

<p style="text-align: center;">2026-27 FISCAL YEAR RECOMMENDED BUDGET POLICIES</p>

These updated guidelines establish the framework for preparing and submitting budget data and the new program-based narrative attachments through the ClearGov. Detailed budget instructions and information will be provided to Department Heads and Fiscal Staff during meetings scheduled for **April 9, 2026, and April 16, 2026, at 1:30 PM.**

Please be advised that this budget timeline remains subject to adjustment as necessary to ensure a thorough review process.

GENERAL FUND AND PUBLIC SAFETY BUDGET UNITS ONLY

1. HYBRID ZERO-BASED & PROGRAM-BASED BUDGETING

The County is transitioning to a hybrid mode that emphasizes strategic alignment and cost control by requiring justification for both new and existing programs. This model eliminates the reliance on traditional “base budget” for services and supplies to ensure resources are directed where they are most value.

A. PROGRAM-BASED REQUEST PROCESS (SERVICES & SUPPLIES)

- 1) **No Base Budget for Services and Supplies:** There is no automatic baseline or roll-over for Services and Supplies budgets for FY 2026-27
- 2) **Zero-Based Justification:** Every dollar requested for Services and Supplies must be built from the ground up and justified through the Program Request and Narrative Form.
- 3) **Three-Year Actuals:** Departments should evaluate each expenditure account based on actuals for the past three (3) years to establish realistic estimates, especially for costs that may still be unknown.
- 4) **Mandated vs. Non-Mandated:** Departments must categorize all spending by program and identify Mandated vs. Non-Mandated service status to aid in strategic prioritization.
- 5) **Revenue Alignment:** Departments are expected to develop budgets that align with the availability of resources or revenues specific to their functions.
- 6) **General Fund Restrictions:** Recommendations for funding will primarily be considered for programs fully funded by non-General Fund resources.

B. SUPPLEMENTAL REQUESTS AND ADJUSTMENTS

- 1) **Extra Help and Overtime:** Increases in extra help and/or overtime must be requested and accompanied by a narrative attachment with a detailed analysis of the proposed use and any offsetting revenue, in ClearGov.
- 2) **Revenue Increases / Decreases:** Revenue increases from the prior year should be treated as part of your request if they are ongoing. One-time revenue

increases used to support one-time expenses should be treated as NEW and require a supplement request. Decreases to revenue also require a supplemental request.

- 3) **One-Time Funds:** Departments utilizing one-time funds to balance their budgets must provide a detailed narrative identifying the source, duration, and a concrete plan with timelines to achieve balance without temporary funds in future years.

C. CLEARGOV ENTRY AND NARRATIVES

- 1) **One-Time Flags:** For any adjustment entered in ClearGov that is one-time expenditure or revenue, select the flag icon on the affected account and explain in the narrative.
- 2) **Performance Metrics:** Every program request must include Key Performance Metrics to measure success and track goals.
- 3) **Tiered Funding Analysis:** Narratives must include an analysis explaining the specific service impacts if a program receives only partial funding or no funding.

2. SALARY AND BENEFITS

In alignment with the transition to Hybrid Zero-Based and Program Based Budgeting the management of position and personnel funds incorporates the following fiscal controls and documents requirements:

A. Documentary and Entry:

- 1) **Manual Entry:** Departments must enter cumulative Salary Benefits data manually into ClearGov Operational Budgeting platform.
- 2) **Supplemental Workbooks:** In addition to ClearGov, departments must submit electronic Excel Workbooks detailing calculations and funding sources for every filled budgeted position.

B. Budgeting for filled and vacant positions:

- 1) **Filled Positions Only:** Budgeted Salary and Benefits shall include ONLY current filled positions on the Position Allocation List (PAL).
- 2) **Calculation Factors:** Calculation must incorporate only filled salary increases as per the relevant employee bargaining unit Memoranda of Understanding (MOU's) current in effect, as well as each employee's scheduled salary increase.
- 3) **Position Monitoring:** Departments must notify the Administration Office of any vacancies and the anticipated number of pending offers of employment currently in process.

- 4) **Funding Source Allocation:** Departments are required to provide comprehensive documentation for each budget unit that details the specific funding source(s) for each individual position.
- 5) **PAL Modifications:** Any hiring changes or modifications to the Position Allocation List (PAL) occurring between the recommended and adopted budget phases must be submitted as part of the department's adopted budget request.
- 6) **Vacancy Management:** PAL allocations held vacant due to budget reductions, revenue losses, or those that are vacant at the time of budget submission will not be included in the department's budget.
- 7) **Contingency Accounts:** These vacant allocations will be accounted for in Salary and Benefits contingency accounts within the General Fund Contingency Budget and the Public Safety General Budget.
- 8) **Filling Vacancies:** To request to fill a vacant allocation, departments must continue to submit a requisition via NeoGov to the Personnel Department. Once a Personnel Action Form (PAF) is generated and forwarded, Administration will initiate a budget transfer from the contingency account to the appropriate department budget unit.
- 9) **Fund Transfer Restrictions:** Throughout the fiscal year, departments are strictly prohibited from moving funds from Salary and Benefits into Services and Supplies for the purchase of equipment.
- 10) **Staffing-Related Transfers:** Any budget transfers for services specifically related to staffing must be brought before the Board of Supervisors and will require a four-fifths vote for board approval.
- 11) **Reclassifications and Reorganizations:** Any requests for reclassification or departmental reorganization that involve increasing staffing levels or costs must be presented to the Board of Supervisors during formal budget windows (Recommended, Adopted, or Mid-Year Budget Process). This consolidated approach allows the Board to assess these requests simultaneously, providing a comprehensive financial picture of the County's overall budget to support sound financial decision-making.
- 12) **Auditor Oversight:** The Auditor-Controller is authorized to move or appropriate these funds to budget units as needed and will establish percentage-based contingency budgets using historical expenditure trends.
- 13) **Reporting:** The Auditor-Controller will report all transactions from these Salary and Benefits Contingencies to the Board of Supervisors on a quarterly basis.

3. **PAY IN LIEU OF VACATION AND SICK LEAVE BUY-OUT:** Appropriations for payment in lieu of vacations, sick leave and comp time pay-outs, and retirement pay-outs are not to be appropriated in the department's budget. These costs are to be submitted separately on the form provided by the Auditor-Controller to budget this expense.
4. **FIXED ASSETS:** Departments are required to input cumulative Fixed Asset information directly into the Operational Budgeting Platform in ClearGov. To support these entries, departments must also provide comprehensive documentation, submitted as attachments within ClearGov, as follows:
 - A. For each budget unit, submit a detailed narrative using the provided template, itemizing all fixed asset requests. This narrative must include the type, quantity, and cost per item, and provide a clear explanation for each request.
 - B. A separate Excel document containing a complete itemized list of all proposed fixed assets or facility improvements must also be submitted as an attachment.
 - C. **It is critical to note** that any fixed asset request that is not directly supported by identified revenue sources will be prioritized for reduction or elimination if necessary to balance the overall budget. Departments are therefore strongly encouraged to link fixed asset requests to specific revenue projections whenever possible.
5. General Fund Department Heads should prepare preliminary ideas at this time to address budget cuts should the County find the revenue and carryover projections fall short of budget requirements and expenditures increase beyond the base budget.

NON-GENERAL FUND BUDGET UNITS

1. **ALL NON-GENERAL FUND BUDGET UNITS:** After applying the policy regarding Regular Salary & Benefits (Item #2 above), these Funds may budget based upon the availability of resources for their respective purpose. A separate Excel document with an itemized list of all proposed fixed assets or facility improvements must also be completed and submitted as an attachment in ClearGov.
 - a. **HEALTH INSURANCE RATES:** Rate estimates for Health premiums for calendar year 2027 will be available in early April 2026 and will be forwarded to non-General Fund departments by Personnel. Final rates are expected in June 2026.

ALL BUDGET UNITS

1. **BUDGET EVALUATION:** Evaluate each expenditure and revenue account based on actuals for the past three (3) years, and adjust among line items within categories as needed.
2. **POSITION ALLOCATION LIST:** Submit completed electronic Excel Blank PAL Worksheets to Personnel.
3. **REQUESTS AND OTHER REQUIREMENTS**
 - A. The existing budget policy that provides revenue shortfalls within State or Federal funded grant programs are not backfilled with General Fund monies will be upheld.
 - B. The standing policy of not processing changes to the Position Allocation List between July 1st and adoption of the Budget (tentatively scheduled for September 22, 2026) remains in effect. Review your allocation list with specific attention to any sunset dates and plan accordingly, to ensure all necessary changes are submitted timely to Personnel for placement on the Board agenda.
 - C. Between July 1st and adoption of the Budget in late September, fixed asset purchases will be severely restricted and considered on a case-by-case basis upon a special finding of the Board of Supervisors **only** if an urgent need is demonstrated. Internal Assets approved by the Board of Supervisors during the Recommended budget hearing are available without delay.
 - D. Budget narratives should be clear and understandable by someone who is unfamiliar with the County budget process. Documents may be returned to departments for revision if they appear unclear or difficult to understand. Do not use undefined acronyms, including abbreviations for classification titles. Please feel free to email your draft narratives to Orepa for review omamea@tehama.gov before submitting the attachment in ClearGov.
 - E. **All County departments will be scheduled for a Recommended Budget meeting with the Chief Administrator, the Auditor's team, and Administration fiscal staff irrespective of whether changes to base budgets are requested.** Meetings will be held during the second week of May 2026.

DUE BY MAY 1ST, 2026

- Submit base budgets and adjustment requests, along with PDF narratives, Program Request and Narrative Form and electronic Excel itemized lists of fixed assets (no PDFs for this list) as attachments in ClearGov;
- Submit electronic Excel workbooks showing Salary and Benefit calculations for each budget unit, showing each budgeted position (filled and vacant) via email to the Auditor-Controller, KPeterson@tehama.gov and Administration, omamea@tehama.gov;
- Submit Position Allocation List (PAL) Worksheets via email to Personnel JMadrigal@tehama.gov with a cc to CFerrin@tehama.gov.