

**Polk County Wisconsin**

**BUDGET PREPARATION AND EXECUTION**

**Policy 880**

**Effective Date: July 19, 2011**

**1. Contents and scope**

This policy governs the preparation, submission, approval and implementation of the annual budget for Polk County, Wisconsin under the Laws of the State of Wisconsin and subject to other relevant policies adopted by the Polk County Board of Supervisors including, but not limited to, policies on fund balance, procurement, investment, and employee compensation and benefits as well as any negotiated labor agreements.

**2. Definitions**

For purposes of this policy, the following terms have the meanings given:

- a. *Budget* means a plan of raising and using financial resources to ensure achievement of tasks and execution of functions during a budget period.
- b. *Budget period* means one calendar year.
- c. *Budget reserve* means unassigned general fund balance as of the close of the preceding year as determined through the County's annual audit.
- d. *Contingency account* means that described in Wisconsin Statutes 59, as amended from time to time.
- e. *Debt service* means scheduled payment for principal, interest, or both for a bond, loan or other similar financial obligation.
- f. *Fiscal year* means a calendar year from January 1 through December 31 of that same year.
- g. *Budget year* means the fiscal year following the current fiscal year.
- h. *Forward year* means a fiscal year following the budget year.
- i. *Program* means a systematized list of activities aimed at achieving a general goal and tasks, implementation of which is proposed and fulfilled by a spending unit in accordance with its responsibilities.
- j. *Capital expenditure* means an expenditure of greater than \$5,000 on an individual item with an expected use for greater than one year.
- k. *Capital budget* means an accounting of non-recurring capital expenditures of greater than \$25,000 incorporated in the annual budget in the ~~current~~ budget year.
- l. *Capital improvement plan* means a estimate of the capital budget for the county for the budget year and four forward years.
- m. *Forward year estimate* means the estimated annual budget for any fiscal year following the budget year.
- n. *Performance measure* means an indicator that shows, in current terms, the adequacy of a program in meeting its objectives.
- o. *Budget classification* means a consolidated, systematized grouping of budget revenues and expenditures (including borrowing net of principal payment), as well as of sources of budget financing based on such features as economic essence, functional activity, organizational structure, and other features established in compliance with Wisconsin statutes and County Board policy.

- p. *Budget balance* means the difference between total resources and total expenditures in a fiscal year by fund and in total.
- q. *Balanced budget* means a budget within which total resources are greater than or equal to total expenditures.
- r. *Structural balance* means the difference between recurring expenditures and recurring revenues in any calendar year.
- s. *Personnel costs* means the sum of wages, salaries, and benefits for a department or agency as defined in the chart of accounts.
- t. *Operating costs* means the sum of payments for utilities, materials other than capital expenditures, rent, travel, vehicle expenses and others as defined in the chart of accounts.
- u. *Professional services* means the cost of outside consultants or provision of services by outside agencies as defined in the chart of accounts.
- v. *GASB* means the Government Accounting Standards Board.

### **3. Budget funds.**

The draft and final budgets must be reported using the following fund structure:

- a. General fund
  - i) Contents. To the greatest extent permitted by State and Federal law, accounting standards, funding agreements, County Board policy and practicality, all revenues and expenditures must be incorporated in the general fund.
  - ii) Categorization of revenues and expenditures. General fund revenues and expenditures will be reported in the draft and final budget and in subsequent financial reports using the classifications prescribed in Wisconsin statutes section 65.90 as amended from time to time.
- b. Contingency fund.
 

The county administrator must recommend a funding level and source for a contingency fund pursuant to Wisconsin statutes as part of the annual budget recommendation, including any carryover of prior year unused resources.
- c. All other funds.
 

Funds that are required to be separate by State or Federal law, accounting standards, funding agreements, County Board policy or practicality must be combined to the extent possible and reported using the same categorization of expenditures as is required for the General Fund.

### **4. Consolidated budget.**

In addition to individual budget funds as specified in this section, the county administrator must prepare a consolidated, or all funds, budget combining all revenues and all expenditures following adoption of the annual budget.

### **5. Budget revenues**

Budget revenues must be reported using all categories as required by State law and accounting practices, including but not limited to property tax levy, fees, charges, interest income, interest on delinquent taxes, grants, state aid, federal aid, and fines.

### **6. Budget expenditures**

Budget expenditures must be reported using all categories as required by State law and

accounting practices, including but not limited to personnel costs, operating expenses, professional services, supplies and expenses, fixed charges, debt service, grant contribution, capital outlay and transfers.

## **7. Components of budget legislation**

Budget legislation consists of the laws of the United States of America, of the State of Wisconsin, this policy, and other financial policies adopted by the Polk County Board of Supervisors.

## **Section 2: Preparation and adoption of the annual budget**

### **1. Classification and level of detail.**

Proposed and final budgets must be prepared in accordance with Wisconsin Statutes, specifically section 65.90 as amended from time to time in terms of classification, form and detail. In addition, budgets must also be prepared listing expenditures by program as possible. Revenues and expenditures must be separately reported and, unless specifically permitted by the county administrator and identified in the proposed budget, revenues may not be used to offset expenditures.

### **2. Budget calendar**

The county administrator must distribute a budget calendar to all agencies on or before February 1 of each year. The budget calendar must set out dates for the submission and review of budget documentation and submissions by the county administrator, the governing committees, the finance and personnel committees, and the board of supervisors.

### **3. Development of the draft budget**

The following individuals or committees have assigned responsibilities for the development of the draft budget.

- a. County administration. In accordance with Wisconsin Statutes section 59.18, as amended from time to time, the county administrator is responsible for the preparation and submission of the annual budget.
- b. Governing committees. Each governing committee is responsible for the review and approval of budgetary goals and objectives for each program administered by each department under their jurisdiction. Each committee must also review the budget request as submitted by the department and make recommendations to the county administrator on that budget request.
- c. Department heads. Each department head is responsible for the preparation of the budget narrative and budget request for their department as well as any analysis as requested by the county administrator, governing committee, or county board.
- d. Finance committee. The finance committee is responsible for reviewing the overall budget context and advising the county administrator on overall budget size and resources.
- e. Personnel committee. The personnel committee is responsible for review of overall employee benefits and wages, with recommendation to the county administrator.

#### **4. Fee schedule**

The County Board must annually adopt a fee schedule prepared by the county administrator. This schedule incorporates any local fees or charges, including fees for service, over which the county board has discretion.

- a. Contents. The fee schedule must include past year fee rate, current year fee rate, proposed rate, past year actual revenues, current year projected revenues and forward year estimated revenue. Where possible, the schedule must also include an estimate of the actual cost of providing the service to which the fee relates. The county administrator is responsible for prescribing the form of this report.
- b. Adoption. Department heads must submit sections of the fee schedule for their departments on or before July 15. The county administrator must review and make a recommendation on the proposed fee schedule prior to the August regular meeting of the county board. Once adopted, projected revenues from these fees and charges must be incorporated in the annual budget proposal.
- c. Amendment. Fees and charges may be amended as part of the consideration of the annual budget. Following adoption of the annual budget, any amendment to the fee schedule must be made in the same manner as any amendment to the annual budget.

#### **5. Budget submission**

In addition to those requirements set out in Wisconsin Statutes, the proposed budget submitted by the county administrator must provide additional information for consideration by the board and meet additional requirements where possible. These include:

- d. Contents. This required financial information and financial information on prior year, current year, budget year, and one or more forward year estimates.
- a. Proposed budget balance. The budget submitted by the county administrator must be balanced and must be structurally balanced or incorporate a plan to regain a structural balance should the administrator deem it expedient to defer from a structural balance for a period of time.
- b. "Last dollar" levy. For purposes of budget preparation and adoption, all other revenues must be incorporated to offset expenditures prior to the inclusion of any property tax levy revenues.
- c. Commitment and assignment of funds. Any funds to be carried over from the current to the budget year must be expressly identified in the budget proposal.
- d. Grant funds. The budget must include all grant funds to the extent possible. The department head must also have available, on request, supporting documentation as to the permitted use of these funds.
- e. Resolution format. The proposed budget resolution must contain enabling language for any grant or other revenue recommended to be incorporated in the annual budget and for the recommended continuation of any funds assigned or committed by past County Board action.

**6. Public availability and fiscal transparency.**

The county administrator's budget recommendation including budget narratives, a letter of transmittal, and a budget summary must be made publicly available on submission of the annual budget.

**7. Capital improvement plan.**

The county administrator must annually submit a capital improvement plan for all departments along with the annual budget. The capital improvement plan must provide information as to specific items to be purchased, their priority in accord with the priority set by the county board, alternatives should the purchase not occur or occur at a later date, financing options, and associated performance measures.

**8. Budget review and adoption.**

The following committees have the responsibility assigned them in the adoption of the annual budget.

- a. Governing committees. The annual budget for each department must be prepared and presented to each respective governing committee at the first meeting following its submission by the county administrator. Any governing committee may, by majority vote, recommend an amendment to the draft budget for consideration by the finance committee and the County Board. These recommendations include those on any amendment recommended by the finance committee.
- b. Personnel committee. The annual budget must be presented to the personnel committee at its first meeting following its submission. The personnel committee must make a recommendation to the finance committee and the County Board on wage and benefit amounts where not prescribed by negotiated labor agreements.
- c. Finance committee. The annual budget must be presented to the finance committee at their first meeting following its submission. The finance committee must review the recommended budget and make a recommendation to the county board as to overall amount of the budget in total and by fund and sources of financing. This recommendation must be in the form of an amendment reducing or increasing expenditures or amending overall revenue composition provided the proposed budget would remain balanced. Amendments affecting expenditure amounts for individual departments must be referred to the appropriate governing committee for their recommendation as possible prior to consideration by the County Board. The finance committee must also review amendments recommended by governing committees for compliance with the overall budget recommendation and prior to the consideration of any amendment by the full County Board.
- d. County Board. The County Board must consider the recommendation of the finance committee as to overall budget amount and revenue composition and every amendment proposed by governing committees or the finance committee.

**9. Budget adoption and reporting**

Pursuant to Wisconsin statutes, the County Board is responsible for the adoption of the

annual budget. In addition to the reports required by Wisconsin statutes, the annual budget report, which must be completed within three months following adoption, must contain expenditures by program, performance measures and history, and a summary and explanation of the budget in simplified terms including major factors affecting the annual budget.

### **Section 3: Budget execution**

#### **1. Responsibilities for budget execution.**

As provided by Wisconsin Statutes section 59.18, the county administrator is responsible for the implementation of the annual budget and enforcement of the budget policy, including any reports required under this section. Each department head is responsible for the implementation of their annual budgets and providing prompt and accurate reports on budget execution to the county administrator and to the appropriate governing committee.

#### **2. Transfer rules.**

During the execution of a budget, any department head may transfer funds within any of the following categories: operating expenditures, personnel costs, capital costs, and professional services. Any transfer in excess of \$5,000 under this section must be approved by the county administrator. Any transfer in excess of \$20,000 within a budget category must be approved by the finance committee, who may also authorize the transfer of funds within all budget categories for any department pursuant to Wisconsin Statutes section 65.90 and as possible following a recommendation by the county administrator.

#### **3. Reporting**

Each department must report at least quarterly to their governing committee on their budget execution and on progress towards their annual goals at least semi-annually in a form prescribed by the county administrator. Each department must report to their governing committee on grant revenues and expenditures on a quarterly basis

#### **4. Budget amendments.**

Except as provided in this section and as permitted by Wisconsin statutes, no funds in excess of amounts approved by the County Board in the budget may be expended without County Board approval.

- a. Contingency fund transfer. Pursuant to Wisconsin Statutes section 65.90, the finance committee may transfer funds from the contingency fund to any budget category subject to limitations under Wisconsin Statutes and as possible following a recommendation by the county administrator.
- b. County Board amendments. Pursuant to Wisconsin Statutes section 65.90, the County Board may amend the annual budget to increase or decrease any expenditure, provide for a new expenditure or amend any revenue amount subject to any restriction by State or Federal law, accounting standards, funding agreements, or practicality. Any proposed amendment, where possible, must be accompanied by a recommendation from the county administrator, governing committee, and finance committee prior to its consideration.

- c. Mid-year grant application and approval procedure. If grant funds become available at a time when inclusion in the regular budget process is impractical, the county administrator or her/his designee must approve or disapprove the application for any grant, with notification to the appropriate governing committee. On receipt of grant funds, a budget must be submitted to the county administrator and governing committee, with the department head providing supporting documentation as to the permitted use of these funds or other contractual obligations on request.

**5. Year-end expenditures**

Unless provided by other policy, State and Federal law, grant or other funding contract, all expenditures for capital assets must be made so that delivery of that asset occurs on or before December 31 in the year in which the purchase was authorized unless authorized by the county administrator or his/her designee.

**6. Cancellation**

For purposes of budget execution, it is considered that all other revenues and all non-general fund revenues are expended to the extent possible before property tax levy funds are expended. Further, unless otherwise provided by State law, Federal law, County Board action, or a condition of funding pursuant to GASB regulations, all unspent appropriations cancel to the general fund at the close of the fiscal year.

**7. Severability.**

If any portion of this policy is found to be in violation of State or Federal law, contractual obligations or grant agreements that portion is to be considered null and void.