

POLICIES & PROCEDURES

BUDGET/FINANCIAL MANAGEMENT POLICY

Purpose

Mesa County is accountable to its citizens for the use of the public dollars. Its resources should be used wisely to ensure adequate funding for the services, public facilities and infrastructure necessary to meet the community's present and future needs. This Financial Management Policy is intended to serve as a blueprint to achieve the fiscal stability required to accomplish the County's policy goals and objectives.

Relationship to Overall County Goals and Objectives

The County's development of a mission statement, strategic plan and conforming goals are critical elements in the successful development and maintenance of a Financial Management Policy. Rather than driving the goals and objectives of the County, the finances are simply tools which are used to accomplish the

County's mission. It is a mechanism to ensure that the County is financially able to meet its immediate and long-term service objectives. It also enhances financial planning and internal financial management for the County.

In addition, the County as an institution has multiple partners, including citizens, taxpayers, businesses, employees and other governments. As a major institutional, economic and service force in the region, it is important that the County strengthen its relationships with its partners by adopting clear and comprehensive financial policies

Objectives

- To guide in policy decisions which have significant fiscal impact.
- To set forth operating principles which minimize the cost of governments and reduce financial risk.
- To employ balanced and fair revenue policies which provide adequate funding for desired programs.
- To maintain appropriate financial capacity for present and future needs.
- To promote sound financial management by providing accurate and timely information on financial conditions.
- To protect and enhance the County's credit rating and prevent default on any debt
- To ensure the legal use of financial resources through an effective system of internal controls.
- To promote cooperation and coordination with other governments and the private sector in the financing and delivery of services.

BUDGET POLICY/GUIDELINE

Budget Policy: This policy provides policies and procedures that comply with Local Government Budget Law of Colorado as outlined in Colorado Revised Statutes (C.R.S.) Title 29; Article 1, Budget and Services; Part I, and for the preparation, consideration, adoption execution and, audit of Mesa County's annual budget.

Scope: This policy applies to all departments within Mesa County.

Guideline: Annually, the Mesa County Board of County Commissioners (BOCC) 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 departments. Mesa County's fiscal year runs from January first through December thirty-first.

BUDGET PREPARATION – Pursuant to C.R.S. Title 29: Article 1, the County Administrator is the designated Budget Officer for the Board of County Commissioners. The County Administrator shall present a recommended budget for BOCC consideration no later than October 15 each year. The County Administrator works with all elected officials, constitutional officers, and department directors on behalf of the BOCC to prepare the recommended budget.

- **Balanced Budget** – The recommended budget shall be balanced by fund; the estimated revenues and resources for each fund will equal or exceed recom-

mended appropriations.

- **Strategic Plan Alignment** – Every two years the BOCC adopts a countywide strategic plan. The recommended budget shall, to the extent possible based on available resources, be consistent with the goals and objectives of the BOCC adopted strategic plan.
- **Contingencies** – The recommended budget shall in-

The recommended budget shall include contingency funds for unexpected operational demands.

clude contingency funds for unexpected operational demands and an emergency reserve as required by Article X, Section 20 of the Colorado Constitution Amendment One.

- **General Fund Contingencies** - The recommended budget shall include a line item in the General Fund for unforeseen operating expenditures. The Board of County Commissioners must authorize the use of funds from the General Fund Contingency line item. The budget will be transferred to the department upon approval thereby increasing the appropriation level of the department. The expenditure will be charged to the account where the appropriation was trans-

ferred

- **TABOR Emergency Reserve** – Pursuant to Article X, Section 20 of the Colorado Constitution Amendment One, the recommended budget shall include an Emergency Reserve at 3% or more of fiscal year spending excluding debt service. The County Emergency Reserve funds are accounted for in the various funds' fund balance. and can only be used for declared emergencies. Under Amendment 1, enacted in November, 1992, emergencies must be officially declared and refunded within 180 days after the emergency ends.
- **Fund Balance:** The recommended budget is developed with adequate fund balance in the General Fund to provide cash flow for operating funds throughout the fiscal year. The General Fund shall include a minimum estimated unreserved fund balance equal to 10% of General Fund appropriations.

BUDGET POLICY/GUIDELINE (CONT'D)



Construction of the Community Corrections & Methamphetamine Treatment Center

- Capital Improvement Budget and Five Year Capital Plan** – The recommended budget shall include a capital budget and a (5) year capital plan with a balanced financial base for renewal, replacement and new projects. The recommended capital budget and capital plan shall be adequate to maintain capital assets at a level sufficient to protect infrastructure and minimize future maintenance and replacement costs. The CIP will be reviewed and updated annually. Capital projects are funded by sales tax revenue dedicated for capital, and other revenues as deemed appropriate by the BOCC and consistent with State law. The adopted Capital

plan authorizes expenditures for each specific project. Additions, deletions or cost changes of projects in the adopted CIP require County Administrator approval. The CIP plan will identify ongoing operating requirements associated with each capital project. If a capital request is approved in the budget process the operating budget will reside in the appropriate department assigned to oversee the project, i.e., facilities for buildings, fixtures, furniture, IT for technology solutions, fleet for vehicle replacement, etc. Capital project budgets should include all expenses associated with the completion of the project.

- Position Control** – The rec-

ommended budget shall include a total number of recommended permanent full-time equivalent positions (FTE's) by classification. Grant-related positions which do not require county matching dollars will be approved by the Mesa County Board of Health.

- Performance Pay, Market Adjustments and Benefits** - The recommended budget shall include, to the extent possible based on available resources, an annual pay adjustment for employee performance pay, market adjustments and/or benefit adjustments. Performance pay is based on an assessment of actual employee performance pursuant to section 9 of the Mesa County Personnel Manual. Market adjustments are pursued so that the County can maintain the 50th percentile in a comparison of pay with public and private employers. For the purposes of that comparison, the midpoint of pay ranges are compared use a market survey conducted by the Personnel Department and Mesa County compensation team.

BUDGET POLICY/GUIDELINE (CONT'D)

- **Revenues and Resources**

The recommended budget shall include revenue and resource estimates that balance with proposed appropriations.

- **Property tax** rates and distributions are estimated and allotted pursuant to Article X, Section 20 of the Colorado Constitution Amendment One. The allocation of property tax to separate County Funds is based upon statutory requirements and/or revenue required to meet program needs. The mill levy rate by fund adjusts depending on assessed value and program need.
- **Sales Tax Revenues** are estimated on an aggregate basis for six years beyond the current budget year. Sales taxes shall be estimated using a combination of projections for sectors of the economy that produce sales tax and an analysis of past sales tax performance and current economic factors.
- **Grants, Fees and Other Revenues** estimates are determined by individual departments with assistance from the Finance Department. Departments are responsible for meeting those budgets. Block grants and categorical grants will be tracked in separate cost centers.

- **Beginning Fund Balance and Resources**

for each County fund is estimated by the Finance Department based on projected actual expenditures and revenues for the current fiscal year.

- **Recovery of Indirect Costs.** Upon BOCC approval the General Fund will recover the cost of providing indirect services to County Enterprise Funds. The recommended budget shall use the most current "full-cost" allocation plan to estimate the value of indirect services.

LEGISLATIVE CONSIDERATION AND ADOPTION

The BOCC approves the budgeted level of expenditures by fund; the budgets of all elected officials reside in the General Fund, but are adopted at the department level within the fund. At any point prior to adoption, the BOCC may revise the recommended budget pursuant to the requirements of state law. Elected Officials and Department Directors shall have an opportunity to appeal the recommended budget to the County Administrator and then to the BOCC prior to budget adoption.

- **Budget Configuration**

The County budget is adopted on a basis consistent with generally accepted accounting principles. County governmental funds reflect the modified accrual

basis of accounting in which revenues are budgeted when they become measurable and available, and expenditures are charged against the budget when the economic event occurs. County proprietary funds reflect the accrual basis of accounting in which revenues are recognized when they are earned and measurable and expenses are recorded when they are incurred. Once appropriations are approved by the BOCC no spending agency may expend, or contract to expend, any funds in excess of the amount appropriated in the appropriation resolution. All unencumbered and unspent appropriations lapse at year end.

- **Budgetary Position Control** - The BOCC approves the total number of permanent full-time equivalent positions (FTE's) in the adopted budget. Departments must obtain BOCC approval for additional staffing levels above the adopted FTE count. The County Administrator, as designated Budget Officer, may authorize position classification realignments between and/or within departments. Health Department grant-related positions which do not require county matching dollars will be approved by the Mesa County Board of Health.

BUDGET POLICY/GUIDELINE (CONT'D)

Budget Control and Execution

The level of budgetary control is at the fund level with the exception of elected officials where budgets are adopted at department level within the General Fund. No spending agency may

The level of budgetary control is at the fund level with the exception of elected officials where budgets are adopted at department level within the General Fund.

expend, or contract to expend, any money in excess of the amount appropriated in the appropriation resolution. Administratively, operating budgets are controlled at the department level with departments having the authority to transfer appropriations within a department without further legislative approval. Additions, deletions, or transfer of budget between projects within the approved capital fund budget must be approved by the County Administrator. Increases in capital plan appropriations must be approved by the BOCC.

- **Supplemental Appropriations** - Supplemental appropriations may be submitted for review and approval by the BOCC when unanticipated revenue is secured, i.e.

a new grant is approved. An increase in general revenue sources, i.e., fees, charges for services, etc., is considered revenue available for County wide appropriations and therefore not eligible for supplemental appropriations.

- **Budget Adjustments** – A budget adjustment is made when additional appropriations are required to meet unanticipated needs, but for which specific revenues have not been secured. Budget adjustments are made by appropriating unappropriated fund balance. Budget adjustments should only be used when there are inadequate general fund contingency account funds available, and it has been reasonably determined that the requesting department can not accommodate the request within its current appropriations.
- **Budgetary Transfers** – Transfers of budget between spending agencies must be approved by the BOCC. A transfer can move budgeted and appropriated moneys from one or more spending agencies in one fund to one or more spending agencies in another fund. It can also consist of the transfer of budgeted and appropriated moneys between spending agencies within one fund.
- **Budgetary Basis of Accounting** - Budgets are adopted on a basis consistent with generally accepted accounting principles. County governmental funds

reflect the modified accrual basis of accounting in which: revenues are budgeted when they become measurable and available and expenditures are charged against the budget when the economic event occurs. Budgets for proprietary fund types (Enterprise and Internal Services) are adopted on a Non-GAAP basis, using the same measurement focus of governmental funds

Budget Audit & Evaluation

A budgetary control system is maintained to ensure adherence to the budget. Periodic financial reports are submitted to the BOCC and department directors detailing the progress toward budget compliance. These reports at a minimum, compare the current budget and the year-to-date revenues and expenditures by department.

- **Performance Measures** – Measures that assess the County's responsibility to provide services that are effective and efficient will be developed and reported annually to assist the public in assessing the results of operations for Mesa County.

BUDGET PROCEDURES

BUDGET PREPARATION

County departments shall submit budget requests for the upcoming year in accordance with the budget instructions distributed annually by the County Ad-

ministrators as the designated Budget Officer.

Note: The Health Department operates under a separate governing board. The County Administrator shall work with the

department directors for all departments, including the Health Department to ensure that the budget process recognizes the role of this board in the budget development process.

| DATE | EVENT |
|-----------------------------|--|
| On or before January 1 | Start of Fiscal Year; begin planning for the budget of the next year. |
| On or before January 10 | Deadline for assessor to deliver tax warrant to county treasurer (39-5-129, C.R.S.) |
| On or before January 31 | A certified copy of the adopted budget must be filed with the Division. (29-1-113(1), C.R.S.). If a budget is not filed, the county treasurer may be authorized to withhold the local government's tax |
| On or before February 21 | The Division will authorize the county treasurer to withhold tax revenues until a certified copy of the budget is filed with the Division. |
| On or before March 1 | The U.S. Bureau of Labor Statistics releases the Consumer Price Index (the "CPI") for the Denver/Boulder area. This annual percent change is used with "local growth" to calculate "fiscal year spending" and property tax revenue limitations of TABOR. (Article X, Sec. 20, Colo. Const.) |
| On or before July 1 | County Administrator distributes budget workbook for development of budget for the upcoming fiscal year. |
| On or before August 25 | Assessors certify to all taxing entities and to the Division of Local Government the total new assessed and actual values (for real and personal property) used to compute the statutory and TABOR property tax revenue limits. (39-5-121 (2) (b) and 39-5-128, C.R.S.) |
| On or before October 15 | Budget officer must submit proposed budget to the governing body. (29-1-105, C.R.S.) Governing body must publish "Notice of Budget" upon receiving proposed budget. (29-1-106(1), C.R.S.) |
| On or before December 10 | Assessors' changes in assessed valuation will be made only once by a single notification (re-certification) to the county commissioners or other body authorized by law to levy property tax, and to the Division of Local Government. (39-1-111(5), C.R.S.) |
| On or before December 15 | Deadline for certification of mill levy to county commissioners (39-5-128(1), C.R.S.). Local governments levying property tax must adopt their budgets before certifying the levy to the county. If the budget is not adopted by certification deadline, then 90 percent of the amounts appropriated in the current year for operations and maintenance expenses shall be deemed re-appropriated for the purposes specified in such last appropriation. (29-1-108(2) and (3), C.R.S.) |
| On or before December 22 | Deadline for county commissioners to levy taxes and to certify the levies to the assessor. (39-1-111(1), C.R.S.) |

BUDGET PROCEDURES (CONT'D)

Legislative Consideration & Adoption

- **Publication of Recommended Budget:** Upon receipt of the proposed budget, the Board of County Commissioners shall publish a single notice in a newspaper having general circulation within the County's boundaries. The notice must state (at a minimum).
 - a. The proposed budget is open for inspection at a designated place.
 - b. The proposed budget will be considered for adoption on a specified time and date.
 - c. Any citizen may inspect the budget and file objections at any time prior to the final adoption of the budget.

proposals rejected by the County Administrator.

- **Publication of Final Recommended Budget** The final recommended budget is published prior to adoption in compliance with Colorado Revised Statutes (C.R.S.) Title 29; Article 1, Budget and Services; Part 1, in a newspaper having general circulation within the County boundaries. This advertisement includes, at a minimum:

Elected officials, department directors or agencies outside of County government may meet with the County Administrator to appeal any exclusion or recommendations included in the proposed budget.

- **Appeals of the Recommended Budget:** Elected officials, department directors or agencies outside of County government may meet with the County Administrator to appeal any exclusion or recommendation included in the proposed budget. After consideration of the appeals, the County Administrator may recommend adjustments to the BOCC. Elected officials, department directors, or outside agency representatives may appeal to the BOCC any

- a. The final recommended budget is open for inspection at a designated place.
- b. The final recommended budget will be considered for adoption on a specified time and date.
- c. Any elector may inspect the budget and file or register objections at any time prior to the final adoption of the budget.

- **Final Budget Revisions –** Prior to adoption, the Board of County Commissioners reviews the final recommended budget, considers public comment, and has the opportunity to revise or alter the budget.

Adoption, Appropriation and Certification of Mill Levy

The "Resolution to Adopt Budget" occurs first. This resolution consolidates all estimated beginning fund balances, total revenues and total expenditures for each fund/elected official for the ensuing year.

The "Resolution to Appropriate Sums of Money" immediately follows the adoption of budget. The appropriation resolution is the authorization from the BOCC to expend the budget. An appropriation Resolution must outline the expenditures proposed in the adopted budget, include an expenditure total no greater than the anticipated resources, and include every fund. The amount appropriated for the spending agencies cannot exceed the amounts fixed in the budget. Finally, a "Resolution Levying General Property Taxes" that complies with restrictions of Amendment 1 is approved by the BOCC.

Mesa County files a certified copy of its adopted budget resolution, appropriation resolution, and certification of levies along with a budget message with the Colorado Division of Local Government no later than thirty (30) days following the adoption of the budget.

BUDGET PROCEDURES (CONT'D)

Amending the Budget.

There are three methods available to modify the budget: a transfer of appropriation, a supplemental appropriation or a budget adjustment.

- **A transfer of appropriation** moves budgeted and appropriated moneys within a spending agency or between spending agencies.

- Transfers of appropriations within the spending agency (This procedure is optional).** Modifications to the budget **may** be made within a spending agency by the submittal of a Request for Budget Revision to the Budget office. These changes are limited to transferring budgeted and appropriated dollars from one expenditure object to another and must be within the spending authority. Overall County appropriation is not increased or decreased. These changes require the department director's signature but do not require a public hearing for approval and are not filed with the Colorado Division of Local Government.

An example of this may include transferring an authorized position and associated budget from one department to another department during a reorganization of a program area.

- Transfers of appropriations between spending agencies.** Modifications to the budget made between spending agencies **require** a submittal of a Supplemental Budget

There are three methods available to modify the budget: a transfer of appropriation, a supplemental appropriation or a budget adjustment

Request Form to the Budget office, (Exhibit B). These changes to transfer budget and appropriated dollars from one spending agency expenditure object to another spending agency expenditure object require the submittal of a Supplemental Budget Request Form to the Budget office. (Exhibit B). Transfers between spending agencies must be approved by the Commissioners at a public meeting, with prior published notice of the changes. Mesa County files a certified copy of its supplemental appropriations or transfers with the Colorado Division of Local Government no later than thirty (30) days following approval.

Departments may need to get permission from their respective govern-

ing board before approaching the BOCC for a transfer of appropriations between spending agencies.

Each year the budget includes a specific amount of budgeted and appropriated dollars in the General Fund for unanticipated costs. The Board of County Commissioners controls the use of this account and authorizes transfer of these funds to departments in a public hearing session. The transfer of general fund contingency dollars is subject to the above transfer procedures.

- **Supplemental Appropriation** authorizes the expenditure of dollars that were unanticipated or not assured at the time of adoption and have unanticipated revenue to support the request. A supplemental appropriation must be approved by the Commissioners at a public meeting with prior published notice of the changes. Department's requesting the appropriation of unanticipated revenue must fill out a Supplemental Budget Request form (Exhibit B) and submit it to the Budget office. Mesa County files a certified copy of its supplemental appropriations or transfers with the Colorado Division of Local Government no later than thirty (30) days following approval.

BUDGET PROCEDURES (CONT'D)

- **Budget Adjustment** – authorizes the expenditure of dollars that were unanticipated at the time of adoption and have no revenue to support the request. A supplemental appropriation must be approved by the Commissioners at a public meeting with prior published notice of the changes. Departments requesting the appropriation of unanticipated revenue must fill out a Supplemental Budget Request form and submit it to the Budget office. Mesa County files a certified copy of its supplemental appropriations or transfers with the Colorado Division of Local Government no later than thirty (30) days following approval.

Budget Control

- **Position Control** – Each position that is approved by the BOCC will be assigned a Position Control number by the Finance office. Changes made to positions after they are initially assigned and that do not increase the total FTEs approved by the BOCC

A supplemental appropriation must be approved by the Commissioners at a public meeting with prior published notice of the changes.

are handled by the Personnel Department. A recruitment process for any position must have a position control number assigned.

- **Level of control** – is determined at the adoption of the budget. The County will adopt the budget by elected officials' departments and by fund thereby defining the spending agency. The Finance office will set the countywide financial software used to restrict the expenditure of funds above

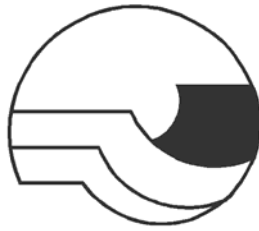
the amount appropriated for the spending agency. A violation will occur if a spending agency expends, or contracts to expend, any money in excess of the amount authorized in the appropriation resolution.

- **Administrative budget control** - Beyond the control described above, budgets are controlled by department. The Finance Department sets the software used countywide to record financial data to restrict the expenditure of funds above the amount appropriated for the department. Department directors have the authority and flexibility to transfer appropriations within their departmental budgets but are restricted from using appropriations of a different department or spending agency. Pursuant to sections 7.01 of the Mesa County Personnel Manual, department directors may be subject to disciplinary action if their department exceeds its appropriation.

DEBT POLICY

To the extent possible, Mesa county will pay cash for major projects rather than borrowing. Existing debt will be retired at the earliest possible time during the life of the debt unless circumstances change significantly.

MESA COUNTY, COLORADO



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