

BUDGET POLICY

(Adopted May 2011)

INTRODUCTION

A budget policy is an adopted guideline that establishes goals for allocation of public resources in the manner best suited to the efficient provision of services to citizens and visitors present within the County. While not all of the goals may be achievable in the current year, the existence of such goals will serve to guide the Board of Supervisors in its decision-making.

The County of Mono has forged its budget policy out of the experiences of the last two decades, when expenditures grew considerably beyond the County's revenue capability. This resulted in layoffs, downsizing and service reductions throughout County government. It is recognized that maintaining a conservative budget approach and funding unfunded liabilities, whether maintenance of infrastructure/buildings or employee commitments, are vital to sound fiscal management.

I. GENERAL RESERVES

- A. Establish a general reserve in the amount of 5% to 15% of the average annual general fund expenditures.
- B. When the fiscal year budget permits, the Board shall consider placing remaining contingencies and a portion of the prior year fund balances in the general reserve until the maximum reserve of 15% of general fund expenditures is met.
- C. The general reserve will be carried forward in the budget from year to year. Except in cases of legally declared emergencies, the general reserve may only be established, cancelled, increased or decreased at the time the budget is adopted.

II. CONTINGENCIES

Establish an appropriation for contingencies at a minimum level of 1% of the budgeted general fund expenditures (but not to exceed 10% of total appropriations) in each fiscal year for opportunities and unanticipated expenditures. All expenditures from the contingency line item are at the discretion of the Board of Supervisors.

III. FUND BALANCES

Government Accounting Standards Board (GASB) Statement Number 54 requires the County to segregate fund balances into five basic categories. These categories are: Non-spendable Fund Balance (such as inventories or prepaid expenditures); Restricted Fund Balance (such as creditors, grant providers or contributors); Committed Fund Balance (to cover commitments the Board of Supervisors has made); Assigned Fund Balance (such as covering deficit fund balances); and Unassigned Fund Balance (everything not

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included in the other types of fund balance). Unassigned Fund Balance is available for carry-over and use in preparing the next year's budget.

The Finance Director/Auditor-Controller shall be responsible for segregating each fund balance by category and amount and informing the CAO and the Board of Supervisors of the amount of Unassigned Fund Balance available for use in preparing the budget for the upcoming year.

IV. FISCAL MANAGEMENT

1. Maintain a conservative budgeting approach.
2. Annually consider reduction of long-term debt and elimination of negative fund balances.
3. Establish the level of cost recovery, including overhead, from various fees and services.
4. Review fees annually, establish actual costs and adjust and establish new fees as needed.

V. INFRASTRUCTURE

Consider contributions from the general fund, grants and state/federal allocations, annually or whenever available, for the improvement of county infrastructure. Work with building partners, including but not limited to the Mono County Free Library, the Administrative Officer of the Court, etc., to reduce County costs to maintain and improve the County infrastructure.

VI. NEW SERVICES

Add new services only when a need has been identified and when adequate resources for staffing and funding are demonstrably available in multi-year financial plans.

VII. FACILITIES

Plan for new facilities only if operating and maintenance costs for those facilities are fully recognized and taken into account in multi-year financial plans. Provide adequate routine maintenance each year to avoid the higher cost of deferred maintenance.

VIII. OPERATIONAL EFFICIENCIES

1. Provide County services in the most cost-efficient manner.
2. When program funding is cut or eliminated, reduce or eliminate the program accordingly unless mandated otherwise.

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3. Provide staffing levels that take into account multi-year needs, reasonable workload per employee and minimize the possibility of layoffs resulting from inadequate revenues.
4. For special projects or certain expertise in the short-term, utilize temporary employees (not to exceed 1,000 hours) and consultants.
5. Utilize community expertise on a voluntary basis as appropriate.
6. Ensure that fee-supported services are staffed appropriately to render the services for which customers have paid.
7. Work through partnerships, JPA's, and regional relationships to share costs for local programs whenever possible.

IX. EMPLOYEE DEVELOPMENT

Attract and retain competent employees for the County work force by compensating employees fairly (consistent with smaller rural counties), provide adequate training opportunities, ensure safe working conditions, and maintain a professional work environment.

X. ECONOMIC DEVELOPMENT

Achieve organized, sustainable community development for the communities and citizens of Mono County through the budget process by providing an expanded and diversified economic base while preserving our scenic beauty, open space, small town charm and historical assets.

XI. BUDGET FORMATION

- A. The County will utilize a "base-year" operating budget. A base year budget is defined as follows:
 - a. The same staffing levels and the same allocated classifications as prior year's adopted budget. Note: This includes budgeting for promotions within an allocated classification series.
 - b. The same level of supplies, materials and services as purchased in prior years, increased to account for known price increases.
 - c. Replacement, in-kind, of capital equipment not to exceed \$10,000

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- B. The County will utilize a process to approve additions over and above the “base-year” budget by considering a list of policy items. Policy items are defined as follows:
 - a. Additional allocation of staff.
 - b. Reclassification of existing staff to higher classifications or salary range (other than promotions within approved series classifications).
 - c. Supplies, materials or services, \$1,000 above base year budget, excluding known price increases.
 - d. Any new capital equipment in excess of \$5,000 that are not replacement items.
 - e. Any capital improvement projects identified in the capital improvement project budget.
- C. The Board, CAO and Department Heads will consider both resources and priorities in determining which policy items will be funded.
- D. The County will strive to develop, consider and approve the County fiscal year budget consistent with the California Government Code schedule.
- E. The role of department heads will be to develop a department budget in a timely fashion and to submit the operating budget and policy items to the CAO and Finance Director.
- F. The role of the Finance Director will be to work with the department and consider departmental budgets for submission into the County proposed budget. The Finance Director will involve the CAO on both the expenditure and the revenue estimates for submission to the Board for approval.
- G. The Board will consider the budget and provide direction to staff.