

THE BUDGET DEVELOPMENT PROCESS

GOALS AND OBJECTIVES

County Management meets with the Board of County Commissioners (BOC) near the beginning of the calendar year for direction relative to issues and countywide goals, objectives and priorities.

These goals, objectives and priorities become the driving force behind the budget cycle and initiate a three-phase process:

- **REQUESTED** by Departments
- **RECOMMENDED** by Manager
- **APPROVED** by Board of Commissioners

DEPARTMENT REQUESTS

At the start of the budget development process, the Budget, Management & Evaluation Department gives directions and instructions to all departments on the submission of budget requests for the next fiscal year. Information submitted to the departments includes a budget calendar outlining time frames for the completion of certain aspects of the budget process and guidelines for preparing the budget, such as inflation factors, formulae for calculating fringe benefits, etc. The departments are made aware of the budgetary goals and specific policies that the Board of Commissioners has established to govern the development of the annual budget.

The departments are required to narratives describing their operations, plans for the next budget year, performance information, and expenditure and revenue requests by function/source. Expenditure and revenue requests are divided into three categories:

- Base – expenditures/revenues that are needed to support existing programs at existing service levels
- Expansion – expenditures/revenues associated with new programs or expanded service levels
- Reduction – expenditure/revenue reductions associated with programs proposed for elimination or reductions in service levels

Budget requests and related information is also received from external organizations funded by the County, including the Guilford County Schools, Guilford Technical Community College, and county fire districts.

Staff committees are convened to evaluate department requests for major facility maintenance projects, large equipment purchases, vehicle acquisitions, and major technology expenditures. The focus is on prioritizing the requests and developing and updating multi-year inventories of needs.

Finally, Budget, Management & Evaluation reviews and analyzes all revenue sources, including tax valuations, and determines the amount of projected revenues that will be available from all

sources.

MANAGER'S RECOMMENDED BUDGET

After receiving the budget requests from the departments, Budget, Management & Evaluation analyzes the requests to determine if they are reasonable, justified and consistent with performance measures and budget directives; identifies adjustments to bring budget requests in line with established goals; and makes an initial recommendation on each request, including capital equipment and new positions.

Work sessions including the County Manager, the Budget & Evaluation Director, the appropriate Budget & Management Analyst and the leadership from each department are held to acquaint the Manager with the initial recommendation for the department. Work sessions with the Board and selected departments are also conducted to receive BOC input prior to a final recommendation from the Manager.

The Budget & Evaluation Director and County Manager, working in conjunction with the budget staff, develop a recommended budget to be presented to the Board, along with the budget message in May.

BOARD APPROVED BUDGET

The Board of Commissioners, or a Board-appointed sub-committee, the County Manager and the Budget & Evaluation Director schedule work sessions to discuss the Recommended Budget, if such sessions are requested by the Commissioners. The North Carolina General Statutes require that a public hearing on the budget be held before its adoption.

The Board reacts to the Recommended Budget, and the tax rates proposed to fund the recommendation. Adjustments are made to the Recommended Budget, based upon Board direction, citizens' input from public hearings, legislative actions, and other factors that arise during deliberations.

The General Statutes of North Carolina require the adoption of a budget by June 30.

In accordance with the General Statutes of North Carolina, the County prepares and adopts its budget for the General Fund, Fire Protection District Funds, County Building Construction Fund, and the Room Occupancy and Tourism Development Tax Fund on the modified accrual basis. A financial plan to operate the Internal Services Fund is adopted each fiscal year, with revenue derived from fees for services, fund balances, and other revenues being adequate to meet expenditures. Each of these funds is included in the Budget Ordinance and in the schedules and tables included in this document.

Guilford County FY 2018-19 Budget Calendar

Date	2018	Action By
February 8-9	Board Retreat	County Commissioners
March 5	Department Budgets Due	County Departments
March - April	Manager meets with departments and Fire Districts to review budget requests.	County Manager, Budget & Evaluation, Departments, Fire Districts
April 25	Board Budget Work Session	County Commissioners, County Manager, Budget & Evaluation
<i>May 1</i>	<i>Statutory deadline for School Superintendent to present budget and budget message to the Board of</i>	<i>GCS/GTCC</i>
<i>May 15</i>	<i>Statutory deadline for Board of Education (GCS) and Board of Trustees (GTCC) to present budget request to Board of County Commissioners</i>	<i>GCS/GTCC</i>
May 17	Manager presents Recommended FY 2018-19 Budget at regular Board of Commissioners meeting	County Commissioners, County Manager
May 28 - 31	Board Budget Work Sessions	County Commissioners, County Manager, Budget & Evaluation, Departments
<i>June 1</i>	<i>Statutory deadline for County Manager to present budget and budget message to the Board of County Commissioners</i>	<i>County Commissioners, County Manager, Budget & Evaluation</i>
June 7	Public Hearing on the Recommended FY 2018-19 Budget and Economic Development Allocations at regular Board of Commissioners meeting	County Commissioners, County Manager, Budget & Evaluation
June 8 - 21	Board Budget Work Sessions	County Commissioners, County Manager, Budget & Evaluation, Departments
June 21	Adopt FY 2018-19 Budget Ordinance	County Commissioners
<i>June 30</i>	<i>Statutory deadline for Board of County Commissioners</i>	
<i>July 1</i>	<i>2018-19 Fiscal Year Begins</i>	

THE BUDGET AMENDMENT PROCESS

LEVEL OF BUDGETARY CONTROL

Budgets in the General Fund and annually budgeted projects in the Capital Projects Funds are legally controlled at the department level. For these funds, the budget is appropriated by the Board by department or project. Any amendments that increase or decrease departmental budgets or projects must follow certain approval processes as described below. Projects in the Capital Projects Fund with project-length budgets are controlled by project. The legal level of control varies for the Special Revenue Funds. Appropriations in the Rural Fire District Fund are by rural fire tax district; the appropriations in the Room Occupancy/Tourism Development Tax Fund are on a fund basis.

Modifications to the original budget occur throughout the year for a variety of reasons. These modifications take one of four forms: (1) Budget Transfers; (2) Budget Amendments up to \$30,000; (3) Budget Amendments over \$30,000; (4) Budget Amendments for certain accounts.

BUDGET TRANSFERS

Budget transfers usually originate at the department level and are submitted to the Budget, Management & Evaluation Department for processing. Transfers adjust various line items within the department's budget, but do not affect the overall total for the department or the county. The request includes a justification and the conditions resulting in the availability of funds to support the transfer. Budget transfers may not be used to provide funding for the creation of unauthorized positions. The assigned Budget & Management Analyst reviews the request and, upon approval, makes the adjustment in the financial system.

BUDGET AMENDMENTS

Up to \$30,000 - The County Manager is authorized in the Budget Ordinance to make transfers between departments within the same fund of up to \$30,000 per transaction. These Budget Amendments are treated in much the same manner as Budget Transfers with one exception -- the County Manager is required to report each amendment of this nature to the Board at its next regularly scheduled meeting. As with Budget Transfers, these Budget Amendments may not be used to create unauthorized positions or raise salaries.

The County Manager is also authorized in the Budget Ordinance to make appropriations from the Reserve for Contingencies in an amount not to exceed \$30,000. These transactions must be reported to the BOC at its next regular meeting.

\$30,000 and above - Budget Amendments equal to or in excess of \$30,000 require the approval of the Board of Commissioners. The preparation of these amendments is much the same as for transfers or amendments less than \$30,000. These types of transactions, however, must go through the Agenda Process for presentation to the Board. For this reason, additional supplemental information regarding the reason for the amendment may be required.

Technology Items & Other Centrally Calculated Budget Line Items - The County Manager is authorized to transfer funds appropriated in the Technology Pool in the General Fund to other departments within the General Fund for the purchase of computer hardware, software, and other technological items in amounts as he/she deems necessary. The County Manager is also authorized to transfer funds budgeted in the General Fund insurance, salaries & benefits, energy, and facility expense (53100 - Routine Building Maintenance/Repair, 53110 -

Maintenance of Lawns/Grounds, 53290 - Special Facilities Maintenance/Repair) accounts to the same accounts in other departments within the General fund to adjust for projected expenditure patterns. Each such transfer must be reported to the Board of Commissioners at its next regular meeting.