

Administrative Procedure

Resolution Number 20-07
Review Date: January 28, 2020

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Revised Date: January 28, 2020

This Administrative Procedure supersedes and replaces any previous versions

BUDGET MANAGEMENT

Purpose: To establish and maintain practices for the adoption, administration, and amendment of the annual budget in accordance with Florida Statutes Chapter 129.

Policy: To exercise the highest level of budgetary control per Florida Statute Chapter 129 with an emphasis on transparency to communicate the County's annual budget process from conception to finality including adjustments made throughout the fiscal year.

The Board of County Commissioners designates the County Manager to be the County Budget Officer pursuant to Florida Statute 129.025(1)

Procedure:

1. Revenues
 - A. The Office of Management and Budget (OMB) will estimate revenues as early as possible in the budget process in order to provide expenditure guidelines. The Board of County Commissioners will establish the County's budget priorities based upon the revenue estimates and expenditure guidelines.
 - B. The budget shall be balanced; the total estimated receipts (including balances brought forward) shall equal the total appropriations and reserves in accordance with Florida Statute Chapter 129.01(2)(b).
 - C. In general, current operating revenue should be sufficient to support current operating expenditures, with adjustments made to budgeted fund balance or appropriations if necessary.
 - D. In recognition of the overall dependence on ad valorem taxes, the County will strive to develop a diversified and stable revenue system.
 - E. "Earmarking" of available revenues that would unnecessarily restrict the full range of potential uses of such revenues will be avoided. The use of various funds; however, will be consistent with generally accepted accounting principles and Florida Statute Chapter 129.02.
 - F. One-time revenues will be utilized to fund one-time expenditures wherever possible. If one-time revenues are assigned to pay for recurring expenditures a three to five year plan for transferring the expenditure to a recurring revenue source will be adopted by the County as a part of the budget process in the initial year.

- G.** The Board of County Commissioners is authorized to establish and collect fees and charges for certain services rendered by the County. These services are available to all residents of the County but are not needed by the majority of residents, therefore, those utilizing the services are charged for the service. All Proprietary Fees are to be reasonable in relation to the County provided privilege or service to the fee payer that receives the special benefit. All Regulatory Fees may not exceed the actual cost to the County of providing the service to the individual fee payer. Additionally, fees are solely based on the actual cost of providing what the user is consuming or are charged per direction from a regulatory authority. All requested changes to the Schedule of Fees during the fiscal year are presented to the Board of County Commissioners for its review and approval.

A fee schedule is therefore adopted and amended by resolution each fiscal year. Annually, fees will be reviewed by Departments and any requested modifications will include the full cost of activities, including direct and indirect costs currently supported by the fees to identify the impact of inflation and other cost increases. Supporting documentation showing calculations for fees changed will be submitted by Departments as part of the annual budget process. Departments shall retain supporting documentation for a period of two (2) years. A thorough review of the countywide fee schedule will be conducted periodically.

2. Expenditures

- A.** The financial impact associated with new programs or program modifications will be analyzed and determined prior to adoption by the Board. When new programs or increased levels of service are proposed, departments will identify any applicable Federal or State mandates; outline client benefits and strategic initiatives; demonstrate alignment to organizational goals, objectives, and agreements; identify related health and safety issues; demonstrate conformance to industry/professional standards; and identify all funding sources including fees or tax increases needed to partially or fully fund the program or service. The department will document any offsetting revenue or cost avoidance associated with this issue as well as consequences of not funding the proposal.
- B.** Understanding what a program or activity costs, and what benefits are derived from these programs or activities allows the County to make informed funding decisions. To that end, all expenditures will be analyzed to ensure service alignment with current Board priorities.
- C.** Departments shall utilize performance measures in order to track performance, support operational improvement, and determine effective use of resources for each program.

- D.** Internal Service Funds will be self-supporting whenever possible. Internal service fees and the direct impact to County operating budgets shall be analyzed annually as part of the budget process.
- E.** Grant applications to fund services/programs with state or federal funds will be recommended to the Board upon review by the Office of Management and Budget and the County Manager, with significant consideration given to:
 - I.** The cost of administering the grant relative to the amount of the grant
 - II.** The availability of matching funds
 - III.** The extent to which locally generated funds will be required to support the program when the grant funding is no longer available.

3. Operating Budget

For purposes of budgetary control, expenditures cannot legally exceed the total annual budgeted appropriations at the financial reporting fund level (The Laws of Florida Chapter 65-1236 Sub 1 and County Ordinance 233.01). The County maintains both accounting funds and financial reporting funds defined as:

- A.** Financial Reporting Fund – Also known throughout the County as a “Superfund”, is an accounting entity with a self-balancing set of accounts that whenever possible will include a combination of similar “accounting funds”.
- B.** Accounting Fund – an accounting entity with a self-balancing set of accounts which are segregated for the purpose of detailing compliance with special regulations, restrictions, or limitations.
- C.** A Municipal Services Taxing Unit (MSTU) for Law Enforcement Services is established by ordinance. This fund shall be administered by the Board and follow the established reserve for contingency policy. Current policies for estimating revenues and appropriating expenditures shall be applied to this fund.
- D.** A Municipal Services Benefit Unit (MSBU) for Fire Protection Services is established by ordinance. This fund shall be administered by the Board and follow the established reserve for contingency policy. Current policies for estimating revenues and appropriating expenditures shall be applied to this fund. Half Cent Sales Tax, Public Services Tax, and Communications Service Tax may be shared between all MSTUs/MSBUs. This allocation may be reviewed on an annual basis.

4. Budget Request

The County shall develop a proposed budget to include personal services, operating, capital outlay, debt service, grants and aids, and other uses categories.

- A.** All Board Departments shall submit a budget request in the manner and form prescribed by the Office of Management and Budget no later than the date set forth in the budget calendar.
 - B.** The Clerk of Court, Sheriff, and Supervisor of Elections shall submit a budget request in the manner and form prescribed by the Board of County Commissioners through the Office of Management and Budget no later than May 1st (F.S. 129.03(2)).
 - C.** It is requested that the Property Appraiser, Tax Collector, and Judicial Officers submit their budgets no later than May 1st of each year.
 - D.** This policy does not supersede any other Statutory or Constitutional authority.
- 5.** Budget Adjustments – Budgetary levels of authority are as follows:
 - A.** For all Board Departments and Constitutional Officers:
 - I.** Budget amendments between reporting funds that change the fund's total appropriation require the approval of the Board of County Commissioners. The Board, at any time within a fiscal year, may amend a budget for that year, and may within the first 60 days of a fiscal year amend the budget for the prior fiscal year.
 - II.** Budget transfers between Function and/or Object Classification, as defined by the Uniform Chart of Accounts (AKA Uniform Accounting System Manual for Florida Local Governments), up to and including \$100,000 can be approved by the County Manager. Transfers over \$100,000 require approval of the Board of County Commissioners.

Example: **001.17.1720.513.31.00**

Function is the first two numbers in the activity code

Sub-Object Code is the first two numbers in the Object Code.

To determine Object Classification find where this number falls within the following chart.

The Object Classification for the above account is “Operating Expenditures”

Code	Object Codes (AKA “Categories”)
10	Personal Services Includes Sub-Object Codes 11-29
30	Operating Expenditures Includes Sub-Object Codes 31-59
60	Capital Outlay Includes Sub-Object Codes 61-68
70	Debt Service Includes Sub-Object Codes 71-73
80	Grants and Aids Includes Sub-Object Codes 81-83
90	Other Uses Includes Sub-Object Codes 91-99

- III.** Per F.S 129.06(2), appropriations related to prior year non-operating encumbrances, grants, and capital projects not completed will be submitted to the Board of County Commissioners as a budget amendment no later than the deadline set by OMB or November 15th of each fiscal year whichever is earlier. Transfers from the Reserve for Contingency in the General Fund, MSTU Law Enforcement and MSBU Fire Funds require Board of County Commission approval.
- IV.** Establishing a budget for revenues that were not anticipated during the annual budget process requires that the Board of County Commissioners adopt a resolution to recognize the revenue, appropriate the revenue, and establish a new fund if appropriate (F.S. 129.06(2)(d)and(e)).

- V.** Upon completion of the prior fiscal year's Comprehensive Annual Financial Report, the operating budget may be adjusted to reflect actual beginning fund balances if deemed necessary by the Office of Management and Budget Director. Audited fund balances will be adjusted during this "mid-year" process to prevent spending of resources not available (F.S. 129.06(2)(f)).
- VI.** Amendments not specifically authorized in Florida Statute Chapter 129.06(2) (a-e) require the amendment be authorized by resolution or ordinance of the Board of County Commissioners and adopted following a public hearing. The public hearing must be advertised at least two (2) days, but not more than five (5) days, before the date of the hearing. The advertisement and adoption procedures are similar to those required for adoption of the annual budget (F.S. 129.06(2)(f)).
- VII.** Pursuant to F.S. 129.06(2)(f)2, budget amendments must be posted to the County's official website within 5 days of adoption/approval.

B. Budget Appropriation

- I.** Appropriations will be made at the Fund (Superfund), Functional Category, and Object Classification (AKA "categories"; personal services, operating expense, capital outlay, debt service, grants and aids, and "other use" expenses).
- II.** The Office of Management and Budget will ensure that the application of the indirect charges do not adversely affect the provision of services of the fund receiving the indirect charge.
- III.** A fund for private, not-for-profit outside agencies may be maintained with an annual appropriation as available with consideration of budgetary constraints and Board Policies. All agencies seeking funding from the Board should do so during the annual open application process through the Community Support Services Department and the Outside Agency Funding Advisory Board.
- IV.** All requests to fund discretionary court programs, otherwise known as "local requirements," as defined within Article V of the Florida Constitution and the supporting Florida Statutes (28.24, 29.008) require Board approval during each budget process.

6. Fund Balance

- A.** To the extent feasible, the County's General Fund, MSTU Law Enforcement and MSBU Fire Funds unassigned plus assigned fund balances will be at a minimum of 2 months of appropriations.

B. Minimum Fund Balance – All Other Operating Funds – The amount of ending fund balance to be budgeted shall be analyzed and determined during the annual budget process; the Assistant County Manager for Budget and Fiscal Services and the Finance Director will jointly agree upon the ending fund balances.

C. During Carry Forward and Midyear budget amendments, fund balance may be used for:

- I.** Appropriations related to prior year non-operating encumbrances, grants, and capital projects not completed. The total carry forward amounts will be reported in the prior year Comprehensive Annual Financial Report as assigned fund balances.
- II.** Funding for authorized mid-year increases that will provide for a level of service that was not anticipated during the budget process.
- III.** Funding for unexpected increases in the cost of providing existing levels of service.
- IV.** Temporary and nonrecurring funding for unanticipated projects.
- V.** Funding of a local match for public or private grants.
- VI.** Funding to off-set losses in revenue caused by actions of other governmental bodies and/or unanticipated economic downturns.
- VII.** Funding to accommodate unanticipated program mandates from other governmental bodies.
- VIII.** Funding for emergencies, whether economic, natural disaster or acts of war.
- IX.** Funding for market and economic fluctuations in enterprise and internal service funds.
- X.** Funding for contamination remediation.
- XI.** Funding for rate stabilization.

7. Budgeted Reserve for Contingency

A. Reserve for contingency requests in the General Fund, MSTU Law Enforcement and MSBU Fire Funds must be approved by the Board of County Commissioners. The Board will use the procedures and evaluation criteria set forth in this, and other policies. Such requests will be evaluated as to the:

- I.** Urgency of the request
- II.** Scope of services to be provided

- III.** Short and long-term fiscal impact of the request
 - IV.** Potential for alternative methods of funding or providing the service(s)
 - V.** Review for duplication of service(s) with other agencies
 - VI.** Review of efforts to secure non-County funding
 - VII.** Discussion of why funding was not sought during the normal budget cycle
 - VIII.** Review of the impact of not funding or delaying funding to the next fiscal year.
- B.** A reserve for contingency shall be calculated and budgeted by the Office of Management and Budget at a level not less than 5% of the General Fund, MSTU Law Fund, and MSBU Fire Fund operating revenues, respectively, and an amount not greater than 10% of the total budget and in accordance with Florida Statute Chapter 129.01(2)(c) for each operating fund. If the reserve for contingency falls below 50% of the minimum level, the reserves shall be reestablished over a period not to exceed three fiscal years.
- C.** The reserve for contingency shall be separate from any unallocated fund balances.
- D.** The County's budget will be amended at such time as the Board of County Commissioners authorizes the use of contingency reserves (F.S. 129.06(2)(b)). All requests for the use of any reserve for contingency as referenced in 7.B. shall be accompanied by information prepared by the Office of Management and Budget showing the year-to-date activity of the reserve account as well as the current account balance and the net effect on the account balance.
- E.** Self-Insurance Risk Fund will be maintained at a level that, together with purchased insurance policies, will adequately indemnify the County's property and liability risks in accordance with Chapter 28 of the Alachua County Code.
- I.** A qualified actuarial firm shall be retained on an annual basis in order to recommend appropriate funding levels.
 - II.** The Self-Insurance Risk Program will be funded at a confidence level of a minimum of 75 percent, based on an annual Cost of Risk Allocation Study and may include use of accumulated retained earnings to maintain this confidence level. Changes and budget for the Self-Insurance Risk Program are made by Board approval as stated in Alachua County Code Chapter 28.
 - III.** The County shall maintain two months of anticipated claims for a Reserve for Contingency/ Catastrophic Loss in the Self-Insurance Risk

Fund. In the event that retained earnings fall below this designated levels due to a catastrophic loss, a recommendation to replenish retained earnings will be prepared by the Risk Management Division for the County Manager's review and submitted for Board approval.

- IV.** For both Board of County Commission (BoCC) departments and non-BoCC departments (Constitutional and Legislative Offices), any excess budgetary dollars remaining in the self insurance line item of a department's budget at the end of the fiscal year, will be returned to the Self Insurance Risk Fund.
 - V.** The Self-Insurance Risk Fund shall be analyzed as part of the annual budget process.
- F.** Health Insurance Fund will be maintained at a level that will, together with purchased insurance policies, adequately fund medical claims risk in accordance with Chapter 28 of the Alachua County Code.
- I.** A qualified actuarial firm shall be retained on an annual basis in order to recommend appropriate funding levels.
 - II.** Although no Florida Statute or County Code sets a required minimum reserve for this Fund, the Florida Office of Insurance Regulation strongly encourages at least 60 days of anticipated claims, as set by an actuary.
 - III.** For both Board of County Commission (BoCC) departments and non-BoCC departments (Constitutional and Legislative Offices), any excess budgetary dollars remaining in the health insurance line item of a department's budget at the end of the fiscal year, will be returned to the Health Insurance Fund.
 - IV.** The Health Insurance Fund shall be analyzed as part of the annual budget process.
- G.** Retained Earnings in the Solid Waste Fund shall be maintained at a beginning balance of \$2,500,000. If Retained Earnings are depleted during a fiscal year, a plan will be developed and presented to the Financial Oversight Committee to restore Retained Earnings in its entirety the following year. If it is not feasible, the Department will present a plan to the Financial Oversight Committee which will be forwarded to the Board of County Commissioners for their approval during the budget process.

AS ADOPTED BY THE BOARD OF COUNTY COMMISSIONERS
RESOLUTION **20-07**
DATED **1/28/2020**