

**ALLEGAN COUNTY  
POLICY**

**TITLE:** Budget Policy  
**POLICY NUMBER:** 211  
**APPROVED BY:** Board of Commissioners  
**EFFECTIVE DATE:** ~~May-February 13, 2020~~ 13, 2020



1. **PURPOSE:** The purpose of this Policy is to establish the requirements, responsibilities and general procedure for the preparation, adoption and maintenance of a balanced budget and to promote and sound financial health for the governmental unit.
2. **SERVICE AREA(s) AFFECTED:** Any department, service area, institution, court, board, commission, agency, office, program, activity, or function to which money is appropriated by the Board of Commissioners.
3. **DEFINITIONS:**
  - 3.1 Appropriation – An authorization granted by a legislative body to incur obligations and to expend public funds for a stated purpose.
  - 3.2 Board of Commissioners (BOC) – The legislative body of the County.
  - 3.3 Budget – A plan of financial operation for a given period of time, including an estimate of all proposed expenditures from the funds and the proposed means of financing the expenditures. A budget is not required to but may include any of the following:
    - 3.3.1 A fund for which the County acts as a trustee or agent;
    - 3.3.2 An internal service fund;
    - 3.3.3 An enterprise fund;
    - 3.3.4 A capital project fund;
    - 3.3.5 A debt service fund.
  - 3.4 Budgetary Center – A general operating department or any other service area, institution, court, board, commission, agency, office, program, activity, or function to which money is appropriated by the BOC.
  - 3.5 Budgetary Center Leader – An individual appointed, elected, employed or otherwise engaged by the County to supervise a budgetary center (service area directors, court administrators, elected officials).
  - 3.6 Capital – Items valued at \$5,000 and greater with a useful life greater than two (2) years.

- 3.7 Capital Improvement Plan – A document/plan that summarizes the County’s infrastructure and large equipment needs.
- 3.8 Chief Administrative Officer (CAO) – The County Administrator appointed by the BOC, or his or her designee as permissible through applicable law or County policy.
- 3.9 Core Services – While each budgetary activity may support a variety of services, core services represent the main services provided through a budgetary activity from a broad perspective. Core services shall be identified in a manner that allows the full cost to be assessed for providing that service. Examples of core services are Road Patrol, Payroll, Emergency Dispatch, Building Maintenance, and Benefits Administration.
- 3.10 Cost Allocation Plan (CAP) – A document, prepared annually, that is used to distribute administrative and occupancy costs to various programs, grants, and funds. The CAP is prepared according to Federal principles.
- 3.11 Deficit – An excess of liabilities over assets within an activity or fund.
- 3.12 Disbursement – A payment.
- 3.13 Expenditure – The cost of goods delivered or services rendered, whether paid or unpaid.
- 3.14 Fund – A legal entity that provides for the segregation of moneys or other resources for specific activities or obligations in accordance with specific restrictions or limitations. A separate set of accounts must be maintained for each fund to show its assets, liabilities, reserves and fund balance, as well as its income and expenditures.
- 3.15 Fund Balance – The difference between assets and liabilities.
- 3.16 General Appropriations Act – The budget as adopted by the Board of Commissioners.
- 3.17 Grant – Funds or assets, given for a specific program, purchase or service, from a grantor, with a formal written agreement.
- 3.18 Grantor – The original financial source for a grant, typically in the form of a government agency or non-profit organization.
- 3.19 Grants Coordinator – Individual within Financial Services (or designee) responsible for oversight, coordination and financial management of the grant.
- 3.20 Maintenance of Effort (MOE) – A requirement that a grantee must maintain a specified level of financial effort in area for which State/Federal funds will be provided in order to receive the grant funds. The requirement is usually given in terms of a specific base year monetary amount.

- 3.21 Paid Time Off (PTO) Payout – An amount paid to an employee for unused PTO after the close of the fiscal year and/or at the time of separation consistent with policy and/or applicable labor agreement.
- 3.22 Project(s) non-capital – A one-time or periodic, yet infrequent, undertaking to engage services and/or acquire or replace an asset, or set of similar assets, for which the individual unit cost and/or useful life does not meet the criteria to be classified as a Capital Asset.
- 3.23 Program Manager – Individual that is responsible for managing the programmatic activities and requirements of the grant.
- 3.24 Service Area – A component of county government that is responsible to provide specific functions or services.
- 3.25 Surplus – An excess of assets over liabilities within an activity or fund.
- 3.26 Work Order – Process for routing and tracking requests to obtain specific levels of service and/or approval using County-approved software.

**4. POLICY:** It is the policy of the County to operate under a balanced budget. This budget shall be approved by the BOC at its annual meeting (after September 14 but before October 16) unless otherwise authorized by the BOC.

- 4.1 Debt or other obligations shall not be entered into unless approved by the BOC and consistent with applicable law(s) and/or County policy.
- 4.2 Total expenditures within an activity shall not be made in excess of the amount authorized in the budget unless the necessary adjustments have been authorized.
- 4.3 Funds may not be applied or diverted for purposes inconsistent with the appropriations.
- 4.4 Cost Allocation Plan: To the extent practicable, all non-General Fund department budgets shall include an expenditure line for the CAP.
  - 4.4.1 Unless CAP costs are disallowed by the funding source, all applications for new grant programs shall include a CAP expense equal to ten percent of the program's total expenditure budget.
    - 4.4.1.1 Once the grant is listed in the CAP document, the actual CAP costs shall be used in the grant budget.
  - 4.4.2 Unless CAP costs are disallowed by the funding ~~es~~source, all grant renewal applications shall include a CAP expense.
  - 4.4.3 The CAO may approve a phased-in approach for CAP costs, in cases where grants would experience programmatic challenges caused by the addition of the full CAP amount.

- 4.4.3.1 The first year shall use ten percent of the CAP cost, with ten percent added in succeeding years, until such time as the full CAP is budgeted.
- 4.5 PTO Payout: The payout shall be appropriated from the PTO Liability Fund and shall be cost allocated to the applicable budgetary center either through the annual Cost Allocation Plan or other method.
- 4.6 Reimbursement of Personal Expenditures While Performing County Business
  - 4.6.1 Mileage: The County's mileage reimbursement rate shall equal the IRS rate, providing a County owned vehicle is not reasonably available for use.
    - 4.6.1.1 This policy applies to elected officials, employees, volunteer drivers, and interns.
    - 4.6.1.2 Supervisors are responsible for optimizing the use of County vehicles. If a County-owned vehicle is available, but a personal vehicle is used, the reimbursement rate shall be 60% of the IRS rate. Full IRS rate reimbursement for use of a personal vehicle shall be allowed in the limited instances that a supervisor has determined that the use of a personal vehicle is more cost effective than use of a County vehicle or in cases where an employee may have accessibility needs that cannot be appropriately met through the use of a county owned vehicle.
    - 4.6.1.3 When using a personal vehicle, mileage is measured from the closer of the duty station or point of departure to the destination and return.
    - 4.6.1.4 When considering travel, the least-costly travel method should be used. When traveling out of state the total cost of mileage reimbursement shall not exceed the published lowest airfare rate for the same trip unless authorized by the CAO.
  - 4.6.2 Meals: Meals while traveling on authorized County business are reimbursable expenses (if paid by the traveler) or allowable expenses (if paid by County funds) on the basis of actual expenses incurred, as supported by itemized receipts, subject to the following guidelines and limits:
    - 4.6.2.1 Reimbursement amounts shall conform to the current State of Michigan "In-State All Other" rates. As of Feb 1, 2019, those rates are:
      - \$8.50 breakfast
      - \$8.50 lunch
      - \$19.00 dinner
    - 4.6.2.2 Meals that are included in registration fees, or that are supplied as part of a meeting, are not eligible for reimbursement.
    - 4.6.2.3 If an employee is eligible for reimbursement of more than one meal in a day, the amount expended for particular meals in the day is left to the employee's discretion. Reimbursement shall be limited to not more than the

combined total of the applicable published meal rates of the eligible meals.

4.6.2.3.1 Combined meal reimbursement requests shall require additional documentation, such as a conference or training agenda or proof of travel to demonstrate eligibility.

4.6.2.4 Alcohol is not eligible for reimbursement.

- 4.7 Budgeted funds in the following line items are not available for reallocation by the budgetary center unless approved by the CAO or as approved by the BOC:
- 701.00.00 through 726.99.9 – Salaries/Wages/Benefits
  - 748.00.00 – Gas, Oil, Grease & Antifreeze
  - 810.01.00 – Legal-Court Appt./Other Legal (except as outlined in Administrative Order No.1998-5 - Chief Judge Responsibilities; Local Intergovernmental Relations)
  - 920.00.00 – Public Utilities
- 4.8 Expenditures shall always be expensed to the appropriate line item regardless of available funds within that specific line item.
- 4.9 No payment shall be released if an activity is over budget except as authorized by the BOC.
- 4.10 Budget Amendments:
- 4.10.1 As soon as a Budgetary Center identifies the potential for an activity to exceed its overall budget and/or a line item(s) to be materially over budget the CAO shall be notified promptly and a plan to address such occurrence shall be recommended to the CAO.
  - 4.10.2 The CAO is authorized to make budget transfers between activities within a fund, between funds and between line items within an activity or any combination thereof in accordance with the established thresholds (Appendix 6.D) as long as no additional appropriation is required from contingency or fund balance.
  - 4.10.3 The CAO shall maintain a list of any potential budget overages that may require adjustment and shall provide a copy of said list to the BOC no less than quarterly. Said list shall identify whether an adjustment has been made or will be recommended at a later date.
  - 4.10.4 The CAO shall recommend necessary adjustments to BOC when such adjustments exceed his or her authorized thresholds (Appendix 6.D).
  - 4.10.5 Amendments to the approved budget (General Appropriations Act) shall not cause estimated total expenditures, including any accrued deficit, to exceed total estimated revenues, including any available surplus.
- 4.11 Capital and other projects: Consistent with the Uniform Budgeting Act, the CAO is authorized to prepare and recommend a capital improvement program as part of the annual budget, outlining both current and future capital projects.

- 4.11.1 The annual program shall be driven by the Capital Improvement Plan.
  - 4.11.1.1 The Plan shall forecast capital projects and expenditures for the next 15 years. The Plan shall be maintained on an ongoing basis, and shall undergo a comprehensive review and update every 5 years, culminating with a new 15 year forecast window.
  - 4.11.1.2 The Capital Improvement Plan shall show projects in the general order of the BOC's priority. Those priorities are:
    - 4.11.1.2.1 Safety and Security: Item(s) that present an immediate or impending safety and security concern. These could be new, repairs or replacements;
    - 4.11.1.2.2 Repair and maintenance: Item(s) that are in a state of disrepair or require maintenance to be performed to continue functioning at acceptable levels within its identified life cycle;
    - 4.11.1.2.3 Replacement Plan: Item(s) identified within an existing replacement plan as a proactive measure to minimize unexpected disruption of services as the item approaches its end of life cycle.
    - 4.11.1.2.4 New Capital Requests/Strategic Initiatives: Approval of these items may carry operational increases or may increase one of the other categories above to maintain the level of service generated by its acquisition.
- 4.11.2 Budgetary Centers shall complete a Project Scoping Form in order for the project to be eligible for consideration of funding and resource allocation.
- 4.11.3 Funds for capital and non-capital projects are generally budgeted within and/or appropriated from the Capital Improvements Program (CIP) Fund (2450) or within a designated fund established within a Special Revenue Fund. A separate activity for each project shall be established once funds are officially requested and appropriated for the project.
- 4.11.4 Unless stated elsewhere within this policy, any capital or other projects shall be budgeted for and managed by the provisions within this section.
- 4.11.5 The capital improvements program shall show projects in the general order of the BOC's priority for a period of fifteen (15) years.
- 4.11.6 Capital projects shall be budgeted on a project basis. Any remaining funds after a capital project is completed shall not be available for use unless re-appropriated by the BOC. Surplus funds from each project shall revert back to the CIP fund from which the project funds were appropriated to fund other projects. For example: A new lawn mower has been approved with an estimated cost of \$15,500. The actual cost was \$14,500. The remaining \$1,000 of the budgeted amount would revert back to the CIP fund from which the project was funded, unless otherwise approved by the CAO and/or BOC subject to the established threshold (Appendix 6.D).
- 4.11.7 If a project extends past the fiscal year from which the original budget was established, departments shall request funds to be carried over and budgeted

in the following year (using the same fund and account number) less any expenses already incurred. Absent a request for carry over, funds may be reallocated and/or removed from the project.

#### 4.12 General Fund (GF):

4.12.1 Zero Dollars (\$0) shall be budgeted in a specific line item to be applied to the GF reserves.

4.12.2 GF Surplus Distribution: Following the annual financial audit, a GF budget surplus identified from the preceding fiscal year shall be distributed in the following manner:

4.12.2.1 The GF fund balance shall be allocated that portion of the surplus that would maintain the GF fund balance as shown in Appendix 6.A;

4.12.2.2 If the conditions in the preceding paragraph are met, then an allocation from the remaining annual General Fund surplus shall be transferred to the Budget Stabilization Fund to maintain that fund as shown in Appendix 6.A;

4.12.2.3 If the conditions in the two preceding paragraphs are met, then an allocation from the remaining surplus shall be transferred to the PTO Liability Fund to maintain the fund as shown in Appendix 6.A;

4.12.2.4 If the conditions in the three preceding paragraphs are met, then one hundred percent (100%) of the balance of the remaining annual budget surplus shall be transferred to the Liability Sinking Fund (2590).

4.12.3 Deficit. If it is determined that current year revenues plus transfers-in may not be sufficient to cover current year expenses plus transfers-out, operating expenses shall be reduced or an appropriation from fund balance shall be made so that total expenses plus transfers out equal total revenues plus transfers in.

4.12.3.1 If the GF fund balance is below the designated level as shown in Appendix 6.A the BOC may choose to budget funds specifically to increase the fund balance.

4.12.3.2 If the fund balance falls below five percent (5.0%) of the total GF Expense Budget then funds shall be transferred from the PTO Liabilities Fund (2580) to restore the GF fund balance to its level as outlined in Appendix 6.A.

4.12.4 GF Contingency. The GF Contingency account shall be established at an amount not to exceed two percent (2%) of the total General Operating Fund expense budget excluding budgeted fund balance.

4.12.5 The General Fund shall advance a total of \$250,000 to the Drain Revolving Fund, to be recorded as a Long-Term receivable.

#### 4.13 Special Revenue Fund (SRF):

4.13.1 Deficit. Unless otherwise stated within this policy, if it is determined that current year revenues plus transfers-in may not be sufficient to cover current year expenses plus transfers-out within an SRF, operating expenses shall be

reduced to equal projected revenues or an appropriation from the SRF's fund balance or other appropriate fund balance (subject to approval by the BOC) shall be made so that total expenses plus transfers-out equal total revenues plus transfers-in.

4.13.2 Parks (Fund 2080)

4.13.2.1 Cell Tower Revenue: Cell Tower Revenue shall be budgeted as a revenue to the Parks Fund, to be utilized towards Parks repairs and maintenance.

4.13.3 Central Dispatch (Fund 2110).

4.13.3.1 Surplus. Prior year surplus, as determined by the completion of the annual financial audit, shall be used to maintain fund balance as shown in Appendix 6.A. Excess surplus, beyond the amount needed to maintain fund balance shall be used as follows:

4.13.3.1.1 If the conditions in the preceding paragraph are met, any remaining operational fund balance shall be transferred to a restricted fund balance account to be used to supplement revenue shortfalls outlined in the 17 year projection model where surcharge revenues are not sufficient to meet projected expenses, unless otherwise directed by the BOC.

4.13.3.2 As surcharge funds are received the operational portion shall be receipted into the operational fund and the capital portion receipted into the Central Dispatch Capital Projects Fund.

4.13.3.3 Surcharge. Since the main source of operating revenue for Central Dispatch is received through the collection of a monthly surcharge on any device with the ability to access 911, the calculated monthly surcharge shall be presented to the BOC utilizing the formula in Appendix 6.B:

4.13.3.4 Capital. There shall be a separate capital fund established for Central Dispatch.

4.13.3.4.1 Funding for approved capital projects shall be funded through a monthly surcharge.

4.13.3.4.2 Capital projects shall be divided into three (3) categories based on the number of years to complete the project.

Short term projects	1-5years
Mid-term projects	6-10 years
Long-term projects	over 10 years

4.13.3.4.3 The monthly surcharge needed to fund capital projects shall be determined by using the formula in Appendix 6.B.

4.13.4 Child Care Fund (Fund 2921)

4.13.4.1 Surplus. Prior year surplus, as determined by the completion of the annual financial audit, shall be used to maintain fund balance as shown in Appendix 6.A. Excess surplus, beyond the amount needed to maintain fund balance shall be used as follows:

4.13.4.1.1 100% shall be transferred to the Youth Home CIP fund (2465) and designated as Child Care Buildings &



Infrastructure fund projects.

4.13.5 Senior Services (Fund 2950)

4.13.5.1 Surplus. Prior year surplus, as determined by the completion of the annual financial audit, shall be used to maintain fund balance as shown in Appendix 6.A. Excess fund balance shall be used when a wait list for services exists, service capacity is available to meet those needs and funds are not available within the current annual approved operating budget. The funds shall be allocated in such a manner to reasonably ensure the increased service level is financially sustainable through the end of the term of the current authorized millage. The CAO is authorized to conduct a final review of such circumstances; direct the necessary budget adjustments to be made within the current fiscal year and report back any transfers made to the BOC.

4.13.6 Health Department (Fund 2210)

4.13.6.1 Surplus. Prior year surplus, as determined by the completion of the annual financial audit, shall be used to maintain fund balance as shown in Appendix 6.A. Excess surplus, beyond the amount needed to maintain fund balance shall be used as follows:

4.13.6.1.1 100% shall be used to reduce current year transfers in from the general operating fund (or transferred back to the General Fund.)

4.14 Drain Funds (Funds 6010 and 8010)

4.14.1 To the extent that the Drain Revolving Fund has a positive cash balance, individual Drain Fund expenses may draw upon that Fund.

4.14.2 At the point that the Drain Revolving Fund has been depleted, individual Drain Funds may draw upon positive balances in other Drain Funds. The Drain Commissioner shall issue Notes that acknowledge the borrowing. The Drain Commissioner and Treasurer shall agree upon an interest rate that reasonably splits the difference between the cost of external borrowing, and the investment rate of return. Internal borrowing shall not be undertaken if both the borrowing and lending Drain Funds do not realize an interest rate benefit, compared to external borrowing and investing. At no time shall internal Notes exceed the Drain Funds' collective available cash balance.

4.14.3 At any time, the Drain Commissioner may choose to issue external debt in lieu of, or in addition to, the methods listed above.

4.15 Allocation of State Revenue Sharing (SRS) Funds

4.15.1 When the County has outstanding debt that is not matched by resources available in the Liability Sinking Fund, SRS shall be distributed in the following manner:

4.15.1.1 The first \$1,300,000 shall be receipted into the Capital Improvements Fund (Fund 2450).

4.15.1.2 The next \$900,000 shall be receipted into the Liability Sinking Fund (Fund 2590).

4.15.1.3 SRS dollars received in excess of \$2,200,000 shall be distributed

60% to the Capital Improvements Funds and 40% to the Liability Sinking Fund.

- 4.15.2 When the County does not have outstanding debt, or when the County's outstanding debt is matched by the balance of the Liability Sinking Fund, 100% of SRS funds shall be receipted into the Capital Improvements Fund.

#### 4.16 Responsibilities:

##### 4.16.1 The CAO shall:

- 4.16.1.1 have final responsibility for budget preparation;
- 4.16.1.2 present the budget to the BOC;
- 4.16.1.3 have control of expenditures under the budget and the general appropriations act;
- 4.16.1.4 transmit the recommended budget to the BOC according to an appropriate time schedule approved by the BOC which shall allow adequate time for review;
- 4.16.1.5 accompany the recommended budget with a suggested general appropriations act to implement the budget;
- 4.16.1.6 ensure budgetary centers are provided the necessary forms through the annual budget process.

##### 4.16.2 The BOC shall:

- 4.16.2.1 hold a public hearing as required by the open meetings act, 1976 PA 267, MCL 15.261 to 15.275 prior to final approval of the budget;
- 4.16.2.2 pass a general appropriations act, consistent with the uniform chart of accounts prescribed by the Department of Treasury, as formal approval of the budget for the General Fund and each Special Revenue Fund;
  - 4.16.2.2.1 The general appropriations act (budget) shall:
    - 4.13.2.2.1.1 state the total mills to be levied and the purpose for each millage levied (truth in budgeting act) consistent with the budget schedule (Appendix 6.C);
    - 4.16.2.2.1.4 include amounts appropriated for expenditures to meet liabilities for the ensuing fiscal year in each fund;
    - 4.16.2.2.1.4 include estimated revenues by source in each fund for the ensuing fiscal year;
    - 4.16.2.2.1.4 The budgeted expenditures, including an accrued deficit, shall not exceed budgeted revenues, including available surplus and the proceeds from bonds or other obligations issued under the fiscal stabilization act, [Act 80 of 1981](#) MCL 141.1001 et al.).
- 4.16.2.3 determine the amount of money to be raised by taxation necessary to defray the expenditures and meet the liabilities of Allegan County for the ensuing fiscal year; shall order that money to be raised by taxation is within statutory and charter limitations; and shall cause

the money raised by taxation to be paid into the funds of Allegan County (Appendix 6.A).

4.16.3 The leader of each budgetary center shall:

4.16.3.1 provide necessary information to the COA for budget preparation;

4.16.3.2 be responsible for managing their budget consistent with all applicable policies, laws and best practices.

4.17 Grants: The County recognizes that Grants provide significant resources to enhance the County's ability to provide services and activities not otherwise available. It is the policy of the County that it will consider Grants for activities that are determined to further core County functions or that provide for activities which are in the best interest of our citizens and stakeholders.

4.17.1 The purpose of these grant requirements are to:

4.17.1.1 ensure that Grants are within the vision and scope of Allegan County's Strategy.

4.17.1.2 continuously improve Grants management processes and internal controls to ensure Allegan County maintains compliance with Generally Accepted Accounting Principles, Federal Register (OMB Super-Circular), and audit requirements for Federal/State awards.

4.17.1.3 establish and outline policy and internal controls to ensure Allegan County Grants are under the authority and approval of Allegan County Leadership.

4.17.1.4 evaluate Grant objectives at commencement and conclusion for effectiveness and, if applicable, ongoing participation.

4.17.1.5 facilitate communication of Grant responsibilities between Allegan County Leadership and Service Areas throughout the County.

4.17.2 Requirements:

4.17.2.1 Service Area Leadership must designate an individual to serve as the Program Manager. The Program Manager and Grants Coordinator are responsible to complete the Grant requirements contained within this section and the Grants Management Procedures.

4.17.2.2 A Work Order shall be completed by the Program Manager and/or the Grants Coordinator for the Grant application or renewal for the purpose of document tracking. The Work Order will be used to obtain the required review and recommendation from the Executive Director of Finance or his/her designee before consideration by County Administration.

4.17.2.3 All Grants require application approval and award approval from the BOC and/or the County Administrator; reference Appendix 6.D to determine the level of approval needed.

4.17.2.4 All Grant requests must allow sufficient time for consideration and approval.

4.17.2.4.1 Any Grant requiring BOC approval will need to be added to the BOC meeting agenda. Agenda items must be submitted to County Administration in the timeframe outlined in the BOC Rules of Organization (see Section 7b).

- 4.17.2.4.2 Any Grant requiring County Administrator approval must be submitted to County Administration allowing for a timeframe comparable to the BOC approval process outlined in the BOC Rules of Organization.
  - 4.17.2.4.3 Ongoing Grants should be renewed, whenever possible, through the annual budget process, therefore not requiring additional BOC approval.
  - 4.17.2.4.4 If the Grant application deadline does not allow sufficient time to obtain the appropriate level(s) of approval, the County Administrator may approve Grant applications in such emergency situations and report to BOC.
  - 4.17.2.5 The only authorized signatory on behalf of Allegan County is the County Administrator or BOC Chairperson, unless otherwise designated by the BOC and/or the County Administrator. This designation, if appropriate, can be requested in the Work Order.
  - 4.17.2.6 All Federal Grant spending must follow the Federal guidelines for allowable and unallowable costs as outlined in the Federal Register. Allegan County shall maintain a current membership in System for Award Management (SAM) to ensure the County's eligibility to apply for Federal grants.
  - 4.17.2.7 Eligible Grant expenditures must follow both the purchasing requirements as outlined within the Grant documents and the County's Purchasing Policy. If there is conflict between these requirements, the Grant document requirements would supersede the Purchasing Policy.
  - 4.17.2.8 All Federal Grant funding expended shall be reported on the Schedule of Expenditures of Federal Awards (SEFA) in the annual Single Audit filed with the appropriate State and Federal agencies.
  - 4.17.2.9 Unless otherwise authorized by BOC, any position funded by a Grant shall be considered coterminous with Grant funding.
  - 4.17.2.10 Each Grant must have clearly outlined objectives and desired outcomes which will be used to measure Grant performance. Grant closeout information, both financial and programmatic, must be reported back to County Administration after conclusion of Grant.
- 4.18 Budget Preparation: The CAO shall prepare and present a balanced recommended budget based on the following information collected from each budgetary center. Information shall be submitted to the CAO and presented to the BOC by the CAO consistent with the annual budget schedule (Appendix 6.C):
- 4.18.1 Goals & Objectives. This shall be prepared by each Budgetary Center Leader for each activity for which they have budgetary responsibility.
  - 4.18.2 Core Service Expense/Revenue Budget. Based on the current year budget, Budgetary Centers shall provide a line item cost breakdown (expenses and revenues) for each core service including:
    - 4.18.2.1 Actual expenditures/revenue for the most recently completed fiscal year;
    - 4.18.2.2 Projected expenditures/revenue for the current fiscal year (to be arrived at by using actual expenditures to date and projecting expenditures to the end of the fiscal year);

- 4.18.2.3 An estimate of the expenditures/revenue for the next five fiscal years;
- 4.18.2.4 The projected Maintenance of Effort (MOE) required to maintain external funding sources, if applicable.
- 4.18.3 Personnel Costs.
  - 4.18.3.1 Status Quo Personnel Costs. A report shall be compiled and reviewed by each Budgetary Center which outlines each position currently budgeted and the total compensation attached to each position.
  - 4.18.3.2 Personnel Changes. Position change requests shall be prepared utilizing the appropriate forms by the Budgetary Center Leader and submitted as part of the budgeting process.
- 4.18.4 Operational Requests. Operational requests shall consist of a Budgetary Center's operational line items 727.00.00 through 969.99.99.
- 4.18.5 Capital Requests. A 15-year capital plan shall be presented to the BOC as part of the budget process.
- 4.18.6 Grants. A Grants Master list shall be provided and contain, the Budgetary Center, Grant Name, Grant Purpose, # of Years the County has had the Grant, Grant Source, Anticipated Award, Local Match, Budget, \$ Breakdown of Funding Source, % Breakdown of Funding Source.

~~Fees. A county wide fee schedule shall be developed and maintained by Finance and shall include: Total Costs, Benefit Level and Market Analysis if it requires a change to the fee schedule.~~

~~4.18.7 Fees. A county wide fee schedule shall be provided. and shall include: Total Costs, Benefit Level and Market Analysis if it requires a change to the fee schedule.~~

~~4.18.7.1 Fees must exhibit the following characteristics:~~

~~4.18.7.1.1 A user fee must serve a regulatory purpose rather than a revenue generating purpose.~~

~~4.18.7.1.2 A user fee must be proportionate to the necessary costs of the service or commodity, and imposed on those benefiting from the right/service/improvement supported by the fee.~~

~~4.18.7.1.3 A user fee is voluntary in nature as opposed to being compulsory.~~

~~4.18.7.2 The following categories shall be considered when calculating the cost of services:~~

~~4.18.7.2.1 Direct Salaries, benefits and allowable departmental expenditures.~~

~~4.18.7.2.2 Departmental Overhead Departmental administration / management and clerical support.~~

~~4.18.7.2.3 County-wide Overhead Central service costs such as payroll, human resources, budgeting, county management, etc. Often established through a cost allocation methodology or plan (In this case, the County provided these costs).~~

~~4.18.7.2.4 Cross-Departmental Support Costs associated with review or assistance in providing specific services. For example, costs associated with the Planning Department's review of construction plans.~~

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- 4.18.7.3 The following methodology shall be used when calculating fees:
- 4.18.7.3.1 Total costs minus dedicated revenue equals net cost
  - 4.18.7.3.2 Net cost divided by number of hours equals net hourly rate
  - 4.18.7.3.3 Net hourly rate times number of hours to perform service equals net cost per service
  - 4.18.7.3.4 Net cost per service times percent of user support equals user fee
  - 4.18.7.3.5 User fee plus other revenue = net cost per service
- 4.18.7.4 The percent of user support shall be governed by the following schedule:
- 4.18.7.4.1 Benefit Level 1 - Services that Provide General "Global" Community Benefit: 25% cost recovery
  - 4.18.7.4.2 Benefit Level 2 - Services that Provide Both "Global" Benefit and also a Specific Group or Individual Benefit: 50% cost recovery
  - 4.18.7.4.3 Benefit Level 3 - Services that Provide a Primary Benefit to an Individual or Group, with less "Global" Community Benefit: 100% cost recovery
  - 4.18.7.4.4 Unless otherwise prohibited by law, non-profit users (501(c)(3) organizations, schools, churches, and governments) shall receive a 25 percent discount of the calculated fee.

4.19 The CAO shall ensure the recommended balanced budget contains the following:

- 4.19.1 All funds (including but not limited to the General Fund and all Special Revenue Funds) shall be presented based on balancing revenues (including transfer-ins) to expenses (including transfer-outs) excluding beginning and ending fund balances.
- 4.19.2 Beginning and ending fund balance for each fund for each year;
- 4.19.3 An estimate of the amounts needed for deficiency, contingent, or emergency purposes;
- 4.19.4 Budget Summary. An overview of key recommendations and/or decisions made relative to the final recommended balanced budget shall be included in a summary document to emphasize such information that may not be easily interpreted from the numeric data (example: wage adjustment %.) Such summary may include other data relating to fiscal conditions that the CAO has used in the budget development and considerations that may be useful in analyzing the future financial needs of Allegan County.
- 4.19.5 While line item detail is be presented to the BOC throughout the budget preparation process, the final recommended balanced budget and the final adopted budget shall be activity based.

## 5. REFERENCES:

- A. Michigan Department of Treasury Uniform Budget Manual
- B. Public Act 80 of 1981 Michigan Fiscal Stabilization Act
- C. Public Act 156 of 1851 MCL 46.1 County Board of Commissioners
- D. Public Act 621 of 1978 General Appropriations Act

- E. Public Act 154 of 1879 Elected Officials Salaries
- F. Public Act 267 of 1976 Michigan Open Meetings Act
- G. Allegan County Policy #511-Travel and Training
- H. Administrative Order No.1998-5 - Chief Judge Responsibilities;  
Local Intergovernmental Relations
- I. Allegan County Purchasing Policy
- J. Board of Commissioners Rules of Organization
- K. County Strategy Map

**6. APPENDICES:**

- A. Table of Minimum Fund Balances
- B. 911 Surcharge Formula
- C. Annual Budget Schedule
- D. Board Thresholds

APPENDIX 6.A  
Table of Minimum Fund Balances

<b>Fund Title</b>	<b>Fund #</b>	<b>Types of Uses</b>	<b>Minimum Threshold</b>	<b>Distribution of Funds in Excess of Minimum Threshold and Other Transfers</b>
General	1010	General County Operations	Fund Balance – 11% of G. F. expense budget	Refer to Budget Policy text
Budget Stabilization	2570	May be used to cover a General Fund deficit, to prevent a reduction in services, to cover expenses of a natural disaster and more	Maximum allowed by statute	Refer to Budget Policy text
PTO Liability	2580	To fund the accrued liabilities of personnel (i.e. PTO, post-employment benefits, etc.)	Fully fund the PTO Liability per the most recent financial audit	Refer to Budget Policy text
Delinquent Tax Revolving	6160	Monies are used for the settlement of delinquent taxes with the local taxing units. The county purchases the delinquents taxes from the local units. Currently this is about \$7 million each year	The annual debt service payment for the Sheriff's Office and Corrections Center Bond shall be transferred to the Debt Service fund.  Ending cash balance shall be a minimum of 115% of the prior year settlement	Transfer to the Liability Sinking Fund 2590
Tax Reversion	6200	Tax reversion funds account for the process by which delinquent property taxes are collected, or in lieu of collection, the process which governs the disposition of real property upon which property taxes remain unpaid.		\$200,000 shall be transferred to the General Fund as part of the annual budget
Central Dispatch	2110		Fund Balance – 10% of current year operating expenses.  Capital Min - \$250,000 which shall be part of the surcharge formula. In the event the reserve may be utilized, in part or in whole, it shall be restored over a maximum of three years utilizing the capital surcharge formula.	



Child Care	2921		Fund Balance – 5% of current year operating expenses.	
Senior Services	2950		Fund Balance – 10% of current year operating expenses.	
Health Fund	2210		Fund balance shall be maintained at a level of 5% of the current year operating expenses or a percentage necessary to meet the annual requirements of the State's Maintenance of Effort (MOE), whichever is less.	
Sheriff's Dept Contracts for Service	2800's		\$10,000 per contract fund	Transfer to the Liability Sinking Fund 2590
Local Government Revenue Sharing	2470		10% of current year revenue <del>\$45</del> <u>25</u> ,000 reserved for Agricultural Incubator match	Transfer out to Parks fund to balance operating budget. Additional \$20,000 reserved annually for DNR Trust Fund match. Remaining fund balance after minimum threshold and DNR Trust are met may be utilized for Parks Capital and/or Economic Development Initiatives as approved by the BOC.

APPENDIX 6.B  
911 Surcharge Formula

PAEB =	Projected Annual Expense Budget
OR =	Other Revenue (i.e. interest earned, training funds)
FBA =	Fund Balance Adjustment (from prior year audited financial statements)
TSNO =	Total Surcharge Needed For Operations
CMSO =	Current Monthly Surcharge Operations
AMD =	Average Monthly Devices [(((Total Surcharge January -> June)/January Monthly Surcharge)/6) + (((Total Surcharge July -> December)/July Monthly Surcharge)/6)]/2
SRJJO =	Surcharge Revenue January - June Operations
TSNJyDO =	Total Surcharge Needed July - December Operations
NMSJyDO =	New Monthly Surcharge July - December Operations
TCMS =	Total Capital Monthly Surcharge
TMSJyJ =	Total Monthly Surcharge July - June

Step 1)  $(PAEB - OR) +/- FBA = TSNO$

Step 2)  $(CMSO \times AMD) \times 6 = SRJJO$

Step 3)  $TSNO - SRJJO = TSNJyDO$

Step 4)  $(TSNJyDO/6) / AMD = NMSJyDO$

Step 5)  $NMSJyDO + TCMS = TMSJyJ$

Capital Formula (TCMS):

- \$ amount of capital needed in YR 1 = CAP1
- $CAP1 / 12 \text{ months} / AMD = C1$
  
- \$ amount of capital needed in YR 2 = CAP2
- $CAP2 / 24 \text{ months} / AMD = C2$
  
- \$ amount of capital needed in YR 3 = CAP3
- $CAP3 / 36 \text{ months} / AMD = C3$
  
- Continue this pattern for fifteen (15) years or 180 months
- All items would be totaled to equal total capital monthly surcharge (TCMS)

APPENDIX 6.C  
Annual Budget Schedule

<b>BUDGET ITEM</b>	<b>BUDGET PROCESS</b>	<b>Due Dates</b>
Budget Policy	BOC Approval	By 2 <sup>nd</sup> BOC of March
Budget Worksheets	All worksheets due to County Administration for review and development of recommended balanced budget.	May 31
<b>BUDGET:</b>	Planning Session (draft)	2 <sup>nd</sup> Planning Session of August
	BOC Discussion (proposed)	1 <sup>st</sup> BOC of September
	BOC Approval (Move final)	2 <sup>nd</sup> BOC of September
	ADMINISTRATION submits public hearing notice in publication of general circulation	September 28
	Public Hearing appears in paper	Minimum 6 days prior to 1 <sup>st</sup> BOC of October
	BOC Adopts Final Budget (P.A. 156 of 1851 MCL 46.1), Public Hearing, adopt millage, and general appropriations act. Based on the Uniform Budgeting Act, the budget shall be passed prior to the ensuing budget year. Michigan treasury manual states 1-2 months prior to the end of the fiscal year as a recommended timeline.	1 <sup>st</sup> BOC of October
	ADMINISTRATION & Service Area – Elected Officials Salaries (Act 154 of 1879)	2 <sup>nd</sup> BOC of October

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## APPENDIX 6.D

### Board Thresholds

Request	Information	Directly to <b>Board Action</b>	Board Discussion	<b>CA Final Approval (Report back to Board)</b>
Grant	<ul style="list-style-type: none"> <li>• Department Requesting</li> <li>• Name of Grant</li> <li>• Summary of Grant</li> <li>• Application/Acceptance</li> <li>• New/Renewal/Continuation</li> <li>• Amount of Grant (Not including Local Match)</li> <li>• Source of Grant Funds (% of allocation)</li> <li>• Type of Match (cash/in-kind)</li> <li>• Amount/Description/Source of Match</li> <li>• Term of Grant</li> <li>• Does It Involve Personnel</li> <li>• Does It Involve On Going Operational Activities (recoverable?)</li> <li>• Admin fees</li> <li>• Equipment/ongoing costs</li> <li>• Does it effect other operations?</li> <li>• Contact info/Resp parties/ownership</li> <li>• Disposition</li> <li>• Changes in grant</li> </ul>	Renewals \$25,001+ (not approved through the budget process)	New Grants (not approved through the budget process) \$25,001+	<ul style="list-style-type: none"> <li>• New grants under \$25,001</li> <li>• New grants and renewals of grants approved through the budget process.</li> </ul>
Purchase Operational (Budgeted)	<ul style="list-style-type: none"> <li>• Department</li> <li>• Item(s)</li> <li>• Total Bid Price</li> <li>• Budgeted (yes/no)</li> <li>• # of Bids Sent/Received</li> <li>• Prebid or qualifications</li> <li>• Tabulation Sheet</li> <li>• Recommendation of Award</li> <li>• Where it was advertised</li> <li>• Equipment/Service/Supplies</li> <li>• Contact Info/Resp parties/ownership</li> </ul>	\$25,001-\$100,000 budgeted	\$100,001+ budgeted All non budgeted purchases	<ul style="list-style-type: none"> <li>• Budgeted County direct purchases under \$25,001</li> <li>• Emergency Purchases</li> <li>• Budgeted reverse auction purchases of any amount</li> <li>• Budgeted cooperative agreement purchases of any amount</li> </ul>
Purchase Bud. Cap		\$50,001-\$100,000	\$100,001+ budgeted All non budgeted purchases	<ul style="list-style-type: none"> <li>• Budgeted capital under \$50,001</li> <li>• Emergency Purchases</li> <li>• All budgeted reverse auction purchases</li> <li>• All budgeted cooperative agreement purchases</li> </ul>
Contract	<ul style="list-style-type: none"> <li>• Parties</li> <li>• Duration</li> <li>• Amount</li> <li>• Purpose</li> <li>• Dept Contact</li> </ul>		New Contracts \$25,001+	<ul style="list-style-type: none"> <li>• Budgeted ongoing renewals</li> <li>• All contracts under \$25,001</li> </ul>
Budget Adjustments	<ul style="list-style-type: none"> <li>• Department</li> <li>• Fund, Activity, Account</li> <li>• Amount</li> <li>• Revenue/Expense</li> <li>• Explanation/Description</li> </ul>	\$25,001-\$100,000	\$101,000+ Contingency or Fund Balance of any fund	<ul style="list-style-type: none"> <li>• Line items moves within an activity</li> <li>• Year End Adjustments (Jan-Mar)</li> <li>• Adjustments/transfers under \$25,001 (between activities and between funds)</li> </ul>
Personnel	<ul style="list-style-type: none"> <li>• Backfilling Positions</li> <li>• RFA</li> <li>• Position Review Form</li> <li>• Budget Status Report</li> <li>• Position Changes</li> <li>• RFA</li> <li>• Summary of request</li> <li>• Cost analysis of request</li> <li>• Expenditure Status Report</li> </ul>		<ul style="list-style-type: none"> <li>• Non-budgeted changes</li> <li>• New positions</li> <li>• Compensation changes</li> </ul>	<ul style="list-style-type: none"> <li>• Filling existing budgeted unchanged positions</li> <li>• Creation of and/or changes to Irregular Part-Time and/or temporary positions within budget</li> <li>• Budget neutral changes in positions or changes resulting in reduced expenditures of budgeted positions</li> </ul>