

FP 8: Adoption of a Balance Budget

The County will annually adopt an Operating Budget.

According to the Local Government Budget and Fiscal Control Act (LGBFCA) (G.S. 159-8(a)), the County will adopt a balanced operating budget and provide full disclosure when a deviation from a balanced operating budget is planned or when it occurs. This balanced budget will ensure that all operating revenues are equal to, or exceed, all operating expenditures at adoption and at year-end. Any increase in expenses, decrease in revenues, or combination of the two that would result in a budget imbalance will require budget revision, rather than spending unappropriated surpluses or designated reserves to support ongoing operations. Any year-end operating surpluses will revert to unappropriated balances. In order to correct the imbalance caused by reduction in the budget amount in expenses, the County Manager can internally revise the budget without Board approval as long as the dollar for expenses is less than the advertised dollar amount. Any other type of revision or amendment will require Board approval.

The County's annual budget appropriation will cover the twelve-month period beginning July 1 and ending June 30 of the following year. The proposed budget document is to be presented to the Board for their consideration no later than June 1st of each year with adoption of the approved ordinance by July 1st of each year (G.S. 159-13(a)). According to state law, the following guidelines must be adhered to:

- At least ten days must pass between submission of the budget and the adoption of the budget ordinance.
- On the same day that the budget is submitted to the Board, the County Manager must file a copy of it in the office of the Clerk to the Board where it is available to the public and the press.
- The Clerk to the Board must publish a notice that the budget has been delivered to the Board and is available for public inspection. This advertisement must also note the time and place of the required public hearing(s).
- During the interval between submission and adoption, the Board may conduct its review at both regular and special meetings. At least one of these dates must contain a public hearing that allows time to speak from any person who wishes to comment on the recommended budget.
- The Open Meetings law (G.S. 143-318.9 to 318.18) applies to budget preparation and adoption processes.

Budgets shall be prepared at the General Fund level and provide the basis for the County's financial management system. The adopted appropriations by fund shall constitute the maximum expenditure authorization for that fund and can be amended only by action of the Board. The budget shall be developed in conjunction with a stated program of performance objectives and measures with which to gauge progress towards meeting those objectives.

The following guidelines will be used in the preparation of the budget document:

1. Current appropriations in all funds are limited to the sum of available, unencumbered reserve balances and revenues estimated to be received in the current budget period.
2. General Fund expenditures and subsidy appropriations for mandated and priority programs are to be made against current revenue sources and not dependent upon uncertain reserves or fluctuating prior period cash balances.
3. Special Revenue Funds are supported by special levies and fees, grants, or intergovernmental revenues. Expenditures in these funds are strictly limited to the mandates for the funding

source. Special Revenue Funds are not to be used to subsidize other funds, except as required or permitted by program regulations.

4. All operations of the Enterprise Fund will be self-supporting entities. The County will conduct an annual review of fee structures, charges for services, and other operating revenues and expenditures.
5. A five year Capital Improvements Program shall be prepared and updated each year. The operating impact of each project shall be identified and incorporated in annual operating budgets. Capital assets shall be purchased and maintained on a regular schedule. Within legal limits and the constraints of operating budgets, debt shall be issued for the purchase of capital assets, including major renovations.
6. For purposes of this policy, the cash basis of accounting is used in defining revenues and expenditures.
7. It will be the duty of the County Manager to take action to bring the budget into balance if adjustments are needed in the course of a fiscal period.