

## *Exhibit 1*

### *Updating “Budget and Allotment Adjustments” policy, enabling resolution #74-1991*

#### **I. PURPOSE**

To provide for the administration of the County budget after adoption by the Board of County Commissioners.

#### **II. POLICY STATEMENT**

The Board of County Commissioners shall approve an annual budget for all County departments and divisions and other agencies for which Sedgwick County or a component unit of Sedgwick County is administratively responsible. The fiscal year of Sedgwick County shall coincide with the calendar year.

The budget is a spending plan adopted at a point in time to allocate resources that will be received and expended in the future. As conditions and priorities change after a budget is adopted, it may be appropriate to change an adopted budget. It is the policy of the Board of County Commissioners that the budget is to be changed only as provided herein.

#### **III. DEFINITIONS**

**Budget Adjustment Request (BAR)** – An item submitted in the County financial management system, SAP, via budget workflow which requests a change to a budget that was adopted by the Board of County Commissioners (BOCC). Requested changes may include allotments, reallocations, transfers, and amendments.

**Budget Allotment** – The portion of an appropriation available for commitment during the current year.

**Budget Amendment** – The adjustment of an adopted budget that increases or reduces the total spending authority (appropriation) of a discrete accounting fund.

**Budget Reallocation** – Movement of anticipated revenue or appropriation from one revenue or expenditure category to another in a single discrete accounting fund within a department budget.

**Budget Transfer** – Movement of anticipated revenue or appropriation from one category to another between department budgets.

**Commitment Item** – The most detailed unit of budgetary revenues and expenditures listed in the Sedgwick County financial system and reports. Commitment items are tracked by five-digit object codes with the first two digits representing the revenue or expenditure category.

**Component Unit** – A legally separate organization for which the BOCC is financially accountable or for which the nature and significance of its relationship with Sedgwick County is such that exclusion would cause the County’s financial statements to be misleading or incomplete.

**Expenditure Category** – Groupings of expenditures by type for budgetary purposes. Sedgwick County uses the following categories:

*Personnel - Expenditures related to employee compensation, including associated benefits.*

*Contractual Services - Services received by contractual arrangement, including Fleet charges and utility charges*

*Debt Service – Payments of interest and repayment of principal to holders of Sedgwick County bonds and othe division director, r debt instruments*

*Commodities - Consumable goods typically purchased on a regular basis that have a unit cost of less than \$10,000.*

*Capital Improvements - Building construction, land acquisition, or structural changes which create or extend the life of a capital asset.*

*Capital Outlay - Purchases of durable items with a unit cost equal to or greater than \$10,000.*

*Interfund Transfers - The movement of funding among discrete accounting funds, such as the movement of cash from the General Fund to a Capital Projects Fund. The transfer out of the General Fund is an expenditure and the corresponding transfer in to the Capital Projects Fund is a revenue for budgetary purposes.*

**Fund center** – Individual program, service, or project within the Sedgwick County financial structure. Fund centers are tracked by an eight-digit code. The first two digits identify the department and division, while the final three digits identify the fund associated with the program, service or project. Divisions submit annual budget requests at this level.

**Revenue Category** -- Groupings of revenues by type for budgetary purposes. Sedgwick County uses the following categories:

*Taxes – ad valorem, motor vehicle, retail sales and use, and other taxes.*

*Licenses & Permits –receipts from all licenses and permits, including cereal malt beverage and fish and game licenses*

*Intergovernmental – receipts from other governments, including Federal, State, and local sources, in the form of grants, shared revenues, and payments in lieu of taxes*

*Charges for Service – fees charged to users of a service to offset the incurred cost*

*Fines & Forfeitures – fines and other assessed financial penalties, not including tax payment penalties*

*Miscellaneous – monies received from sources that are not able to be grouped in other revenue categories, including gaming revenues, auction proceeds, canceled warrants, refunds, and other sources*

*Reimbursements – compensation for past expenditures*

*Uses of Money & Property – primarily includes investment income on idle cash and penalty and interest on back taxes*

*Interfund Transfers -- The movement of funding among discrete accounting funds, such as the movement of cash from the General Fund to a Capital Projects Fund. The transfer out of the General Fund is an expenditure and the corresponding transfer in to the Capital Projects Fund is a revenue for budgetary purposes.*

#### **IV. PROCEDURE**

##### **A. Budget Adjustments**

1. Request procedure. The elected official, department head, division director, or designee with authority over a budgetary division or fund shall complete a Budget Adjustment Request for a particular fund center and category within the SAP financial system via the budget workflow process.

The Budget Director may execute a budget adjustment on behalf of any division that has posted charges to inappropriate object codes to allow the errors to be corrected. The affected division may be consulted concerning the source of funds to be transferred to cover any erroneously posted charges.

2. Review procedure. The assigned Budget staff member will review the adjustment request, call the division if additional information is needed, and process the adjustment if appropriate.

3. Approval authority

- a. The Budget Director or his/her designee is authorized to approve Budget Transfers and Budget Reallocations up to \$50,000.
- b. Budget Transfers and Budget Reallocations exceeding \$50,000 but not greater than \$250,000 require approval of the County Manager in addition to the Budget Director. The County Manager may designate a subordinate official to approve or disapprove budget reallocations in his/her absence.
- c. The following types of adjustments require approval by the Board of County Commissioners in addition to approval by the Budget Director:
  - a. Budget Reallocations or Budget Transfers exceeding \$250,000.
  - b. Budget Amendment requests of any amount.

4. Approval procedure.

- a. Approval of budget adjustments by the Budget Director or the County Manager or his/her designees shall be evidenced by electronic e-mail stating approved or not approved.

- b. Budget Adjustment Requests may not be processed or may be denied if the information provided by the requestor is insufficient or if the justification for the adjustment is not acceptable to the authorized approving official.
- c. Budget staff will contact the requesting department to request additional information or explain why the request is being denied by phone or electronic mail

5. The Budget Director will inform the Board of County Commissioners of each budget transfer or reallocation of more than \$25,000 and less than \$250,000 within five business days of the date of the adjustment.

## **B. Determination of Allotments**

1. Before the start of a given budget cycle, the Budget Director, or subordinate staff of the Budget Division working under the direction of the Budget Director, shall determine the appropriate initial allotment level for each Expenditure Category in each Fund Center based on financial conditions and needs of the organization. Allotments may vary by fund.
2. Throughout the budget year, the Budget Director, or subordinate staff of the Budget Office to whom the Budget Director has delegated authority, is to monitor the use of allotted budget authority and, as needed, increase the allotted portion of budgets.
3. At any time, Fund Center managers may ask that Budget Allotments be increased. Allotment requests should be submitted to Budget Division via budget workflow in the SAP financial system.
4. It is the division's responsibility to ensure all charges can be posted at all times. The Budget Director may approve allotments as needed to close the month-end accounting system's outstanding direct entries without a request from the affected division.
5. Where applicable, divisions have the responsibility to ensure revenues are sufficient to provide for commitments. Allotments may be decreased by the Budget Division to ensure that commitments within funds do not surpass current revenue totals.

## **C. Request for Additional Resources**

1. Request procedure. When needs arise that cannot be managed within a divisional budget, divisions should consult with Budget staff to determine available options, which may take the form of operating plan revision, Budget Reallocation, or Budget Transfer. After adoption of the budget, requests for additional spending authority in the current year should be made in writing to the Budget Director. Such requests should include the following information:

- Explanation of the problem or need
- Amount requested
- Date needed
- Options considered or already attempted

2. Review procedure. The assigned Budget staff member will review the adjustment request, contact the division if additional information is needed, and make a recommendation to the Budget Director. The Budget Director shall analyze the request.

3. Approval authority.

- a. If a request is for less than \$50,000 and requires no change of the staffing table in terms of number of positions, salary increases, position type, or an increase in position grade, the Budget Director shall either approve or disapprove the request in writing.
- b. If the request requires a budget adjustment of more than \$50,000 but not more than \$250,000, or requires a change of the authorized staffing table that requires approval from the County Manager based on staffing table policy, the Budget Director shall make a recommendation to the County Manager based on the current financial condition of the County and the particular public policy issues involved in the request, and the County Manager shall either approve or disapprove the request, which decision the Budget Director shall subsequently report in writing to the requestor.
- c. If the request requires a budget adjustment of more than \$250,000 or if a staffing table change is proposed that must be approved by the Board of County Commissioners, the Budget Director shall make a recommendation through the County Manager to the Board of County Commissioners based on the current financial condition of the County and the particular public policy issues involved in the request via an item to be placed on a public meeting agenda, and the Board of County Commissioners shall either approve or disapprove the request.
- d. If approved, the Budget Director will inform the Board of County Commissioners of each request of more than \$25,000 and less than \$250,000 within five business days of the date of the adjustment.