

County of Cumberland, Pennsylvania Budget Policy

I. Purpose

The Board of County Commissioners, under Pennsylvania law, has the authority and responsibility for managing the County budget. In this role, the Commissioners assess the changing needs of the community and make periodic changes in the budget to meet these needs.

Cumberland County is dedicated to creating a meaningful budget and managing the County's expenditures according to that budget. The budget will be developed to support the strategies, goals, and financial policies of the County. The budget is designed to meet the operational and service needs of the County by integrating the planning and implementation of County programs and objectives with the allocation of funds sufficient to support such services and programs. The County is committed to an annual balanced budget. Operating loans, i.e. bank loans or tax anticipation notes, will not be used to balance the budget.

The County budget is a financial plan of estimated expenditures and revenues for the coming year. The annual budget provides historical, current, and future comparisons of revenues and expenditures.

II. Definitions

Basis of Budgeting: Cumberland County's budget is developed based on Generally Accepted Accounting Principles (GAAP) with the following exceptions: Subsidy is calculated on a modified cash basis for all proprietary funds in order to fully fund if required. There are several transactions that are not budgeted on the GAAP basis. The differences in the GAAP versus the budgeting basis will be stated in both the budget document and the County's annual financial report (CAFR).

Balanced Budget: The County will maintain a balanced budget. A balanced budget is Revenues + Fund Balance + Transfers > or = Expenses.

Fund: For purposes of this policy a fund is defined as "a fund as separated by the financial accounting software." This is different from the comprehensive annual financial report (CAFR). The CAFR combines several funds in the accounting software.

Major Departments/Funds: departments that have more than one million dollars of expenses budgeted.

Fund Balance: For budgetary purposes in the General Fund, fund balance is "unassigned fund balance" plus "assigned – future budgetary requirements",

III. Policy

The budget is an outcome-oriented budget and will be developed and monitored based on available funding, resources will be allocated based on prioritized results, and monitored based on goals, measures, objectives and the related results.

Budget Development:

A primary objective of the County budget process is to create a budget that maintains the County's stated minimum level of General Fund fund balance as defined in the County's Fund Balance Policy.

Cumberland County has two budget years. The Fiscal funds run on a July 1 to June 30 fiscal year and the Calendar funds run on a calendar year.

The fiscal funds budget development will begin in March and the calendar budget development will begin in July.

The Commissioners will approve the budget annually in accordance with County Code.

Resources will be allocated based on the prioritized goals of the Commissioners.

The budget development process will be managed by the Finance Office. It will be a joint effort of County departments and the Finance Office. At the beginning of the budget process Finance will provide all departments with instructions and expectations based on the Commissioners' priorities.

The Finance Office schedules workshops throughout the budget process to discuss major issues with the departments and Chief Operations Officer that concern the budget in development and future budgets.

The County holds a formal hearing, the Financial Analysis Committee. During this hearing the Finance Office presents current year projections, major issues and assumptions with the budget in process, and four years of projections and what if scenarios. This is a formal presentation of the proposed budget to the Commissioners.

For accounting purposes, the legal level of budgetary control is maintained at the fund level. All budget adjustments that change the overall revenues and/or expenditures of a fund require a budget resolution be formally approved by the Commissioners at a Commissioners' meeting or workshop.

Any budget appropriations which are unspent at the end of a budgetary year lapse into fund balance. During the next year the Commissioners approve any necessary amendments for roll-forward amounts by budget resolution for capital projects and grants that expand multiple budget years.

The County will not use one time monies to fund normal operating costs.

The County budgets salaries and benefits by position. Vacant positions that will be filled during the next budget year will be budgeted at the minimum of the DBM rating with two party benefits. There are times when positions are budgeted at less than 100% based on turnover ratios, hiring intentions, and other circumstances.

The capital and contingency budget for the General Fund will be in a central location and not in individual departmental budgets. Capital and contingency will be transferred to individual departments through the year as approved per the County's procedures.

The County has a ten year capital plan. This plan tentatively schedules all major capital projects and repairs and is updated on an annual basis. The plan will be prioritized during the budget process and budgeted accordingly.

The contingency budget will be developed by removing contingencies from General Fund departments and budgeting for them centrally. Contingency budget will be transferred to departments based on need.

The County budget is an estimate of expenses and revenues. The estimates made during the budget process do not constitute explicit approval of the expenses. The requests still require County policies and procedures be followed. For example, an estimated COLA is budgeted. This is just an estimate and is not a reflection of what the Commissioners may approve. Approved budget does not give authority to purchase capital or add positions. Departments must also follow position and capital policies and procedures.

The budget document will be developed according to the GFOA's recommended guidelines. The document will show the budgeted numbers in several different formats for informational purposes. The legal level of approval is the fund level as defined in the definitions sections.

The budget document will be put on view for 20 days and final approval by the Commissioners will be before December 31st in accordance with County Code.

Budget Management

All budget adjustments that change the overall revenue or expense budget of a fund require formal Commissioner approval.

The County Finance Office, under the authority of the County Commissioners, exercises day-to-day responsibility for assuring that departments operate within the confines of approved budgets and in accord with County fiscal policies. All budget adjustments require Finance approval when the adjustment is moving budget between departments, major expense designations (salary/benefits, operating, capital), and salary/benefits.

Department Heads and elected officials are authorized to give final approval of budget adjustments within their department and within the major expense designations (except salaries/benefits). For example, office supplies to telephone expense.

It is the Department Head/Elected Official's responsibility to assure they do not authorize spending that exceeds their allotted budget. All County policies and procedures must be followed when spending the allotted budget.

General Fund salaries/benefits budget will be managed by Finance with the exception of part-time and overtime budgets. It is the department head's responsibility to actively manage their departmental part-time and overtime to stay within the confines of their budgets.

Finance will actively manage all other salaries/benefit budgets within the General Fund. Budget adjustments will be done periodically through the year if needed.

Fund personnel (fund as defined in the definition section) are responsible for managing their budgets, both revenues and expenses. Fund personnel must actively measure and properly record their revenues and expenses and make necessary adjustments in spending in order to stay within the confines of their budgeted subsidy. Fund personnel must maintain a balanced budget and their actual revenues and expenses must be balanced as defined in the Fund Balance Policy.

Finance will monitor budget to actual reports on a monthly basis for the County. A budget to actual report will be provided to the Commissioners and Chief Operations Officer (COO) on a quarterly basis of major departments/funds including explanations of deviations. Major changes and issues will be brought to the COO's attention immediately.