



BOARD OF SUPERVISORS AGENDA ITEM REPORT

Requested Board Meeting Date: 9/19/2023

**= Mandatory, information must be provided*

Click or tap the boxes to enter text. If not applicable, indicate "N/A".

***Title:**

Revisions to BOS Policy D22.2, Budget Accountability

***Introduction/Background:**

Originally adopted on July 12, 2011, this policy established guidelines for transparency and accountability of expenditures incurred by County departments.

***Discussion:**

This policy has been revised to include the specific statutes that govern this policy, A.R.S. §42-17101 and §42-17106. Definitions have been added to clarify terms along with additional detail added to the Policy section to clarify direction for departments.

***Conclusion:**

The revisions to this policy will help clarify the County's budget process for both the departments and the public.

***Recommendation:**

Staff recommends the approval of the revised policy to comply with A.R.S. §42-17101 and §42-17106.

***Fiscal Impact:**

The County will continue to develop and adopt an annual budget for all departments to ensure transparency, accountability, and compliance.

***Board of Supervisor District:**

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☒ All

Department: Finance and Risk Management

Telephone: 724-3138

Contact: Ellen Moulton

Telephone: 724-3138

Department Director Signature: _____

Date: _____

9/1/23

Deputy County Administrator Signature: _____

Date: _____

County Administrator Signature: _____

Date: _____

9/1/23

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PIMA COUNTY, ARIZONA BOARD OF SUPERVISORS POLICY

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Purpose

To establish guidelines for developing and managing the Adopted Budget for all departments and to ensure transparency, accountability, and compliance.

Background

Pursuant to A.R.S. §42-17101 and §42-17106, the financial responsibilities of counties are as follows:

- The Board of Supervisors (Board) must annually adopt a balanced budget for the operation of Pima County.
- Within that Annual Budget, the Board has the authority and responsibility to determine the individual budgets of all Elected Officials and Appointing Authorities.
- Elected Officials and Appointing Authorities of the County may not expend public monies in excess of those appropriated (i.e., Appropriated Budget) by the Board.
- Elected Officials and Appointing Authorities of the County may not expend public monies for a purpose not included in the Annual Budget, adopted by the Board, or expend public monies in excess of the amount specified for each purpose in the Budget.
- In order to perform their financial duties, the Board will receive annually the Recommended Budget, which includes the County Administrator's Transmittal Memorandum and required State Schedules, the Recommended Budget Comparison Report, and the Departmental Working Budgets for review. These reports enable the Board to review, scrutinize, and compare the applicable budgeted amounts to prior year actuals, current year budget amounts, and year-to-date actuals. In addition, the Board will receive the Tentative and Adopted Budget Memorandums, the updated State Schedules, and various County Administrator Memorandums prior to Budget Adoption.
- The Board of Supervisors, acting in its legislative capacity, has exclusive authority to annually levy such tax on the property of the County as is necessary to fund the expenses of County government at a level the Board determines to be appropriate.

Definitions

Adopted Budget – The final budget approved by the Board prior to the start of the fiscal year.

Appropriated Budget – The Adopted Budget inclusive of approved changes during the fiscal year by the Board.



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Departmental Working Budget – Includes the Recommended Summary by Object Reports for revenues and expenditures, Recommended Detail Line Item by Unit Reports for revenues and expenditures, and Recommended Positions by Unit. These reports provide actual amounts for the prior fiscal year, the Adopted Budget for the current year, the year-to-date amounts for the current fiscal year, and the applicable (i.e., Requested, Recommended, Tentative, and Adopted) Budget amount.

Recommended Budget – The adjusted Requested Budget based on County Administration, Finance analysis, and Board guidelines.

Requested Budget – The budget that departments submit to Finance.

Revised Budget – The Adopted Budget inclusive of approved changes during the fiscal year.

Target Base Budget – A department's budgeted expenditures and revenues that are modified or adjusted on a year-to-year basis only in response to clearly identifiable changes in laws, factual circumstances, or specific actions directed by the Board.

Policy

A. Budget Guidelines

1. The Board will establish guidelines and priorities for developing next year's budget every October. These guidelines will include the establishment of additional budget meetings as needed.
2. Using the established guidelines and priorities, the Department of Finance and Risk Management (Finance) will provide each department with its Target Base Budget, the calendar of budget events, and the budget instructions prior to the start of the budgeting process.
3. Departments that require additional budget authority above and beyond their base budget must submit these requests through the supplemental request process. This process provides County Administration and Finance the ability to review and analyze new initiatives and requests, attempt to identify additional funding, approve or deny these requests, and include all approved supplemental requests within the Recommended Budget.
4. Departments will follow these priorities and guidelines approved by the Board and the instructions provided when preparing their budget requests.
5. Departments are expected to manage their budget by fund, to ensure that they stay within their Appropriated Budget. A Revised Budget to increase a department's Adopted Budget for a fund is only allowed per the Board of Supervisors Contingency Policy, D.22.15.



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6. In accordance with the Board of Supervisors General Fund – Fund Balance Policy, D.22.14, Finance will also ensure that the County budgets for an unrestricted fund balance reserve within the General Fund of 17% of the previous year's General Fund audited operating expenditures.

B. Budgetary Controls and Oversight

The County Administrator shall, by Administrative Procedure, prepare appropriate budgetary controls to identify revenues and expenditures by Elected Officials and Appointing Authorities in sufficient detail for the Board to oversee compliance with statutory financial responsibilities and compliance with the annual appropriations by the Board. Such controls should include, among other controls, periodic reports of significant variances from the major revenue and expenditure categories contained in the Adopted Budget.

C. Budget Exceedance

1. Finance shall provide each Elected Official and Appointing Authority a monthly report setting forth actual expenditures and revenues to date of their department and a comparison to the Adopted Budget.
2. The department will work with Finance to provide their fiscal year-to-date projections on a monthly basis.
3. If, at any time, a department's projected and/or straight-line fiscal year-to-date expenditures exceed their Appropriated Budget or the revenues are under their Appropriated Budget, the Elected Official or Appointing Authority shall immediately develop and implement a budget remediation plan to ensure that the department stays within budget at the end of the fiscal year. This remediation plan shall be submitted to Finance for review and inclusion within the Monthly Financial Report sent to the Board on the first Board meeting of the subsequent month.

D. Applicability

This policy applies to all departments and special districts of Pima County, whether under the supervision of an elected or appointed official, as identified in the County's Adopted Budget.

Revised Date: July 12, 2011
September 19, 2023
Effective Date: September 19, 2023



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PURPOSE

To establish guidelines for developing and managing the Adopted Budget for all departments and to ensure transparency, and accountability, and compliance of expenditures incurred by County departments.

BACKGROUND

Pursuant to A.R.S. §42-17101 and §42-17106 the Constitution and Statutes of Arizona governing the financial responsibilities of counties are as follows:

- The Board of Supervisors (**Board**) must annually adopt a balanced budget for the operation of Pima County government.
- Within that ~~a~~**Annual** ~~b~~**Budget** the Board has the authority and responsibility to determine the individual budgets of all ~~e~~**Elected Officials** and ~~a~~**Appointing** ~~ed~~ **Authorities** County officers.
- Elected **Officials** and ~~a~~**Appointing** ~~ed~~ officers **Authorities** of the County may not expend public monies in excess of those appropriated (**i.e., Appropriated Budget**) by the Board.
- Elected **Officials** and ~~a~~**Appointing** ~~ed~~ officers **Authorities** of the County may not expend public monies for a purpose not included in the ~~a~~**Annual** ~~b~~**Budget** adopted by the Board or expend public monies in excess of the amount specified for each purpose in the ~~b~~**Budget**.
- In order to perform their financial duties the Board will receive annually the Recommended Budget, which includes the County Administrator's Transmittal Memorandum and required State Schedules, the Recommended Budget Comparison Report, and the Departmental Working Budgets for review. These reports enable the Board to review, scrutinize, and compare the applicable budgeted amounts to prior year actuals, current year budget amounts, and year-to-date actuals. In addition, the Board will receive the Tentative and Adopted Budget Memorandums, prior to Budget Adoption. ~~may examine and scrutinize all accounts and financial transactions of County officers having the care, management, collection or disbursement of public monies.~~
- The Board of Supervisors, acting in its legislative capacity, has exclusive authority to annually levy such tax on the property of the County as is necessary to fund the expenses of County government at a level the Board determines to be appropriate.

Definitions

Adopted Budget – The final budget approved by the Board prior to the start of the fiscal year.



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Appropriated Budget – The Adopted Budget inclusive of approved changes during the fiscal year by the Board.

Departmental Working Budget – Includes the Recommended Summary by Object Reports for revenues and expenditures, Recommended Detail Line Item by Unit Reports for revenues and expenditures, and Recommended Positions by Unit. These reports provide actual amounts for the prior fiscal year, the Adopted Budget for the current year, the year-to-date amounts for the current fiscal year, and the applicable (i.e., Requested, Recommended, Tentative, and Adopted) Budget amount.

Recommended Budget – The adjusted Requested Budget based on County Administration, Finance analysis, and Board guidelines.

Requested Budget – The budget that departments submit to Finance.

Revised Budget – The Adopted Budget inclusive of approved changes during the fiscal year.

Target Base Budget – A department's budgeted expenditures and revenues that are modified or adjusted on a year-to-year basis only in response to clearly identifiable changes in laws, factual circumstances, or specific actions directed by the Board.

POLICY

A. Budget Guidelines

- 1. The Board will establish guidelines and priorities for developing next year's budget every October. These guidelines will include the establishment of additional budget meetings as needed.**
- 2. Using the established guidelines and priorities, the Department of Finance and Risk Management (Finance) will provide each department with its Targeted Base Budget, the calendar of budget events, and the budget instructions prior to the start of the budgeting process.**
- 3. Departments that require additional budget authority above and beyond their base budget must submit these requests through the supplemental request process. This process provides County Administration and Finance the ability to review and analyze new initiatives and requests, attempt to identify additional funding, approve or deny these requests, and include all approved supplemental requests within the Recommended Budget.**
- 4. Departments will follow these priorities and guidelines approved by the Board and the instructions provided when preparing their budget requests.**



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5. Departments are expected to manage their budget by fund, to ensure that they stay within their Appropriated Budget. A Revised Budget to increase a department's Adopted Budget for a fund is only allowed per the Board of Supervisors Contingency Policy, D.22.15.
6. In accordance with the Board of Supervisor General Fund – Fund Balance Policy, D.22.14, Finance will also ensure that the County budgets for an unrestricted fund balance reserve within the General Fund of 17% of the previous year's General Fund audited operating expenditures.

B. Budgetary Controls and Oversight

- A. The County Administrator shall, by Administrative Procedure, prepare appropriate budgetary controls to identify revenues and expenditures by ~~e~~Elected Officials and ~~a~~Appointing officersAuthorities in sufficient detail for the Board of Supervisors to oversee compliance with Constitutional and statutory financial responsibilities and compliance with the annual appropriations by the Board of Supervisors. Such controls should include, among other controls, periodic reports of significant variances from the major revenue and expenditure categories contained in the ~~a~~Adopted bBudget.

~~B.~~

C. Budget Exceedance

1. The County Administrator~~Finance~~ shall provide each director or officer~~Elected Official and Appointing Authority~~ of a department of the County a monthly report setting forth actual expenditures and revenues to date of their department and a comparison to the adopted budget.
2. The department will work with Finance to provide their fiscal year-to-date projections on a monthly basis.
3. If, at any time, after the fiscal year to date report for the month of December the net fund impact of a department is ten percent more negative than the adopted budget based upon a straight line apportionment of the adopted budget throughout the fiscal year, the director or officer of that departmenta department's projected and/or straight-line fiscal year-to-date expenditures exceed their Appropriated Budget or the revenues are under their Appropriated Budget, the Elected Official or Appointing Authority shall immediately develop and implement a budget remediation plan to ensure that the department's stays within budget at the end of the fiscal year. This remediation plan shall be submitted to Finance for review and inclusion within the Monthly Financial Report sent to the Board on the first Board meeting of the subsequent month.~~budgeted net fund impact is not exceeded at the end of the fiscal year. Within ten days from the issuance of a monthly report showing a department's net fund impact to be ten percent more negative than the adopted budget the director or officer of that department shall submit to the Board of Supervisors through the County Administrator a written budget remediation plan or, if applicable, an~~



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~~alternative projection utilizing methodology other than straight line that more accurately predicts no negative variance in net fund impact of the department for the fiscal year.~~

~~If at the end of any fiscal year a department's net fund impact was more negative than that authorized by the adopted budget, then the director or officer of that department shall submit a report to the Board of Supervisors prior to September 1 describing what remedial actions were taken to avoid the budget exceedance and why such actions were inadequate.~~

D. Applicability

This policy applies to all departments and special districts of Pima County, whether under the supervision of an elected or appointed official, as identified in the County's a~~Adopted County b~~Budget.

Revised Date: July 12, 2014
September 19, 2023
Effective Date: September 19, 2023



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Purpose

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- The Board of Supervisors (Board) must annually adopt a balanced budget for the operation of Pima County.
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- Elected Officials and Appointing Authorities ~~ed officers~~ of the County may not expend public monies in excess of those appropriated (i.e., Appropriated Budget) by the Board.
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- In order to perform their financial duties, the Board will receive annually the Recommended Budget, which includes the County Administrator's Transmittal Memorandum and required State Schedules, the Recommended Budget Comparison Report, and the Departmental Working Budgets for review. These reports enable the Board the ability to review, scrutinize, and compare the applicable budgeted amounts to prior year actuals, current year budget amounts, and year-to-date actuals. In addition, the Board will receive the Tentative and Adopted Budget Memorandums, as well as the updated State Schedules, and various County Administrator Memorandums, prior to Budget Adoption. may examine and scrutinize all accounts and financial transactions of County officers having the care, management, collection or disbursement of public monies.
- The Board of Supervisors, acting in its legislative capacity, has exclusive authority to annually levy such tax on the property of the County as is necessary to fund the expenses of County government at a level the Board determines to be appropriate.

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- 1-3. Departments that require additional budget authority above and beyond their base budget must submit these requests through the supplemental request process. This process provides County Administration and Finance the ability to review and analyze new initiatives and requests, attempt to identify additional funding, approve or deny these requests, and include all approved supplemental requests within the Recommended Budget.



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4. Departments will follow these priorities and guidelines approved by the Board and the instructions provided when preparing their budget requests.
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The County Administrator shall, by Administrative Procedure, prepare appropriate budgetary controls to identify revenues and expenditures by Elected Officials and Appointing Authorities in sufficient detail for the Board to oversee compliance with statutory financial responsibilities and compliance with the annual appropriations by the Board. Such controls should include, among other controls, periodic reports of significant variances from the major revenue and expenditure categories contained in the Adopted Budget.

C. Budget Exceedance

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1. Within ten days from the issuance of a monthly report showing a department's net fund impact to be ten percent or more negative than the Adopted Budget, the director or officer of that department shall submit to the Board of Supervisors, through the County Administrator, a written budget remediation plan or, if applicable, an alternative projection utilizing methodology other than straight line that more accurately predicts no negative variance in net fund impact of the department for the fiscal year.
2.



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3. If at the end of any fiscal year a department's net fund impact was more negative than that authorized by the Adopted Budget, then the director or officer of that department shall submit a report to the Board of Supervisors, through the County Administrator, prior to September 1 describing what remedial actions were taken to avoid the budget exceedance and why such actions were inadequate.

B.D. Applicability

This policy applies to all departments and special districts of Pima County, whether under the supervision of an elected or appointed official, as identified in the County's Adopted County Budget.

Revised Date: ____ July 12, 2011
September 19, 2023
Effective Date: September 19, 2023