

## BUDGET POLICY

### Policy

The county's Budget Policy sets forth the general guidelines for developing the county's annual budget and provides an overview of the budget process and responsibilities. This policy, together with the county's Fiscal Policy #2104, ensures a sound financial system that complies with legal requirements. These guidelines are reviewed in conjunction with the county's current financial health, economic forecast, relevant legislative changes, and anticipated changes in expenditures and revenues prior to the beginning of the annual budget process.

### Guidelines

- A. Specific principles to be used to develop the annual budget are created or reaffirmed by the county board at the start of each budget cycle.
- B. In addition to the principles created in paragraph A, the budget preparation should adhere to the following guidelines:
  1. To prevent overstatement of anticipated property tax revenues, 100% of the levy amount certified to the state each year will be budgeted, and revenue from delinquent taxes will not be budgeted within individual funds.
  2. To set fees for contracted services provided by the county at rates that cover all direct and indirect costs, except for any portion of the service which is provided countywide and considered part of the county's core functions.
  3. To maintain adequate financial reserves to support emergencies, short-term capital improvements, and operating cash flow needs
  4. To avoid short-term borrowing, except in an extreme financial emergency that is beyond the county's control or reasonable ability to forecast.
  5. To develop capital improvement plans that incorporate funding strategies and planning that provide long-lasting benefits while maintaining financial soundness.

6. To incorporate a performance measurement system that supports continuous operational improvements and provides a means of evaluating effectiveness and efficiency of programs and services, as well as customer satisfaction.
  7. To prepare a budget that meets the Government Finance Officers Association criteria for a policy document, an operations guide, a financial plan, and a communications device.
  8. To prepare a structurally balanced budget in which projected recurring revenues are sufficient to cover projected recurring expenditures. The planned use of fund balance for one-time specific projects may be used to close any gap between revenues and expenditures.
- C. The county's budget is appropriated annually by county board resolution at the fund level. All budgets are adopted in conformance with generally accepted accounting principles. Each appropriation lapses at the close of the fiscal year to the extent it has not been expended, with the exception of county board approved multi-year capital projects that have not been finalized. Unspent budget for approved multi-year capital projects will be moved forward to the next year without further county board action. Expenditures may not exceed budgeted appropriations at the department level.
- D. The basis of budgeting follows the county's basis of accounting in which budgets are adopted, reported, and budgeted on the modified accrual basis of accounting.
- E. To reduce reliance on interest income that routinely fluctuates, undesignated general fund revenue from interest earnings will be budgeted for ongoing operational expenditures in an amount not to exceed the lowest year of actual revenue received in interest income over the previous five-year period. The remainder of the anticipated revenue from interest income may be budgeted for the following (not listed in order of priority):
1. Building fund balance of the General Fund to an appropriate level.
  2. Financing high-priority projects requiring one-time funding.
  3. Building reserves in the Capital Repair Fund.
  4. Building reserves in the Capital Technology Fund.
  5. Funding Other Post Employment Benefits (OPEB).
- F. Departments may request carryover of certain line item budget balances from one fiscal year to the next for items or projects that were approved, but not

completed in the current fiscal year, and/or for projects with ongoing contractual obligations. Requests must meet criteria established for allowable carryover, and are subject to review and approval by the Office of Administration.

- G. Line item reallocations between operating and capital accounts (other than road and building projects) are limited to \$10,000 per item or project. Line item reallocations between operating and road and building projects require county board approval.
- H. Line item reallocations between Personnel Services' accounts and other operating accounts in any amounts should be discussed with the county administrator prior to submitting the budget amendment.
- I. All funds and their associated transactions are monitored in the financial system regardless of the fund type involved, with the exception of funds maintained via county-approved checking accounts, such as the Veteran's Emergency Fund.

**Responsibility**

- A. The county board is responsible for the following:
  - 1. Adopting budgets for all government fund types per the timelines mandated by state statute.
  - 2. Approving amendments to the budget during the year to reflect countywide changes in financial condition and in revenue sources such as county program aid and new grant revenue streams.
  - 3. Approving all additional appropriations which result in the use of fund balance, unless there is specific legislation that allows for the use of funds without local Board approval. The use of fund balance in funds with specific legislation requires county administrator review and approval. After review, the county administrator may recommend further board action.
- B. The county administrator, or designee, is responsible for the following:
  - 1. Developing the countywide budget and budget process.
  - 2. Developing the county's capital improvement plans.
  - 3. Recommending a proposed budget to the county board within the county board's guidelines.

4. Monitoring countywide revenue and expenditure levels and reviewing various financial indicators.
5. Providing reports to the county board on year-to-date financial status, as needed.
6. Authorizing line item changes, reallocations, and operating transfers within the budget providing they do not reduce the total county fund balance (unless approved by the board or by specific legislation); i.e., monies must come from increased current revenues, decreased current expenditures, or contingency, except for authorized use of the Mission Directed Budget (MDB) Savings program.
7. Recommending budget adjustments that may be necessary to reflect changes in financial conditions.
8. Approving requests for year-end carryover of previously authorized, but yet unspent budget items that meet established criteria without further county board action.

C. Departments are responsible for the following:

1. Preparing annual departmental budgets within the general budget framework and the county administrator's guidelines.
2. Managing budget allocations to provide programs and services within the authority of their positions.
3. Managing departmental revenues and expenditures as adopted or amended by the county board and/or the Office of Administration.
4. Preparing Requests for Board Action, including budget amendment information when changes in expenditure or revenue levels, including the use of fund balance, require county board approval.
5. Initiating budget amendment requests for line item reallocations between categories of expenditures and revenues to meet operational needs or clarify reporting, providing there is no net change in fund balance.
6. Managing their department with the number of full-time equivalent positions and the number of supervisory positions approved by the county board.
7. Developing five-year capital need projections for inclusion in the county's capital improvement plans.

8. Developing performance measures for their program/service areas to evaluate effectiveness of programs/services and support continuous improvement efforts.
9. Monitoring trends and legislative changes for each respective department's financial condition which may impact their program/service area, and communicating this information to the county administrator.
10. Submitting requests for year-end carryover of unspent budget items to the Office of Administration following established criteria for allowable carryovers.

**Source**

County Board actions on August 29, 2000, December 16, 2003, July 26, 2005  
Replaces county Policy #14017  
County Board action March 23, 2010  
County Board action June 25, 2013  
County Board action January 19, 2016