

# Budgeting & Fund Structures

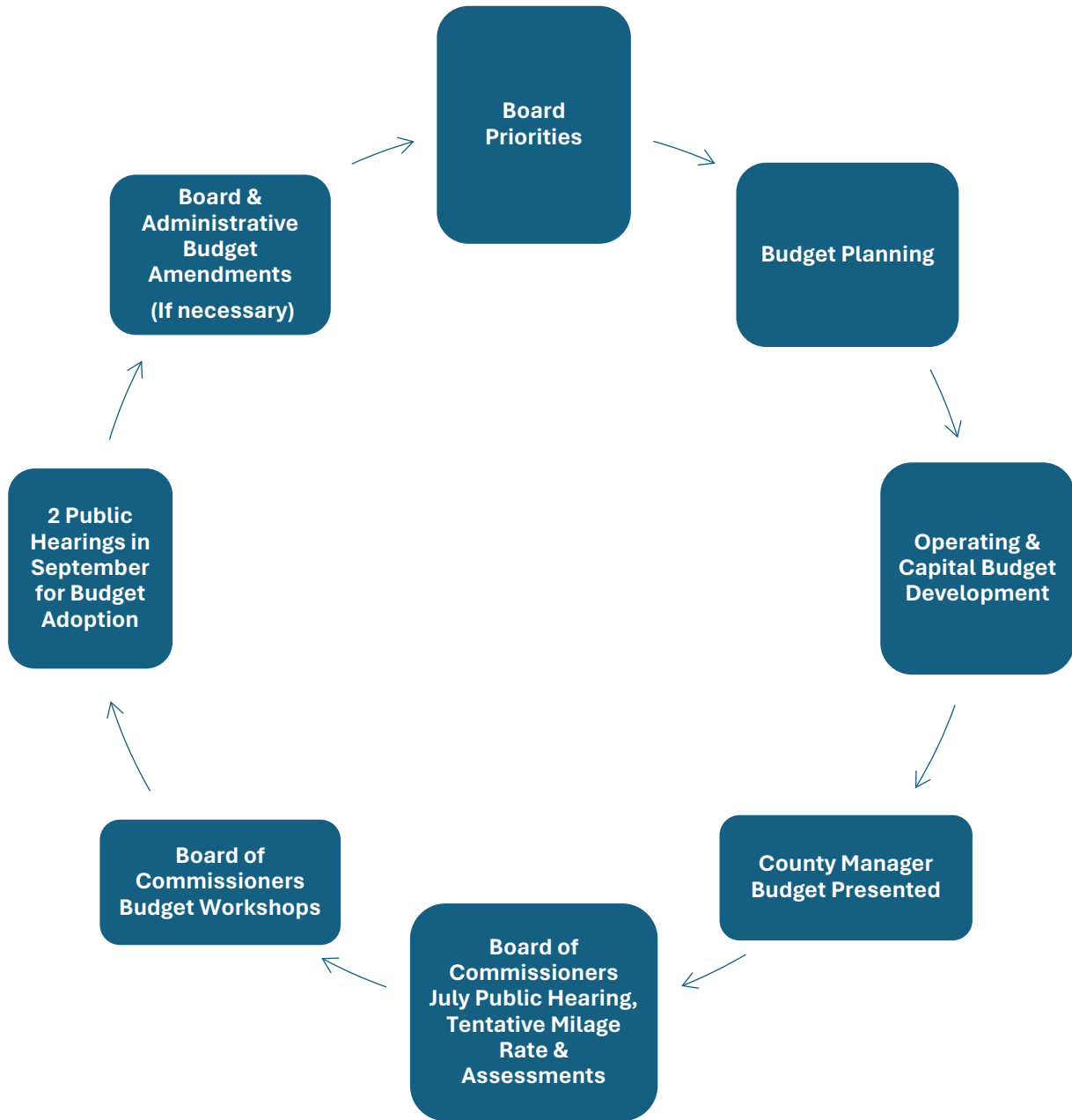


## BUDGET PROCESS



The budget serves as a multipurpose document, functioning as a policy, financial, communication, and operations guide. Outlining strategic priorities, providing details of revenues and expenditures, and facilitates clear communication with stakeholders. This comprehensive approach ensures readers understand the organization's direction, financial health, and operational efficiency, empowering informed decision-making and effective management.

# BUDGET PROCESS



## **BUDGET PROCESS**

### **OPERATING AND CAPITAL BUDGET PLANNING**

#### **BOARD PRIORITIES**

The Alachua County Board of County Commissioners and County Leadership initiated a strategic planning process in 2020. The Board formally adopted the FY 2022 – FY 2026 Strategic Plan on February 8, 2022, and redefined the Strategic Guide on February 28, 2023. The Board's mission, values, and strategic guide are incorporated to align the budget. More information about the County's Strategic Plan, focus areas, and departmental metrics can be found in Section 8.

#### **BUDGET PLANNING**

During the January Board meeting, the Board officially approved a budget calendar. This calendar outlines important dates for Statutory Public Hearings and Special Budget Meetings. It is distributed to the public, staff members, as well as Constitutional and Judicial offices.

In early February, County departments evaluate the impacts on program service levels and determine their internal service requirements for the upcoming budget year. This is done through utilizing the department's budget workbook and submitting budget proposal requests. Additionally, the capital planning process involves assessing capital needs and identifying projects by departments, while also reviewing ongoing projects. Both processes enable the Office of Management and Budget (OMB) and County Administration to conduct financial analysis, evaluate projects, and plan for the impacts on both capital projects and operating budgets.

#### **BUDGET WORKBOOK**

The Budget workbook equips departments with various documents to facilitate budget planning by providing budget and actual financial histories. These components include:

- Budget Adjustments Tab: Lists all line-item changes to existing department budgets, including new requests.
- Schedule 1 Personnel Detail Tab: Provides staff data charged to the department, including open positions.
- Schedule 2 Certifications Tab: Presents the current list of staff certifications, if any.
- Data History Tab: Offers a five-year history of actuals and the current budget, along with actual revenues and expenses.
- Contract Worksheet Tab: Supplies data from the procurement's contract management system.
- Computer Inventory Tab: Furnishes departmental data from the computer replacement and Information Technology inventory.
- Travel Calculator Worksheet Tab: Assists in identifying in-state and out-of-state travel costs, including hotel, registrations, meals, and transportation expenses.

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- Memberships, Certifications & Non-Travel Training Tab: Identifies departmental costs related to memberships, certifications, and non-travel training.
- Promotional - Public Purpose Tab: Aids in identifying eligible program-related costs utilizing taxpayer dollars for educational or employee morale programs.
- Vehicle List: Pre-filled by OMB based on information provided by Fleet.
- Grant Worksheet: Helps departments identify existing and proposed grant-related revenues and expenses.
- Goals & Metrics: Establishes goals for the budget year linked to the department budget.
- Capital Projects & Other: Lists existing projects for review with the budget analyst and outlines the process for proposing new projects. It includes a Building List Master List developed by Facilities, OMB, and Risk for review and notifications of any changes.
- Budget Proposal Request is a supplemental form for which, should a department wish to make a new request for the upcoming budget year, details of the request must include justification, links to strategic goals along with costs for 5 years.
- An Employee Calculator is included in the Budget Proposal Request to ensure that salary plus benefits plus all related operational costs are captured in the request.

## BUDGET AND FINANCIAL POLICIES SUMMARY

Alachua County Board of County Commissioners and its staff have a fiduciary responsibility to its citizens to be stewards of public funds and plan for adequate funding to carry out public services. The County Board of Commissioners has established and maintains sound financial and budgeting policies and procedures to comply with all applicable state and federal laws.

OMB periodically reviews and revises the budget and financial policies of the Board of County Commissioners. During the March Board meeting, the Board officially approves any policy updates recommended by OMB. Additionally, at this meeting, the Board engages in discussions with staff regarding strategic priorities and focus areas.

**ETHICS POLICY:** The Office of Management and Budget embraces professional ethics as recommended by the Government Finance Officers Association and has adopted a Statement of Ethics defining the standards we hold in the course of our duties.

**BUDGET MANAGEMENT:** Policy to exercise the highest level of budgetary control per Florida Statute Chapter 129 with an emphasis on transparency to communicate the County's annual budget process from conception to finality, including amendments throughout the fiscal year.

**CAPITAL PROGRAM:** The Capital Program provides the means through which Alachua County plans a programmed approach to utilize financial resources to meet the County's service and facility needs. A five-year plan for capital improvements is developed and updated annually.

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**DEBT MANAGEMENT:** Policy to recognize the capital improvement needs of the County and utilize debt to maximize the County's ability to provide the highest-level services and infrastructure, considering existing legal, economic, financial and debt market considerations while balancing the taxpayers' ability and desire to pay.

**ENERGY CONSERVATION INVESTMENT:** Policy which annually funds capital projects meeting the Board of County Commissioners' energy and utility objectives as found in the comprehensive plan and financial policies.

**FINANCIAL MANAGEMENT:** Policy to establish the framework for the County's overall financial planning and management which also demonstrates for the citizenry, credit rating industry and prospective investors the County's commitment to sound financial management and fiscal integrity.

**HEALTH INSURANCE MANAGEMENT POLICY:** The County's Self-Insurance Review Committee has reviewed and recommended a Procedure for Fund 507 Reserve Management.

**MUNICIPAL SERVICES BENEFIT UNIT CITIZEN-INITIATED PROGRAM:** Policy for the creation of citizen-initiated Municipal Services Benefit Units (MSBUs) along with the procedures for levying, collecting, adjusting, supporting, and enforcing the units. The policy outlines the administration of non-ad valorem assessments levied for publicly owned roads, road related capital improvements, and periodic maintenance of included roads.

**PERFORMANCE MANAGEMENT:** This policy establishes the framework for the County's commitment to performance management. Performance Management has specific guidelines and best practices documented by the Government Finance Officers Association (GFOA) and the International City/County Management Association (ICMA).

**PUBLIC PURPOSE:** Revenues received by the County are public funds and as such their use must serve a public purpose. Public Purpose is defined as a county action or direction, the primary purpose for which provides a declared public benefit. The Board hereby declares that the following objectives support the County's overall mission and serve a valid public purpose.

**COMPLETE VERSIONS OF THE ALACHUA COUNTY FINANCIAL POLICIES ARE LOCATED IN THE APPENDICES SECTION AND THE COUNTY WEBSITE.**

<https://alachuacounty.us/Depts/OMB/Pages/OMB.aspx>

### **OPERATING BUDGET DEVELOPMENT AND REVIEW**

Each department, including constitutional and judicial officers, is tasked with creating their operating budget requests. These requests are submitted to OMB in late February. Constitutional officers follow a different timeline, submitting their budgets in May and June as outlined by Florida Statute and local regulations. From February to May, all budget requests undergo analysis, and revenue estimates are revised. Simultaneously, the

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capital and financial plan budget is developed and reviewed, although it follows a distinct process detailed in the subsequent section.

### **CAPITAL BUDGET AND FINANCIAL PLAN**

The Capital Budget and Financial Plan (CFPB) outlines a five-year strategy for allocating funds for public physical improvements. This plan details proposed capital projects, their start dates, anticipated funding amounts (including operating impacts), and the financing methods for each expenditure. Annually, OMB leads the process of developing a capital program and budget.

### **BUDGET ELEMENTS**

The County's budget is constructed based on revenues, expenditures, debt, and reserves, in alignment with the Board of County Commissioners' Strategic Guide. According to Chapter 129 of the Florida Statutes, local county governments must adopt balanced budgets, and this statute outlines the requirements for the county's annual budget.

### **REVENUES**

Revenues Florida State Statute 200.065(2)(a)(1) provides that each taxing authority shall utilize not less than ninety-five percent (95%) of taxable value for budget. The General Fund budgets Ad Valorem revenues will be based on a 95% tax collection rate, or a rate that is consistent with prior years' collection trends as computed against the Current Year Gross Taxable Value as shown on Form DR-420 provided to the County by the Alachua County Property Appraiser.

Revenue projections for all major non-ad valorem revenue sources will be based on prudent trend analysis that considers current and projected economic conditions. Budget projections for State shared revenues will consider State of Florida estimates that are contained in the Local Government Financial Information Handbook and on the State of Florida website as one of several factors for determining final revenue estimates.

The use of revenues which have been pledged to bond holders will conform to bond covenants which commit those revenues.

### **EXPENDITURES**

Office of Management and Budget staff review with department directors their respective budgets at the department and program level and allocate appropriations to specific line items.

Personal services for bargaining employees will be estimated based on collective bargaining provisions governing salary adjustments, whereas personal services for non-bargaining unit employees are based on parameters defined by the County Manager and approved by the County Commission.

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Health insurance premiums and related benefit contributions to be paid on behalf of County employees will be estimated based on current market conditions that affect annual premium adjustments. Reviews will be completed annually and will be used to assist with recording medical reserves, monitoring liquidity and medical inflation and to facilitate State compliance.

Incorporated into department operations includes program or activity costs, and what benefits are derived from these programs or activities allows the County to make informed funding decisions. Departments shall utilize performance measures to track performance, support operational improvement, and determine effective use of resources for each program. Inflationary factors and changes in population will be considered in preparing cost of service delivery.

Internal Service Funds will be self-supporting whenever possible. Internal service fees and the direct impact to County operating budgets shall be analyzed annually as part of the budget process and will be budgeted centrally for all departments.

### **DEBT**

The County shall review its outstanding debt on an on-going basis for the purpose of determining if the financial marketplace will provide the County with the opportunity to refund any issuance for debt service savings. Revenues pledged are appropriated for debt service payments and any remainder is appropriated for general use purposes.

### **RESERVES**

A Reserve for contingency requests in the General Fund, MSTU Law Enforcement and MSBU Fire Funds and Gas Tax Fund must be approved by the Board of County Commissioners. A reserve for contingency shall be calculated and budgeted by the Office of Management and Budget at a level not less than 5% of the General Fund, MSTU Law Fund, and MSBU Fire Fund and Gas Tax Fund operating revenues, respectively, and an amount not greater than 10% of the total budget and in accordance with Florida Statute Chapter 129.01(2)(c) for each operating fund. If the reserve for contingency falls below 50% of the minimum level, the reserves shall be reestablished over a period not to exceed three fiscal years.

The Self-Insurance Risk Program will be funded at a confidence level of a minimum of 75 percent, based on an annual Cost of Risk Allocation Study and may include use of accumulated retained earnings to maintain this confidence level. Budget for the Self-Insurance Risk Program are made by Board approval as stated in Alachua County Code Chapter 28. The County shall maintain two months of anticipated claims for a Reserve for Contingency/ Catastrophic Loss in the Self-Insurance Risk Fund.

Health Insurance Fund will be maintained at a level that will, together with purchased insurance policies, adequately fund medical claims risk in accordance with Chapter 28 of the Alachua County Code.



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Retained Earnings in the Solid Waste Fund shall be maintained at a beginning balance of \$2,500,000.

### FUND BALANCES

**BEGINNING FUND BALANCE** represents the residual resources available to be used at the end of the previous fiscal year. Some influences taken into consideration when calculating a projected beginning fund balance for the next fiscal year include:

All authorized positions are budgeted at 100% for the year. However, due to a variety of factors, primarily turnover, not every department will use their entire Personal Services budget.

Grants and Aid from the County to other governments and non-profit agencies are budgeted at the full allocation. However, most of these grants are reimbursements for services provided with a maximum allocation by year end and routinely a balance remains.

Contracts for Services and Capital Equipment are budgeted at the full estimated amount so the contract or purchase order can be awarded. However, there are some contracts where not all work is completed by year end, some equipment will not be received by year end, or actual costs are less than the published not-to-exceed amount.

**ENDING FUND BALANCE** represents the amount protected to ensure fiscal stability and positive cash flow particularly during the beginning of a fiscal year prior to the receipt of new revenue (ad valorem, sales tax, fuel tax, et cetera).

**FUND BALANCE** (total budgeted Fund Balance) is the difference between Beginning and Ending Fund Balance and represents the revenue offset for the budgeted Reserves and some of the one-time expenditures anticipated in the coming fiscal year. A study of changes in fund balances can indicate financial trends and fiscal health. Extreme quantities of fund balances or large fluctuations may indicate policy adjustments by the governing body or changes in budget procedures.

- General Fund – The budgeted Estimated Ending Fund balance will be at a minimum 10% of projected revenue.
- MSTU Law Enforcement, MSBU Fire Fund and Gas Tax Fund – The budgeted Estimated Ending Fund Balance will be at a minimum 5% of projected revenue.
- All Other Operating Funds – The amount of ending fund balance to be budgeted shall be analyzed and determined during the annual budget process.
- To the extent feasible, the actual unassigned plus assigned ending fund balances for the County's General Fund, MSTU Law Enforcement and MSBU Fire Funds will be at least 2 months of the appropriations.

### SUMMARIES AND DEPARTMENTS

The budget document provides summaries which demonstrate the Fund to Department Relationships, Sources and Uses, Sources and Expenses by Major Fund, Reserves by

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Major Fund and Fund Balances. For each department, there is a department title, program organization chart with full-time equivalent (FTE) position counts, mission statement, program services description, goals, performance, and 3-year historical summary of expenditures.

### **BUDGET ADOPTION AND CITIZEN INPUT**

Alachua County actively encourages citizen participation in the budget process by hosting various public hearings and budget meetings throughout the year, all of which are open to the public.

The Truth in Millage (TRIM) Act, established by the Florida Legislature in 1980, aims to inform taxpayers about their tax obligations to each governmental entity. This law requires the property appraiser to send a TRIM notice to property owners, detailing the taxes levied and the amount owed to each taxing authority. The specific requirements for compliance are outlined in Florida Statute 200.065.

In June, the County Manager presents the proposed budget, along with the Budget Message, to the Board. Additionally, during the first Board meeting in July, the Board sets the maximum millage rate. Special Budget Meetings with the Board are scheduled for August, during which departmental budgets are reviewed in detail with the County Manager, Deputy County Manager, and Assistant County Managers.

In September, the Board finalizes the budget at the second of the two mandatory public hearings, where citizens can provide input. Based on this feedback or actions taken by the Board, adjustments to the tentative budget may be necessary before final adoption. During the final public hearing, the Board officially approves the final millage rates and budget through a resolution.

### **BUDGET AMENDMENTS AND MONITORING**

Budgetary control is maintained at the department level, with support from OMB. Departments can amend their budgets following County policy outlined in the Budget Management Policy (refer to Appendices). The County Manager has the authority to authorize budget adjustments between Functions, as defined by the Uniform Chart of Accounts (also known as the Uniform Accounting System Manual for Florida Local Governments), up to \$50,000. Adjustments between categories that do not affect Function or Accounting Fund totals can be approved by the County Manager. Quarterly reports on budget adjustments will be generated and included in the Board agenda alongside the quarterly Financial Reports. The Board of County Commissioners must approve all other amendments.

Monitoring budgets is essential to ensure financial resources are used efficiently and projects stay on track. Regular oversight by OMB and departments helps identify potential issues early, allowing for timely adjustments to prevent overspending.

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**THE ALACHUA COUNTY  
BUDGET  
IS YOUR BUDGET  
GET INVOLVED**

**PUBLIC HEARING DATES  
TO REMEMBER**

**JULY 19, 2024**

**BOARD OF COUNTY COMMISSIONERS SETS  
MILLAGE & ASSESSMENT RATES**

**SEPTEMBER 10, 2024**

**FIRST PUBLIC HEARING ON MILLAGE RATES AND  
BUDGET**

**SEPTEMBER 24, 2024**

**ADOPTION OF FINAL MILLAGE RATES AND BUDGET**