested budget and clearly shown in the Recommended and Adopted budgets. These fund balances will be the first option considered to fund net county cost increase requests, one time expenditures and fixed assets.



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**G. BASIC BUDGET DEVELOPMENT PROCESS ELEMENTS**

The following process reflects the County's incremental approach to budgeting with initial steps toward performance-based budgeting. Budget formulation, adoption, and execution involve year-round interaction of many people, including department heads, department fiscal staff, the County Administrator, CAO budget staff and the Department of Financial Services. Each year the budget development process will include, at minimum, the following elements:

1. The development by the Board of Supervisors of strategic goals and a tactical plan that identifies the medium-term goals of the County.
2. Revenue and expenditure forecasts used to establish guidelines for the basis of policy decisions developed to achieve the overall goals of the Board. Trends, patterns, indexes, property valuation, growth, etc. will be compiled, analyzed, and applied in the preparation of detailed projections.
3. An annual meeting with the County Administrator and his/her staff, department heads, and the Board to set goals and priorities for the coming fiscal year.
4. Stakeholder input obtained through community forums and surveys, or review by advisory group.
5. Requests for service level increases and new programs will require detailed justification, the identification of a viable revenue source and an analysis of long-term fiscal impacts, and will be funded only to meet demonstrated need or to establish better alignment with Board goals and tactical plan.
6. An examination of what resources are needed for adequate maintenance of capital facilities, equipment and for the required replacement of equipment as established by capital asset maintenance and replacement standards.
7. The development and distribution of budget instructions and forms detailing the required design and timeline of budget submission and presentation.
8. A countywide meeting to kick off the annual budget preparation. This meeting will serve as a forum to answer questions on budget procedures and to inform department heads of budget policies and priorities for the coming budget year.
9. Performance measures for every funded program that reflect the goals and objectives of the program in a manner that allows stakeholders and decision-makers to see progress and results.
10. Submission of budget requests by departments heads.
11. CAO review and analysis of all operating budgets, capital improvement projects, and revenue projections for accuracy, content, and compliance with the previously determined priorities and policies.



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**G. BASIC BUDGET DEVELOPMENT PROCESS ELEMENTS** (continued)

12. A meeting between the CAO and each department to discuss department budget submissions in detail and make adjustments if needed.
13. The publication of a recommended budget book that contain department-by-department specifics regarding their goals, annual initiatives, performance measures, funding sources and major object expenditures.
14. A recommended balanced budget submitted to the Board by June 30 of each year.
15. A final recommended balanced budget submitted to the Board by September 8 along with the publication of notice of a public hearing to be held to consider the final budget and Capital Improvement Program.
16. Following year-end closing and updated revenue and expenditure estimates, and no later than October 2, the Board adopts the final budget and Capital Improvement Program.

**H. POLICIES FOR SPECIAL ITEMS**

1. Vacancy savings - Departments with high turnover rates may budget for salary savings at a rate that represents the previous five-year average.
2. General Fund savings - In fiscal years where contributions to reserves and contingencies have been met in accordance with policy and the fund balance carryforward projection has been met, Departments may retain general fund savings from the immediately previous fiscal year. Those departments with savings may utilize an amount of the balance determined by the County Administrator’s Office for non-recurring, specific purpose, discretionary uses upon approval of the Board during adopted budget hearings. Funds may be set aside for multiple years if needed to fund the proposed purpose.
3. Internal Service Fund - Internal service funds (ISF) account for the financing of goods and services provided by one department or agency to other departments or agencies of the county on a cost reimbursement basis. Any ISF created will be self-supporting and designed to provide services more conveniently or at a lower cost. Fees should measure the full cost of the goods or services.



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**I. RESERVE MAINTENANCE**

Reserves will be reviewed annually as part of the budget process to ensure adequacy of funding. The County uses different types of reserve mechanisms to maintain long-term financial stability. This includes:

1. Specific reserves for known future liabilities or expenditures association with known events which can be estimated within a reasonable degree of certainty.
2. General reserve to protect the County's essential services from the potentially devastating impact of unanticipated events and circumstances.
3. Cash reserve serves as a cash cushion to mitigate the effect of uneven cash flows during the year.

See *Fund Balances and Reserves Policy* for additional information.

**J. FUND BALANCE**

Fund balance represents working capital that can either be used as a liquidity reserve or for spending in future years. The following policies will guide decisions regarding fund balances:

1. Fund balances anticipated at the end of a fiscal year and which expect to be used in the subsequent year will be budgeted as the beginning fund balance for that fund for the upcoming fiscal year.
2. The committed but "unencumbered" balance of agreed to multi-year and revolving projects and/or contracts anticipated not to be completed by September 30 must be rebudgeted in the subsequent fiscal year.
3. Cash balances remaining in any fund at year-end and not appropriated for in the adopted budget will stay in that fund for subsequent years.
4. Upon completion of the fiscal year-end audit, any increase and/or decrease to fund balance will cause adjustments to revenue and/or reserve accounts. Additional funds should not be used to increase expenditures within the budget.

See *Fund Balances and Reserves Policy* for additional information.



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**K. CONTINGENCY APPROPRIATIONS**

Contingency appropriations provide the first line of defense against uncertainty and are budgeted in specific funds to cover minor unanticipated needs of a non-recurring nature that may arise throughout the year or provide for small increases in service delivery costs that were not anticipated during budget development. During the annual budget process the County Administrator recommends a specific level of appropriation for contingency in specific funds. Those funds are general fund, public safety, and health and human services where the county is subject to the most revenue and expenditure vulnerability. Other funds may be added at the recommendation of the County Administrator and approval of the Board of Supervisors during budget adoption. See *Fund Balances and Reserves Policy* for additional information.

**L. FINANCIAL PLANNING**

The County Administrator and Chief Financial Officer will annually present an update to the Long-Term Financial Plan (LTFP) to the Board of Supervisors and Finance Committee including a long-range (five to ten years) financial forecast. This forecast will provide a long-term overview of revenue, operating expense, and capital activity. The LTFP will provide the fiscal link to the County's Strategic and Tactical Plan and will:

1. Ensure priorities aimed at achieving Board goals are funded
2. Ensure the County attains financial sustainability
3. Ensure the County has sufficient long term information to guide financial decisions
4. Ensure the County has sufficient resources to provide the core programs and services the community expects
5. Ensure potential risks to on-going operations are identified in the long term financial planning process and communicated on a regular basis

**M. BUDGET CONTROL & ACCOUNTABILITY**

In order to maintain the financial stability of the County it is necessary for Officials and Department Heads to review and control expenditures such that the rate of expenditure does not exceed the approved budget. Each staff recommendation on the Board agenda will include disclosure of the both the short-term and long-term fiscal impact of the recommended action. All amendments to the Adopted budget will be consistent with the requirements of California Government Code §29125 and §29130 as detailed in Section F-5 of these policies.



## County of Yolo

**Administrative Policies and Procedures Manual**

<b>TITLE:</b> Budget and Financial Management	<b>DEPARTMENT:</b> County Administrative Office
<b>TYPE:</b> Policy	<b>DATE:</b> 11/04/2014

**M. BUDGET CONTROL & ACCOUNTABILITY** (continued)

Departments are expected to produce and review revenue and expenditure budget reports on a monthly basis. Department of Financial Services staff will monitor monthly reports for budget overdrafts. The County Administrator will submit to the Board on a quarterly basis, an overview report of budget to actual, both revenue and expense for all Funds and/or Departments. Any significant changes will be described in detail with any necessary recommended corrective action. Should the Chief Financial Officer realize a financial problem exists or trends warrant closer analysis, the he/she is required to inform the Board and County Administrator as soon as the situation is detected. If a deficit seems forthcoming, the Board will reduce appropriations or increase revenues.

The County Administrator and Chief Financial Officer are responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the County are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by the County Administrator.



## County of Yolo

# Administrative Policies and Procedures Manual

TITLE: POLICY ON BORROWING, DEBTS AND OBLIGATIONS	DEPARTMENT: FINANCIAL SERVICES
TYPE: POLICY	DATE: FEBRUARY 6, 2018

### A. PURPOSE

This policy provides guidance on borrowing, financing and debt management activities that demonstrate fiscal responsibility and promote fiscal sustainability, in accordance with the County's long-term financial plan.

### B. APPLICABILITY

This policy applies to any transaction or event that either obligates a county fund now or in the future, or affects the County's borrowing capacity. This policy applies largely to the financing of capital asset acquisition and construction, as described in the County's capital improvement plan and in the *Policy on Capital Assets*. It also applies to decisions concerning employee compensation. This policy is consistent with the best practices recommended by the Government Finance Officers Association (GFOA) and the California Debt and Investment Advisory Commission (CDIAC), and complies with the Securities and Exchange Commission (SEC) regulations, and relevant California Codes. The policy does not apply to short-term borrowing (under six months) which occurs during the fiscal year as part of the routine cash flow management in the county treasury.

### C. DEFINITIONS

For the purpose of this policy, the following definitions apply:

“Borrowing” refers to any mutual transfer of resources between two parties (legal or accounting entities) with intent to return at least the principal. It is usually accomplished through a written agreement between the parties that states the amount borrowed and the terms and date of repayment.

“Debt” refers to a formal borrowing between two legal entities and involves interest costs. A debt is normally recognized as a liability on the County's ledger. Debt often refers to bonded indebtedness and long-term loans. For the sake of brevity, the term “debt” is used throughout this policy to refer to a borrowing, a debt issue or an obligation.

“Obligation” refers to any amount, known or undetermined, that the County owes to an external party now or in the future, as a result of an action undertaken by the County, a triggering event or a law. Obligations may be recognized or not yet recognized as a liability on the County's ledger, and may be funded or not funded. Examples include compensated absences, pension benefit obligation, other post-employment benefits (OPEB) obligation, landfill and pollution remediation, and claims and judgments.

“Inter-generational equity” is an essential concept in fiscal responsibility and refers to the notion of each generation being able to fund its needs without borrowing from, or transferring its debt burden to, the future generations.

# County of Yolo

## Administrative Policies and Procedures Manual

TITLE: POLICY ON BORROWING, DEBTS AND OBLIGATIONS	DEPARTMENT: FINANCIAL SERVICES
TYPE: POLICY	DATE: FEBRUARY 6, 2018

### D. POLICY

#### 1. FISCAL SUSTAINABILITY

The County shall remain fiscally sustainable; this is a fundamental principle for all County borrowing, debt issuance or commitment to any financial obligation.

For this purpose, *Fiscal Sustainability* is defined as the County government's ability and willingness to generate inflows of resources necessary to honor service commitments and to meet financial obligations as they come due, without transferring financial obligations to future periods unless they result in commensurate benefits.

To support this fundamental principle, the following seven governing principles must guide all debt, borrowing and obligation transactions:

The seven governing principles of borrowing, debt and obligations are stated below:

- 1) A healthy debt capacity shall be built and preserved.
- 2) No borrowing shall be made to fund on-going operations.
- 3) All borrowing shall follow a long-term financial plan or a capital improvement plan.
- 4) The term of a debt shall never exceed the asset's life.
- 5) No inter-generational transfer of obligation shall be created.
- 6) Borrowing shall never be done for speculative purposes.
- 7) No obligation shall be incurred unless there is a realistic plan to pay it off.

#### 2. TYPES OF ALLOWABLE DEBTS

The following types of debt are allowable under this policy:

- a) General obligation bonds
- b) Bond or grant anticipation notes
- c) Lease revenue bonds; certificates of participation; and lease-purchase transactions
- d) Tax and revenue anticipation notes
- e) Land-secured financings: such as special tax revenue bonds issued under Mello-Roos Community Facilities Act of 1982, as amended; and limited obligation bonds issued under applicable assessment statutes
- f) Tax increment financings as permitted under state law
- g) Conduit financings
- h) Commercial loans and lines of credit

#### 3. DEBT APPROVAL

- a) **Debt Committee.** A Debt Committee shall be convened to review and approve borrowing, debt or obligation that potentially have a material effect on the County's fiscal



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sustainability; this includes any proposed transaction that meets any one of the criteria below:

- (i) The amount of the debt or obligation exceeds \$500,000.
  - (ii) The annual debt service or obligation payment exceeds \$150,000.
  - (iii) The borrowing, debt or obligation may result in a significant change to the County's financial health in the long-term.
  - (iv) The transaction involves an agreement with another governmental agency.
  - (v) The Chief Financial Officer determines that an issue merits review by the Debt Committee.
  - (vi) The refinancing of an existing debt.
- b) **Composition of Debt Committee.** The Debt Committee is comprised of the following:
- (i) The two members of the Board of Supervisors who are assigned to the Financial Oversight Committee;
  - (ii) County Administrator or designee;
  - (iii) Chief Financial Officer;
  - (iv) Director of General Services, or Director of Public Works, or Director of Human Resources as appropriate for the project.

The Debt Committee may rely on advisors from the department proposing the debt or obligation, independent bond counsel, independent financial advisors, underwriters, disclosure counsel or other experts as appropriate.

- c) **Review and Approval of Debts.** Any debt proposal submitted to the Debt Committee must include an analysis that addresses all the relevant factors described in this policy. The Debt Committee and staff shall review this analysis and make a recommendation to the Board of Supervisors, who shall make the final decision, except as provided below.
- d) **Delegation of Authority.** The Board of Supervisors authorizes the Chief Financial Officer and the County Administrator, acting jointly, to approve borrowings, debts and obligations that are below the thresholds for the Debt Committee as mentioned in Section 3 above, except in circumstances that require Board approval, such as when another governmental agency is involved. The Debt Committee shall ascertain the marginal impact of the new proposed debt on fiscal sustainability and refer the matter to the Board of Supervisors if this marginal impact borders on or exceeds the acceptable limits. In most cases, the Board of Supervisors would need to ratify any agreements made between the County and another party.
- e) **Lease-purchase of Equipment.** For equipment that has been approved as part of the County Capital Improvement Plan and for which funds have been budgeted, County departments may enter into lease purchase arrangements for a term not to exceed 10 years, provided the manufacturer's suggested life of the asset equals or exceeds the lease term.

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#### 4. PURPOSES AND CONDITIONS FOR DEBT-ISSUANCE

Incurring debt may be an appropriate means to fund a project or activity under certain circumstances. Long-term debt may be issued to finance the construction, acquisition, or rehabilitation of capital assets for use by the County. A department head considering using debt to fund a project should evaluate the following conditions before sending a proposal to the Debt Committee, County Administrator or Chief Financial Officer:

- a) ***Debt is Part of a Long-term Plan:*** The proposed debt must be part of the capital improvement plan, other long-term planning effort or strategic project approved by the Board of Supervisors in furtherance of county strategic goals. In rare cases, a debt may merit stand-alone consideration due to unique circumstances that must be explained to the Debt Committee or County Administrator.
- b) ***One-time versus On-going Needs.*** Debt is more appropriate for a one-time investment (e.g. construction of a facility, acquisition of an asset) than a project addressing an on-going need (e.g. maintenance of a facility or an asset, operation of a program). Debt should not be used to fund the normal upkeep and maintenance of capital assets. Debt may be appropriate for a project that expands the capacity or the useful life of an asset but should not be used to fund its operational cost.
- c) ***Matching Benefits with Costs.*** When a capital asset is expected to generate long-term benefits, debt can help distribute the payments for cost of the asset over its useful life so that benefits more closely match costs and create intergenerational equity.
- d) ***Sources of Repayments.*** Debt should be used only when long-term forecasts of financial resources indicate that the County will be able to meet its debt obligations without undue distress. Sources of repayments, either general or earmarked, must be identified for future debt service.
- e) ***Favorable Market Conditions.*** Consider issuing debts only when credit market conditions are favorable (refer to the Bond Buyer 20-bond Index or other relevant indices).
- f) ***Impact on Fiscal Sustainability.*** Debt should be proposed only when the additional debt does not cause the County to exceed any of the critical thresholds for financial ratios stipulated in Section 5 – Constraints on Debt Amounts, and after careful evaluation of the potential impact on the ratios in Section 6 – Constraints on Non-debt Obligations.
- g) ***Prohibition Against Funding On-going Operations.*** Long-term debt shall not be used to fund on-going operations since this would shift the burden for funding current services to future taxpayers. In special circumstances, the Board of Supervisors may approve a borrowing or debt to eliminate an operating deficit as part of a corrective action plan to address a structural budget deficit.

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### 5. CONSTRAINTS ON DEBT AMOUNTS

This section applies specifically to bonded debts, long-term loans and leases. The debt burden should be managed so that it does not increase the net outflow of economic resources in the long-run and substantially impact fiscal sustainability. This potential impact on fiscal sustainability should be monitored annually and managed by imposing certain constraints on the debt burden, as measured by the following ratios. The County should not engage in any debt financing that would cause the first two ratios to fall in the unacceptable range in any year during the life of the proposed obligation.

All numeric values for computing the ratios below are obtained or derived from the County’s comprehensive annual financial reports.

- a) ***Debt service as percentage of governmental fund expenditures:*** This is the ratio of governmental fund-supported debt service to the total governmental fund expenditures. This is a measure of the debt’s budgetary impact on the county. Generally, lower ratio means less impact. The County should strive to maintain this ratio below 8.0% (Low end of Standard & Poor’s Debt and Contingent Liabilities Score range).
- b) ***Net Direct Debt as percentage of total governmental funds revenue:*** Debt to revenues measures the total debt burden on the county revenue position and gives an indication of the extent of annual revenue that is needed to pay off the debt. Lower ratio means lighter debt burden. The County should strive to maintain a ratio below 30 (Low end of Standard & Poor’s Debt and Contingent Liabilities Score range)

The ratios below do not represent constraints on debts but should be regularly monitored and considered in a new debt issue when relevant:

- c) ***Ratio of debt to assessed value:*** This ratio of total outstanding debt to total assessed values gives an indication as to the strength of the tax base in supporting the debt of the government. Generally, lower ratio means a stronger base. This ratio should be maintained below 3.0% (Low range of Standard & Poor’s benchmark).
- d) ***Debt per capita:*** The amount of debt per capita measures the residents’ average share of the total outstanding debt. Generally, lower amount means lower debt burden per resident. This amount should be maintained below \$1,000 (Very low range of Standard & Poor’s benchmark).
- e) ***Overlapping debt ratios.*** With respect to total direct and overlapping debts (debts related to the activities of overlapping jurisdictions such as cities or districts), Debt to Assessed Value should not exceed 6% (Moderate range of Standard and Poor’s benchmark).
- f) ***Coverage ratio.*** In the case of revenue debt, in which the debt is repaid through a dedicated revenue stream, the debt service coverage ratio should be greater than 1.25 (Good range of Standard & Poor’s benchmark). This measure shows the extent to which revenues are available to cover annual debt service (principal & interest) after operating costs are paid.

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The debt amount to be used for the above calculations is the net direct debt. Direct debt is the total of the County's long-term obligations supported by general revenues and taxes, such as bonds and leases. Net direct debt is the County's total debt less any accumulated resources earmarked for paying off such debts.

### 6. CONSTRAINTS ON NON-DEBT OBLIGATIONS

This section applies to all obligations which are not covered in Section 4 above. Such obligations may arise from actions or decisions pertaining to:

- Employee compensation
- Retiree benefits
- Capital projects financing
- Revenue sharing arrangements
- Economic development incentives
- Landfill and pollution remediation
- Settlement of claims and judgments

Before committing the County to any long-term future obligations, or before taking any action that may create or modify such obligations, County staff shall assess the long-term financial impact of such action through trend analysis and financial projections. This assessment should include the determination of both the obligation and the funding sources to repay the obligations. The assessment and supporting information shall be presented to the Debt Committee for review and further determination on its effect on the County's fiscal sustainability. For the purpose of this assessment the criteria for the Debt Committee review in Section 3 apply.

Two indicators that must be monitored carefully are ratios of unfunded liabilities to total covered payroll. This information is obtained from actuarial reports. These ratios indicate the relative size of the liability in terms of the active payroll. A trend analysis of these ratios indicates the sustainability of the liabilities. The ratios must trend down toward zero in the long-term:

- a) *Ratio of pension unfunded liabilities to payroll*
- b) *Ratio of OPEB (other post-employment benefits) unfunded liability to payroll*

### 7. DEBT STRUCTURING

Debt should be structured to provide control on the risk of debt usage:

- a) *Length of Issue.* The weighted average life of a debt shall not exceed the weighted average useful life of the asset/project that is being financed and must never exceed 30 years.
- b) *Matching of Payment with Benefit.* The proposed debt payment schedule must match the generation of net benefits to County residents. For example, the debt service schedule should generally correspond with the amortization or depreciation schedule of the purchased asset. In

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the long-term, an obligation must not be passed on to the next generation without the commensurate benefit.

- c) **Debt Service Schedule.** The debt service schedule should be structured to match the estimated pattern of revenues or sources of funds to be used for repayment. Absent any discernible pattern, general obligation bonds should be amortized on a level principal basis, to the extent practical.
- d) **Use of Credit Enhancement.** Credit enhancements (letter of credit, bond insurance, surety bond) may be used if the cost of the enhancement is more than offset by the net decrease in net borrowing costs, or when the enhancement provides significant benefits.
- e) **Capitalization of Interest.** Bond proceeds may be used to pay the interest due for a period commencing on the issue date and ending on the date that is the later of three years from the issue date or one year after the date of completion.

### 8. DEBT ISSUANCE

- a) **Competitive Sale.** The County shall seek to issue its debt obligations in a competitive sale. When the County deems the bids received are unsatisfactory or does not receive bids, it may, at the election of the Debt Committee, enter into negotiation for sale of the securities.
- b) **Negotiated Sale.** The Board of Supervisors may authorize bond issuance through a negotiated sale without going through competitive bidding if the Debt Committee has determined that any one of these conditions exist: market conditions are volatile, the issue is under a compressed timeline, or the debt has unique credit factors that would be better marketed through a negotiated sale.
- c) **Private Placement.** Under certain conditions (e.g. interim financings or small issuance) the Board of Supervisors may authorize a private placement or limited public offering.
- d) **Financing Team.** In addition to the Debt Committee and County finance staff, the service of other professional providers (financial advisor; bond counsel; underwriter; paying agent) should be obtained through a competitive selection process or other means in accordance with County purchasing policies.
- e) **Credit Rating.** If a credit rating service is recommended by the financing team, staff should endeavor to obtain the highest rating.

### 9. DEBT MANAGEMENT AND INTERNAL CONTROL

The Chief Financial Officer shall maintain a debt management program to ensure that all debt-related promises are fulfilled, guarantees are maintained, and the interests of all parties involved are protected. This program shall include at the minimum:

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- a) **All debts are recorded** and properly reflected in the accounts and ledgers, in accordance with generally accepted accounting principles.
- b) **Debt service** is made timely and accurately.
- c) **Investment of Bond Proceeds**. Bond proceeds shall be invested in accordance with bond covenants and should be accounted for separately from other funds. Any difference with the County Investment Policy, such as maturity requirement, must be approved by the Board of Supervisors.
- d) **Arbitrage**. In regard to tax-exempt bond proceeds, county staff shall take steps to monitor and minimize arbitrage liability and avoid IRS penalties.
- e) **Compliance & Disclosure**. County staff shall maintain a system to ensure compliance with all bond covenants, disclosure and filing requirements contained in the bond indentures, ordinances or state and federal laws.
- f) **All tax-exempt debts** must comply with the tax compliance requirements described in the County of Yolo Compliance Procedures for Tax-exempt Bonds

### 10. REFINANCING OF DEBT

County staff should monitor the debt portfolio for opportunities to refinance debts in response to changing economic or market conditions.

- a) **Interest Saving**. The county may issue refunding bonds (as defined for federal tax law purposes) when advantageous, legally permissible, prudent, and net present value savings expressed as a percentage of the par amount of the refunded bonds equals or exceeds 3%. Staff analysis should be evaluated by the Debt Committee for recommendation to the Board.
- b) **Restructuring of Debt**. County staff may find a restructuring of debt service or debt covenant necessary to adjust to changing revenue trends or other economic and legislative trends. Staff analysis should be evaluated by the Debt Committee for recommendation to the Board.

### 11. SHORT-TERM DEBTS

- a) **Lines and Letters of Credit**. The Chief Financial Officer may from time to time judge it prudent and advantageous for the County to enter into agreements with commercial banks or other financial institutions for lines or letters of credit that provide the County with access to credit under the terms and conditions of those agreements. Any agreements with financial institutions for the acquisition of lines or letters of credit shall be subject to the advance approval of the Board of Supervisors.
- b) **Tax and Revenue Anticipation Notes (TRAN)**. The Chief Financial Officer may ascertain the need to fund internal working capital cash-flow with TRAN. Before issuing such notes,

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cash-flow projections shall be prepared by Chief Financial Officer staff. Board of Supervisors' approval is required.

- c) ***Dry Period Financings.*** From time to time, the County or a city or district depositor in the county treasury may request a temporary cash advance within the fiscal year for operational purposes during dry revenue periods. The Chief Financial Officer shall evaluate such request and send to the Debt Committee for review as necessary prior to making the allowable fund transfers pursuant to Section 6, Article XVI of the California Constitution.

### 12. INTERFUND BORROWING

It may be appropriate for certain funds to borrow from other funds for either cash flow purposes or other short-term financing needs. Examples are:

- Advance contributions to restricted reserves for future debt services when dedicated revenue streams are not yet available.
- Interim cash flows for a capital project while waiting for long-term financing solution.
- Temporary (less than six months) funding of operating deficit while long-term solution is finalized.
- Interim funding for program while awaiting state or federal funds.
- In the normal course of managing cash resources within the County treasury, the Chief Financial Officer may allow certain funds to incur temporary overdrafts.

The following requirements must be met in all cases:

1. The Chief Financial Officer has determined that inter-fund borrowing is in the best interest of the County after examining all possible alternatives and analyzing impact on cash balances.
2. The Chief Financial Officer has determined that the borrowing does not adversely impact the long-term financial condition of the lending fund.
3. The legality of the transaction is established by County Counsel.
4. The term cannot exceed 5 years, and the sources for repayment and debt service schedule are clearly identified.
5. If the original lending fund is the General Fund the term cannot exceed 3 years and the County's general reserve must be maintained at the level prescribed by County policy.
6. The transaction is memorialized in a formal communication between the parties involved, and approved by the Board of Supervisors if other than temporary.
7. The loan is recorded in the County general ledger.

### 13. CONVERSION OF OBLIGATION TO DEBT – PENSION AND OPEB

The County should carefully evaluate the benefits and risk before deciding to convert a future obligation into a hard debt, such as issuing bonds to fund pension obligation (POB) or to fund other post-employment benefits (OPEB):

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Potential benefits of issuing bonds:

- Net long-term saving as represented by the net present value of cash savings resulting from lower debt service on the bond compared to CalPERS (PERS) amortization of the unfunded actuarial accrued liability (UAAL).
- Ability to structure the payment of obligation to match with county cash flows.
- Pre-determined debt service schedule facilitates budgeting and financial planning.
- Existence of a disciplined method to pay down the obligation.

Potential risks of issuing bonds:

- Conversion of an accrued liability (projected benefit payments to employees based on past service) of which only a small portion must be paid in the near-term into a likely larger liability that must be paid to bondholders.
- Diminished flexibility in cash flows caused by requirement of a fixed debt service schedule.
- Reduction of county debt capacity due to debt issuance.
- Risk that actual PERS investment returns are lower than the interest rate on the bonds resulting in negative net cash savings.
- Risk that future PERS returns are higher than their assumed actuarial rate, resulting in surplus, causing bond indebtedness to be relatively more expensive.
- A new UAAL may be created from future benefit enhancements or other factors.

#### 14. STRATEGY TO REDUCE FINANCIAL OBLIGATION

As soon as a material financial obligation has been recognized by application of generally accepted accounting principles (GAAP), and irrespective of the necessity to record this obligation in the County's accounts, the Chief Financial Officer shall analyze its impact on the County's fiscal sustainability and recommend to the Board of Supervisors a course of action to mitigate this impact. Examples of such financial obligations are the unfunded liabilities related to the County's pension plan and to the retirees' health benefit program; and any liability related to pollution remediation.

#### 15. OTHER DEBTS

- a) Assessment and Improvement District.* All of the County's improvement assessment indebtedness under the control of the Board of Supervisors shall be self-supporting so as to minimize County liability exposure. The property tax burden as a percentage of sales price or assessed value as appropriate generally should not exceed 2% (Standard recommended by California Debt & Investment Advisory Commission). The debt service shall be made on a level basis or other manner that matches cash flows. Prior to issuance by the County, the Chief Financial Officer's office shall prepare projected cash flows which incorporate schedules for assessment contract payments, prepayments, delinquencies, and non-payments.



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All improvement district and assessment financing shall be subject to advance approval by the Board of Supervisors.

- b) *Special Assessment Districts/Mello-Roos.*** The County may establish special assessment or Mello-Roos Community Facilities Districts under various sections of State law to issue bonds for the financing of infrastructure and public facilities improvements in connection with land development. The issuance of these bonds is subject to a two-thirds approval of the landowners voting within the proposed district. The security for the bonds is provided by properties within the district. The properties are assessed for amounts proportionate to the benefit received from the improvements financed for the payment of annual principal and interest on the bonds. Such amounts generally should not exceed 2% of sales price or assessed value as appropriate (Standard recommended by California Debt & Investment Advisory Commission). The County is not liable for the repayment of these bonds, but rather acts as an agent for the property owners/bondholders in collecting and forwarding the special assessments.
- c) *Conduit Financing.*** The County may sponsor conduit financing for those activities that have a general public purpose and are consistent with the County's strategic goals. Conduit financing may include providing a loan guarantee or issuing debts on behalf of another public agency. All conduit financing must insulate the County to the maximum extent possible from any credit risk or exposure, and from all other liability exposure, and must first be evaluated by the Debt Committee, prior to submission to the Board of Supervisors for approval.

### 16. ANNUAL REPORTING

Annually the Chief Financial Officer shall prepare and submit a report to the Board of Supervisors on the status of all significant county debts and obligations and the current county debt load. The report shall include:

1. Outstanding debts by category:
  - a. Balance as of the last ended fiscal year
  - b. Maturity date
  - c. Current debt service
  - d. Any debt compliance issue noted
2. Summary of long-term obligations and solutions
3. County current debt load expressed as financial ratios

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## County of Yolo

# Administrative Policies and Procedures Manual

TITLE: COST ACCOUNTING	DEPARTMENT: AUDITOR-CONTROLLER
TYPE: <b>POLICY</b>	DATE: JUNE 7, 2011

### A. PURPOSE

This policy sets forth the policy and principles for determining costs for various purposes in Yolo County in support of the strategic goal of a financially sustainable county government.

### B. APPLICABILITY

This policy provides guidance on the calculation of costs of county programs and activities. It amplifies the objective of cost recovery contained in the policy titled *Financial Standards* and supplements the *Policy on Cost Recovery and Fees*. This policy recognizes that costs are defined and calculated differently for different purposes. The relevant purposes in Yolo County are managerial decision making, rate setting, claiming for reimbursement and financial reporting.

### C. POLICY

#### 1. COST DETERMINATION

- a. Cost data should be supported by, and reconciled to, the County's general ledger.
- b. The total cost of an activity or program is composed of direct costs and an allocable portion of indirect costs; this is also referred to as full cost.
- c. Indirect costs are made up of administrative costs within the work unit as well as an allocated share of countywide overhead.
- d. For a county program that is federally funded, allowable costs for claim purposes are determined by reference to cost principles stipulated in *Cost Principles for State, Local, and Indian Tribe Governments*, a.k.a. *OMB Circular A-87* (2 CFR Part 225).

As a summary, to be allowable, costs must meet the following general criteria:

- 1) Be necessary and reasonable
- 2) Be allocable to the program in accordance with relative benefits received
- 3) Be authorized and not prohibited by laws or regulations
- 4) Conform to any limitations or exclusions stipulated in laws, regulations or terms and conditions.
- 5) Be consistent with county policies and procedures
- 6) Be accorded consistent treatment
- 7) Be determined in accordance with generally accepted accounting principles

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- 8) Not be included in a cost used to meet matching requirement elsewhere
- 9) Be net of all applicable credits
- 10) Be adequately documented

## 2. COST ALLOCATION

- a. A cost is allocable to a particular cost objective if the goods and services involved are chargeable or assignable to such cost objective in accordance with relative benefits received. Rate of use may be used as an approximation of benefits received. In rare exceptions, ability to bear, or straight-line time pro-ration may be appropriate bases for allocating costs.
- b. Indirect costs that originate from within a department are charged to a program by using an indirect cost rate that must be approved by the County Auditor-Controller.
- c. Although it is expected that all departments will bill out their costs timely in accordance with the *Policy on Cost Recovery and Fees*, there will be certain residual costs of central service functions or administrative departments such as CAO, Counsel, IT, General Services, etc., that are not direct-billed to users. These are allocated through the countywide cost allocation plan that is prepared by the County Auditor-Controller and approved by the State Controller. Once approved, these costs will be charged to user departments, usually two years in arrears.

## 3. COST ACCOUNTING

- a. Cost data should be tracked in the formal accounting records at the level of detail that would facilitate the various purposes of management: managerial decision making, rate setting, claiming for reimbursement and financial reporting.
- b. The accounting system should contain sufficient documentation about costs that would satisfy the ten criteria for cost allowability in OMB Circular A-87 mentioned above.
- c. Different costs may be calculated for different purposes: managerial decisions; rate-setting; claiming; financial reporting.

## 4. COST FOR MANAGERIAL DECISIONS

- a. To determine the true cost of a program all pertinent costs should be identified, computed and charged to the program, in accordance with generally accepted accounting principles, irrespective of laws, regulations or contractual agreements.

## County of Yolo

# Administrative Policies and Procedures Manual

TITLE: POLICY ON COST ACCOUNTING	DEPARTMENT: AUDITOR-CONTROLLER
TYPE: <b>POLICY</b>	DATE: JUNE 7, 2011

- b. Cost estimates should be provided to customers (internal and external) prior to delivery of goods or services.
- c. Cost charges should be reconciled to cost estimates after delivery is completed.
- d. For certain managerial decisions involving comparisons of alternatives, it may be appropriate to distinguish:
  - Avoidable costs from sunk costs
  - Variable costs from fixed costs
  - One-time costs from recurring costs
  - Hard costs from opportunity costs

### 5. COST FOR RATE SETTING

- a. Fees and rates should be set to recover only actual costs and after considering the following factors:
  - i. Constraints of laws and regulations.
  - ii. Public good versus specific benefit: a user's fee should be set to reflect the estimated benefits received by the user; if a service results in substantial benefit to the public at large then it may be appropriate to recover only the portion that benefits specific user and let the balance of the cost be borne by the taxpayers.
  - iii. Market demand: the extent of cost recovery depends on whether the market for the services is strong and supports a high level of cost recovery.
  - iv. Practicality of collection: under certain conditions it may be impractical to establish a system to identify and charge users.
- b. To smooth out the effect of erratic fluctuations in costs, fees may be set to recover a long-term average cost that approximates the actual cost for the period.
- c. Rates should be set to recover the total costs of internal service fund and enterprise fund activities.
- d. All fees should conform to the *Policy on Cost Recovery and Fees*.

## County of Yolo

# Administrative Policies and Procedures Manual

TITLE: POLICY ON COST ACCOUNTING	DEPARTMENT: AUDITOR-CONTROLLER
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### 6. COST FOR CLAIMING

- a. All claimed costs should be determined as specified in COST DETERMINATION and COST ALLOCATION above.
- b. All claimed costs should conform to the requirements of the funding sources.
- c. To the extent allowable, costs should be claimed such that cash inflows are maximized.

### 7. COST FOR FINANCIAL REPORTING

- a. Generally, transactions are recorded at historical costs; assets and liabilities are valued in accordance with generally accepted accounting principles appropriate for government, as enunciated by standards issued by the Government Accounting Standard Board and practices prescribed by the Government Finance Officers Association in Governmental Accounting, Auditing and Financial Reporting (the Blue Book).
- b. The County's general ledger is designed primarily for reporting financial condition and results for financial accountability purposes. It is the backbone of the county financial system to which all other cost systems must reconcile.
- c. All financial reports on the County or its programs must be based on the county general ledger.
- d. Cost estimates that are other than historical costs (such as replacement costs, actuarial costs, etc.) can be used in circumstances allowed by generally accepted accounting principles and must be supported by fact-based analyses.
- e. Prescribed cost reports must conform to the requirements of the requestor agencies.

### 8. COST FOR FINANCIAL PLANNING

- a. Cost projections that are used for financial planning purposes may be based on historical costs adjusted by the appropriate inflationary or deflationary factors; replacement costs, or actuarial costs. Such purposes may include evaluating the adequacy of a reserve or sinking fund or evaluating the merit of various long-term financing options.
- b. Future costs may be prepaid into a sinking fund that is administered countywide by the County Auditor-Controller for the purpose of preserving the ability to provide sustained services.



## County of Yolo

# Administrative Policies and Procedures Manual

TITLE: COST RECOVERY AND FEES	DEPARTMENT: COUNTY ADMINISTRATOR
TYPE: <b>POLICY</b>	DATE: JUNE 7, 2011

### A. PURPOSE

This policy sets forth the philosophy and principles for recovering county costs through fees and other charges for services to support the strategic goal of financial sustainability in county government.

### B. APPLICABILITY

This policy provides guidance on the establishment and maintenance of fees and rates charged by the County in exchange for services rendered. It amplifies the objective of cost recovery contained in the policy titled *Financial Standards* and is supplemented by the *Policy on Cost Accounting* and the *Policy on Revenue and Collection*. This policy does not apply to taxes and assessments levied by the County or other special purpose governmental entities, nor to negotiated sharing of revenues between the County and others.

### C. POLICY

#### 1. COST RECOVERY

- a. Departments shall seek to recover the full cost of all services they provide to agencies, entities or individuals outside the County of Yolo organization on a contractual or fee basis or when obtaining grant funding. The purpose of full cost recovery is to preserve the ability to provide sustained services.
- b. Internal Service Funds shall recover the full cost of all services they provide to departments, agencies, entities or individuals on a contractual or fee basis.
- c. Full cost is defined as the sum of direct costs plus departmental/fund overhead costs plus external indirect costs that conform to the *Policy on Cost Accounting*.
- d. Board of Supervisors approval is required for initiation or revision of public fees and charges (except for fee amounts that are fixed by statute), initiation and renewal of revenue contracts, and to apply for and accept grants.

#### 2. FEES AND CHARGES

- a. The County can charge a fee for the following:
  - 1) A specific benefit conferred, privilege granted, service or product provided, directly to the payor that is not provided to those not charged.

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# Administrative Policies and Procedures Manual

TITLE: POLICY ON COST RECOVERY AND FEES	DEPARTMENT: COUNTY ADMINISTRATOR
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- 2) Reasonable regulatory costs incident to the issuance of licenses or permits, performance of investigations, inspections or audits.
  - 3) A fine, penalty, or other monetary charge imposed by the judicial agencies as a result of violation of laws.
- b. Except for fees, fines or penalties that are fixed by law, fee rates shall be set to sufficiently recover, in the long-run, all and only actual full costs incurred by the County, directly or indirectly, and consistent with long-term cost trends.
  - c. Except for fees, fines or penalties imposed by law, fees shall be charged or allocated to the payor in a manner that reflects fairly and reasonably the benefits received by the payor from the County or the burden caused by payor on the County.
  - d. To the extent practicable, estimates of fees and charges should be provided in advance of providing services to the customers.
  - e. All fees and proposed changes must be supported by calculations that have been reviewed by the County Auditor-Controller and that are based on methods authorized by the Auditor-Controller.
  - f. The County Administrator shall review all proposed changes to the fee schedules, grant applications and revenue contracts from an overall policy perspective. The County Counsel and County Auditor-Controller shall review all revenue contracts to ensure that the County's interests are protected.

### 3. SUBSIDIES AND WAIVERS

- a. No board-approved fees or charges can be reduced or waived without the specific approval of the Board of Supervisors.
- b. The Board of Supervisors may reduce or waive certain fees that apply to certain individuals or organizations. Such reduction or waiver shall be requested by the party concerned in writing to the department providing the services; department staff shall evaluate the request and submit findings to the County Administrator, who will make a recommendation to the Board of Supervisors for final decision. In the evaluation, the department should provide:
  - 1) The total amount of the reduction requested and approved reductions in the past.
  - 2) In regard to fees related to construction projects, a finding that the waiver or reduction does not create a public work.
  - 3) A finding that the waiver or reduction does not create a gift of public funds.

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- 4) A finding that the fee meets at least one of the criteria listed in section 2.a above in regard to this payor.
- 5) A finding that describes one or more of the following:
  - i. The payment of the fee would cause economic hardship (defined in U.S. Treasury regulations as the inability to meet reasonable basic living expenses) due the financial condition of the payor.
  - ii. The payor is making a net economic contribution to the County that exceeds the amount of the fee; or is providing uncompensated services to the County that are of comparable value to the fee.
  - iii. The payor engages in activities that specifically advance the county's strategic goals.
- c. The Board of Supervisors may delegate the authority to reduce fees to other county officials and approve a procedure with specific criteria for the officials to follow.
- d. At least annually, the County Administrator shall report to the Board the types and amounts of fees that have been waived or reduced and the associated impact to county services.
- e. Statutes or the courts may allow certain fees and fines to be reduced or waived by specific county officials; such reductions or waivers are exempt from the provisions of this policy.

#### 4. OFFICIAL FEE LIST

- a. All county fees approved by the Board of Supervisors shall be included in the County Master Fee Resolution and Fee Schedule which becomes the official County fee list. The County Administrator shall recommend annual updates to the Master Fee Schedule for approval by the Board of Supervisors.
- b. Departments charging fees are to make available to the public a fee schedule which states the nature of services provided and the effective date of fee implementation.
- c. Departments shall review all fees annually for necessary changes to comply with this policy.

#### 5. INTER-DEPARTMENTAL CHARGES

- a. County departments providing services to other departments shall, as practicable, charge the recipient departments the full costs of those services through direct billing.
- b. County departments shall track cost data and allocate costs to county programs in accordance with the Policy on Cost Accounting.



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# Administrative Policies and Procedures Manual

TITLE: POLICY ON COST RECOVERY AND FEES	DEPARTMENT: COUNTY ADMINISTRATOR
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- c. The countywide cost allocation plan is a method of allocating administrative and overhead costs and shall not be used for billing purpose, except for residual amounts that could not be practically direct-billed.
- d. All such inter-departmental charges shall be recorded timely in the accounts of the departments and paid through inter-fund transfers or journal entries.

### 6. REVENUE CONTRACTS

- a. Any contractual provisions involving the levy of county fees or recovery of county costs shall be reviewed by the County Auditor-Controller in addition to the County Counsel.
- b. Any negotiated provisions that result in less than full cost recovery or a levy that is less than the amount in the approved fee list shall be evaluated by the County Administrator and County Auditor-Controller who shall make a recommendation to the Board of Supervisors.
- c. All revenue contracts shall contain provisions that allow County staff to receive reports and access the records to validate the revenue paid to the County.

### 7. COST CLAIMS

- a. All costs included in claims shall conform to the *Policy on Cost Accounting* and this Policy.
- b. All claimed costs shall be based on the County general ledger and other official records maintained by the County Auditor-Controller and shall be supported by proper documentation.
- c. All claims shall be submitted timely and in the proper format to paying entities.



## County of Yolo

# Administrative Policies and Procedures Manual

TITLE: POLICY ON FUND BALANCES AND RESERVES	DEPARTMENT: FINANCIAL SERVICES
TYPE: <b>POLICY</b>	DATE: October 9, 2018

### A. PURPOSE

This policy relates to the classification and use of fund balances, and describes the plan for financial reserves to support the strategic goal of financial sustainability in county government. This policy is adopted pursuant to Yolo County Code of Ordinances section 3-1.05.

### B. APPLICABILITY

This policy applies to the County General Fund as well as all other governmental funds and is consistent with *Governmental Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions*, (GASB 54). Governmental funds are used to account for governmental activities that are principally supported by taxes and intergovernmental revenues. In Yolo County, they include the General Fund, the Public Safety Fund, the Roads and Transportation Fund, the Mental Health Managed Care Fund, and over a hundred other smaller funds. This policy does not apply to proprietary funds or fiduciary funds.

### C. POLICY

#### 1. GENERAL FUND

- a. The General Fund is normally used to account for and report all financial resources not accounted for and reported in another fund; these resources are generally not restricted to specific purposes.
- b. In addition, as the chief operating fund of the county government, the General Fund has a broader mandate than other funds; this includes accumulating sufficient resources for the administration of the government, for the provision of county services that have no dedicated funding, and for the mitigation of contingencies. Due to this important mandate, the General Fund is often viewed as a measure of the financial health of the county government. As such, it is regularly scrutinized by bond rating agencies, grantors, lenders and other potential County financial partners.
- c. For the above reasons, General Fund resources should be used sparingly and the General Fund should be the fund of last resort. All special purpose funds should be expended first before General Fund resources are drawn on.

#### 2. FUND BALANCE CLASSIFICATION AND USE

- a. Fund balance in governmental funds essentially represents working capital that can be used either as a liquidity reserve or for spending in future years. In order to determine what portion of fund balance is available for spending in a future budget, the fund balance is broken down into five different categories denoting various levels of restrictions. The five classifications conform to GASB 54 and are, in order of decreasing constraint:
  - 1) **Nonspendable Fund Balance** - These are amounts that cannot be spent due to their nature (e.g. prepaid amounts) or are amounts that must be maintained intact legally or contractually (e.g. corpus of a permanent fund).

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# Administrative Policies and Procedures Manual

TITLE: POLICY ON FUND BALANCES AND RESERVES	DEPARTMENT: COUNTY ADMINISTRATOR
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- 2) **Restricted Fund Balance** - These are amounts that are constrained for a specific purpose by external parties, constitutional provision, or enabling legislation. The constraints are imposed by either laws, grantors, contributors, or creditors. The constraints can only be removed by the imposing party. For example, most grant funds would be restricted to the purposes of the grant. Proposition 42 gas sales tax funds are restricted to certain expenditures for public streets and roads.
  - 3) **Committed Fund Balance** - These are amounts that are constrained for a specific purpose by the Board of Supervisors. A board resolution or county ordinance is required to impose, remove, or change the constraints placed on these resources. For example, the Habitat and Resource Management Program Fund was established by the Board of Supervisors to finance the implementation of the Cache Creek Area Plan. Committed fund balance should also incorporate board-approved contractual obligations to the extent that existing resources in the fund have been specifically and appropriately committed for use in satisfying those contractual requirements.
  - 4) **Assigned Fund Balance** - In funds other than the General Fund, these amounts are any remaining positive amounts not classified in the above-listed categories. For example, in a special revenue fund, capital project fund, or debt service fund, any positive balance that is not nonspendable, restricted or committed, is automatically reported as assigned fund balance. In the General Fund, assigned amounts reflect intended uses of resources and may be constrained for a specific purpose by the County Administrator or the County Chief Financial Officer, or through board action. Such constraint can be changed or removed by the same county officers. Such assignment and subsequent changes should be reported at least annually to the Board as part of the Adopted Budget. Assigned amounts cannot cause a deficit in unassigned fund balance in the General Fund. Also, typically year-end encumbrances in the General Fund would constitute assigned fund balance, unless a higher level of restriction exists requiring them to be included in restricted or committed fund balance.
  - 5) **Unassigned Fund Balance** – These are amounts that have no restriction of any kind. By definition, a positive unassigned fund balance can exist only in the General Fund. In other governmental funds, there can only be zero or negative unassigned fund balance, that is, residual deficit.
    - b. **Unrestricted Fund Balance** – This term is used to refer to the aggregate of all funds that are not restricted. This would be the sum of committed, assigned, and unassigned fund balances as described above.
3. ORDER OF SPENDING
- a. In order to preserve maximum flexibility, when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is presumed that restricted funds are spent first.

## County of Yolo

# Administrative Policies and Procedures Manual

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- b. Similarly, when an expenditure is incurred for purposes for which amounts in any unrestricted fund balances could be used, it is presumed that the committed amounts are spent first, then the assigned amounts, then the unassigned amounts.
- c. Upon recommendation of either the County Administrator or the County Chief Financial Officer, the Board of Supervisors may authorize a different order of spending in specific cases.

#### 4. STABILIZATION FUNDS

The County uses different types of mechanisms to maintain long-term financial stability. They are:

##### a. **Annual Appropriations for Contingencies**

These amounts provide the first line of defense against uncertainty and are budgeted in specific funds to cover minor unanticipated needs of a non-recurring nature that may arise throughout the year or provide for small increases in service delivery costs that were not anticipated or quantifiable during budget development. During the annual budget process, the County Administrator recommends a specific level of appropriation for contingency (usually 1% - 3% of total budgeted expenditures) in specific funds based on the level of assessed risk.

##### b. **Specific Reserves**

In accordance with the County Strategic Plan and the Long Term Financial Plan, financial reserves are established to accumulate sufficient assets to pay known future liabilities or expenditures associated with known events which can be estimated with a reasonable degree of certainty. The Board of Supervisors may establish such reserves upon recommendation of the County Administrator or the County Chief Financial Officer. The purposes of these reserves may include, but are not limited to:

1. Self insurance
2. Capital replacement
3. Infrastructure maintenance
4. Liability for Pension and Other Post-Employment Benefits (OPEB)
5. Employee separation pay-offs
6. Litigation settlement
7. Environmental remediation
8. Audit disallowance

The rationale for establishing any reserve fund should be clearly stated and should include:

- i. A detailed description of its purpose

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- ii. A target fund balance, with minimum and maximum levels if applicable, and the method for determining this target
- iii. A funding plan with identified funding sources and funding schedule
- iv. A description of the triggering events that would justify a drawdown and the criteria for the drawdown
- v. The level of authorization required for the drawdown
- vi. A plan for replenishment after a drawdown, if not already part of the funding plan

### c. General Reserve

As provided in Yolo County Code of Ordinances section 3-1.05(b), the purpose of this reserve is to protect the County's essential services from the potential impacts of unanticipated events and circumstances not occurring during the normal course of operations, for example:

- i. Severe economic downturn such as when the National Bureau of Economic Research declares a recession;
- ii. Severe funding reductions from funding agencies necessitating significant decreases in essential health and safety services even after other mitigating options have been implemented;
- iii. Severe state budget impact necessitating significant decreases in essential health and safety services even after other mitigating options have been implemented;
- iv. Disasters resulting in a declared state of emergency by either or both the Governor and the President requiring significant expenditure of local resources.

Per Yolo County Code of Ordinances section 3-1.05(c), the target balance in the reserve shall be set at ten percent of the average total expenditures reported by the General Fund and the Public Safety Fund in the County annual financial report of the preceding three fiscal years. A ten percent reserve is considered a prudent amount that could fund essential health and safety services for approximately two months. The County Chief Financial Officer shall calculate the annual required contribution and provide this information to the County Administrator during the annual budget development.

Drawdown on the General Reserve shall only be authorized by the Board of Supervisors in a four-fifth vote resolution or during the adoption of the annual budget.

The General Reserve shall be funded and replenished according to a plan recommended by the County Chief Financial Officer and the County Administrator and adopted by the Board of Supervisors.

The County Treasury Pool shall maintain liquid county funds equal to at least the amount of the General Reserve.

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#### **d. Cash Reserve**

In addition to the purposes specified for each of the reserves described above, their combined cash balance serves as a cash cushion to mitigate the effect of uneven cash flows during the year. The County traditionally issues tax revenue anticipation notes (TRAN) or uses other short-term borrowings to cover cash shortfall during the cash-dry months. This need may be obviated if the Treasury were to maintain liquid assets at least equal to the target balance of the General Reserve.

#### **e. Annual Review**

The adequacy of all reserves, including their funding status, should be reviewed annually as part of the annual update of the long term financial plan or as part of the annual budget process.



## County of Yolo

# Administrative Policies and Procedures Manual

TITLE: REVENUES AND RECEIVABLES	DEPARTMENT: AUDITOR CONTROLLER
TYPE: <b>POLICY</b>	DATE: JUNE 7, 2011

### A. PURPOSE

The purpose of this policy is to maximize the collection of County revenues and accounts receivable to support the County strategic goal of financial sustainability.

### B. APPLICABILITY

The policy applies to all types of County revenues and to any amounts that are owed to the County from any party.

### C. DEFINITIONS

1. Revenue –all funds due the County including cost reimbursements, grants, fees, fines, penalties, offsets, revenue sharing agreements, pass-through agreements, and any other negotiated revenue agreements and taxes.
2. Countywide Revenue – all revenues that benefit the County as a whole or are not specifically assigned to a department, such as property taxes, sales and use taxes, Re-alignment revenues, etc.
3. Departmental Revenue – revenue that is assigned to, or administered by a department.
4. Billing - a charge to an entity external to Yolo County for cost reimbursement, grants, fees, fines, penalties, offsets, or for any other source of revenue arising from services rendered, goods sold, contractual agreements or legal requirements.
5. Claim - a form of billing prepared in accordance with a funding agency's requirements to reimburse costs.
6. Cost Recovery – See *Policy on Cost Recovery and Fees*.
7. Accounts receivable - an amount due the County from any source. The amount must be known (determinable) and the County must be legally entitled to receive the funds.

### D. POLICY

#### 1. Countywide Revenue

The County Administrator is primarily responsible for monitoring the collection of existing revenues, and identifying and initiating claims on new countywide revenues.

The County Auditor-Controller is responsible for recording and collecting countywide revenues.

#### 2. Departmental Revenue

- a. Departments shall take steps to recognize revenues timely.
- b. Departments shall recover county costs through billings or claims to the extent allowable and required by laws and when economically feasible.



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- c. Departments shall maintain proper documentation of costs incurred on behalf of the billed parties and other evidence of indebtedness and retain such documentation in accordance with record retention requirements.
  - d. Costs shall be computed in accordance with the Policy on Cost Accounting and Policy on Cost Recovery and Fees.
  - e. Billings shall be processed through authorized internal billing mechanisms or invoices and claims will be submitted in accordance with funding agencies' guidelines.
  - f. Billings and claims shall be sent out timely.
  - g. Fees and charges must be collected from customers in advance of rendering services unless payment in arrears is allowable by law or regulation. The timing of inter-departmental charges may be adjusted to reflect revenue flows.
  - h. All County personnel shall be attentive to any opportunity for recognizing revenue for the County.
3. Accounts Receivable
    - a. Departments, which generate billings or claims, shall maintain sufficient and updated accounts receivable records and ledgers to accurately reflect amounts owed to them by other parties.
    - b. Departments are responsible for using appropriate systems to record accounts receivable detail. Such detail must be reconciled to the Revenue Master module in the County's general ledger.
4. Overpayments

Departments shall have in place adequate procedures to prevent overpayments. However, should overpayments occur, they should be recorded as an accounts receivable.
5. Revenue Monitoring

Departments are responsible for regularly monitoring revenues and other amounts due the County and following up timely on variances with amounts recorded.
6. Collections
    - a. Departments are charged with the collection of the revenues and accounts receivable that they administer.
    - b. Departments shall have written collection procedures.
    - c. Departments shall pursue the collection of accounts receivable through regular review of the accounts receivable aging and active collection efforts.
    - d. Collection efforts shall be documented in writing.





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e. Departments may use the services of Yolo County Collection Services to collect on delinquent accounts. All accounts that are delinquent over ninety days must be turned over to the Yolo County Collection Services, unless the department uses an authorized tax intercept program or similar mechanisms.

### 7. Reporting

Departments shall submit a report of accounts receivable balances, charges, collections and adjustments at least quarterly to the County Auditor-Controller in the format prescribed.

### 8. Discharge of accountability

At least once a year, no later than April 30, departments shall review the collectability of accounts receivable according to statutory criteria or other applicable criteria and shall apply for discharge of accountability to the County Auditor-Controller in accordance with Government Code section 25257-25259.



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# Administrative Policies and Procedures Manual

TITLE: POLICY ON ACCOUNTABILITY AND AUDIT	DEPARTMENT: COUNTY ADMINISTRATOR; COUNTY AUDITOR-CONTROLLER
TYPE: <b>POLICY</b>	DATE: SEPTEMBER 24, 2013

### **A. PURPOSE**

This policy provides assurance of accountability in Yolo County government and supports the strategic goal of providing fiscally sound, dynamic and responsive services.

### **B. APPLICABILITY**

This policy applies to all County departments and all programs and activities that are under the direct control of the Board of Supervisors or any county officials.

The Board of Supervisors may direct that these standards also apply to certain other entities outside of the Yolo County government which are included as component units of the County for financial reporting purposes.

According to the Government Accounting Standards Board's *Concepts Statement No. 1*, "accountability requires governments to answer to the citizenry – to justify the raising of public resources and the purposes for which they are used. Governmental accountability is based on the premise that the citizenry has the right to know, a right to receive openly declared facts that may lead to public debate by the citizens and their elected representatives"

### **C. POLICY**

#### **1. LEVEL OF FINANCIAL ACCOUNTABILITY**

- a. All county officials and staff should strive to maintain the highest level of financial accountability expected by the public or any major stakeholder group.
- b. The level of financial accountability is measured by the extent to which:
  - 1) Goals are achieved efficiently, in compliance with laws and regulations, as demonstrated by performance measures.
  - 2) Decisions on all financial matters are transparent to all parties concerned.
  - 3) Meaningful results are reported to the appropriate stakeholders.
  - 4) Public value is recognized.
- c. Accountability should pervade all echelons of the county organizational structure.

#### **2. ACCOUNTING**

- a. All financial transactions must be recorded, categorized and summarized in accounting ledgers in accordance with generally accepted governmental accounting principles (Government GAAP) and other principles prescribed by funding and regulatory agencies, such as the California State Controller.

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TITLE: POLICY ON ACCOUNTABILITY AND AUDIT	DEPARTMENT: COUNTY ADMINISTRATOR; COUNTY AUDITOR-CONTROLLER
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- b. Government GAAP includes:
- 1) Statements and interpretations issued by the Government Accounting Standard Board
  - 2) Guidance from the American Institute of Certified Public Accountants (AICPA)
  - 3) Guidance and publications issued by the Government Finance Officers Association (GFOA), such as *Government Accounting, Auditing, and Financial Reporting*, also known as The Blue Book.
- c. Sufficient accounting records and analyses must be maintained to support financial decisions at all levels within the County. The audit trail and rationale for the decisions must be adequately documented for eventual public disclosure.
- d. Accounting records must be maintained in accordance with state and federal laws and regulations.

### 3. INTERNAL CONTROL

- a. Internal control is a process, effected by the Board of Supervisors, management, and other personnel, designed to provide reasonable assurance of financial accountability.
- b. The County Administrator, management team and Auditor-Controller are responsible for fostering adequate internal controls to achieve accountability; the Auditor-Controller shall issue and maintain *Internal Control Standards* for countywide application.
- c. Internal control standards shall conform to *Internal Control – Integrated Framework (2013)* issued by the Committee on Sponsoring Organization of the Treadway Commission (COSO), and thus should include these five components:
- a. Control environment
  - b. Risk assessment
  - c. Control activities
  - d. Information and communication
  - e. Monitoring activities
- d. Management in each county department is responsible for maintaining sufficient internal controls to obtain reasonable assurance that the department goals are achieved efficiently and in compliance with laws. These internal controls should be at least equivalent to the *Internal Control Standards* issued by the Auditor-Controller.
- e. County internal auditors shall regularly monitor compliance with the *Internal Control Standards*, assess the risk of insufficient accountability countywide and make recommendations for improvements.

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#### 4. FINANCIAL REPORTING

Accountability includes providing financial information that citizens and others can use to hold the county government accountable for its actions and to enlighten public discussion of all aspects of the role and activities of government, not just its financial activities. In this regard, at the minimum the following reporting should take place:

- a. Financial reports must be produced from the general ledger and submitted timely to the requesting agencies or other stakeholders.
- b. The Auditor-Controller shall prepare a comprehensive annual financial report (CAFR) of the County in accordance with generally accepted accounting principles; this report shall be available by December 31 and meet the criteria for financial reporting excellence issued by the Government Finance Officers Association (GFOA). The annual report should be submitted timely to the Board of Supervisors and to other requesting agencies and stakeholders.
- c. A popular version of the CAFR, consistent with the GFOA best practices, should be published and made available to the public.
- d. The County Administrator shall report annually to the Board of Supervisors and the citizenry on the financial and operational results achieved for each fiscal year, using financial and operational data as well as relevant performance measures. Such reports should explain variances and deviations from plans and may include reports such as annual budget variances, and annual summaries of performance from departments.
- e. All formal financial reports including county budgets, financial plans, financial statements and relevant performance reports shall be made readily available to the public.

#### 5. AUDITING

- a. The Board of Supervisors shall cause an annual audit of the county financial statements to be made in accordance with generally accepted auditing standards.
- b. County departments shall comply with all audit requirements stipulated by all state, federal and non-government grantor agencies.
- c. The Board of Supervisors shall establish and maintain an Audit Committee in accordance with GFOA best practices to help fulfill its oversight responsibilities for the integrity of the county financial statements, for the annual independent audit and for the system of internal control.
- d. The Audit Committee responsibilities are described in a charter and include, among other things, selecting the independent auditor for the county, monitoring the scope of all audit work (internal and external audits) and facilitating the resolution of audit findings and recommendations.
- e. The Auditor-Controller shall maintain an Internal Audit unit in accordance with California Government Code section 1236 to foster and monitor financial accountability in the County.

**County of Yolo**  
**Administrative Policies and Procedures Manual**

TITLE: POLICY ON ACCOUNTABILITY AND AUDIT	DEPARTMENT: COUNTY ADMINISTRATOR; COUNTY AUDITOR-CONTROLLER
TYPE: <b>POLICY</b>	DATE: SEPTEMBER 24, 2013

- f. Responsibilities and activities of the Internal Audit unit shall be established in a charter adopted by the Board of Supervisors and shall conform to the *Standards for the Professional Practice of Internal Auditing* promulgated by the Institute of Internal Auditors.



## County of Yolo

# Administrative Policies and Procedures Manual

TITLE: FINANCIAL STANDARDS	DEPARTMENT: AUDITOR-CONTROLLER
TYPE: <b>POLICY</b>	DATE: MAY 23, 2006

### A. PURPOSE

The purpose of this document is to establish standards that guide the formulation of financial policies in Yolo County.

### B. APPLICABILITY

These standards describe a broad framework for financial management in the county and are designed to ensure the long-term financial stability and accountability of Yolo County government. Some of these standards may exist as provisions of laws, county ordinances or Board of Supervisors' resolutions. These broad standards are supplemented by specific policies found in this manual.

### C. POLICY

#### 1. Principles and Responsibilities

##### a. Guiding Principles

- (1.) Effectiveness - The financial function should serve county operational goals.
- (2.) Efficiency – Financial resources should be allocated to achieve optimum impact.
- (3.) Responsibility - Managers should always consider the financial effect of their decisions.
- (4.) Comprehensiveness - Financial decisions should be based on long-term views and countywide perspective.
- (5.) Soundness – Financial decisions should be based on careful consideration of all relevant factors.
- (6.) Prudence – Risk mitigation is an integral part of financial management.
- (7.) Prevention - Financial management should be pro-active.
- (8.) Accountability - Financial management should end with accountability.

##### b. Roles and Responsibilities

- (1.) The Board of Supervisors adopts policies, provides directives to staff and has the ultimate responsibility for ensuring that county financial resources are safeguarded and utilized effectively and efficiently.
- (2.) The County Administrator (CAO) plans, acquires and allocates financial resources in accordance with Board policy and directives, and ensures adequate accountability.

## County of Yolo

# Administrative Policies and Procedures Manual

TITLE: FINANCIAL STANDARDS	DEPARTMENT: AUDITOR-CONTROLLER
TYPE: <b>POLICY</b>	DATE: MAY 23, 2006

- (3.) Department heads utilize financial resources in the most efficient way to achieve operational goals and are accountable to the Board.
  - (4.) The Auditor-Controller maintains the financial system and provides independent review to ensure that financial plans are executed as approved and that proper accountability of county financial resources exists.
  - (5.) The Treasurer is responsible for the safe custody of county financial resources.
2. Financial Planning
- a. Annual Financial Plan
    - (1.) The county should have an annual financial plan that includes the goals to be achieved and the planned uses of financial resources.
    - (2.) The annual financial plan must be aligned with the county's long-range financial plan.
    - (3.) The annual financial plan should include an operational component and a capital component.
    - (4.) Each county department should have an annual financial plan that contributes to the county financial plan.
    - (5.) The annual budget is part of the financial plan and must be balanced in the aggregate.
    - (6.) The annual budget should include all financial resources that are available to county officials and that are intended for county purposes.
    - (7.) The county should not rely on a single source of revenues other than the general-purpose revenues to fund basic county operations.
    - (8.) The county should not rely on non-recurring revenues and those that are subject to unpredictable fluctuations to fund continuing operations.
    - (9.) During the year, the annual financial plan should be periodically compared with actual results and fine-tuned.
    - (10.) Resources should be re-allocated to areas where they are most effectively and efficiently used.
    - (11.) Budgetary practices should conform to National Advisory Council on State and Local Budgeting recommendations.
  - b. Long-range Financial Plan
    - (1.) The county should develop long-term financial goals that promote fiscal stability and accountability.

## County of Yolo

# Administrative Policies and Procedures Manual

TITLE: FINANCIAL STANDARDS	DEPARTMENT: AUDITOR-CONTROLLER
TYPE: <b>POLICY</b>	DATE: MAY 23, 2006

- (2.) The county should develop and maintain a long-term financial plan to achieve the long-term financial goals.
  - (3.) The long-term financial plan should provide for the acquisition and maintenance of necessary infrastructure and capital assets, and funding of long-term liabilities and reserves within a reasonable time.
  - (4.) The long-term financial plan should take into account regional plans and relevant legislative and political factors.
3. Financial Management
- a. Revenues
    - (1.) The county should maximize recovery of costs through fees and charges to the extent allowable by law and with the goal of maximizing net cash inflows in the long-term.
    - (2.) The county should maximize grant revenues and other government aids to the extent that they result in overall net benefit to the county.
    - (3.) The county should continuously strive to expand and diversify its revenue base with the goal of achieving stable sources of revenue.
  - b. Expenditures
    - (1.) All expenditures of county funds shall be pre-approved in the annual budget or by specific board action.
    - (2.) Expenditures of county funds shall be properly documented, authorized, incurred in compliance with laws and in support of county purposes.
  - c. Assets
    - (1.) All county assets should be promptly recognized and taken into the custody of county officials.
    - (2.) County assets should be properly safeguarded and maintained.
    - (3.) All restrictions on assets shall be honored.
    - (4.) The county should maintain adequate liquid assets to meet operational needs and invest the balance to achieve an average market rate of return and meet long-term financial needs.
  - d. Liabilities



## County of Yolo

# Administrative Policies and Procedures Manual

TITLE: FINANCIAL STANDARDS	DEPARTMENT: AUDITOR-CONTROLLER
TYPE: <b>POLICY</b>	DATE: MAY 23, 2006

- (1.) The Board of Supervisors must pre-approve all significant commitment of current or future county financial resources.
  - (2.) All county liabilities should be promptly recognized and recorded.
  - (3.) Except for emergency and temporary cash flow financing, the county should not borrow for working capital.
  - (4.) Since each fund has its purpose internal borrowing should be kept to a minimum.
  - (5.) Long-term debt should be incurred only to fulfill the long-term needs of county residents.
  - (6.) Total debts should be kept at a healthy level.
  - (7.) The county must be committed to full and timely repayment of all debts.
- e. Reserves
- (1.) The county should maintain a general reserve for emergency.
  - (2.) The county should maintain a reserve to mitigate the effect of funding fluctuations.
  - (3.) Other reserves should be created and funded in accordance with the county's long-term financial plan to meet all known long-term obligations.
- f. Fund Balance
- (1.) Unused resources should revert to fund balance at fiscal year-end.
  - (2.) After reserves are funded the remaining fund balance may be made available for special appropriations within the constraints of the funds.
4. Accountability
- a. Level of Accountability
- (1.) The county should strive to maintain the highest level of accountability expected by any major stakeholder group.
  - (2.) The degree of accountability is measured by the extent to which:
    - (a.) Resources are acquired and used effectively and efficiently.
    - (b.) Laws and regulations are complied with.
    - (c.) Results are appropriately reported to demonstrate good stewardship.
  - (3.) Accountability should pervade all echelons of the county organizational structure.

## County of Yolo

# Administrative Policies and Procedures Manual

TITLE: FINANCIAL STANDARDS	DEPARTMENT: AUDITOR-CONTROLLER
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### b. Reporting

- (1.) Financial transactions should be recorded and summarized into financial reports in accordance with generally accepted accounting principles.
- (2.) The Auditor-Controller should prepare a comprehensive annual financial report of the county in accordance with generally accepted accounting principles.
- (3.) County management should report annually to the Board of Supervisors and the citizens on the financial condition of the county and results achieved, compare them to the annual financial plan and explain variances. These reports should be in accordance with generally accepted accounting principles and should be presented in simple format for popular consumption.

### c. Internal Control

- (1.) County management should maintain internal controls to obtain reasonable assurance that long-term county goals are achieved efficiently and in compliance with laws.
- (2.) County internal auditors should help to validate the results reported by departments.
- (3.) County internal auditors should monitor countywide internal controls regularly and make recommendations to improve them.
- (4.) The risk of non-accountability should be periodically assessed countywide and mitigated through audits and reviews.

### d. Audit

- (1.) The Board of Supervisors shall cause an annual independent audit of the financial statements of the county in accordance with generally accepted auditing standards to validate the financial results of the county.
- (2.) All material audit findings and recommendations, whether arising from internal or external audits, shall be reported to the Board of Supervisors and resolved in a timely manner.



## County of Yolo

# Administrative Policies and Procedures Manual

TITLE: POLICY ON PURCHASE CARD	DEPARTMENT: FINANCIAL SERVICES
TYPE: <b>POLICY</b>	DATE: FEBRUARY 21, 2017

### A. PURPOSE

The purpose of this policy is to promote the responsible use of purchase cards as an efficient method to pay for purchases in accordance with County procurement policies. It is expected that the use of purchase cards increases efficiency and accountability when a formal procurement process may not be necessary due to the low transaction value or pre-negotiated group rates.

### B. APPLICABILITY

This policy applies to all County officials and employees responsible for the use of purchase cards in any role, and is an integral part of the county procurement and accounts payable systems. This policy should be viewed in conjunction with the *Policy on Procurement*. Application and interpretation of this policy can be found in the *Purchase Card Procedures Manual (2017)*.

### C. POLICY

#### 1. AUTHORIZED USES

- a. The purchase card may be used to pay for authorized purchase transactions that are not subject to a formal procurement process according to the procurement policy, and that are made through any legal means: over the counter, by telephone, or online.
- b. The purchase card should not be used to pay for purchases that are typically made through purchase order or agreement, such as certain high value (over \$1,000) equipment (e.g. personal computing devices or software); leased equipment; fixed assets; maintenance services; professional services, etc. When justified by circumstances, exceptions may be approved in advance by the Purchasing Manager at the request of a Department head.
- c. The purchase card must not be used to obtain cash or effect transfer of moneys.
- d. Authorized uses may be limited by the department head to specific categories or merchant types, single purchase dollar limit, and monthly spending limit.
- e. The purchase card must not be used in a manner intended to circumvent the formal procurement process or other limits imposed on the card.
- f. The purchase card must never be used for personal purchases.
- g. The purchase card must not be used to pay for items on the List of Prohibited Purchases in Section 5. This list is not exhaustive and includes items that a cardholder should reasonably understand the County would not pay for, such as personal fines and fees, gambling expenses, cigarettes, tobacco products and alcohol, and illegal items; as well as items that are restricted by the Cal Card Program, such as cash advances, money orders, wire transfer, tax payments, etc.

# County of Yolo

## Administrative Policies and Procedures Manual

TITLE: POLICY ON PURCHASE CARD	DEPARTMENT: FINANCIAL SERVICES
TYPE: <b>POLICY</b>	DATE: FEBRUARY 21, 2017

### 2. RESPONSIBILITIES

#### a. Cardholder

Individual cardholders are responsible for:

- 1) Understanding this policy and making purchases in compliance therewith.
- 2) Maintaining proper documentation and supporting receipts for all transactions.
- 3) Reviewing and certifying the correctness and the business necessity of transactions listed of the monthly statements.
- 4) Resolving exceptions and disputes directly with the vendors.
- 5) Notifying the bank and the Department of Financial Services of any suspicious transactions.

#### b. Department Head

The department heads, elected official or their designees are responsible for:

- 1) Validating the needs and approving requests for purchase cards from operational staff
- 2) Assigning cardholder's purchasing responsibilities to appropriate individuals within the department, and periodically re-confirm these assignments with Department of Financial Services.
- 3) Establishing internal controls to ensure the proper use of purchase cards within the department, including additional restrictions on the types of purchases and dollar limits that apply to individual cardholders, and other review procedures as recommended in the Purchase Card Procedure Manual.
- 4) Reviewing monthly transaction reports to ensure overall compliance with county policy, including proper disposition of exceptions and violations reported by the Chief Financial Officer.

#### c. Chief Financial Officer

The Chief Financial Officer and Program Administrator are responsible for:

- 1) Selecting the financial institution (the bank) which provides the most cost-effective purchase card services and maintaining optimal relations with such institution. This responsibility includes regular communication and proper follow up with the bank.
- 2) Administering the Purchase Card Program to ensure that it is fully utilized and result in efficiencies in procurement and spending. This responsibility includes keeping this policy

# County of Yolo

## Administrative Policies and Procedures Manual

TITLE: POLICY ON PURCHASE CARD	DEPARTMENT: FINANCIAL SERVICES
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and the related procedures up to date, providing countywide training on the program, and prompt settlement with the bank to maximize savings.

- 3) Prescribing and maintaining adequate internal control over the Purchase Card Program to ensure accountability. This responsibility includes setting countywide criteria for proper usage and regular monitoring of usage to ensure compliance with policies.
- 4) Compiling and submitting an annual report to the Board of Supervisors by September 30<sup>th</sup> on the results of the Program for the fiscal year just ended to demonstrate efficiency and accountability. At minimum, such report shall include: total number of cards issued; total spending by department and by category; total rebates; number of exceptions tracked and cleared; reference to any audit work done; any meaningful trend information.

### 3. EMERGENCY USE

- a. In view of the potential use of the purchase card during emergency conditions, the Chief Financial Officer may authorize higher limits and wider purchasing scope for certain key county staff who may be called on during emergencies. County procurement and payment policies and procedures must be followed to the extent that they do not threaten public health or safety.
- b. Failure to plan for normal operations does not constitute an emergency use. Failure to plan refers to circumstances in which department personnel, in the normal course of their activities, have reasonable knowledge of a need but did not take the proper action to procure for the needs. This does not refer to unforeseen circumstances that are clearly beyond their control or knowledge.

### 4. SUSPENSION AND REVOCATION

- a. Upon the discovery of unusual spending pattern, the Program Administrator may temporarily suspend a cardholder's privilege until investigations are complete or exceptions are resolved.
- b. Upon the confirmation of a violation of this policy, the Chief Financial Officer may authorize the revocation of a cardholder's privilege and issuance of a citation letter describing the violation and the effect of such violation.
- c. Department heads are notified of all cases of suspension or revocation.
- d. In addition to the revocation, the Chief Financial Officer may authorize the referral of the case to Internal Audit or the District Attorney for investigation and/or other actions as appropriate.

### 5. LIST OF PROHIBITED PURCHASES

These items are prohibited by the Cal Card Program:

- Wire Transfer-Money Orders

# County of Yolo

## Administrative Policies and Procedures Manual

TITLE: POLICY ON PURCHASE CARD	DEPARTMENT: FINANCIAL SERVICES
TYPE: <b>POLICY</b>	DATE: FEBRUARY 21, 2017

- Financial Institutions Manual & Automatic Cash Advances
- Convenience Checks
- Non-Financial Institutions-Foreign Currency, Money Orders, Travelers Checks
- Digital Currency
- Security Brokers/Dealers
- Savings Bonds
- Timeshares
- Betting, Casino Gaming Chips, Off Track Betting
- Fines
- Bail and Bond Payments

These items are generally prohibited by the County:

- Any item intended for other than county business
- Purchase deemed illegal by California laws

These items are prohibited unless specifically authorized by the Program Administrator:

- Fuel and gasoline
- Small tool, equipment or asset item over \$5,000
- Alcohol, drugs or tobacco products

## County of Yolo

# Administrative Policies and Procedures Manual

TITLE: GRANTS ADMINISTRATION	DEPARTMENT: DEPARTMENT OF FINANCIAL SERVICES
TYPE: POLICY	DATE: SEPTEMBER 26, 2017

### A. PURPOSE

The purpose of this policy is to provide guidance to Yolo County departments on applying and managing grant opportunities, and to establish oversight of countywide grant activity. This policy incorporates best practices and draws upon grant and financial management principles to provide direction to staff in applying for, administering, and closing out grants. The goal is to facilitate the County's access to additional financial resources while minimizing financial impact of a grant on the County, and to ensure that grant opportunities are in alignment with strategic priorities adopted by the Board of Supervisors.

### B. APPLICABILITY

This policy applies to departments that are seeking discretionary one-time or limited-term grant funding opportunities, regardless of the type of funding source and match requirements. This policy does not apply to funding sources that are ongoing or that fund mandated services.

### C. DEFINITIONS

1. **GRANT:** A grant is an award of financial assistance in the form of money or property by a funding source including the federal government, state government, other local governments, non-profit agencies, private businesses and citizens that the County has the ability to accept or reject. A grant agreement makes the County accountable for spending and tracking the grant funds in accordance with the purpose specified in the grant contract, and obligates the County to comply with the grant terms, Public Contracting Code, and all applicable laws and regulations, including Office of Management and Budget (OMB) Uniform Guidance (Title 2-Code of Federal Regulations (CFR), Part 200).

Grants are different from gifts or donations, which typically carry no reciprocal obligations between donor and recipient, and are often unrelated to the business interests of the donor. In contrast, grants are generally motivated by business interests of the grantor and stipulates what purpose(s) the funding may be used for. Additionally, gifts or donations typically do not have a time limit associated with the use of funds, whereas grants are generally awarded for a specified period of time, with any unused funds reverting back to the grantor upon expiration of the grant period. Refer to the *Donations Acceptance Policy* for provisions regarding the acceptance and use of donations.

2. **GRANT ADMINISTRATOR:** A grant administrator plans, organizes, implements, monitors and evaluates a County-wide grant funding plan under administrative direction, and provides training and technical guidance to departments to ensure compliance with grant requirements and managing County grant contracts with grant sub-recipients.

# County of Yolo

## Administrative Policies and Procedures Manual

TITLE: GRANTS ADMINISTRATION	DEPARTMENT: DEPARTMENT OF FINANCIAL SERVICES
TYPE: POLICY	DATE: SEPTEMBER 26, 2017

3. SUB-RECIPIENT: A County government may pass grant funds to another entity. The second entity, known as the “sub-recipient” of the grant funds, may be another governmental entity or a non-profit organization. In this situation, the original recipient of the funds has a responsibility to monitor the sub-recipient to ensure the grant funds are being used for authorized purposes and as required by the grant agreement and applicable regulations.

### **D. POLICY**

#### 1. GRANT DEVELOPMENT:

- a. Grant funding opportunities shall be reviewed by departments for applicability, eligibility, grant stipulations, and compliance requirements prior to application submittals.
- b. Priority shall be given to grant funding opportunities that most closely align with Yolo County’s Strategic Plan Goals, and to grants that do not require a match or require lower matches from the County.
- c. Grants that require long-term commitments and obligate the County to continue funding for initiatives or commit resources after grant funding ends should be avoided.
- d. A multi-year cost/benefit analysis shall be performed prior to grant application to evaluate matching funds and any other direct costs, overhead costs, in-kind contributions, audit and close-out costs, and costs that may need to be incurred beyond the grant period. This analysis should also identify outcome measures to gauge success of the grant program.

#### 2. GRANT APPLICATION:

- a. A Grants Oversight Committee shall be established to provide administrative oversight of grant activity and to ensure compliance with this Policy. The Committee shall be composed of representatives from the County Administrator’s Office, the Department of Financial Services and a grantee department.
- b. Grant opportunities shall be submitted to the Grants Oversight Committee for review and approval prior to application under the following circumstances:
  - i. The grant requires a County match;
  - ii. The County is required to maintain assets post expiration of a grant award; or
  - iii. The cumulative value of the grant and any renewals is \$50,000 or more.



# County of Yolo

## Administrative Policies and Procedures Manual

TITLE: GRANTS ADMINISTRATION	DEPARTMENT: DEPARTMENT OF FINANCIAL SERVICES
TYPE: POLICY	DATE: SEPTEMBER 26, 2017

- c. Departments shall notify the Department of Financial Services of grant funding opportunities prior to application and upon receiving notification of a grant award.

### 3. GRANT MANAGEMENT:

- a. Grant funds shall be spent in compliance with grant stipulations, Yolo County policies and procedures, Public Contracting Code, and applicable laws and regulations including OMB Uniform Guidance. Grant stipulations should always be considered in addition to and not as replacement for County policies and procedures.
- b. If grant funding is not appropriated, upon receipt of the grant award a budget resolution shall be submitted to the Board of Supervisors for approval
- c. Unless otherwise prohibited by the grantor, indirect costs shall be allocated to grant funded programs.
- d. New positions funded by grants shall be filled as limited term to match the term of the grant, up to a maximum of two years.
- e. Departments shall carefully plan the spend-down of grant funds to avoid year-end pressures and the potential loss of unused funds.
- f. Departments shall maintain sufficient and proper documentation and accounting records to comply with laws, regulations, Public Contracting Code, policies, procedures, and applicable audit requirements. Departments shall ensure that all required reports are submitted on a timely basis to the granting agencies.
- g. When grant funds are passed by Yolo County to sub-recipients, the department administering the grant shall ensure that the sub-recipients are in compliance with the grant requirements, Public Contracting Code, and applicable laws and regulations including OMB Uniform Guidance.

### 4. AUDIT AND CLOSE-OUT:

- a. Departments shall follow the terms of the grant agreement in regards to treatment of unspent grant funds at expiration of a grant.
- b. Departments shall ensure that all audit requirements of the grant are met.

# County of Yolo

## Administrative Policies and Procedures Manual

TITLE: GRANTS ADMINISTRATION	DEPARTMENT: DEPARTMENT OF FINANCIAL SERVICES
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- c. Grant files shall be retained for future reference as per grant stipulations, audit requirements, and Yolo County’s records retention policy.

### 5. OVERSIGHT AND COORDINATION

- a. The Grants Oversight Committee shall provide administrative oversight of grant activity and ensure compliance with the Grant Policy.
- b. The Board of Supervisors shall provide policy direction and establish overall County goals and objectives. In addition, the Board of Supervisors shall approve grant applications (if required by the granting agency), acceptance of grant awards and budget resolutions to appropriate grant funds.
- c. The County Administrator’s Office, through the Grant Administrator, shall provide county-wide grant coordination and administration, facilitate and lead the Grants Oversight Committee, establish and maintain a comprehensive inventory of countywide grants, and maintain current registration with the federal System for Award Management (SAM).
- d. The Department of Financial Services shall be responsible for establishing the necessary accounting framework (grant funds, etc.), providing financial support to grant recipients, establishing and maintaining a system of internal control, and approving cost-recovery mechanisms including indirect cost rate proposals and county overhead charges.
- e. Internal Audit shall provide guidance and audit support services to grant recipients regarding system of internal controls, cost allocation and reporting.
- f. Departments/Grant Recipients shall be responsible for adhering to all applicable Grant Policy provisions in sections D-1 through D-4. In addition, Departments/Grant Recipients shall be responsible for:
  - i. Determining if grant funds will be provided to sub-recipients or vendors
  - ii. Verifying that vendors and sub-recipients are eligible to receive federal grant funds
  - iii. Ensuring that sub-recipients maintain compliance with grant terms; grant accounting, reporting, and record keeping requirements; Public Contracting Code; and applicable laws and regulations including OMB Uniform Guidance.

**County of Yolo**  
**Administrative Policies and Procedures Manual**

TITLE: GRANTS ADMINISTRATION	DEPARTMENT: DEPARTMENT OF FINANCIAL SERVICES
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- g. Sub-Recipients shall comply with all grant terms; grant accounting, reporting and record-keeping requirements; Public Contracting Code; and all applicable laws and regulations, including OMB Uniform Guidance.

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## County of Yolo

# Administrative Policies and Procedures Manual

TITLE: REVENUE MANAGEMENT	DEPARTMENT: COUNTY ADMINISTRATOR
TYPE: POLICY	DATE: SEPTEMBER 26, 2007

### A. PURPOSE

This policy guides managerial decision-making toward ensuring a stable stream of aggregated revenues that contributes to long-term financial stability while maintaining equity, fairness, and compliance with applicable laws, including, but not limited to, Proposition 26 and 218.

### B. APPLICABILITY

This policy guides the effort of staff in all county departments in developing and managing revenues in such manner that contributes to financial sustainability. This policy is one among other policies applicable to the county revenue cycle: Grants Administration; Donations Acceptance; Budget & Financial Management; Cost Accounting; Cost Recovery & Fees; Revenue Collection & Receivables.

### C. POLICY

#### 1. LONG-TERM GOALS IN REVENUE MANAGEMENT

County staff works toward the following long-term goals in their effort to develop and manage county revenues:

- a. Increase the discretionary revenues of the county, which consist of general purpose revenues (mostly property taxes and sales taxes) and charges for services.
- b. Protect and develop property taxes and related land-based revenues (such as parcel taxes, fees and assessments) as the most stable revenue sources.
- c. Diversify the revenue portfolio by seeking new sources of revenues that do not conflict with the long-term strategic goals of the county.
- d. Maintain equity and fairness among taxpayers and ratepayers. Services that tend to benefit all county residents or a broad groups of undifferentiated residents shall be funded by broad base revenues (such as property taxes or state and federal aids). To the extent feasible, services that tend to benefit specific groups of users or where the customers control the usage shall be funded by fees and charges related to the specific levels of services provided.
- e. Develop county revenues without reducing the county's economic competitiveness. The revenue mix of taxes and fees should be set at levels that do not discourage economic growth in the unincorporated area, without detriment to the county goal of preserving open space and agriculture.
- f. Enforce and collect all identified revenues aggressively to the full extent allowed by law. However, the cost of collection shall be carefully monitored to ensure positive net marginal revenue.

# County of Yolo

## Administrative Policies and Procedures Manual

TITLE: REVENUE MANAGEMENT	DEPARTMENT: COUNTY ADMINISTRATOR
TYPE: POLICY	DATE: SEPTEMBER 26, 2017

### 2. REVENUE STABILITY

Stability of county operations depends largely on the stability and reliability of the revenues that support these operations. In order to achieve this stability:

- a. Revenue availability should be matched with the expected timing and amounts of expenses. Thus, ongoing programs and operations should be funded only by recurring revenues, that is, revenue streams that do not have indication of a finite life.
- b. Year-end fund balances, though they may be recurring, should not be relied on to fund on-going operations.
- c. Non-recurring revenues should be used for one-time purposes that increase long-term capacity (pay down long-term liabilities, acquire long-term assets, or build reserves).
- d. Unusual spikes and windfalls should be treated and used as non-recurring revenues.
- e. Development of stable sources of revenues (e.g. property taxes) should receive more priority than development of more volatile revenues (e.g. sales taxes, transient occupancy taxes).

### 3. NEW REVENUE

- a. County staff should continually be alert to potential new revenue sources, and carefully evaluate long-term benefits before pursuing these sources. The County Administrator's Office should be notified of these efforts in all cases.
- b. Potential new revenues, including donations and grants, should possess most of these characteristics:
  - 1) The revenue can be used to fund county strategic goals or approved county programs.
  - 2) The revenue burden should be fairly distributed to taxpayers or ratepayers based on benefits received, ability to pay, or other generally accepted method.
  - 3) Acceptance of the revenue does not cause the County to incur significant net cost in the long run.
  - 4) The revenue behavior and expected life should match the pattern of expenditures that it is intended to fund.
  - 5) Revenues that provide leverage for additional funding are given priority.
- c. The potential revenues should be carefully evaluated using these five criteria before acceptance. (Refer also to Grants Administration Policy and the Donations Acceptance Policy)

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**4. REVENUE PROJECTIONS**

Accurate projections help to assess the reliability of revenues.

- b. A Revenue Inventory should be developed and updated annually to document all key revenue sources, their characteristics and expected behaviors.
- c. Three-year estimates of major revenues should be calculated as part of the annual budget process, based on objective data and analyses, such as:
  - 1) Updated information in the Revenue Inventory
  - 2) Local and state tax projections
  - 3) Department estimates of grant funding sources and state allocations
  - 4) Long-range forecasts
- d. Long-range projections should be made as part of long-term financial planning to identify potential funding gaps and provide the backdrop for shorter range estimates and annual budgets.

**5. REVENUE MONITORING**

- a. Financial Services staff shall monitor the extent to which budgeted amounts are realized for key countywide revenues such as general purpose revenues (property taxes and sales taxes) and Realignment revenues.
- b. Departmental finance staff shall monitor closely revenues generated at the department level, especially claim driven revenues and state allocations and notify Financial Services staff timely of unusual trends.

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## County of Yolo

# Administrative Policies and Procedures Manual

TITLE: POLICY ON PROCUREMENT	DEPARTMENT: FINANCIAL SERVICES
TYPE: <b>POLICY</b>	DATE: July 1, 2018

### A. PURPOSE

This policy establishes the County's principles of procurement and ethical standards for procurement that all County officers and employees (collectively, "employees") involved in the procurement process must follow to prevent potential conflicts of interest and avoid the appearance of impropriety while effectively and efficiently procuring goods and services. Additionally, this policy articulates the delegated authority granted by the Board of Supervisors to specific County positions. All County employees involved in the purchasing process shall seek to obtain the best value for each dollar expended and uphold the public's trust by processing public procurement in an open and honest environment.

### B. APPLICABILITY

This policy is applicable to all County employees involved in the procurement process. The procurement process includes:

1. The conducting of, or participation in, an informal or formal competitive solicitation process where required by this policy
2. The negotiation, contracting and/or purchasing of goods, supplies and/or services
3. The use of a County purchasing card, travel card/program or fuel card
4. The development or approval of specifications and standards to be used for procuring goods, supplies and/or services
5. The preparing or approving of sole-source or single-source justifications
6. The surplus of County property, including identifying property for surplus and the auction, sale or other disposal of the property
7. The negotiation, contracting, and approval of rents or leases for personal property
8. The negotiation, contracting, and approval of purchasing, renting or leasing real property

This policy shall be implemented in a manner consistent with all applicable Federal, State and local laws, regulations, ordinances and agreements. In the event an applicable Federal, State and/or local law, regulation, ordinance, or agreement (including, but not limited to, grant agreements) is more restrictive than this policy, the more restrictive provision shall be followed.

In addition to this Policy, County employees involved in the procurement process shall follow the Procurement Procedures.

### C. PRINCIPLES OF PROCUREMENT

The Board of Supervisors centralized the County's procurement function within the Procurement Division of the Department of Financial Services operating under the direction of the Purchasing Agent. The Procurement Division is responsible for:

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1. Developing and implementing this Procurement Policy and the Procurement Procedures, as adopted by the Board of Supervisors, as well as Federal, State and/or local law, regulation, and ordinance, or any applicable agreement
2. Providing procurement support services such as assistance, training and oversight

The Purchasing Agent and County employees in the Procurement Division are to implement the following procurement principles:

1. **Well-Informed Decision Makers**  
Ensure that County elected officials and authorized employees make sound purchasing decisions and have access to meaningful information about the procurement process, so that they may fulfill their operational needs
2. **Competition for Value**  
Ensure the County obtains quality at the best economic value using competitive solicitation processes where feasible
3. **Leverage Technology**  
Use data analytics and electronic commerce to make intelligent procurement decisions and efficiently administer the procurement processes
4. **Leverage Purchasing Power**  
Use a centralized procurement system to achieve economies of scale and/or enhance quality
5. **Performance-based Procurement**  
Incorporate performance metrics to measure the efficiency, effectiveness and outcomes of procurement activity

### **D. CODE OF ETHICS FOR PROCUREMENT**

Every employee of Yolo County involved in the procurement process shall seek to obtain the best value for each dollar expended, and uphold the public’s trust by processing public purchasing in an open and honest environment.

Yolo County promotes governmental integrity and guards against the appearance of impropriety by prescribing the following essential standards of ethical conduct for procurement activities:

1. County employees shall discharge their duties impartially, so as to assure fair competitive access to governmental procurement by responsible contractors and to foster public confidence in the integrity of the County procurement system.
2. County employees shall not solicit, demand, accept or agree to accept a gratuity, offer of employment, or other personal advantage in connection with any decision, approval, disapproval, recommendation, or preparation of any part of a program requirement, specification, standard or contract. Examples includes modifying a statement of work in a competitive bid document or modifying payment provisions to be more favorable to vendor.
3. County employees shall not participate directly or indirectly in a procurement when the employee becomes aware of the possibility that:



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- a. The employee or any member of the employee’s immediate family has a personal financial interest pertaining to the procurement;
  - b. A business or organization in which the employee, or any member of the employee’s immediate family (which includes spouse, siblings, parents and/or children), has a financial interest pertaining to the procurement; or
  - c. Any other person, business or organization with whom the employee or any member of the employee’s immediate family is negotiating or has an arrangement concerning prospective employment is involved in the procurement.
4. County employees shall treat current and/or potential contractors, suppliers and vendors in a courteous and professional manner.
  5. County employees involved in the decision to place County personal or real property in surplus status shall not purchase, or make an offer to purchase, the same personal property through sealed bid, auction, or any other manner. Nor shall they request that the purchase be made on their behalf by a member of the employee’s immediate family, or by another person or persons.

Upon discovery of an actual or potential conflict of interest, an employee shall promptly withdraw from further participation in the transaction involved and notify their immediate supervisor. County Counsel should be consulted for an opinion whenever there is an appearance of conflict.

The Purchasing Agent shall prescribe a Code of Ethics for Procurement that applies to vendors with whom the County is doing business.

### **E. PURCHASING AUTHORITY DELEGATED BY THE BOARD OF SUPERVISORS TO THE PURCHASING AGENT**

The Board of Supervisors created and designated a Purchasing Agent who has the powers and duties prescribed by the laws of the State, County ordinance and resolutions of the Board.

The Purchasing Agent is the head of the Procurement Division of the Department of Financial Services. The Procurement Division shall:

1. Unless otherwise provided for herein, procure all goods, supplies, materials, equipment, and contractual services required by the County.
2. Review and approve all rents and leases for goods, supplies, materials, equipment, and contractual service required by the County.
3. Lease real property as required by the County, subject to approval by the Board of Supervisors where required by state law or County ordinance.
4. Sell, lease, store, donate, or dispose of any personal property belonging to the County which the Purchasing Agent finds not to be required for public use.
5. Develop, maintain, disseminate and enforce County purchasing policies and procedures consistent with law and other resolutions and directions of the Board of Supervisors, and after consulting with the County Administrator, County Counsel and Chief Financial Officer.
6. Perform the aforementioned services on behalf of special districts, and/or other governmental units in the County, when requested to do so.

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TITLE: POLICY ON PROCUREMENT	DEPARTMENT: FINANCIAL SERVICES
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The Board of Supervisors delegates to the Purchasing Agent the ability to make purchases (including but not limited to executing agreements) up to the maximum amount specified in the following state laws:

PROCUREMENT AUTHORITY OF THE PURCHASING AGENT		
Procurement Activity Type	Authority	Amount (as of 2018)
Goods and Supplies	Govt. Code §25501	No limit
General Services	Govt. Code §25502.5	=< \$100,000 <sup>(note 1)</sup>
Special Services	Govt. Code §31000	=< \$100,000 <sup>(note 1)</sup>
Revenue-Generating Contracts <sup>(Note 2)</sup>		=< \$45,000
Contracts: Time-Extensions Only		Max contract term - 5 yrs
Contracts: Non-cost changes		No limit <sup>(note 3)</sup>
Contracts: Assignments <sup>(Note 4)</sup>		No limit
Contracts: Early Terminations		=< \$100,000 <sup>(note 5)</sup>
Max amount during declared emergency	Govt. Code §25502.7	=< \$150,000
Trade-In allowances	Govt. Code §25503	< \$10,000
Sale of real property	Govt. Code §25526.5	=< \$25,000
Public Works without bids	Pub. Con. Code §20131	=< \$6,500
Public Works max amount of change orders	Pub. Con. Code §20142	Max allowed in code
CUPCCAA Public Works Projects <sup>(note 6)</sup>	Pub. Con. Code §22034	=< \$175,000

- <sup>Note 1</sup> Maximum amount is the aggregate fiscal year amount committed to that contractor countywide.
- <sup>Note 2</sup> Revenue-generating contracts are those where the County is providing goods, supplies, and/or services to another public entity.
- <sup>Note 3</sup> Non-cost changes must be generally consistent with the original approved scope of the contract.
- <sup>Note 4</sup> Assignments are the transfer of a contract or purchase order from one vendor to another due to a merger, acquisition or other similar reason.
- <sup>Note 5</sup> The Purchasing Agent cannot terminate contracts entered into by the Board of Supervisors unless the Board specifically delegates such authority.
- <sup>Note 6</sup> CUPCCAA is the acronym for the California Uniform Public Construction Cost Accounting Act (Public Contract Code section 22000 et seq.)

In the event the cost of a procurement activity exceeds the procurement authority of the Purchasing Agent, that activity will require approval by the Board of Supervisors.

The Board of Supervisors requires the Purchasing Agent to ensure competitive solicitations are conducted wherever reasonably possible. The Procurement Division is responsible for coordination of solicitations for goods and supplies costing \$5,000 or more. Departments are generally responsible for the coordination of solicitations for services at any amount, and for goods and supplies costing less than \$5,000. The type of solicitation required is based on the estimated value of the item or service to be procured as follows:

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TITLE: POLICY ON PROCUREMENT	DEPARTMENT: FINANCIAL SERVICES
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COMPETITIVE SOLICITATION REQUIREMENTS	
Solicitation type	Estimated Amount <sup>(note 1)</sup>
Good, Supplies and Services	
No solicitation required	< \$3,500
Informal solicitation, two quotes	=> \$3,500 - <\$5,000
Informal solicitation, three or more quotes	=> \$5,000 - =<\$50,000
Formal solicitation	> \$50,000 and up
CUPCCA Public Works Projects <sup>(note 2)</sup>	
No bids required	=< \$45,000
Informal bids	=< \$175,000 <sup>(note 3)</sup>
Formal bids	> \$175,000

Note 1 For contracts, the estimated amount is the annual amount of per procurement.

Note 2 Threshold amounts are inclusive of administrative overhead.

Note 3 A lower threshold may apply if the project relies on Federal funds.

### **F. PURCHASING AUTHORITY DELEGATED BY THE BOARD OF SUPERVISORS TO COUNTY OFFICERS OTHER THAN THE PURCHASING AGENT**

The Board of Supervisors delegates certain purchasing authority to the following County Officers which shall be reviewed annually:

1. All Department Heads may make purchases of goods, supplies and services on behalf of the County less than \$5,000 per vendor per fiscal year. Department heads are responsible to obtain at least two quotes for purchases of goods, supplies and services costing \$3,500 to less than \$5,000. Special commodities are not included in this delegated authority and may only be purchased by the Purchasing Agent. Special commodities are defined in Section I of this policy.

Department heads can refer their employees to the Purchasing Agent to receive training and certification as Deputy Purchasing Agents who are authorized to procure goods and services on behalf of their respective department. The purchasing authority of Deputy Purchasing Agents are specified in the Procurement Procedures. Department heads may, at their discretion, establish internal limits on the purchasing authority of their Deputy Purchasing Agents.

2. The Chief Financial Officer may exercise all of the purchasing authority delegated to the Purchasing Agent.
3. The County Administrator may award and execute contracts to procure Special Services or with other governmental entities using the purchasing authority delegated to the Purchasing Agent.

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4. The Director of the Health and Human Services Agency may award and execute contracts to procure residential 24/7 care services and services from institutions for mental disease using the Special Services purchasing authority delegated to the Purchasing Agent.
5. The Directors of Department of Community Services and General Services Department may award and execute contracts using the CUPCCA purchasing authority delegated to the Purchasing Agent.

**G. STATUTORY PURCHASING AUTHORITY OF CERTAIN COUNTY OFFICERS**

The Board of Supervisors recognizes that State law authorizes the following County Officer certain purchasing authority:

1. The Assessor/Clerk-Recorder/Registrar of Voters, acting as the County Elections Official, need not utilize the services of the Purchasing Agent when purchasing election materials or precinct supplies pursuant to Elections Code sections 13001 and 14100.

**H. AUTHORIZED PROCUREMENT METHODS**

The County can procure goods, supplies and services through a variety of methods listed below. The process of using any of these methods are detailed in the County Procurement Procedures. Any person involved in the procurement processes below must comply with the Procurement Code of Ethics.

1. **Small Purchases**  
 Small purchases are for goods and supplies that cost less than \$5,000. Small purchases can be paid for by a claim, purchase card or purchase order. Services are procured using a purchase order or a contract regardless of the cost of the vendor. Special commodities, as defined later in this policy, cannot be acquired through the small purchases method.
2. **Requisition & Purchase Order**  
 A requisition is an internal document used by a department seeking to procure goods, supplies and/or services costing equal to or greater than \$5,000 or is doing \$5,000 or more worth of purchases from the same vendor in a fiscal year. Requisitions contain detailed specifications for the item to be procured and is transmitted to the Purchasing Division for review and approval. Requisitions shall be completed and transmitted prior to completing a purchase.  
  
 Once a requisition is approved, a purchase order is created. A purchase order is a formal document issued by the Purchasing Division to the vendor to purchase goods, supplies and services. The purchase order contains all the specifications, terms and conditions of the purchase.
3. **Competitive Solicitation**  
 Competitive solicitation is the process by which the County obtains bids, proposals, qualifications, informal quotes or other pricing and related information from vendors. The County will award a contract or purchase order to the vendor that demonstrates they are either the most responsive and responsible bidder meeting the written specifications issued by the County

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or the vendor offering the highest ranked proposal or qualifications, as applicable. Competitive solicitations come in two forms; informal and formal solicitations.

Informal solicitation is the process of receiving quotes by email, facsimile, paper quote or printouts. from prospective vendors. Three quotes are required for purchases in the amount of \$5,000 or higher. Two quotes are required for purchases in the amount of \$3,500 to \$4,999.

Formal solicitations include Requests for Proposals, Requests for Quotes, Requests for Qualifications, Invitation for Bids and Requests for Information. A formal document is published by the County and prospective vendors will respond to the solicitation in a manner prescribed by the County. The formal solicitation process must be conducted in a fair and objective manner.

The types of formal solicitations are as follows:

- a. Request for Information  
Requests for Information (RFI) are used to obtain information from potential vendors about goods, supplies and services. RFIs are commonly used to better understand the market, and/or prepare for a complex Request for Proposals. The Department generally prepares and conducts the RFI process. An RFI cannot make any award or promise of award to vendors submitting a response.
- b. Invitation for Bids  
Invitation for Bids (IFB) are used to procure goods, supplies and related services. An IFB is conducted by the Procurement Division and is awarded to the lowest-cost bidder.
- c. Request for Quotes  
Request for Quotes (RFQ) are used to procure goods, supplies and/or services. A RFQ is conducted by the Department or by Procurement Division and is generally awarded to the lowest-cost bidder. Other factors may be considered as part of the award decision, but the lowest-cost is the primary factor for consideration of the award.
- d. Request for Qualifications  
Request for Qualifications (RFQu) are used to procure technical special services such as architectural and engineering services. The RFQu can be used to make multiple awards to build a roster of providers. A RFQu is generally conducted by the Department that follows guidelines issued by the Procurement Division. The RFQu must be reviewed by the Procurement Division prior to its release. The proposed RFQu award must be reviewed by the Procurement Division prior to issuing a Notice of Intent to Award. The award is generally made based on the knowledge, quality and skill set of the applicant, as well as proposed cost.
- e. Request for Proposals  
Request for Proposals (RFP) are generally used to procure general or special services. RFPs can also be used for procuring a solution that is a mix of goods, supplies and services. A RFP is generally conducted by the Department that follows guidelines issued by the Procurement Division. The RFP must be reviewed by the Procurement Division prior to its release. Vendors' response to the RFP must be scored based on objective

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evaluation criteria. The evaluation criteria must be based on the quality of the proposal and the bid price. A review committee of no less than three people shall evaluate and score the quality of the proposal. The evaluation and scoring of the bid price is performed independently of the quality evaluation. The proposal with the lowest cost bid will generally receive the highest score for the evaluation of the bid price. The proposed RFP award must be reviewed by the Procurement Division prior to issuing a Notice of Intent to Award.

4. **Contracts**

A contract is a written document between parties with binding legal force, usually exchanging goods or services for money or other consideration. The term “contract” and “agreement” are synonymous. A contract may also include leases, revenue generating contracts and other forms of agreements as applicable to the County. The term contract includes memoranda of understanding (“MOU”), provided that the MOU is used to procure goods, supplies and/or services.

5. **Non-competitive Purchases**

Non-competitive purchases are purchases made without utilizing a competitive process. Single sourcing and sole sourcing are types of non-competitive purchases. Single source procurement is when multiple vendors could supply the good or service but one vendor is selected over the others for substantial reasons. Sole source procurement is when only one vendor is can provide the good or service.

6. **Cooperative Agreements**

A cooperative agreement is used when two or more governmental entities pool their commodity and/or service requirements to purchase aggregated quantities of goods, supplies and/or services. The County may utilize a cooperative agreement if the competitive solicitation process that preceded the agreement is at least as restrictive as the County’s process and the use of the agreement is in the County’s best interest. The use of any Cooperative Agreement in lieu of a competitive bid process is subject to the Purchasing Agent’s approval.

7. **Piggyback Agreements**

A piggyback agreement is used when a governmental entity will extend the pricing and terms of a contract to another governmental entity. The entity with the contract must have language in their contract or competitive solicitation that allows the terms of the contract to be extended to other entities. The County may piggyback or “ride” another governmental entity’s contract if the contract’s competitive solicitation process is at least as restrictive as the County’s process and the use of the agreement is in the County’s best interest. The County may allow other governmental entities to ride the County’s contract if it is in the County’s best interest. The use of any piggyback agreement in lieu of a competitive bid process or to allow other governmental entities to use the County’s contract is subject to the Purchasing Agent’s approval.

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### **I. SPECIAL COMMODITIES**

Special commodities are goods, supplies and services determined by the Purchasing Agent to be exempt from the procurement authority delegated to departments. These items may require additional review and concurrent approval by other County Departments as indicated below.

1. Cellular equipment
2. Computers (but not peripherals such as keyboards or mice) (General Services Department)
3. Computer software (General Services Department)
4. Construction (Department of Community Services or General Services Department)
5. Furniture
6. Leases/rents for equipment (such as copiers)
7. Reprographic services (General Services Department)
8. Telecommunications equipment (General Services Department)
9. Vehicles (inclusive of tractors, trailers and heavy equipment) (Department of Community Services)

### **J. ITEMS EXEMPT FROM THE COMPETITIVE SOLICITATION PROCESS**

Exempt goods, supplies, and services are items deemed by the Purchasing Agent where competitive solicitation is impractical. The following items can be obtained without conducting a competitive solicitation process:

1. Utilities
2. Advertising
3. Insurance
4. Courier services such as UPS or FedEx
5. Memberships
6. Training, seminars, or classes and related travel expenses for County employees
7. Certain expenses related to civil or criminal litigation, legal counsel with the approval of County Counsel, or confidential employment-related investigations such as attorney services, legal materials, investigators, and other related experts
8. Works of art for public places or other creative/artistic endeavors that require a particular and demonstrated skill or talent to include, but not limited to, artists, musicians, and writers
9. Certain expenses where the cost of the item or service is set by state or federal law
10. Purchases made from other federal, state or local governmental entities, provided such purchases are for rent of the entity's facilities or reimbursement for services directly provided by the entity
11. Goods, supplies, and/or services needed by the County pending a bid award, contract renewal or bid protest action and a contractor agrees to provide such goods, supplies, and/or services at the same contract price as a previous award, or at revised price that reflects changes in applicable governmental indexes since the beginning of the current contract period, until a new contract has been awarded. Such interim period contracts shall not normally exceed 180 days, or until resolution of a bidder's protest

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12. When the Purchasing Agent or his/her designee determines that making a specific purchase without competitive bidding is reasonably necessary for the conduct of County business or is needed to avoid impairment of County functions or services
13. When the Purchasing Agent or his/her designee determines that it is in the best interest of the County to renew a contract award from the previous contract period, based on satisfactory service and reasonable prices, to avoid the interruption of County business and/or based on good business sense

### **K. PROTESTS**

The Purchasing Agent shall be responsible for the review and disposition of any protest of a competitive solicitation.

A vendor may request a review of the solicitation requirements and specifications provided that the request is received by the Purchasing Agent prior to the end of the question and answer period.

A non-selected vendor can file a protest of the Notice of Intent to Award no later than 4:00 PM Pacific Time five business days after the date the notice is posted. Only those vendors that submitted a bid are eligible to protest the Notice of Intent to Award.

All protests shall be delivered by the vendor in writing by mail, facsimile and/or electronic mail to both the Purchasing Agent and the competitive solicitation coordinator. The protest must be written in a manner prescribed by the Purchasing Agent and include specific facts, circumstances, reasons and/or basis for the protest. Protests received after the time specified are untimely and shall be denied on that basis.

The Purchasing Agent will evaluate the protest and issue a written decision within 30 business days of confirmed receipt. The Purchasing Agent's decision is final. In the event the Purchasing Agent is unable to perform this role, the Chief Financial Officer shall handle the protest responsibilities.

### **L. PREFERENTIAL PURCHASING PROGRAMS**

The Board of Supervisors may from time to time adopt preferential purchasing programs to effect policy goals through County procurement activity. The Purchasing Agent shall be responsible for implementing and administering adopted preferential purchasing programs. Current preferential purchasing programs are:

1. Local Business Preference
2. Recycled Content Preference

Unless otherwise required by an applicable law, regulation, ordinance, or contract, the Purchasing Agent determines when it is in the best interest of the County to utilize preferential purchasing programs during a competitive solicitation process.

### **M. EMERGENCY PROCUREMENT**

This policy recognizes that certain purchases are necessitated by emergency conditions. Emergency purchases are limited to those immediately necessary for protection from substantial hazard to life or property, or occasions when the purchasing agent or their designee is not accessible and the need is



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unforeseeable and immediate for continued operation of a county function. Every emergency purchase shall be promptly reported to the Purchasing Agent in writing with the facts constituting the emergency.

**N. PURCHASING AUTHORITY DURING A DECLARED STATE OR LOCAL EMERGENCY**

During a declared state or local emergency, the Board of Supervisors delegates to the Purchasing Agent authority to make purchases equal to or less than \$150,000 per vendor per emergency.

The Purchasing Division shall follow informal bidding procedures to the extent necessary and feasible under emergency circumstances. The Purchasing Agent may waive the requirement to use the lowest cost vendor depending on the availability to receive the requested goods, supplies and/or services.

The Chief Financial Officer and the County Administrator have the same authority as the Purchasing Agent during a declared state or local emergency.

**O. STANDARDIZED PURCHASES**

The Purchasing Agent may establish and chair a Procurement Standards Committee as needed to review County spending patterns and establish standards concerning the type, design, quality or brand of a specific article or group of related items or services purchased by the County. Adopting standardized purchases based on spend analysis allows the County to establish or maintain uniformity in appearance and/or quality and/or achieve cost savings through volume pricing.

**P. SURPLUS**

County personal property that is no longer useable or required by the department is considered surplus. The Purchasing Agent or designee is responsible for determining whether the property can be:

- Transferred to a surplus pool under the supervision of the Purchasing Agent for reuse by another department
- Transferred to another department
- Placed for sale by the Purchasing Agent or designee
- Placed for auction by the Purchasing Agent or designee
- Donated to another governmental entity or a non-profit organization, if the value is equal to or less than \$10,000
- Recommended to the Board of Supervisors for donation to another governmental entity or a non-profit organization when the value is greater than \$10,000
- Disposed of by way of recycling or waste

The department shall notify the Purchasing Agent if the personal property was purchased with grant funds and if any restrictions exist as to the disposal of the property.

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**Q. ACCOUNTABILITY**

All County employees involved in the procurement process are accountable to the public for the effective and efficient spending of public funds. The following mechanisms help to provide assurance of this accountability.

1. Receiving Process

Department heads are responsible for establishing a departmental process to ensure that the quality and quantity of the received goods, supplies and/or services meet expectations and conform with the specifications, terms and conditions in the applicable contract or purchase order.

Departments shall keep complete records showing the date of delivery, quantity delivered or services performed and any discrepancies. Quality and performance testing of commodities and equipment is the responsibility of the receiving department, unless prior arrangements are made with the Purchasing Agent.

Departments are responsible for reporting all discrepancies immediately to the vendor, take appropriate action, and maintain a record of the default.

2. Vendor Performance

Departments shall record the vendor's performance. If the vendor's performance falls below expectations, the utilizing department shall notify the vendor and insist on a corrective action plan or other appropriate remedial steps until the poor performance is resolved. Departments shall document efforts to correct poor vendor performance. The department is responsible for informing the Purchasing Division of the vendor's performance, where it will be used to determine the renewal of the purchase order, cancellation, or replacement of the vendor.

3. Unauthorized Purchases

An unauthorized purchase is a purchase that is either:

- a. Entered into by an individual that is not authorized to purchase on behalf of the County
- b. Entered into by an individual normally authorized to purchase, but who uses an unauthorized procurement method
- c. Entered into by an individual who exceeds their delegated authority

County employees who make unauthorized purchases may be personally liable for all costs incurred in connection with the unauthorized purchase of goods and services. Repeated and/or flagrant violation of the County Policy of Procurement and the Purchasing Procedures may result in disciplinary action up to and including termination.

4. Availability of Funds

Except as to purchases initiated by the Purchasing Agent, the Purchasing Agent shall have no responsibility to determine that funds are budgeted or available for any purchase, and this responsibility shall belong to the County employee approving the requisition.

5. Reporting

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The Purchasing Agent shall annually report to the Board of Supervisors the activities of the Purchasing Division, including:

- a. Use of Preferential Purchasing Programs
- b. Contracts signed using delegated purchasing authority
- c. Emergency purchases
- d. Use of confirming purchase orders and contracts
- e. Procurement activities that are exempted from competitive solicitation requirements

## County of Yolo

# Administrative Policies and Procedures Manual

TITLE: POLICY ON ACCOUNTING, FUNDING AND RECOVERY OF OPEB COSTS	DEPARTMENT: DEPARTMENT OF FINANCIAL SERVICES
TYPE: POLICY	DATE: JUNE 9, 2015

### A. PURPOSE

This Policy statement pertains to the actuarial, accounting, funding and cost recovery aspects of other-than-pension post-employment benefits (OPEB). This policy does not purport to address the sustainability of such benefits, which is the subject of human resources administrative policies. This policy may also be referred to, in brief, as “OPEB Policy”.

This Policy will be updated periodically in light of actuarial valuation results and significant changes in benefits.

### B. APPLICABILITY

This Policy is an extension of the County *Policy on Cost Recovery and Fees* (adopted 6/7/2011) and the *Policy on Borrowing, Debt and Obligations* (adopted 3/12/2013), and is generally consistent with best practices recommended by the Government Finance Officers Association (GFOA). Variances from best practices are identified herein together with the underlying reasons.

The County has estimated its obligation for OPEB by causing biennial actuarial valuations to be made since 2005, in accordance with Government Accounting Standards Board (GASB) *Statement No. 45 – Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Pertinent results have been properly disclosed on county financial statements.

### C. DEFINITIONS

*Actuarial Accrued Liability (AAL)* refers to the actuarial value of benefits already earned by employees and annuitants.

*Actuarially Determined Contribution* is the new term used in the new GASB standards (*Statement 68 – Accounting and Financial Reporting for Pensions*, effective fiscal year ending 6/30/15) to refer to the Annual Required Contribution (ARC).

*Actuarial Present Value*, often shortened to *Present Value*, refers to the estimated value today of a future series of cash outlays, calculated by using a discount rate equal to an assumed long-term rate of return on investments.

*Actuarial Value of Assets* is the fair value of assets set aside to fund the AAL, adjusted by smoothing out gains and losses over several years. As a result, the actuarial value is more stable than fair value.

*Annual Required Contribution (ARC)* is an amount that is actuarially determined in accordance with the requirements of GASB Statement 45 so that, if paid on an ongoing basis, would be expected to provide sufficient resources to fund both the normal cost for each year and the amortized unfunded liability. The ARC is comprised of the normal cost plus an amount representing amortization of the unfunded AAL.

*Funded Ratio* is the ratio of actuarial assets to actuarial liability and denotes the percentage of the liability that is funded by assets. For a fully funded plan, the value of assets is equal to the value of liability and the ratio is 100%.

# County of Yolo

## Administrative Policies and Procedures Manual

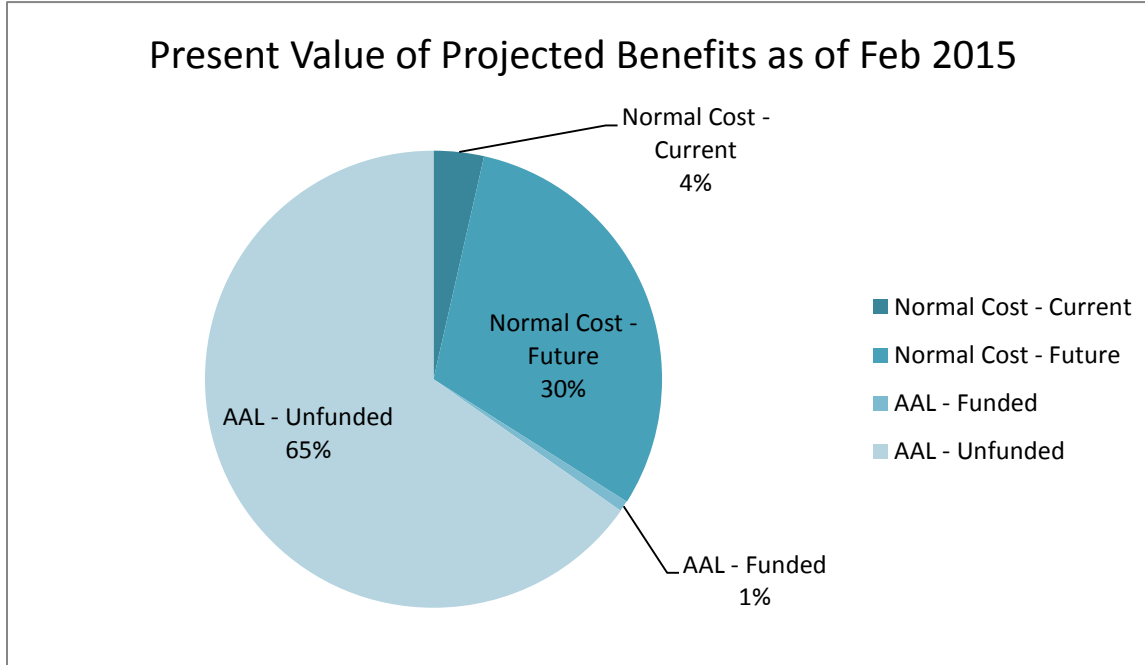
TITLE: POLICY ON ACCOUNTING, FUNDING AND RECOVERY OF OPEB COSTS	DEPARTMENT: DEPARTMENT OF FINANCIAL SERVICES
TYPE: POLICY	DATE: JUNE 9, 2015

*Normal Cost* represents the portion of the *Present Value of Projected Benefits (PVPB)*, defined below) that is allocated to (“earned” by employees during) the current year. The portion that is allocated to future years of employment is referred to as *future normal costs*.

*Other Post-Employment Benefits (OPEB)* refers to post-employment benefits other than pension. OPEB generally takes the form of health, dental and vision insurance, or other healthcare benefits provided to eligible retirees and their beneficiaries.

*Pay-as-you go*, sometime shortened to *Paygo*, refers to a method of only funding and paying the actual benefits paid to retirees and beneficiaries as they become due and payable each year, rather than pre-funding a plan to accumulate sufficient assets to pay for all benefits earned..

*Present Value of Projected Benefits (PVPB)* is the value of all future expected benefit payments, based on various actuarial assumptions, and discounted by a rate equal to the long-term rate of return on invested assets. The PVPB is comprised of normal costs (benefits arising from current and future service) plus actuarial accrued liability (benefits earned from past service). This concept is displayed in the chart below, which reflects actual data as of February 2015.



### **D. POLICY**

#### **1. ACTUARIAL VALUATION**

# County of Yolo

## Administrative Policies and Procedures Manual

TITLE: POLICY ON ACCOUNTING, FUNDING AND RECOVERY OF OPEB COSTS	DEPARTMENT: DEPARTMENT OF FINANCIAL SERVICES
TYPE: POLICY	DATE: JUNE 9, 2015

In accordance with best practices the County shall engage actuaries to conduct biennial valuations to determine the actuarial accrued liability, the amount of actuarially determined contribution (annual required contribution) and to measure funding progress. If there are assumptions or factors that are likely to cause uncertain implications in the future, the actuaries should be requested to analyze the impact of potential changes and make projections of future contributions and funded status.

For the purpose of the valuation, all current and historical data shall be provided to the actuaries as accurately and completely as possible. All actuarial assumptions shall be validated by both parties.

All actuarial valuations must be performed by members of the American Academy of Actuaries who meet the Academy Qualification Standards; and must conform to the Actuarial Standards of Practice (ASOP).

The County Administrator and Chief Financial Officer shall review the actuarial report and transmit it timely to the Board of Supervisors, together with a lay summary, and with their recommendations for any adjustments to the contributions and funding progress of the OPEB plan.

The Chief Financial Officer shall use the actuarial valuation report as the basis for financial reporting in accordance with generally accepted accounting principles.

### 2. ACCOUNTING FOR OPEB COST

The County shall record, disclose and report OPEB related costs, liabilities and information in accordance with Government Accounting Standards Board Statements (currently GASB Statement No. 45) and applicable Actuarial Standards of Practice (ASOP).

All funds deposited in the OPEB Trust are restricted to the purpose of funding benefit payments.

### 3. FUNDING OPEB COST

#### *a) OPEB Trust*

In accordance with its long-term financial plan and in order to achieve its goal of financial sustainability the County Board of Supervisors recognizes the need to set aside assets to pay for long-term obligations such as those arising from other post-employment benefits.

In May 2011 the Board of Supervisors authorized using a section 115 irrevocable trust fund maintained by PARS (Public Agency Retirement Services), to accumulate assets specifically for the purpose of funding payments against the OPEB liability, in accordance with a funding plan approved by the Board.

Although there is no requirement to fund the actuarially determined contribution, the Board of Supervisors has determined the need to pre-fund for the following reasons:

- With expected increase in longevity and inflationary trends in the cost of health care, the pay-as-you-go approach will become extremely expensive and unsustainable in the long-term.

# County of Yolo

## Administrative Policies and Procedures Manual

TITLE: POLICY ON ACCOUNTING, FUNDING AND RECOVERY OF OPEB COSTS	DEPARTMENT: DEPARTMENT OF FINANCIAL SERVICES
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- Pre-funding a known long-term liability demonstrates financial responsibility that may be recognized by an improved credit rating.
- In the future, should the county be required to include OPEB liability on the balance sheet (as is the case for pension liability under GASB Statement 68), the impact on financial ratios will be mitigated by dedicated assets.

*b) Funding Ratio*

The GFOA recommends that governments aim to achieve a funded ratio that approaches 100%.

The County recognizes that the OPEB liability has been more volatile than the pension liability since long-term medical cost inflation has historically been and will likely continue to be higher than CPI or salary and wages trends. The County has begun to address these cost pressures by imposing caps on health premiums for some bargaining units and will continue this cost containment effort for all employee units. We expect that in the long run OPEB costs will behave similarly to pension costs, driven mostly by salary and wages trends and the market rate of return. Adequate funding ratios are generally in the range 70% - 90%. The County recognizes that full funding may be impractical and may lead to overfunding, especially at the approach to 100% funding level. An overfunding situation creates the possibility of benefit increases or payment holidays that will cause long-term budget stresses. Therefore, the County policy is to strive for a funding ratio that balances these counter-acting factors. The target funding ratio for the County is 80%; that is, in the long run, the County should accumulate sufficient assets to pay for 80% of the accumulated OPEB liability.

*c) Pre-Funding OPEB Liability*

Despite the fact that waves of baby boomers are reaching retirement age within the next fifteen years, statistics from the Pew Research Center indicate that the majority of this group were financially hurt by the Great Recession and are contemplating postponing retirement. The County is using this temporary slowdown to build up its OPEB assets in incremental steps. To that purpose, on 12/16/2014, the Board of Supervisors approved a plan to ramp up contribution in the next fifteen years to the required actuarial level, beginning with fiscal year 2015-16 through fiscal year 2030-31. *Exhibit A – OPEB Funding Plan* summarizes the plan to pre-fund the liability.

This pre-funding plan will be adjusted biennially as needed, in light of the results of the actuarial studies.

#### 4. INVESTING OPEB TRUST ASSETS

On 5/17/2011 the Board of Supervisors, through Resolution 11-45, approved the creation of an irrevocable trust fund (Section 115) through PARS Public Agencies Post Retirement Health Care Plan and appointed the County Auditor-Controller (now Chief Financial Officer) as the Plan administrator. The purpose of the trust is to accumulate assets for the purpose of offsetting the

# County of Yolo

## Administrative Policies and Procedures Manual

TITLE: POLICY ON ACCOUNTING, FUNDING AND RECOVERY OF OPEB COSTS	DEPARTMENT: DEPARTMENT OF FINANCIAL SERVICES
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liability for costs of retiree health care benefits. Assets that are in the irrevocable OPEB trust are not subject to County Investment Policy and laws governing county treasury investments.

OPEB trust assets should be invested to achieve a return that matches the discount rate used by actuaries to determine the actuarial liability, and that is equivalent to the average return on the pension fund assets invested by Cal PERS. Currently, funds are invested by a professional investment firm, HighMark Capital Management (investment subsidiary of US Bank). To achieve our stated investment objective, HighMark recommended, and the Board approved, allocating assets in the portfolio according to their “Balanced Model”.

Annually the Plan Administrator shall assess the investment results and recommend any adjustments to the investment strategies to the Board of Supervisors.

### 5. RECOVERING OPEB COSTS

The total annual actuarially determined amount that is deposited into the OPEB trust is recorded as a cost of employee benefits and allocated to various budget units based on dollars of covered payroll, similar to pension cost. This allocation basis is widely accepted by the accounting and actuarial professions. Thus, personnel costs in grant-funded activities will reflect OPEB costs, as they are included in calculation of claims for reimbursements submitted to grant funding agencies.

Attachment:

*Exhibit A – OPEB Funding Plan*

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# OPEB Funding Plan

Briefing for Department Heads – 1/14/15  
*by Chief Financial Officer*

## Value of Benefits Promised

**Present Value of Projected Benefits (PVPB)**

**Without Assets**

**With Assets**

[All actuarial information is derived from reports by Bartel & Associates, actuaries]

• Briefing on OPEB 1/14/2015 • 2

# Promised Benefits Give Rise to Liability

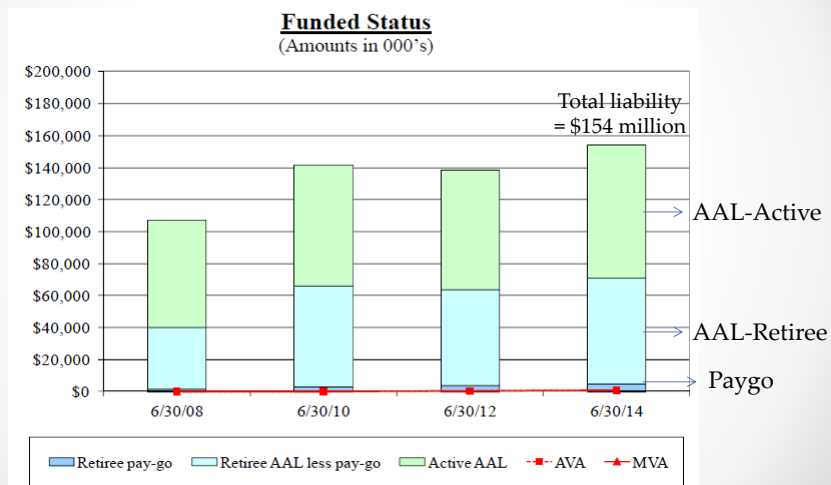
**Funded Status**  
(Amounts in 000's)

	6/30/08	6/30/10	6/30/12	6/30/14
■ <b>Present Value of Benefits</b>				
• Actives	\$ 169,853	\$ 177,841	\$ 167,781	\$ 162,514
• Retirees	40,135	66,022	63,782	70,792
• Total	209,988	243,863	231,563	233,306
■ <b>Actuarial Accrued Liability</b>				
• Actives	67,232	75,752	74,827	83,235
• Retirees	40,135	66,022	63,782	70,792
• Total	107,367	141,774	138,609	154,027
■ <b>Actuarial Value of Assets</b>	-	-	529	936
■ <b>Unfunded AAL</b>	107,367	141,774	138,080	153,091
■ <b>Normal Cost</b>	9,247	10,389	9,684	8,315
■ <b>Pay-As-You-Go Cost</b>	1,762	2,864	3,852	4,865

● Briefing on OPEB

1/14/2015 ● 3

# Liability Is Growing



● Briefing on OPEB

1/14/2015 ● 4

# Required Payments (ARC)

## Annual Required Contributions (ARC)

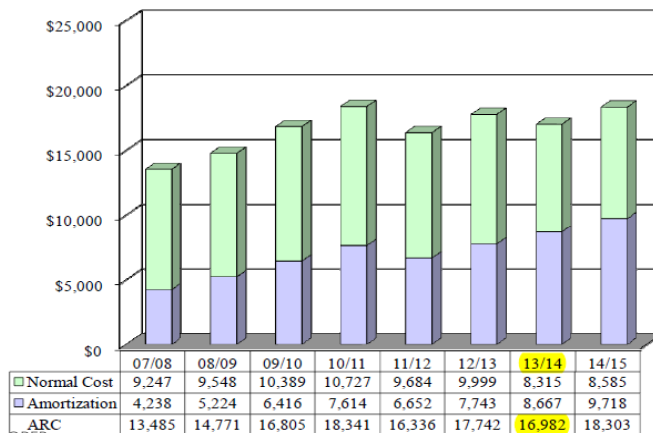
(Amounts in 000's)

	6/30/12 Valuation		6/30/14 Valuation	
	2011/12	2012/13	2013/14	2014/15
■ <b>ARC - \$</b>				
• Normal Cost	\$ 9,684	\$ 9,999	\$ 8,315	\$ 8,585
• UAAL Amortization	<u>6,652</u>	<u>7,743</u>	<u>8,667</u>	<u>9,718</u>
• Total	16,336	17,742	<b>16,982</b>	18,303
■ <b>Projected Payroll</b>	80,292	82,901	<b>81,117</b>	83,753
■ <b>ARC - %</b>				
• Normal Cost	12.1%	12.1%	10.3%	10.3%
• UAAL Amortization	<u>8.3%</u>	<u>9.3%</u>	<u>10.7%</u>	<u>11.6%</u>
• Total	20.3%	21.4%	<b>20.9%</b>	21.9%

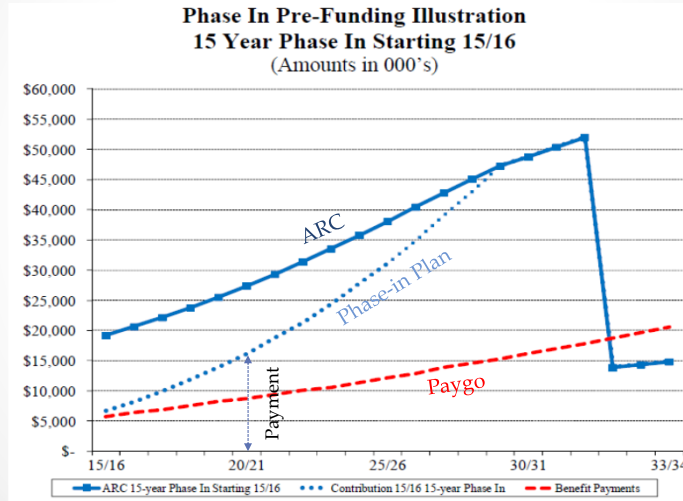
# Obligation Grows Since County Has Been Paying Less Than ARC

## Annual Required Contribution

(Amounts in 000's)



# Board Adopted Plan to Phase in ARC



● Briefing on OPEB

1/14/2015 ● 7

# Additional Payment Increases by 7% Annually

**Projected Contributions and Estimated Net OPEB Obligation (NOO)**  
 (Amounts in 000's)

Fiscal Year	Begin Year NOO	Benefit Payments			Full ARC	Phase-In Percent	Trust Contrib.
		Cash	Implied Subsidy	Total			
2015/16	\$ 93,152	\$ 4,769	\$ 955	\$ 5,724	\$ 18,675	7%	\$ 907
2016/17	103,822	5,313	1,052	6,365	20,218	13%	1,801
2017/18	113,861	5,804	1,083	6,887	21,856	20%	2,994
2018/19	123,104	6,356	1,163	7,519	23,592	27%	4,340

Paygo

Ramp-up is 7% per year for 15 years

Add'l amount is 7% of ARC deficiency

● Briefing on OPEB

1/14/2015 ● 8

## How County Recovers OPEB Cost

- OPEB charge = [Paygo] + [additional payment to trust increasing 7% per year].
- Annually county deposits total OPEB charge into irrevocable OPEB trust and pays premium from trust.
- OPEB charge is converted to a rate that is applied to covered payroll for each FTE position and integrated into Salaries & Benefits cost.
- Departments' personnel costs that are claimed against funding sources include OPEB cost.

## County of Yolo

# Administrative Policies and Procedures Manual

TITLE: DONATIONS ACCEPTANCE	DEPARTMENT: DEPARTMENT OF FINANCIAL SERVICES
TYPE: POLICY	DATE: SEPTEMBER 26, 2017

### **A. PURPOSE**

This policy establishes a means for individuals or entities of Yolo County to make donations to the County in support of services or programs that the public identifies with. To this end, this policy recognizes the need to avoid any appearance of an apparent or de facto conflict of interest that may result if the County accepts donations from any person, business, or other organization that has a financial interest in any present or potential County action. It is also intended to insure that donations be in the County's best interest and managed in accordance with best practices.

### **B. APPLICABILITY**

The donation policy provides those in the community with various philanthropic interests the opportunity to give through memorials and donations. It is not intended to compete with other non-profits or "friend" groups with which the County works; but, rather, to provide those that specifically are interested in County programs or projects the opportunity to give.

### **C. DEFINITIONS**

#### 1. Donation

As used in this policy, a donation means anything of value that is given to the County by a non-County source without any reciprocal exchange required of the County, or any officer or employee of the County.

#### 2. Restrictions or Conditions

As used in this policy, a restricted donation is one upon which the donor has placed restrictions or conditions of any kind limiting the use of the donation by the County.

#### 3. Designation of Purpose

The donor may, without specific restriction, designate the use of funds for established programs or services of the County. Currently, the available programs or services are identified as:

- a. Animal Services
- b. Emergency Response (natural disaster/event)
- c. Food Security
- d. Foster Youth
- e. Homelessness
- f. Parks and Recreation
- g. Victim Assistance
- h. Library
- i. Other – donor specified or general purpose

# County of Yolo

## Administrative Policies and Procedures Manual

TITLE: DONATIONS ACCEPTANCE	DEPARTMENT: DEPARTMENT OF FINANCIAL SERVICES
TYPE: POLICY	DATE: SEPTEMBER 26, 2017

### **D. POLICY**

1. Unrestricted donations made to the County of Yolo, or an administrative subdivision of the County of Yolo:
  - a. The County Administrator or his or her designee may accept an unrestricted donation with a fair market value of up to \$50,000, upon determination that said donation is in the best interests of the County. As used in this policy, the term “best interests of the County” means that acceptance of the donation will enhance the County’s ability to provide public services and/or carry out its governmental objectives without presenting any appearance of impropriety.
  - b. The Board of Supervisors may accept an unrestricted donation with a fair market value in excess of \$50,000.00, upon determination that said donation is in the best interests of the County.
  
2. Restricted donations made to the County of Yolo, or an administrative subdivision of the County of Yolo:
 

The Board of Supervisors may accept a restricted donation made to the County or an administrative subdivision of the County upon determination that such donation is in the best interests of the County and that the County is ready and able to comply with the restrictions or conditions put on the donation by the donor.
  
3. Donations to County programs must be consistent with established goals and objectives for the individual program, and/or the County as a whole.
  
4. In cases where the donation is not consistent with the County’s adopted goals or policies, staff will attempt to identify alternatives for the donor’s consideration and approval.
  
5. All donations, other than cash, shall be considered "donations for public improvements" to the County for the enjoyment of the County’s citizens. They will not be considered private or proprietary assets.
  
6. All items purchased or accepted by donation will receive standard levels of maintenance during their normal life expectancy.
  
7. The County reserves the right to decline any donation.

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# Administrative Policies and Procedures Manual

TITLE: PENSION FUNDING POLICY	DEPARTMENT: FINANCIAL SERVICES
TYPE: POLICY	DATE: May 8, 2018

**A. PURPOSE**

This Policy statement pertains to the actuarial, funding and cost recovery aspects of Pension benefits. This policy does not purport to address the sustainability of established pension benefits under current defined benefit formulas, which are the subject of Human Resources administrative policies. This policy may also be referred to, in brief, as “Pension Policy”.

This Policy will be updated periodically in light of actuarial valuation results, changes in benefits, other material changes in Pension benefits or obligations, or other changes caused by state laws.

**B. APPLICABILITY**

This policy is an extension of the County *Policy on Cost Recovery and Fees* (adopted 06/07/2011) and the *Policy on Borrowing, Debt, and Obligations* (revised 02/06/2018), and is generally consistent with best practices recommended by the Government Finance Officers Association (GFOA). Variances from best practices are identified herein together with the underlying reasons.

This policy is applicable to the County’s two key defined benefit plans which are administered by the California Public Employees’ Retirement System (CalPERS):

- Miscellaneous Plan of the County of Yolo hereafter referred to as the “Miscellaneous Plan”. The Miscellaneous plan includes employees of the County and employees of the Yolo County Superior Court which separated from the County through the Trial Court Employment Protection and Governance Act in 2001, but whose employees still remain part of the County’s pension plan.
- Safety Plan of the County of Yolo hereafter referred to as the “Safety Plan”.

The County receives actuarial valuations prepared by the actuarial office of CalPERS on an annual basis for funding purposes. The County has ordered accounting valuations since 2015 to report its obligation for pension benefits in accordance with Government Accounting Standards Board (GASB) *Statement No. 68 Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*.

**C. DEFINITIONS**

Key actuarial or accounting terms related to pensions are defined below:

*Accrued Liability (also called Actuarial Accrued Liability)* – The total dollars needed as of the actuarial valuation date to fund all benefits earned in the past for current and retired members and their beneficiaries.

*Actuarial Assumptions* – Assumptions made about certain events that will affect pension costs. Assumptions can generally be broken down into two categories: demographic and economic. Demographic assumptions include such things as mortality, disability and retirement rates. Economic assumptions include discount rate, salary growth, and inflation.

*Actuarial Valuation* – The determination, as of a point in time (valuation date), of the Normal Cost, Accrued Liability, and related actuarial present values for a pension plan.



# County of Yolo

## Administrative Policies and Procedures Manual

TITLE: PENSION FUNDING POLICY	DEPARTMENT: FINANCIAL SERVICES
TYPE: <b>POLICY</b>	DATE: May 8, 2018

*Actuarially Determined Contribution (ADC)* – An amount that is actuarially determined in accordance with GASB Standard No. 68 and Actuarial Standards of Practice (ASOP) so that, if paid on an ongoing basis, would be expected to provide sufficient resources to fund both the normal cost for each year and amortize the unfunded accrued liability.

*Funded Status* – A measure of how well funded, or how “on track” a pension plan is with respect to having sufficient assets to fund liabilities. A ratio greater than 100 percent means the plan has more assets than liabilities and a ratio of less than 100 percent means liabilities are greater than assets.

*Normal Cost* – The annual cost of service accrual for a fiscal year for current active employees. The portion that is allocated to future years of service are referred to as future normal costs.

*Prepayment Contribution* – A payment made by the employer in advance toward the Unfunded Accrued Liability at the beginning of a fiscal year to reduce or eliminate the year’s required employer contribution on each bi-weekly payroll period.

*Pension Benefit* – Pension benefits are provided pursuant to a defined benefit formula. The formula used by the retirement system will be based on key factors such as the benefit factor, service credit and final pensionable compensation. A simplified example is below:

$$\begin{array}{|c|} \hline \text{Service Credit} \\ \hline \text{(Years)} \\ \hline \end{array}
 \times
 \begin{array}{|c|} \hline \text{Benefit Factor} \\ \hline \text{(percent per} \\ \hline \text{year)} \\ \hline \end{array}
 \times
 \begin{array}{|c|} \hline \text{Final Pensionable} \\ \hline \text{Compensation} \\ \hline \text{(dollars)} \\ \hline \end{array}
 =
 \begin{array}{|c|} \hline \text{Pension Benefit} \\ \hline \end{array}$$

*Pensionable Compensation* – Pensionable compensation is defined in government code and retirement law and generally refers to the normal monthly rate of pay or base pay of the member paid in cash for employment rendered on a full-time basis during normal hours according to publically available pay schedules.

*Present Value of Benefits (PVB)* – The total dollars needed as of the valuation date to fund all benefits earned in the past or expected to be earned in the future for current members.

*Unfunded Accrued Liability (UAL)* – When the value of the plan’s assets is less than its Accrued Liability, the difference is the plan’s Unfunded Accrued Liability (or unfunded liability). If there is an unfunded liability, the plan will have to pay contributions exceeding the Normal Cost.

### **D. GUIDING PRINCIPLES**

#### **1. INTERGENERATIONAL EQUITY**

Pension benefits are offered as part of a compensation package for employees as a benefit by the County of Yolo for a career of public service. The employee accumulates (or earns) the benefit through accrual of years of service with the agency over their service life (or career). The County as a matter of principle strives to comply with maintaining intergenerational equity. As this relates to pension benefits, the objective is to ensure that adequate employee and employer contributions are made to the pension system during the service lives of employees to avoid shifting the cost or burden to future generations of employees and taxpayers.

# County of Yolo

## Administrative Policies and Procedures Manual

TITLE: PENSION FUNDING POLICY	DEPARTMENT: FINANCIAL SERVICES
TYPE: <b>POLICY</b>	DATE: May 8, 2018

### 2. FINANCIAL SUSTAINABILITY

Financial Sustainability is the overarching principle in Yolo County financial operations. Within the context of pension funding, this principle expresses that the county provides and fund benefits to its employees within available means while proactively taking measures to build and preserve its ability to continue providing these benefits in the long run.

## E. POLICY

### 1. ACTUARIAL VALUATION

In accordance with best practices and generally accepted accounting principles, the County will receive an Actuarial Valuation for both (1) funding and (2) accounting for pension benefits annually from the Actuarial Office of CalPERS. CalPERS, as the pension plan administrator, establishes actuarial assumptions for all pension plans under their administration.

The County Administrator and Chief Financial Officer annually shall review the actuarial report including actuarial assumptions applied by the pension plan administrator for conformity with best practices as established by GFOA including but not limited to:

- Actuarial Cost Method – Ensure methods conform to actuarial standards of practice and are designed to fully fund the long-term costs of promised benefits.
- Asset Smoothing – Ensure that: the same smoothing periods are used for both gains and losses; market corridors if used are symmetrical; and smoothing occurs over fixed periods not longer than five years.
- Amortization – Ensure that: the unfunded actuarial accrued liability is amortized over fixed (closed) periods to balance the goals of demographic matching and volatility management; the amortization period does not exceed 25 years; and a layered approach is used to amortize the various components.

The County Administrator and Chief Financial Officer shall transmit the actuarial report, together with a lay summary regarding the funded status of the pension plans, any noted deviations from best practices, and any additional recommendations to the Board of Supervisors.

The Chief Financial Officer shall use the actuarial valuation report as the basis for financial reporting in accordance with *generally accepted accounting principles*. The Chief Financial Officer should allocate the liability to participating agencies and enterprise or internal service funds to show their respective share of the long term pension liability. The Chief Financial Officer, at his discretion, may contract an external auditor to opine on the allocation of the liability to other agencies or segments of the governmental agency.

### 2. TRANSPARENCY IN GROWTH OF LIABILITY

The County Administrator shall evaluate opportunities and implement procedures to enhance transparency in collective bargaining on the employee and employer share of pension contributions, with the purpose of identifying clearly any significant financial impact of any proposed salary or benefit modification.

# County of Yolo

## Administrative Policies and Procedures Manual

TITLE: PENSION FUNDING POLICY	DEPARTMENT: FINANCIAL SERVICES
TYPE: <b>POLICY</b>	DATE: May 8, 2018

All future benefit modifications (including those that effect the key pension benefit factors of the defined benefit formula) for members and beneficiaries should be carefully considered and impacts of such proposed changes on the County’s pension plan shall be evaluated by the County Administrator and the Chief Financial Officer (utilizing actuaries if required) and presented to the Board of Supervisors prior to adoption so the effect of the modifications can be understood and considered in relation to the plan’s actuarial accrued liability, funded ratio, and contribution rate.

### 3. FUNDED STATUS

The target Funded Status is 100% (full funding) of the Actuarial Accrued Liability related the County’s pension plans. The County’s goal is to accumulate sufficient assets to fund all projected benefit payments.

### 4. FUNDING PENSION COST

#### a) ACTUARIALLY DETERMINED CONTRIBUTION (ADC)

The ADC is determined annually by the pension plan administrator CalPERS for subsequent fiscal years (for example: CalPERS Actuarial Valuation report as of June 30, 2016 determines 2018-19 required contributions). The County Administrator shall each year budget the Actuarially Determined Contribution to CalPERS and establish and maintain the necessary reserve to ensure that this obligation is met annually. The County will prioritize the funding of the ADC above the funding of any supplemental contributions.

#### b) PREPAYMENT OF ANNUAL REQUIRED CONTRIBUTION

The pension plan administrator (CalPERS) at times may provide an incentive (or discount) for the County to pay a full year of UAL contribution in advance at the beginning of the fiscal year, rather than remitting the contribution with each monthly period during the fiscal year.

The Chief Financial Officer shall prepare a financial analysis on an annual basis when a financial incentive is offered to make a prepayment of the UAL contribution to determine whether this is in the best interest of the County. The analysis should take into account the savings and cash flow impact from remitting the pension contribution in advance compared to any costs of borrowing or financing. This recommendation shall be submitted to the County Administrator as part of the County’s recommended budget.

#### c) OPPORTUNITIES FOR SAVINGS

CalPERS applies an amortization period of up 30 years for the amortization of the Unfunded Accrued Liability (UAL) arising from each event (change in actuarial assumptions; investment gain/loss; change in benefit, etc.). Without any additional action, provided that the actuarial assumptions are accurate, the plan would move to a fully funded status within 30 years of the last event that created the liability. In line with industry best practices, CalPERS has recently revised its amortization policy to shorten the period for amortizing future actuarial gains and losses to 20 years, beginning from the actuarial report for June 30, 2019, and effective in 2021-22 for Yolo County.

# County of Yolo

## Administrative Policies and Procedures Manual

TITLE: PENSION FUNDING POLICY	DEPARTMENT: FINANCIAL SERVICES
TYPE: <b>POLICY</b>	DATE: May 8, 2018

CalPERS new amortization policy does not affect the current unfunded liabilities (\$310 million as of 6/30/2018), which are still being amortized over 30 years. CalPERS has offered alternative 20-year and 15-year amortization schedules available for voluntarily election that would result in substantial long-term savings to the County (\$49 million and \$147 million respectively). As part of long-term financial planning, County staff should periodically evaluate the feasibility and cost-benefits of adopting one of these alternative amortization schedules and make appropriate recommendations to the Board of Supervisors.

d) **PENSION FUNDING STABILIZATION PROGRAM**

Although there is no legal requirement to make a pension contribution above the Actuarially Determined Contribution (ADC), the Board of Supervisors has determined that fulfilling its full pension obligation is a primary objective of the County and directed staff to establish safeguards to ensure that this obligation is met annually. As a result, based on staff research and recommendation, the Board has approved a formal pension funding stabilization program that is centered on the establishment of an irrevocable trust, hereafter referred to as Pension Trust.

As shown in Exhibit A, the Board of Supervisors has considered various options to addressing pension funding prior to adoption of this program.

5. **PENSION TRUST**

a) **ESTABLISHMENT OF TRUST**

The Chief Financial Officer shall establish a Section 115 Trust for the purpose of Pension Funding Stabilization. The Section 115 Trust, which is exempt from federal income taxes, will be the vehicle to accumulate assets for the sole purpose of pension funding, as authorized by the Board.

b) **OBJECTIVE OF TRUST**

The purpose of the pension trust is to accumulate assets incrementally in the long-run for the sole purpose of supplementing the County's effort to fulfill its pension funding obligation. To this purpose, the trust is maintained for the primary objective of bolstering the County's ability to pay the ADC; and the secondary objective of obtaining long-term savings that result from paying down the unfunded actuarial liability earlier.

c) **MINIMUM BALANCE**

The initial target balance for minimum level of the pension funding stabilization program will be sixty (60) days-worth (based on 360 days) of the County's required pension contributions (including normal cost and UAL) from the CalPERS funding valuation. The minimum balance will be calculated annually by the Chief Financial Officer. For the initial year (2018/19), this target would approximately be \$3,730,000 for the Miscellaneous Plan and \$1,415,000 for the Safety Plan for an aggregate Trust target balance of \$5,145,000.

An illustration of projected future target balances based on the June 30, 2016 actuarial valuation is provided in Exhibit B of this policy. After the minimum target balance is achieved, it shall be maintained every year and shall be used to ensure sufficient funding for the actuarially determined contribution.

# County of Yolo

## Administrative Policies and Procedures Manual

TITLE: PENSION FUNDING POLICY	DEPARTMENT: FINANCIAL SERVICES
TYPE: <b>POLICY</b>	DATE: May 8, 2018

Balances accumulated above the minimum target balance for the trust shall be utilized to explore methods described above as *Opportunities for Savings* to further reduce the County's Unfunded Actuarial Liability, upon Board approval.

d) FUNDING TRUST

(1) INITIAL FUNDING

The Section 115 Trust shall initially be funded by the \$800,000 Pension Reserve established in the 2017/18 Adopted Budget.

(2) ON-GOING FUNDING

To provide a dedicated on-going funding source for the Pension Trust, a supplemental pension charge will be applied to all departments as a percentage of basic salary. This charge will be set annually as part of the County budget process, and will be in the range 0.5% - 2.5%. The rate would initially be set at 1.0% for fiscal year 2018/19. However, a proposed ramp-up of funding of the trust is shown below:

- 2018/19 = 1.00%
- 2019/20 = 1.25%
- 2020/21 = 1.50%
- 2021/22 = 1.75%
- 2022/23 = 2.00%
- 2023/24 = 2.25%
- 2024/25 = 2.50%

An illustration of the accumulation effect of the ramp-up on the trust funding is shown in Exhibit C. According to this estimated ramp-up, the County is expected to achieve the minimum trust balance by the fourth year, in 2021-22.

(3) PREPAYMENT SAVINGS

During the annual budget process, the County Administrator shall provide a recommendation to the Board of Supervisors on the amount to transfer from savings generated by prepayment of annual contributions to the Pension Funding Stabilization Program based on consideration of available balances in the Internal Service Fund (refer to Section 7(a)).

e) INVESTING ASSETS

The Board of Supervisors delegates the plan administrator function to the County Treasurer (now Chief Financial Officer) who may contract with third party providers. The purpose of investing funds is to accumulate sufficient assets to implement this pension funding policy. Assets that are in the irrevocable Pension Trust are not subject to County Investment Policy and laws governing county treasury investments.

Pension trust assets should be invested to achieve an objective of capital preservation prior to the target balance being achieved. After the target balance has been achieved, the trust assets should be invested to achieve a return that matches the discount rate used by actuaries to determine the actuarial liability, and that is equivalent to the average return on the pension assets invested by CalPERS.

# County of Yolo

## Administrative Policies and Procedures Manual

TITLE: PENSION FUNDING POLICY	DEPARTMENT: FINANCIAL SERVICES
TYPE: <b>POLICY</b>	DATE: May 8, 2018

The Chief Financial Officer should regularly review and monitor the investment results. Annually the Plan Administrator shall assess and recommend any adjustments to the investment strategies to the Board of Supervisors.

f) **WITHDRAWING ASSETS**

Assets contributed to the Irrevocable Trust can only be withdrawn to pay pension costs of the pension plans listed above. The County's stated intention is to specifically reserve these assets to support the funding of the ADC and to reduce the unfunded actuarial liability. Therefore, these assets will be drawn on to provide pension rate stabilization during periods of fiscal distress.

The Chief Financial Officer shall request board approval prior to the withdrawal of assets from the trust. If assets are being withdrawn due to fiscal distress, some of the factors that should be considered in determining whether the County is in a period of fiscal distress are as follows:

- Uncertainty regarding ability to pay short term obligations on time.
- Ability to meet long term obligations including those from debt issuances, pension plans or other postemployment benefits is uncertain given the extent of obligations in comparison to available resources.
- Ability to maintain financial stability is impaired including reductions to credit rating, reliance on declining or unstable sources of revenue, and inability to raise revenues to support commitments.
- Ability to maintain services is not possible based on fiscal condition and the County is required to layoff personnel.

g) **RESTORATION OF TRUST BALANCE**

In the first year of funding, or after drawdown, the Pension Trust shall be funded or replenished to the target level within five fiscal years.

6. **RECOVERING PENSION COSTS**

Pension costs including the normal cost and the monthly (or annual if prepaid) UAL contribution to CalPERS will be translated to a percentage of payroll. The employer contribution of pension cost will be charged as a percentage of payroll as calculated by CalPERS in the annual actuarial report consistent with the employee's specific benefit plan. Similarly, any supplemental funding to the Pension Trust will be charged to County departments and programs as a percentage of payroll.

7. **ACCOUNTING FOR PENSION COSTS**

a. **INTERNAL SERVICE FUND**

The Chief Financial Officer shall create a Pension Internal Service Fund to record the following:

- Pension contributions deducted from Payroll
- Contributions paid to CalPERS and to the Pension Trust.
- Transactions related to prepayment of UAL contributions.
- UAL contributions from other plan participants (e.g. Yolo Superior Court).

**County of Yolo**  
**Administrative Policies and Procedures Manual**

TITLE: PENSION FUNDING POLICY	DEPARTMENT: FINANCIAL SERVICES
TYPE: <b>POLICY</b>	DATE: May 8, 2018

Beside the normal transactions that are authorized by the Board of Supervisors or the County Administrator, the Pension Internal Service fund will hold any savings realized through investment or prepayment until recommendation by the County Administrator through the budget process.

b. PENSION TRUST FUND

The Chief Financial Officer shall create a Pension Trust fund in the accounting and financial reporting system. The fund will track all of the assets, investment gains, and losses and other activities of the Section 115 Pension Rate Stabilization Trust. All assets of the Pension Trust shall be restricted to the purpose of funding pension obligations.

The Chief Financial Officer shall report annually to the Board of Supervisors on the financial condition and performance of the Pension Trust Fund, within six months of fiscal year end. Such report shall include appropriate recommendations regarding the investment and use of assets to achieve the purpose of the Trust.

Exhibit A – Pension Funding Stabilization Options

COUNTY OF YOLO  
**Pension Funding Stabilization Options**  
 (Listed in increasing degree of commitment)

	Funding Stabilization Options	Definition of Option	Advantages of Option	Disadvantages of Option	Chargeable to Grants	Reduce Contribution Rates	Reduce Pension Liability
1	Accounting Reserve	Reservation of fund balance by Board of Supervisors to be used toward pension liability.	<ul style="list-style-type: none"> <li>✓ Reserve level can be adjusted up or down by Board to respond to unforeseen circumstances.</li> <li>✓ Withdrawal can be made to supplement contributions.</li> <li>✓ Easiest option to implement</li> </ul>	<ul style="list-style-type: none"> <li>✓ Assets would not be invested long-term and therefore would not keep up with inflation.</li> <li>✓ Undisciplined saving since reserve is susceptible to changing organizational priorities.</li> </ul>	No	No	No
2	Discretionary Contributions (to CalPERS)	Additional lump sum contributions made to the pension plan as cash flows allow.	<ul style="list-style-type: none"> <li>✓ Provides flexibility since contributions can be made whenever cash is available.</li> <li>✓ No long term commitment in relation to other options.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Undisciplined approach to reducing liability.</li> <li>✓ May require buy-in or method to address other employers in the pension plan.</li> <li>✓ Costs must be allocated cost centers for claim purposes.</li> </ul>	May be	Yes, delayed	Yes
3	Prepayment of Annual Contributions	Prepay the required contributions in a lump sum to CalPERS by July 15 <sup>th</sup> rather than bi-weekly for the entire fiscal year to take advantage of discount	<ul style="list-style-type: none"> <li>✓ Reduces amount payable annually to CalPERS</li> <li>✓ For FY16/17 potential \$1 million premium saving for a net cash saving of about \$900K.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Requires County to find \$24 million by July 15th to make contribution.</li> <li>✓ May require buy-in from other employers in the pension plan.</li> <li>✓ Is mainly a cash saving mechanism; must direct saving toward pension funding.</li> </ul>	Yes	No	No
4	Section 115 Trust	Open an irrevocable trust account for additional contributions which are invested similar to the OPEB trust to provide a mechanism for pension contribution stabilization.	<ul style="list-style-type: none"> <li>✓ Local control of assets and can be used to offset future contribution increases</li> <li>✓ Likely higher returns since assets invested by trustee outside of county treasury.</li> <li>✓ Positive effect on credit rating.</li> <li>✓ Don't need buy-in from other employers in plan.</li> <li>✓ Could reduce pension liability on financial statements</li> </ul>	<ul style="list-style-type: none"> <li>✓ Assets are restricted to pension funding.</li> <li>✓ Assets would not be included by CalPERS in their funding valuations to determine future contributions</li> <li>✓ Risk of market volatility and underperforming investments in relation to CalPERS</li> <li>✓ Additional cost and effort to administer.</li> <li>✓ Discipline plan required.</li> </ul>	Yes	No	Yes
5	Alternative Amortization Schedule as offered by CalPERS	Refinancing of the net pension liability to amortize and pay off liability over a shorter time period, at a level rate. 15-year or 20-year amortization instead of 30.	<ul style="list-style-type: none"> <li>✓ Quickest way to reduce unfunded liabilities.</li> <li>✓ Substantial long term savings of interest on pension liability (Total \$18 million for 20-yr option; \$86 million for 15-yr option)</li> <li>✓ Reduces negative amortization as keeps contribution percentage level and eliminates ramp up/down.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Increased annual budgetary burden due to accelerated payments (Add'l \$1.7 million for 20-yr option; \$5.1 million for 15-yr)</li> <li>✓ No flexibility to change once alternative amortization base has been selected.</li> <li>✓ Would affect other employers in the Misc. Plan require their agreement.</li> </ul>	Yes	No	Yes

S:\AUD\Financial Leadership\Pension funding

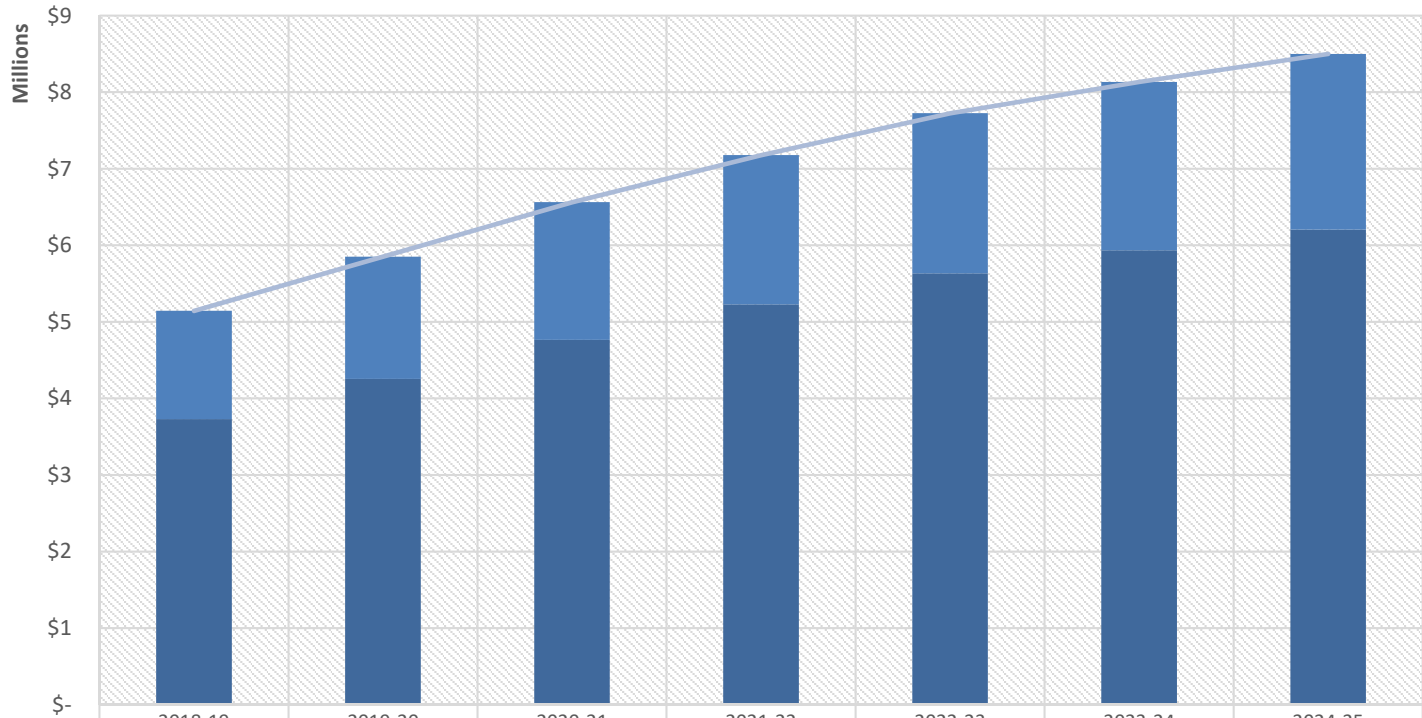
Presented at November 22, 2016 Board Meeting



Exhibit B – Projection of Target Balance of Trust

### Pension Trust Minimum Balance

Note: Data based on June 30, 2016 CalPERS Actuarial Valuations.



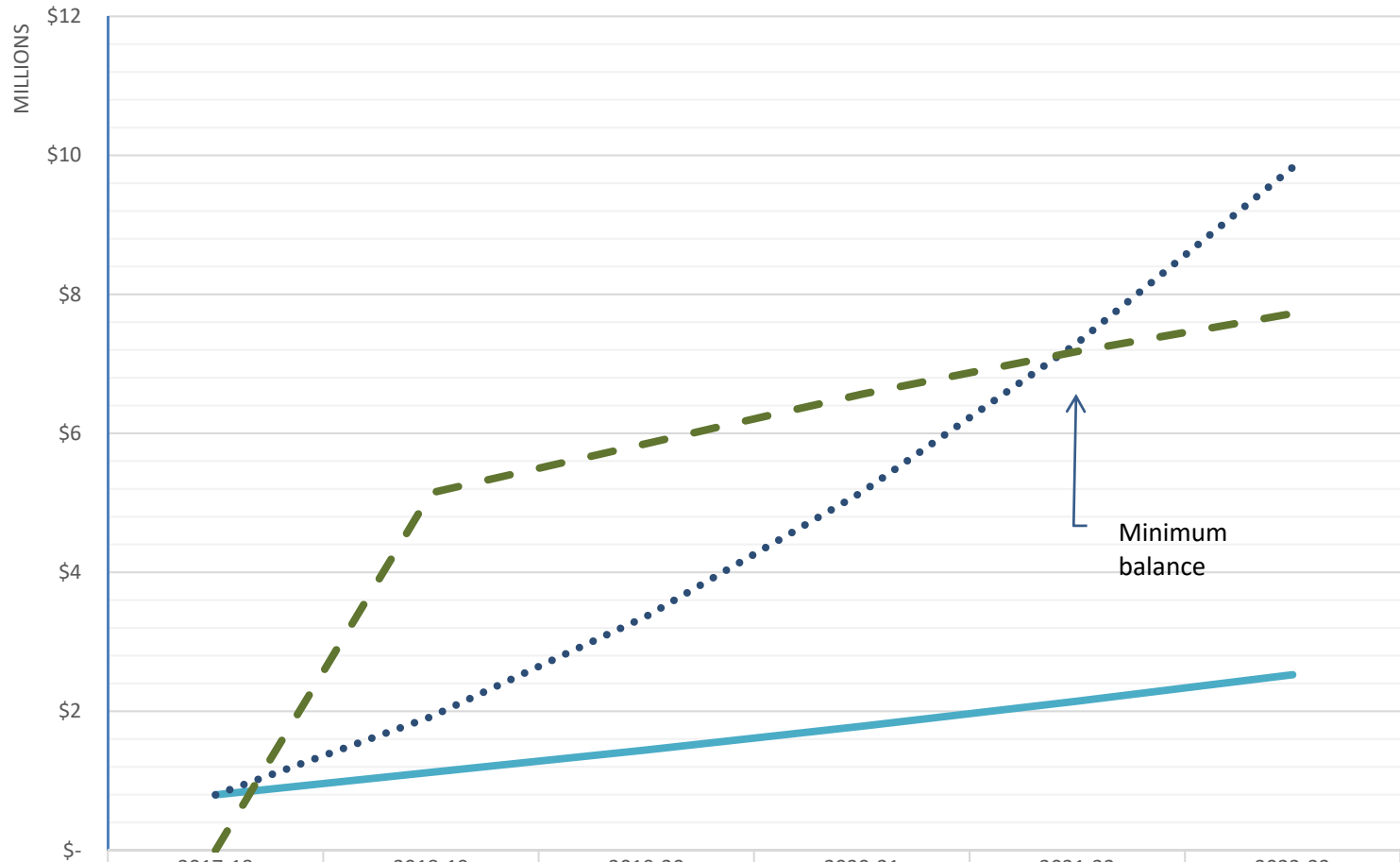
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Safety Reserve Target	1,415,000	1,597,000	1,799,000	1,950,000	2,090,000	2,198,000	2,295,000
Miscellaneous Reserve Target	3,730,000	4,255,000	4,764,000	5,228,000	5,635,000	5,936,000	6,205,000
Combined Reserve Level	5,145,000	5,852,000	6,563,000	7,178,000	7,725,000	8,134,000	8,500,000

Miscellaneous Reserve Target
  Safety Reserve Target
  Combined Reserve Level

Exhibit C – Proposed Pension Funding Ramp-up

### Pension Funding Policy Proposed Ramp-up

**Note:** The chart looks forward 5 years in accordance with the policy to ensure that the reserve target will be achieved.



	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Supplemental Rate	0.000%	1.000%	1.250%	1.500%	1.750%	2.000%
Trust Contribution	800,000	1,122,346	1,445,020	1,786,045	2,146,231	2,526,421
Cumulative Balance	800,000	1,922,346	3,367,366	5,153,411	7,299,642	9,826,063
Reserve Target	-	5,145,000	5,852,000	6,563,000	7,178,000	7,725,000

**County of Yolo**  
**Administrative Policies and Procedures Manual**

TITLE: FEDERAL GRANT CASH MANAGEMENT	DEPARTMENT: FINANCIAL SERVICES
TYPE: <b>POLICY</b>	DATE: DRAFT June 19, 2018

**A. PURPOSE**

This policy documents the County’s compliance with 2 C.F.R. § 200.302(b)(6) regarding cash management of Federal grant advance payments. The intent of the County of Yolo is to be in full compliance with all applicable federal guidance provided in 2 C.F.R. Part 200.

**B. APPLICABILITY**

This policy is applicable to County federal grants awarded by both Federal agencies and non-Federal pass-through entities.

**C. POLICY**

The County’s preferable method of grant receipts is the reimbursement method, when given the option, to select between reimbursement or advance funding. Under this approach, the County would record the applicable cost and expenditures in compliance with the grant terms and then request reimbursement from the Federal or pass-through granting agency. In some cases, where reimbursement funding is not feasible or not allowed by the grant, and advance funding is requested, the below criteria shall be followed:

1. Request of advances for each individual grant will be limited to the minimum amounts needed and will be timed to be in accordance with the actual, immediate cash requirements needed to carry out the approved program or project. The payment method must minimize the time elapsed between the transfer of funds and the County’s disbursements.
2. Whenever possible, advance payments for each individual grant will be consolidated to cover anticipated cash needs for all Federal awards made by the Federal or pass-through awarding agency.
3. To the extent possible, the County will disburse grant funds available from program income (including applicable loan repayments, interest, or other sources) before requesting additional cash advances.
4. Receipt of advanced funds must be accounted for in the accounts receivable module of the County’s general ledger accounting system.
5. Advanced payments from federal funds must be deposited in the County Treasury to be maintained in insured interest-bearing accounts, whenever possible. Any exception must be authorized by the County Chief Financial Officer.
6. In accordance with 2 C.F.R. § 200.305(b)(9), up to \$500 of interest on a grant award advance funded directly by a federal agency may be retained for administrative expenses. Interest earned over \$500 on a grant award advance funded by a federal agency must be remitted annually to the federal Department of Health and Human Services. Federal grants from pass-through entities must follow applicable grant terms and conditions related to the treatment of interest earned on advanced funds.

## County of Yolo Financial Summary – Fiscal Year 2017-18

### Statement of Net Position

The statement of net position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the County's financial position is improving or deteriorating.

The County's total net position increased by \$51.5 million during the fiscal year.

Net investment in capital assets decreased by \$8.4 million, which represents capital acquisitions and retirements, less current year depreciation, and the addition and/or retirement of related long-term debt.

The \$20.3 million increase in deferred outflows of resources was primary due to contributions to the pension system and OPEB after the measurement date of the respective liabilities.

The \$3.6 million decrease in deferred inflows of resources was due to differences in projected and actual earnings on pension and OPEB plan investments. The earnings during the period resulted in a reduction to the deferred inflow.

Restricted net position increased by \$12.8 million primarily due to increased receipts of realignment funding, housing assistance funding and consumer fraud settlements by the District Attorney's Office.

The increase of \$47.2 million in unrestricted net position is primarily due to the following: increase in deferred outflows of resources related to pension and OPEB, increase in net receivables and an increase in capital asset. Increases were offset by an increase in net pension liability, a decrease in OPEB liability resulting from implementation of GASB 75, an increase in long-term liabilities related to issuance of new debt and a decrease of deferred outflows of resources related to pension and OPEB.

	Statement of Net Position			
	Fiscal Years		Amount Change	% Change
2018 Audited	2017 Audited			
Current and other assets	\$ 266,489,884	\$ 217,888,885	\$ 48,600,999	22.31%
Non-current & capital assets	216,598,346	208,350,723	8,247,623	3.96%
Total assets	483,088,230	426,239,608	56,848,622	13.34%
Deferred Outflows of Resources	77,692,660	57,363,091	20,329,569	35.44%
Current liabilities	32,579,615	34,570,587	(1,990,972)	-5.76%
Long-term liabilities	439,380,269	408,133,361	31,246,908	7.66%
Total Liabilities	471,959,884	442,703,948	29,255,936	6.61%
Deferred Inflows of Resources	3,556,323	7,176,793	(3,620,470)	-50.45%
Net investment in capital assets	163,237,768	171,664,403	(8,426,635)	-4.91%
Restricted	121,742,600	108,974,290	12,768,310	11.72%
Unrestricted	(199,715,685)	(246,916,735)	47,201,050	-19.12%
Total Net Position	\$ 85,264,683	\$ 33,721,958	\$ 51,542,725	152.85%

- The largest component of the County's net position is **net investment in capital assets** in the amount of \$163.2 million. Even though the County's investment in capital assets is reported net of related debt, the capital assets themselves cannot be used to liquidate the County's debt, and so the resources needed to pay these liabilities must be provided from other resources.
- **Restricted net position** totaling \$121.7 million are resources that are subject to external restrictions on how they may be used. External restrictions include those imposed by grantors, contributors, laws and regulations of other governments, or restrictions imposed by law through constitutional provision or legislation.
- **Unrestricted net position** are resources the County may use to meet its ongoing obligations to citizens and creditors. Unrestricted net position totaled (\$199.7) million deficit at the end of the fiscal year, a decrease of \$47.2 million.

## Statement of Activities

For the fiscal year ended June 30, 2018, the County's revenues totaled \$358.5 million, an increase of \$38.9 million from the previous year and expenses totaled \$329.5 million, an increase of \$31.1 million.

<b>Statement of Activities</b>				
	Fiscal Years			
	2018		2017	
	Audited	% of Total	Audited	% of Total
<b>Revenues</b>				
<b>Program Revenues:</b>				
Charges for services	\$ 80,282,059	22.39%	\$ 62,851,939	19.67%
Operating grants and contributions	211,462,005	58.98%	192,862,403	60.35%
Capital grants and contributions	4,584,871	1.28%	3,514,542	1.10%
<b>General Revenues:</b>				
Property taxes	52,822,364	14.73%	50,197,692	15.71%
Sales tax	5,062,790	1.41%	4,712,601	1.47%
Other taxes	1,891,951	0.53%	2,046,057	0.64%
Use of property and money	1,240,241	0.35%	1,922,651	0.60%
Other general revenues	1,156,495	0.33%	1,470,215	0.46%
Total revenue	<u>\$ 358,502,776</u>	100.00%	<u>\$ 319,578,100</u>	100.00%
<b>Expenses:</b>				
General government	\$ 25,036,813	7.61%	\$ 25,138,616	8.42%
Public protection	111,989,852	33.99%	97,361,010	32.63%
Public ways and facilities	4,888,144	1.48%	9,424,273	3.16%
Health and sanitation	61,114,801	18.55%	50,235,293	16.84%
Public assistance	100,991,863	30.65%	92,421,309	30.97%
Education	7,730,450	2.35%	7,224,461	2.42%
Recreation and cultural services	2,355,703	0.71%	2,015,703	0.68%
Debt service interest/issuance cost	2,746,205	0.83%	1,747,563	0.59%
Airport	338,470	0.10%	395,090	0.13%
Central landfill	12,283,501	3.73%	12,413,824	4.16%
	<u>\$ 329,475,802</u>	100.00%	<u>\$ 298,377,142</u>	100.00%
Change in net assets	\$ 29,026,974		\$ 21,200,958	
Net position, beginning of the year	33,721,958		12,521,000	
Net position, restatement	22,515,751			
	<u>56,237,709</u>		<u>12,521,000</u>	
<b>Net position, end of year</b>	<u>#REF!</u>		<u>#REF!</u>	

### REVENUES:

**Program revenues** are derived directly from the program itself or from parties outside the County's taxpayers or citizenry.

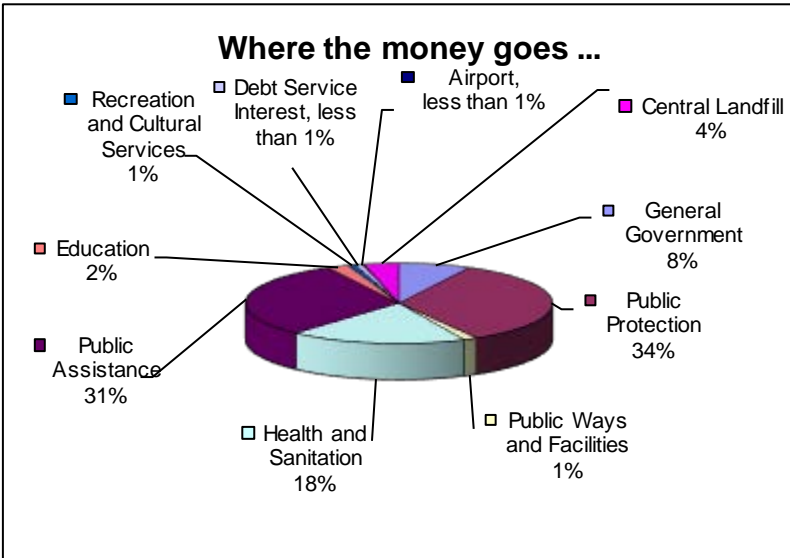
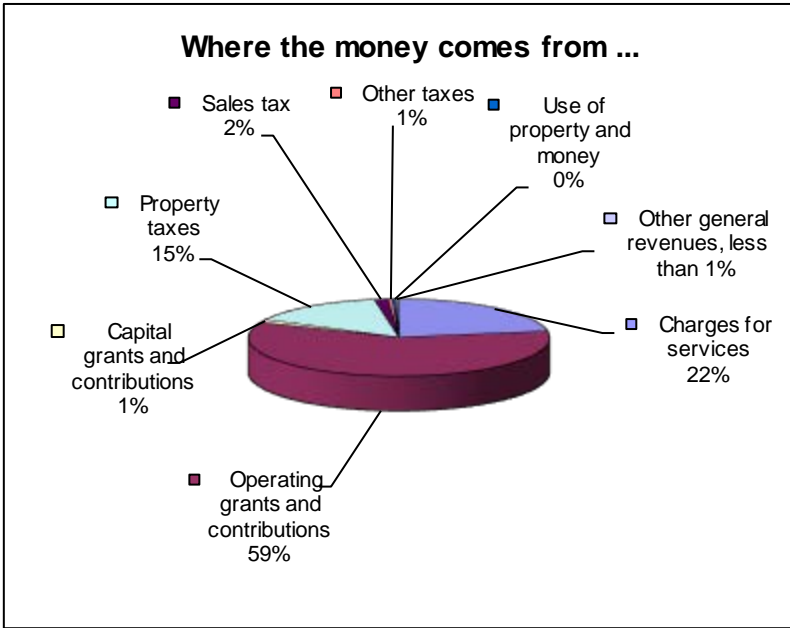
- **Charges for Services** are revenues that arise from charges to customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided.
- **Grants and Contributions** are monies received primarily from the State and Federal governments and are generally restricted to specific programs.

**General Revenues** are taxes, unrestricted interest and other items not reported as program revenues.

### EXPENSES:

Expenses are classified by function or services.

- **General Government** are expenses for administrative offices, that includes the Board of Supervisors, Clerk of the Board, County Administrator, Assessor, Auditor-Controller and Treasurer-Tax Collector, County Counsel, Elections, Human Resources, General Services, Risk Management, Information Technology, and Surveyor-Engineer.
- **Public Protection** expenses include Sheriff-Coroner, District Attorney, Probation, Sheriff-Court Security, Grand Jury, Public Defender, Recorder, Office of Emergency Services, Child Support Services, Agriculture, Public Guardian-Administrator, Planning, Resource Management and Code Enforcement.
- **Public Ways and Facilities** includes repairs, maintenance and construction of public roads and transit services.
- **Health and Sanitation** includes Indigent Health Care, Public and Environmental Health, Alcohol & Drug Programs, Mental Health Services and Emergency Medical Services

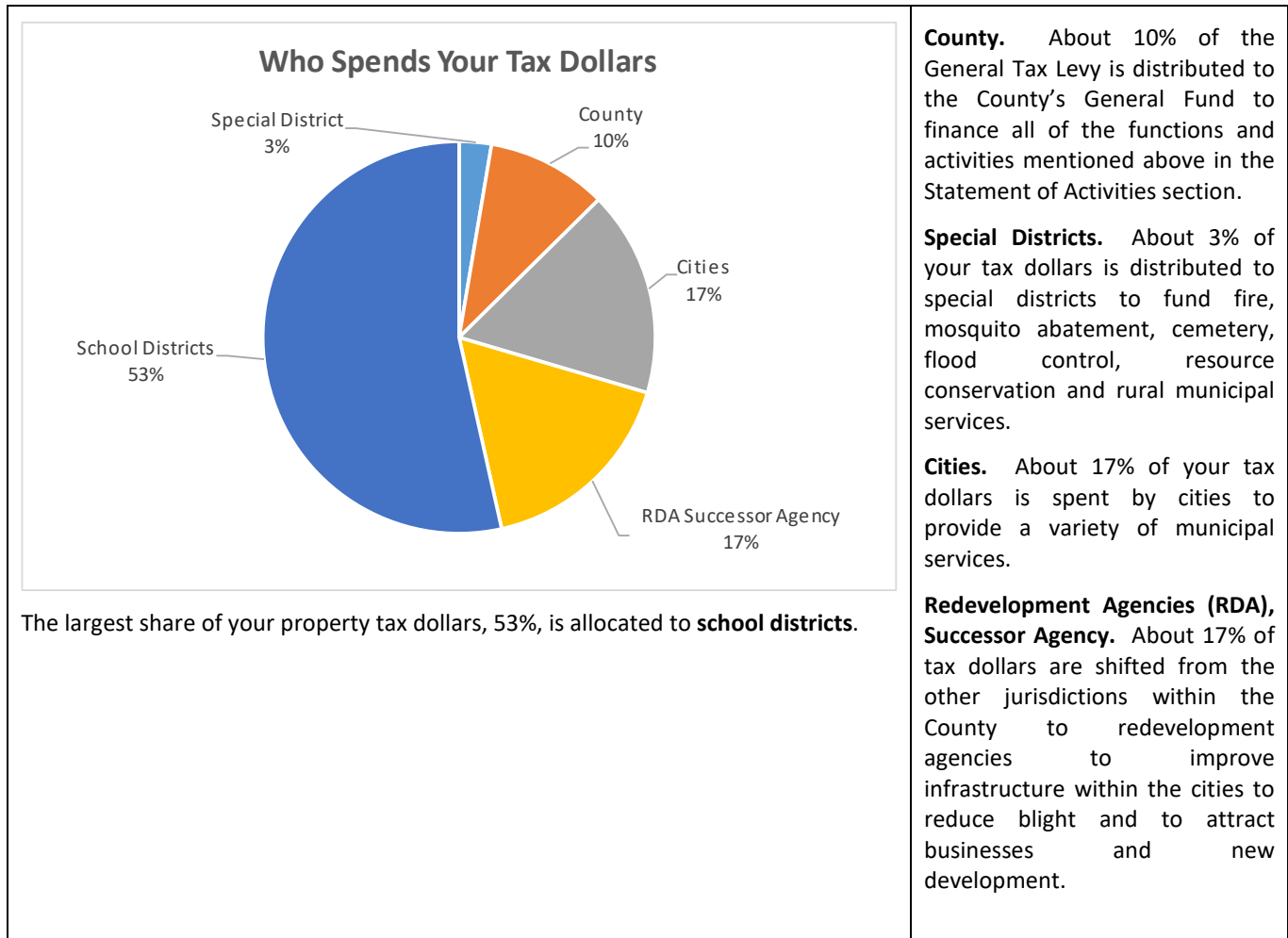


**EXPENSES: (continued)**

- **Public Assistance** includes Social Services Programs, Housing Assistance, Victims of Crime Assistance, Employment Services and Veterans Services.
- **Education** includes the operating and capital costs of providing library services and agricultural education through the Cooperative Extension department.
- **Recreation and Cultural Services** includes the cost of operating the County Parks system and contributions to Yolo County Historical Society for support of the County Museum and the Yolo County Arts Council.
- **Debt Service Interest** includes both interest expense incurred on both short-term and long-term debt financing.
- **Airport** includes operating and capital improvement expenditures to operate and manage the County Airport.
- **Central Landfill** includes operating and capital improvement expenditures to operate the County Central Landfill.

### Your Property Tax Dollars

Property taxes are assessed, collected and distributed by the County. The chart below summarizes the distribution of the 1% General Tax Levy.



In addition to the 1% General Tax Levy many jurisdictions add “special taxes” to your tax bill to fund operations, capital improvements and repayment of debt. Most of these “special taxes” are parcel taxes and are not levied based on property value, but are based on the amount of benefit a parcel receives from the services or improvements. School General Obligation Bonds special assessments are levied as an additional percentage of the assessed value of your property. All of these special assessments along with the 1% General Tax Levy are collected by the Tax Collector unit of the Department of Financial Services as part of you tax bill and distributed to the appropriate agencies by the Property Tax Accounting unit of the Department of Financial Services.

You can view your tax bill online at [www.yolocounty.org](http://www.yolocounty.org).

Readers wanting more detailed financial information should refer to the County’s 2017-18 Comprehensive Annual Financial Report (CAFR) available online at [www.yolocounty.org](http://www.yolocounty.org) (go to: General Government > Financial Services > Publications).