

Financial Policy Budget Management

Resolution Number 2024-15 Effective for the FY25 Budget 10/01/2024

This Financial Policy 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 Statute 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 budget amendments and 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 limit appropriation request. The Board of County Commissioners will establish the County's budget priorities based upon the revenue estimates and expenditure priorities.
 - 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 budget amendments and adjustments made to budgeted fund balance and/or appropriations if necessary.
 - D. "Earmarking" of available revenues that would unnecessarily restrict the full range of potential uses of such revenues will be limited. The use of various funds, however, will be consistent with generally accepted accounting principles and Florida Statute Chapter 129.02. Law Enforcement will be funded 54% from the MSTU-LE taxes and 46% from the General County taxes. State shared half-cent sales taxes that are in excess of debt obligation payments will be split 90% to the General Fund and 10% to the MSBU-Fire Fund. Public Service Tax and Communications Service Tax will be split 60% to the General Fund and 40% to the MSBU-Fire Fund.
 - E. 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.

- F.** 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.
 - I.** All Proprietary Fees, payments for use of facilities and services, are to be reasonable in relation to the County provided privilege or service to the fee payer that receives the special benefit.
 - II.** All Regulatory Fees, payments, whether designated as license fees, permit fees or by another name, which are required as an exercise of police power and as a part of or as an aid to regulation of an occupation, profession, or business, 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.
 - III.** 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.
 - IV.** 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 to track performance, support operational improvement, and determine effective use of resources for each program.
- D.** Inflationary factors and changes in population will be considered in preparing cost of service delivery.
- E.** 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 and will be budgeted centrally for all departments.
- F.** 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.
 - IV.** The personnel impact to the department.
 - V.** Time is of the essence with grant applications and should an opportunity for an application submittal arise that does not coincide with established Board of County Commission meetings, the County Manager, or designee shall have authority to submit and sign the grant application and place the item on the next Board of County Commission agenda for an update.
 - VI.** All grant acceptance awards will be placed on Board of County Commission agendas for final approval.

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 - This fund, established by ordinance, 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 - This fund, established by ordinance, 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.

Stated Shared Half Cent Sales Tax, Public Services Tax, and Communications Service Tax will be shared between the General Fund and MSBU - Fire. This allocation may be reviewed on a periodic 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 County Manager and 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 (Florida Statute 129.03(2)).

- C. It is requested by Resolution, that the Property Appraiser, Tax Collector, and Judicial Officers submit their budgets no later than May 1st of each year.

Example: **001.17.1720.513.31.00**

Function is the 4th element in the activity code (513)

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.

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

5. Budget Appropriations, Amendments and Adjustments – Budgetary levels of authority are as follows:

A. Budget Appropriation

- I. Appropriations will be made at the Fund (Superfund), Functional Category, and Object Classification (Also Known As “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 appropriate department, such as 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.

B. Amendments and Adjustments:

- I. Budget amendments between reporting funds that change the fund's total appropriation require the approval of the Board of County Commissioners and an advertised public hearing. 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 adjustments between Functions, as defined by the Uniform Chart of Accounts (Also Known As Uniform Accounting System Manual for Florida Local Governments), up to and including \$50,000 can be approved by the County Manager. Budget adjustments between Functions over \$50,000 require approval of the Board of County Commissioners. Budget adjustments between categories that do not impact Function or Accounting Fund totals can be approved by the County Manager. A quarterly report of budget adjustments will be generated and published in the Board agenda with the quarterly Financial Reports.
- III. Per Florida Statute 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. This is considered the "Carry-Forward" budget amendment. 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 (Florida Statute 129.06(2) (d) and(e)).
- V. Upon completion of the prior fiscal year's Annual Comprehensive Financial Report, the operating budget may be adjusted to reflect actual beginning fund balances if deemed necessary by the Office of Management and Budget. Audited fund balances will be adjusted during this "Mid-Year" budget amendment process to prevent spending of resources not available (Florida Statute 129.06(2)(f)).
- VI. Amendments not specifically authorized in Florida Statute Chapter 129.06(2) (a-e) require the amendment to 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 (Florida Statute 129.06(2)(f))) and Florida Statute 50.0311.
- VII. Pursuant to Florida Statute 129.06(2)(f)2, budget amendments must be posted to the County's official website within 5 days of adoption/approval.

6. Fund Balance

A. Minimum Fund Balances

- I. General Fund – The budgeted Estimated Ending Fund balance will be at a minimum 10% of projected revenue.
- II. MSTU Law Enforcement, MSBU Fire Fund and Gas Tax Fund – The budgeted Estimated Ending Fund Balance will be at a minimum 5% of projected revenue.
- III. 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.
- IV. To the extent feasible, the actual unassigned plus assigned ending fund balances for the County's General Fund, MSTU Law

Enforcement and MSBU Fire Funds will be at least 2 months of the appropriations.

- B.** 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 Annual Comprehensive 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 and Gas Tax Fund 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 and Gas Tax 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 (Florida Statute 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 these 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. 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, as outlined in the Health Insurance Management Policy.
- I. A qualified actuarial firm shall be retained on an annual basis in order to recommend appropriate funding levels.
 - II. The Florida Office of Insurance Regulation strongly encourages at least 60 days of anticipated claims, as set by an actuary. An actuarial best practice is to establish 120 days of anticipated claims as a reserve, and as such will be the requirement for the fund.
 - 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.

H. Budget Amendment Internal Process

PROVISIONS:

The purpose of the Budget Amendment and Adjustment Procedure is to set forth divisions of responsibility for authorizing changes to the annual budget adopted by the Board of County Commissioners in a manner that allows for the appropriate oversight as defined by Florida Statutes combined with the proper responsiveness needed to allow departments to make sound and timely financial expenditures.

DEFINITIONS:

Appropriations -revenues or expenditures approved by the Board of County Commissioners.

Budget Adjustment - a transfer of expenditures or revenues of equal amount between line items within a Department's budget.

Budget Amendment - a supplemental appropriation of budgetary revenues and expenditures.

Budgetary Fund - Superfund level or reporting

Budgetary Function - a set of departments that serve a shared programmatic purpose.

Budgetary Object (Category) – a department or other unit within an organization to which costs may be charged for accounting purposes. Personal Services, Operating, Capital, Grants

Department -a set of programs that serve a shared purpose; or a set of programs within departmental divisions that serve a shared purpose.

Organization Code - a designation within the accounting system that tracks the budgetary activity of a program or cost center.

Level 1 adjustments are adjustments due to scrivener errors and may be corrected via an IDI.

Level 2(a) adjustments are adjustments of operating appropriation within function and within category of a department's budget up to and including \$50,000.

Level 2(b) adjustments between different functions and /or different categories up to and including \$50,000.

Level 2 adjustments shall require approval of the County Manager or County Manager Designee.

Budget Adjustment will document the transfer providing a detailed explanation for the need.

Level 3 (a) amendments are adjustments of budgeted operating or capital appropriations needing additional funding from reserves. Level 3 (a) amendments require attachment of the Reserve explanation sheet with supplemental questions answered by the department making the request to be attached to the Board of County Commissioner agenda item.

Level 3 (b) amendments are for new programs in a department that were not originally budgeted through an increase in expenditures without an offsetting increase in revenue for that program. (not enough revenues unexpected cost or match.

Level 3 amendments shall require approval of the Assistant County Manager of Budget & Fiscal Services and shall be forwarded for review and approval by the County Manager or County Manager Designee for placement on the Board of County Commission agenda for final approval.

Budget Amendment will document the transfer providing a detailed explanation for the need and future budgetary impacts.

Level 4 (a) amendments are between Functions over \$50,000 which require approval of the Board of County Commissioners.

Level 4 amendments shall require approval of the Assistant County Manager of Budget & Fiscal Services and shall be forwarded for review and approval by the County Manager or County Manager Designee for placement on the Board of County Commission agenda for final approval.

Budget Amendment will document the transfer providing a detailed explanation for the need and future budgetary impacts.

A Board agenda item will be prepared, and the budget amendment attached to the agenda item will detail the fiscal impact.

Level 5 (a) Budget amendments between reporting funds that change the fund's total appropriation require the approval of the Board of County Commissioners and an advertised public hearing.

A Board agenda item will be prepared, and the budget amendment attached to the agenda item will detail the fiscal impact.

PROCEDURES:

a) Level 1 adjustments shall be made within the financial system by preparation of an IDI, by the department's fiscal staff with notification to the department's budget analyst for monitoring of budgets and assisting in the development of future budgets.

b) Level 2 adjustments shall be requested by the department's fiscal staff, department's budget analyst and/or the Department Head to assist with department operations. a) The Department Head will forward a copy of a Budget Amendment Request form to the Office of Management & Budget for monitoring of budgets and assisting in the development of future budgets. The fiscal staff shall prepare a MGR budget request in the financial system for all approvals.

c) Level 3 amendments shall be requested by the Department Head to the Assistant County Manager for review and recommendation to the County Manager or County Manager Designee and forward the request to the Office of Management and Budget who will work with Fiscal staff and the department to add it as an agenda item for review and final approval by the Board of Commissioners. The department requesting the amendment shall have a representative present at the Board of Commissioners meeting who can answer questions.

d) Level 4 amendments shall be requested by the Department Head to the Assistant County Manager for review and recommendation to the County Manager or County Manager Designee and forward the request to the Office of Management and Budget who will work with Fiscal staff and the department to add it as an agenda item for review and final approval by the Board of Commissioners. The department requesting the amendment shall have a representative present at the Board of Commissioners meeting who can answer questions.

d) Level 5 amendments shall be requested by the Department Head to the Assistant County Manager for review and recommendation to the County Manager or County Manager Designee and forward the request to the Office of Management and Budget who will work with Fiscal staff and the department to add it as an agenda item for review and final approval by the Board of Commissioners. Procedures to meet Florida Statutes for Public Notice shall be followed and handled by the Office of Management and Budget. The department requesting the amendment shall have a representative present at the Board of Commissioners meeting who can answer questions.

ADMINISTRATION

This policy is for use in guiding financing decisions of the County, and can be interpreted by the County Manager or County Manager Designee related to budget amendments and adjustments. It is administered in conjunction with the County's other fiscal policies and may be amended or revised from time to time as determined by the County Board.

G. All purchases are still subject to the "Alachua County Purchasing Ordinance.

AS ADOPTED BY THE BOARD OF COUNTY COMMISSIONERS

History:

Resolution 20-07 Dated 10/01/2020

Resolution 23-08 Dated 02/28/2023

Resolution 24-15 Dated 03/12/2024