

## BUDGET PHILOSOPHY & PROCESS

Palm Beach County is committed to providing quality service to its residents, at the lowest possible cost, in order to optimize taxpayer dollars. In developing the County's financial plan, or budget, attention is first given to assuring that the budget will be in balance, both on an overall basis and in each of the County's funds. Any potential imbalances are eliminated by the County Administrator before the Tentative Budget is presented to the Board of County Commissioners for consideration and adoption at Public Hearings.

### **Fiscal Year**

Palm Beach County's Budget is based on a fiscal, rather than calendar, year. The year begins on October 1st and ends on September 30th. Thus, FY 2009 is from October 1, 2008 through September 30, 2009.

### **Statutory Requirements**

In the State of Florida, county budgets are governed by State Statutes. Chapter 129 of the Florida Statutes, entitled "County Annual Budget," specifically directs that (among other requirements) a budget be prepared annually and it must be balanced. It further provides for amendment of the budget in limited circumstances and prohibits expenditures in excess of budgeted amounts.

### **Funds Included**

The County's budget is consolidated and presents the planned disposition of all available resources in all funds. The total budget is appropriated by the Board of County Commissioners as the adopted financial plan for the County for the ensuing fiscal year.

### **Basis of Accounting**

The County's accounting records for general governmental operations are maintained on the modified accrual basis; i.e., revenues are recorded when available and measurable, and expenditures are recorded when the services or goods are received and the related liabilities are incurred. The County's proprietary operations are maintained on the full accrual basis; i.e., revenues are recognized when earned and expenses are recognized when incurred. For budgetary purposes, the modified-accrual method is utilized for all funds.

### **Budget Development Process**

A Countywide campaign to engage more citizens in the budget development process was conducted at the beginning of the budget process. Budget development training was held on February 2<sup>nd</sup> to introduce a modified zero-based budgeting approach for FY 2009. The FY 2009 modified zero-base approach included a cap equal to 95% of the FY 2008 net Ad Valorem funding level. Departments absorbed increases in personal services and other costs considered necessary, yet uncontrollable. Supplemental requests were submitted if they were adequately justified as being necessary.

All Department requests were due March 7th-28th, with Constitutional Officers' proposed budgets due May 1<sup>st</sup> or as specified by State Statute.

Workshops were held with the Management Team in March and April. Workshops with the Board of County Commissioners were held on June 18th, and July 14th. Staff was instructed to develop a budget without increasing the county millage rate. Based on Board direction at these workshops, changes were made and a tentative budget was finalized.

Public Hearings were held on September 8th and 22nd to receive public comments on the Tentative Budget and to adopt a final FY 2009 budget. The Board of County Commissioners adopted a millage rate of 3.7811 mills for FY 2009. Thus, maintaining the FY 2008 millage rate. The Adopted budget became effective on October 1, 2008.

### **Amendments After Adoption**

Florida Statutes specifically direct that, upon the final adoption of the budgets, the budgets shall regulate the expenditures of the County and the itemized estimates of expenditures shall have the effect of fixed appropriations and shall not be amended or altered or exceeded except as provided by the Statutes.

The Board of County Commissioners at any time within a fiscal year may amend a budget as follows:

1. Appropriations for expenditures in any fund may be decreased and other appropriations in the same fund correspondingly increased with the approval of the Board provided that the total appropriations of the fund are not changed.
2. Appropriations from the reserve for contingencies may be made to increase the appropriation for any particular expense in the same fund for any lawful purpose. Expenditures can not be charged directly to the reserve for contingencies.
3. The reserve for future construction and improvements may be appropriated by the Board for the purpose(s) for which the reserve was established.
4. A receipt from a source not anticipated in the budget and received for a particular purpose, including but not limited to grants, donations, gifts, or reimbursement for damages, may, upon approval by the Board, be appropriated and expended for that purpose. Such receipts and appropriations shall be added to the budget of the proper fund.
5. Increased receipts for enterprise or proprietary funds received for a particular purpose may, upon approval by the Board, be appropriated and expended for that purpose.

Florida Statutes provide for the delegation of authority to approve certain types of budget transfers. The Board of County Commissioners has established procedures by which the Director of the Office of Financial Management and Budget may authorize certain transfers which are intra-departmental in nature, such as appropriations from one line item to another within a department, transfers from designated capital reserves to establish budgets for projects previously approved, transfers between school impact fee reserves and appropriation units within the same fund, and transfers from reserves for donations for a specific purposes.

### **Departmental Performance**

Each year, the Departments include narrative, missions, goals, objectives and performance measures in the Budget Document. These functions help Administration and the County Commission evaluate the performance of each Department. The Office of Financial Management and Budget has helped to establish more effective performance measures and objectives. It is referred to as Harnessing Organizational Performance (HOP).

The over-all objective of the HOP initiative is to verify that Palm Beach County performance measures are:

- A positive tool in gauging organizational achievements;
- Increase the meaningfulness (value) to all;
- An important management tool to aid decision making;
- An accurate source of justification for resource requests; and
- A way to connect staff level activities to higher level organizational missions and objectives.