

**STOREY COUNTY ADMINISTRATIVE
POLICIES AND PROCEDURES**

NUMBER 040
EFFECTIVE DATE: 07-03-2012
REVISED: 12/04/18-12/18/18
AUTHORITY: BOC
COUNTY MANAGER: PAW

SUBJECT: Budgeting and Budget Requests

I. PURPOSE: To establish methods and procedures for the development, presentation, adoption, administration and evaluation of departmental budget requests and the county budget. To enable the county to make financial plans for both current and capital expenditure programs and to provide program priorities for the expenditure of public funds. To provide for the control of revenues and expenditures, in order to promote prudence and efficiency in the expenditure of public funds.

II. POLICY: Comptroller is authorized to develop the annual budget for approval by the board in accordance with the provisions of NRS 354 and NAC 354.

III. PROCEDURES:

A. Development of Draft Budget:

1. During the month of January of each year the Comptroller or his/her designee will notice the County Manager and department heads to develop a draft budget proposal for the following fiscal year. The County Manager and each department head will also be provided a schedule showing deadlines for draft budget submittals and resubmittals, tentative and final map hearings and submittals, and other important dates in the budget process for the year.
2. The Comptroller will convene a core budget team consisting of himself/herself, the County Manager, the Administrative Officer and/or Personnel Director, auditors and analysts from the Comptroller's and County Manager's office, and other person(s) as applicable and appropriate for each department and fund.
3. Each department head will develop a draft budget proposal for his/her department. By a deadline set by the Comptroller pursuant to paragraph (1), the department head will submit to him/her a department budget draft proposal for preliminary review.
4. Before submittal of the tentative budget to the board, the core budget team will meet with each department head for the purpose of reviewing each proposed department budget. Discussion will occur between the parties about projected revenues, anticipated expenses, and other matters potentially affecting the county budget and department budget during the coming fiscal year. Concerns and input from each member of the core budget team and the department head will be considered in formulating the tentative budget for the county and each department. This process may be performed in one or more meetings with the department head.
5. The tentative budget will be provided to the entire core budget team at least 5 days before it is submitted to the board for consideration in order to allow sufficient time for the budget team to review and provide comment.

B. Tentative and Final Budget Preparation, Noticing, and Hearing

1. The Comptroller will prepare for the board a draft tentative budget for the ensuing fiscal year. The tentative budget must be submitted to the County Manager and core budget team, and filed for public record and be inspected by the Storey County Clerk.
2. On or before April 15 of each year, the Comptroller will submit the tentative budget to the Nevada Department of Taxation.
3. The tentative and final budgets will be prepared, submitted, noticed, and considered by the board and the Nevada Department of Taxation as set forth in NRS 354 and NAC 354.

C. The adoption of the budget by the board is the approval of each construction project/capitol project included in the budget.

1. The County Manager or the Comptroller are authorized to cancel or substitute construction project/capitol project throughout the fiscal year.
2. Any department head wishing to initiate a new project or project change, not authorized in the budget as the same may be amended from time to time, must first obtain budget change approval from the Comptroller or County Manager or prior to its commencement.

D. Each department head must remain familiar at all times with the budget balances of his/her department.

1. No department head or employee may obligate the county to any expenditure of money not specifically budgeted without the express written authority of the County Manager and the Comptroller.
2. No department head or employee may spend or obligate money in excess of the total budget appropriated for that department without the expressed written authority of the County Manager and the Comptroller.
3. For cost control, any item purchased over \$1,499.99, the department head must submit a Budget Request Form 040-F to the County Manager and ~~County~~ Comptroller for approval.
4. Expenditure from a budget other than the department's own may only be made with authorization from the County Manager and the Comptroller.

E. The Comptroller shall on no less than a monthly basis, review each department's expenditures for conformity with the duly approved departmental budget. Exceptions or possible over-expenditures must be noted by the Comptroller with a copy to the County Manager.

F. The Comptroller will on a quarterly basis provide a summary standing of the county budget, including for revenues and expenditures, and for each department of the county, to the board in public hearing.

IV. Structurally Balanced Budget

A. The county will maintain a structurally balanced budget, where recurring revenues equal or exceed recurring expenditures within known parameters. The county will balance recurring operating expenditures with recurring revenues reasonably expected to continue year to year.

B. Recurring expenditures are operating costs that are funded each year such as salaries, benefits, services, supplies, and asset maintenance costs. Non-recurring expenditures are on-time expenditures and one-time costs such as acquisitions or replacement of capital assets.

C. There may be instances when recurring revenue or expenses may not be measurable due to pending contract or other negotiations, and other contingencies, at the time of the tentative and/or final budget. The Comptroller will present to the County Manager for his/her concurrence and to the board the best estimate under these circumstances for revenue or expenses.

D. Property taxes are examples of recurring revenue, while settlements from lawsuits or certain grants are examples of non-recurring revenue.

E. Revenues that have both recurring and non-recurring components require judgement in determining how much of the source is truly recurring. For example, building permit revenues rise in a period of high growth in the community, but can be volatile as economic conditions change. The county will review its revenue portfolio to identify revenues with potentially volatile components and avoid over reliance on these revenue sources in its budget projections.

F. The county will maintain reserves at its desired policy levels. Using reserves to balance the budget may only be considered in the context of a plan to return to structural balance. The plan to return to structural balance must include a specific length of time for replenishing the fund balance and remediating the negative impact of any other short-term balancing actions that may be taken.

V. Budgeting Structure

A. The county will conduct its operations from existing or foreseeable revenue sources. The budget preparation will cluster proposed expenses by department or cost center. The presentation will typically show the actual expenditure or budget from the prior period for comparison purposes, and in order to show significant changes budgeted from the prior period.

VI. Budget Performance Reporting

A. The Comptroller will submit quarterly operating reports to the County Manager and board comparing actual revenues and expenditures with budgeted revenues and expenditures.

B. Where practical, the county will develop and employ performance measures to be included in the budget.

VII. Maintenance, Repair, and Replacement Goals

A. As a goal, all equipment replacement and maintenance needs for the next 5 years will be projected and the projection will be updated each year. A maintenance and

replacement schedule based on this projection will be developed and potential funding sources identified.

B. Replacement of capital outlay items will be planned to increase efficiency and productivity considering the available funds. When possible, replacement plans will be timed as stable intervals so as not to spend excessively in one year and restrictively in the next.

VIII. Maintenance of Capital Assets

A. The budget should provide sufficient funds for the regular repair and maintenance of all county capital assets. The budget should not be balanced by deferring these expenditures.

B. Future maintenance needs for all new capital facilities will be identified during the capital improvement program process. Significant maintenance and operating cost increases or decreases will be reflected in the five-year financial plan.

IX. Personnel Services

A. The county will strive to pay competitive market rates for salaries, wages, and benefits to its employees. The funding of competitive market rates will be balanced against the county's ability to fund short- and long-term costs and to maintain quality public services.

B. The county will periodically conduct a comprehensive total compensation survey of public sector employees as necessary and this survey will be the basis for determining prevailing market rates. The compensation survey will focus on public agencies and employees that are similar to Storey County.

C. The county's workforce, measured in full-time-equivalent (FTE), will not fluctuate more than 3 percent annually without corresponding changes in program service level or scope.

D. In establishing pay rates, a cost analysis of rate increases will be conducted and will include the effect of such increases on the county's share of related fringe benefits and unfunded liabilities (including non-salary benefits).

E. Long-term costs of changes in benefits packages will be estimated and fully disclosed to the board before negotiated labor agreements are affirmed.

F. No new personnel should be included in the base budget.

X. Services and Supplies

A. In developing the annual operating budget, total department services and supplies budgets are not to increase from the current year's total adopted budget without valid justification.

XI. Capital Outlay and Projects

A. A capital outlay plan will be developed and will conform to Storey County policies and procedures.

XII. Use of Interest on Investment Earnings

A. The amount of interest on investment earnings fluctuates depending on both the interest rate and the amount invested. It is not advisable for the county to rely on this

source of revenue to fund ongoing operations given the significant fluctuations in investment earnings. Therefore, the amount of investment earnings that may be budgeted to fund operations for the next fiscal year is limited to the estimated investment earnings that would be generated from the lowest interest rate and lowest investment amount in the preceding five fiscal years by fund. Any amount in excess can only be used to fund one-time purchases or placed in an appropriate reserve account for future on-time purchases.

XIII. Budget Management

The budget will be managed in accordance with Nevada Local Government Budget Act contained in NRS 354.470-354.626 and NAC 354.400-354.600.

A. Manage budgets

1. Department heads and elected officials will manage their budgets responsibly and will be accountable for compliance with NRS 354.626 requiring that no governing body or member thereof, officer, office, department, or agency within the county may, during any fiscal year, expend or contract to expend any money or incur any liability, or enter into any contract which by its terms involves the expenditure of money, in excess of the amount appropriated in the budget for that function, with the exception of bond repayments, medium-term obligation repayments and any other long-term contracts expressly authorized by law.

B. Augmentations

1. If anticipated resources actually available during a budget period exceed those estimated, the budget may be augmented. Budget augmentations to increase the appropriation of a fund when actual resources exceed those previously budgeted must be approved by a resolution of the board at a regularly scheduled meeting. Budget augmentations become effective upon filing of the resolution with the Department of Taxation. The Comptroller will present budget augmentations to the board for approval three times annually, or as necessary.

C. Budget augmentations for grants-in-aid, gifts, or bequests

1. Budget augmentations resulting from grants, gifts, or bequests previously approved by the board may be approved by department heads designated to administer the budget of that function.

D. Budget Amendments Due to Legislative Action

1. An amended budget due to legislative actions to increase or decrease the revenues or expenditures of a local government not anticipated in the local government's final adopted budget may be filed with the state department of taxation within 30 days of adjournment of the legislative session.

E. Budget Transfer Within a Function

1. Transfers within a function may be approved by the department head designated to administer the budget of that function upon consultation with the Comptroller.

F. Budget Transfers Between Functions, Funds, or Contingency Accounts

1. Budget transfers between functions, funds, or contingency accounts will be approved by the board via resolution at a regularly scheduled meeting and recorded into the official minutes of the meeting.

G. Budget Appropriations

1. Budget appropriations will lapse at the end of the fiscal year and will revert to the available balance of the fund from which appropriated per NRS 354.620. Exceptions include encumbered budget for carryover purchase orders and/or carryover projects.

RESPONSIBILITY FOR REVIEW: The County Manager or his/her designee will review this policy every 5 years or sooner as necessary.