

COUNTY OF EL DORADO, CALIFORNIA
BOARD OF SUPERVISORS POLICY

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| Subject: BUDGET CONTROL & RESPONSIBILITY | Policy Number B - 1 | Page Number: 1 |
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POLICY:

It is the primary responsibility of department heads to maintain their department's expenditure levels within the approved budget, and to collect the full amount of revenues budgeted. It is also the department heads' responsibility to initiate budget adjustments (Budget Transfers) in a timely manner so that their department's budget record accurately reflects (a) estimated annual revenues, and (b) the distribution of Board approved appropriations among their expenditure classes as required to meet operational needs.

DEFINITIONS:

Expenditure class: A major category of appropriation sub objects. Examples: "Salaries and Benefits", "Services and Supplies", "Fixed Assets".

Index code: An organizational unit used by County management to track budgetary activity (revenues and expenditures) related to specific program or function.

Revenue class: A major category of revenue sub objects. Examples: "Taxes", "State Revenue", "Federal Revenue" or "Charges for Services".

Sub object: A line item description of expenditure or revenue. Example: "Office Expense" is a sub-object in the expenditure class "Services and Supplies".

Sub fund: A fiscal and accounting set of self-balancing accounts for which cash is segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

PROCEDURES:

1. Budget transfers should be prepared by the department, submitted to the Auditor-Controller's Office for pre-auditing and then forwarded to the Chief Administrative Office for review.
 - a. All budget transfers require the approval of the department head and the Chief Administrative Office.
 - b. Increases or decreases in the total departmental appropriations and departmental estimated revenues must be approved by the Chief Administrative Office and the Board of Supervisors.
2. If a budget over-expenditure is going to occur at the department sub fund expenditure class level and expenditure levels are within the department's control, the department head shall

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perform one or more of the following steps:

- a. Lower the expenditure level to maintain overall expenditures within the budgeted amount for the expenditure class.
 - b. Request a transfer from another sub object within the same index code.
 - c. Request a transfer from another index code within the same sub fund under the department head's control.
3. If a revenue estimate is not going to be met, the department head shall do one or more of the following:
- a. Attempt to speed up revenue collections, or increase rates being charged.
 - b. Lower expenditure levels so that originally budgeted net County costs are not exceeded.
 - c. Request that the revenue estimate be decreased through a transfer from the contingency appropriation by submitting a Board agenda item and budget transfer to the Chief Administrative Officer, providing adequate justification.
4. If a department's overall budget will be over-expended because of circumstances beyond the department's control, i.e., unbudgeted sick leave and comp time payoffs, retirements, equipment failure, operational emergencies, the department head shall request a transfer from the appropriate contingency appropriation to cover such over-expenditures by submitting a Board agenda item and budget transfer to the Chief Administrative Officer, providing adequate justification.
5. It shall be the responsibility of the Auditor-Controller's Office to not allow payment to be processed and disbursed when over-expenditures of an expenditure class other than Class 30, "Salaries and Employee Benefits", have occurred, or will be caused to occur, during the fiscal year within a department's budget at the sub fund level with the following exception:
- The Auditor-Controller's Office will process and disburse all payments submitted after June 30 for goods and services received prior to July 1. Once the prior year's financial records are finalized, the Auditor-Controller shall provide the Board of Supervisors with a departmental budget performance schedule that indicates the departments that exceeded either their appropriations by expenditure class or their Net County Cost.
6. It shall be the responsibility of the Chief Administrative Officer to determine when, or if, the shortfall of department revenues requires budget changes. If such a situation occurs, and the department has not completed action described in Section 1 above, the Chief Administrative Officer shall submit a transfer request to the Board of Supervisors to reduce

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the revenue estimate, with offsetting appropriation decreases or adjustment to the appropriate contingency fund.

Primary Department(s): Chief Administrative Office
Auditor-Controller

References: None

