

# Budget Policy

## 1. Background

- a) The County's budget policy addresses the process by which a budget is formulated from departmental requests to Board of Supervisors' adoption, including the adoption of the Five Year Financial Plan, the Capital Improvements Program and other issues presented to the Board of Supervisors during the budget process.
- b) A budget policy also addresses all other aspects of the budget, including the authorization levels for the approval of budget adjustments and review of the budget during the fiscal year.

## 2. Budget Objectives and Calendar

- a) The Board of Supervisors annually adopts budget objectives which are correlated to County mission/vision statements, long-range strategic plans and/or current Board priorities/initiatives for which the budget objectives shall serve as a basis from which budgets shall be initially formulated.
- b) The Board of Supervisors annually adopts a budget calendar that serves as a guideline in formulating and adopting a budget in a timely manner.

## 3. Five Year Capital Improvements Program (CIP)

- a) The CIP is a plan for capital expenditures and a means of funding facilities, equipment and vehicles with a unit cost greater than \$50,000 during the next five fiscal years.
- b) General governmental projects will be funded by General Fund revenues (i.e. "pay as you go funding") with a target of at least 10% of the total five-year general governmental portion of the CIP funded by non-debt sources (e.g., General Fund, proffers and grants) over the five-year period.
- c) Utility projects, including debt service as applicable, will be funded by capacity fees as it pertains to increased capacity and improvements for new customers and by user fees in the maintenance and rehabilitation of the overall system for the existing customer.
- d) In designing a school capital improvement program, formulation of the CIP will illustrate that no individual school is over capacity by 10% for more than three consecutive years without consideration to long-term attendance boundary adjustments or placing any undue burden upon the real property tax.

## 4. Five Year Financial Plan

- a) The plan will identify all major budget assumptions, including the anticipated collection of revenues, use of fund balance, expenditures, future operating costs of capital improvements and proposed changes in service levels and fees.
- b) The plan will clearly illustrate proposed service levels and the means to finance such service levels over the five-year period.
- c) Compliance with debt and fund balance policies shall be maintained for each year of the plan.
- d) Reserve for contingencies will be appropriated in the General Fund at an amount equal to at least .5% of the General Fund budget, net of capital improvement transfer.

## 5. Budget Adoption

- a) Included with the budget resolutions is approval for the reappropriation of all encumbered balances and capital project unencumbered balances at fiscal year-end.

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- b) As part of the adopted budget, all ordinance changes and other budgetary issues requiring Board of Supervisors approval will be presented to the Board for consideration.
- c) The Adopted Budget Document will be forwarded to the GFOA and other interested parties within 90 days of budget adoption for the Distinguished Budget Award program.

## 6. Budget Amendments

- a) Budget authorization levels are classified in three tiers for all non-education funds as follows:
  - i) Department Heads are authorized to transfer up to \$2,000 per month within their departmental budget categories of personnel, operating or capital.
  - ii) The County Administrator or designee is authorized to:
    - a) Transfer within departmental budget categories of personnel, operating and capital.
    - b) Transfer up to \$25,000 per month between departmental budget categories and/or departments and related capital project.
    - c) Transfer up to \$25,000 for any revenue change (e.g., insurance recoveries, grants and gifts).
    - d) Transfer reserve for contingencies to departmental and/or capital budgets up to \$5,000 per topic or issue involving need for such reserve funding.
  - iii) The Board of Supervisors approval is needed for all other transfers, including those transfers that increase the County's total appropriated budget.
- b) Any transfer that increases the total revenues for any of the education funds shall require the approval of the Board of Supervisors upon prior approval of the School Board.
- c) All transfers requiring County Board of Supervisors approval that have been initiated from the Community Services Board or Social Services Board must have the Community Services Board or Social Services Board, as applicable, approve the transfer prior to submission to the County with any exceptions approved by the County Administrator.
- d) Per the Code of Virginia, any additional appropriation(s) which increases the total budget by more than \$500,000 at any one Board meeting, is required to be advertised for a public hearing at least seven days prior to the Board of Supervisors' approval of such appropriation.

## 7. Reappropriation of Balances

- a) Appropriations lapse on June 30, for all unencumbered budget items other than capital projects.
- b) Upon approval of the County Administrator, all outstanding encumbrances, both operating and capital, as of fiscal year-end shall be reappropriated to the subsequent fiscal year to the same department and account for which they were encumbered in the previous fiscal year.
- c) Upon approval of the County Administrator, all unencumbered balances for capital projects will not lapse at fiscal year-end, but shall remain appropriations until the completion of the capital project or until the Board of Supervisors, by appropriate resolution, changes or eliminates the appropriation.
- d) Those amounts necessary for the continuation of unencumbered operating projects or services may be requested by departments, amended by the County Administrator and adopted, with any changes, by the Board of Supervisors to be reappropriated to the budget of the next fiscal year.