

Fiscal Policy

Objective:	To provide a framework of definitions, procedures and guidelines for the approval and management of the Tompkins County Budget and Capital Improvement Plan	Policy/Procedure Number:	05-02
Reference: <i>(All Applicable Federal, State and Local Laws)</i>	Article 5 of the County Charter and Code, Financial and Budgeting Procedures and Controls specifies the procedures by which the County Budget and Capital Improvement Plan are submitted and reviewed. Pursuant to Article 7 of the New York State Law; Administrative Policy 05-04 on Fund Balance.	Effective Date:	<i>December 19, 1995</i>
Legislative Policy Statement:	Tompkins County shall establish clear procedures for developing, appropriating, and managing its operating budget and capital improvement plan. By enacting this Policy, the members of the Legislature commit themselves to using it in the consideration and adoption of the Tompkins County Budget and Capital Improvement Plan.	Responsible Department:	<i>County Administration</i>
General Information:	The purposes of this Policy are to ensure that: A. The fiscal stability, integrity, and creditworthiness of Tompkins County are sustained at their historic high levels; B. The taxes and fees levied by Tompkins County are within acceptable limits and are of the appropriate kinds; C. The spending authorized for County purposes is focused to achieve desired results; and D. Operational efficiencies are encouraged.	Modified Date (s):	<i>May 5, 1998; December 19, 2006; July 2, 2013; May 17, 2022; July 18, 2023; September 19, 2023</i>
		Resolution No.:	<i>R2013-102; R244-06; R074-95; 2022-100; 2023-164; 2023-200</i>
		Next Scheduled Review:	<i>September 2028</i>

I. Definitions: **Budget Adjustment** - A budget adjustment is an equal increase or decrease in spending and revenues.

Budgeting Unit - A budgeting unit is made up of one (1) or more programs. Only budgeting units receive appropriations, have fiscal targets, or are the recipients of over-target requests.

Capital Improvement Plan (CIP) - The Capital Improvement Plan (CIP) is a planning guide to physical betterments and improvements for the following five (5) years, including major construction, equipment, and land or building purchases. Capital projects should be part of a comprehensive (10 year) long-range planning process, which foresees major expenditures well in advance of the need for them.

Cost Savers - Cost savers are budgeting units or programs that have been judged through a review process demonstrably to save County taxes or Solid Waste Annual Fee funding by spending County funds. They should receive special attention since ignoring them can, by definition, result in needlessly higher taxes or fees.

Fee - A fee is a charge for a service that is calculated based on the cost of providing that service.

Fiscal Target - A fiscal target is the upper limit set by the Legislature of the general revenues that a budgeting unit might request without initiating an over-target request.

Over-target Request - Over-target requests are requests for funding that exceed a budgeting unit's fiscal target.

Policy:

Section 1 – FISCAL STABILITY

Section 1.01 Contingent Funds

Contingent Funds are appropriated by the Legislature to cover costs that are not known when the budget is being adopted.

There shall be two (2) separate and distinct Contingent Funds, the Mandates Fund to be appropriated for unbudgeted expenses mandated budgeting units, and the Contingent Fund for other budgeting units.

- A. **MANDATES FUND.** The size of the Mandates Fund shall be based on a recommendation from the Director of Finance taking into account the historical pattern of deficits in these areas.
- B. **CONTINGENT FUND.** The size of the Contingent Fund shall be based on the Director of Finance's recommendation based on the historical pattern of its use. This Contingent Fund shall be appropriated for expenses that are unanticipated, unbudgeted, and not mandated. From time to time the Legislature may designate funds in the contingent fund for program expenses that are not yet ready for appropriation.

Section 2 – BUDGET AND CAPITAL IMPROVEMENT PLAN FORMAT

Section 2.01 Program-Based Budgeting

All authorized spending in the County budget and Capital Improvement Plan shall be organized into budgeting units (BUs) and programs. The Legislature, upon recommendation of its program committees and the Budget, Capital, and Personnel committee, determines the configuration of budgeting units and programs.

- A. **BUDGETING UNITS (Department or Agency).** A budgeting unit is the fundamental unit of Legislature decision-making with respect to the budget. It is made up of one (1) or more programs. Only budgeting units receive appropriations, have fiscal targets, or are the recipients of over-target requests.

This policy (see Section 4.01) affords Department Heads substantial latitude in transferring funds a budgeting unit however, Legislature review and approval is required for transfers between budgeting units.

- B. **PROGRAM.** A program is a component or service that is a recognized part of a budgeting unit. It may include the administrative activity necessary to support the service.

When a budgeting unit includes more than one (1) program a department head or agency director may use reasonable estimates to split costs among programs or to establish a separate program for departmental planning and coordination.

- C. **BUDGET REQUESTS.** Department Heads and agency directors submit budget requests on behalf of budgeting units and those designated by the budget committee.
- D. **CONTINGENT FUNDS.** Contingent funds are appropriations not directly spent on any object or purpose; they must be transferred or "appropriated" to

another spending line. They do not have fiscal targets, but the previous year's fund amount remains in effect until directed by the Legislature to reduce or increase the fund. They are budgeted directly by the Legislature.

- E. SPENDING AND TRANSFERS WITHIN/BETWEEN BUDGETING UNITS. In general terms (see Section 4.01 of this policy for current specifics) Department Heads have great discretion in spending budgeted funds within a budgeting unit. Transfers between budgeting units require Legislature committee review and Legislative action.
- F. APPROPRIATION AND REVENUE LINES. Appropriation and revenue lines must be included in all budgets and are items on which the Legislature takes action.
- G. INFORMATION ABOUT BUDGETING UNITS AND PROGRAMS.
 - 1. MASTER LIST. The County Administrator shall maintain a report of programs at the requested and adopted stages of the budget-making process. This report shall be an executive summary of the County budget and shall be organized by service-delivery category and by the program committee. It shall include total authorized spending, dedicated revenues, general revenues and capital improvement plan spending (excluding spending of borrowed funds) for all programs and budgeting units, fiscal-lever and cost-saver status (see Section 2.07 this policy), and mandate class (see Section 2.06 of this policy), as well as all non-program items such as contingent funds and payments to reserves.
 - 2. SCENARIOS. The County Administrator shall, on request of the Expanded Budget Committee, prepare scenarios that show the effects on property taxes of various levels of spending and revenues.
 - 3. BACKUP INFORMATION WITH BUDGET REQUESTS. When budgeting units submit Budget or Capital Improvement Plan requests, they must include the information required by the County Legislature in the most current approved form for this purpose; these are available from County Administration.
 - 4. COMPONENT UNITS AND AGENCIES (e.g. TCPL, TC3). The provisions of this Fiscal Policy with respect to submission, format, review, and approval of budget requests, and with respect to requests for appropriations from the contingent fund, apply in the same manner to programs of not-for-profit agencies that receive County grant funding as they do to departments of County government. The remainder of this policy applies only to County departments.

Section 2.02 Fiscal Targets

- A. DEFINITION. A fiscal target is the upper limit set by the Legislature of the general revenues that a budgeting unit might request without initiating an over-target request.
- B. TARGET CHANGES. A budgeting unit's target remains the same unless and until changed by action of the Legislature, which may change any target at any time.

- C. A mid-year change in a budgeting unit's approved budget shall not change that item's target unless the Legislature explicitly indicates that a change is being made.
- D. When the County sets its annual fiscal target, it must take into consideration the tax cap set forth by the Office of the New York State Comptroller on local governments. Local governments must pass a local law or resolution by at least a 60 percent vote to override the Tax Cap.

Section 2.03 Long-Range Planning

- A. The Legislature may schedule a change in a budgeting unit's target to take place at some specified future date.
- B. As a rule, commitments to change targets beyond the subsequent year's budget adopted in the fall should only be made in the context of a review of the entire County budget and targets for all budgeting units. The latter process could be a multi-year budget review.
- C. The Budget, Capital, and Personnel Committee is charged to continue its review of the feasibility of multi-year budgeting. Multi-year planning is especially important because of the large amount of County spending that is governed by multi-year union bargaining agreements, multi-year contracts with vendors and multi-year over target requests that may be considered a Fiscal Target increase in the future.
- D. The County Administrator shall include in their recommendation and potential salary increases in a separate account within the budget until a resolution has been passed by the Legislature ratifying or accepting a contractual agreement.

Section 2.04 Basic Budget

The basic budget of a budgeting unit is its budget request that includes only the targeted amount of general revenue, dedicated revenues, and total approved spending that does not exceed the sum of these.

When a budgeting unit submits its basic budget, it must highlight changes that have been made in programming.

Section 2.05 Over-target requests

- A. DEFINITION. Over-target requests are requests for funding that exceed a budgeting unit's fiscal target.
- B. PURPOSES. Over-target requests may be for new initiatives; maintenance of effort; "addbacks" of previously cut items; initial purchase or replacement of equipment; continuation of previous year items funded as over-target requests; restoring, expanding, or sustaining service levels, innovations to improve the quality, quantity, or efficiency of services; compliance with a mandated responsibility; or any other legitimate purpose of County government.

Whenever a department head wishes to include in a budget proposal a revenue increase resulting from a change in the rate or structure of a fee, this must be included as an over-target request. It may not be submitted as part of

a target budget. This is preferably done at the annual budget process but can be done at any time of the year.

- C. PROPOSALS. Over-target requests must be submitted on proposal forms separate from and in addition to the basic budget request. The budgeting unit must provide a thorough justification of the need for the funds, how the proposal will be measured, and any impact on the objectives, services, and budget of the budgeting unit.
- D. PRIORITIZATION. If a department or agency submits more than one (1) over target request, it shall include its priorities of the over-target request, to the extent possible, although the Legislature need not follow the priority.

Section 2.06 Mandates

- A. MANDATED PAYMENTS: A program that is classified as a mandated payment is a service provided by County government as a direct consequence of a State or Federal law, administrative regulation, or interpretation thereof, or a decision of any court that compels County government or a local government body to do something, or to do something in a specific manner. Local decisions (other than court decisions), rules, and contracts (including union contracts) are not mandates.

Funds may be appropriated into or out of Mandate accounts only upon recommendation of the program and Budget, Capital and Personnel Committee and authorization of the Legislature (see Section 4.01 E. of this policy).

- B. MANDATED RESPONSIBILITIES: Services the Legislature identifies as required, including administration of mandated payments. The Legislature has some control over the cost by applying efficiencies or otherwise controlling the cost of how the mandated services are delivered.

Employee salaries and fringe benefit costs may not be considered in a mandated payment but is considered a mandated responsibility. Mandated payment programs are exempt from all fiscal targets established by the Legislature. Mandated payments appear as a line in the budget of a budgeting unit.

Section 2.07 Cost Savers

- A. DEFINITION. Cost savers are budgeting units that have been judged through a review process demonstrably to save County taxes or Solid Waste Annual Fee funding by spending County funds. They should receive special attention since ignoring them can, by definition, result in needlessly higher taxes or fees.
- B. CRITERIA. To be designated a cost saver a program or budgeting unit must meet all of the following criteria:
 - 1. Only an entire program or budgeting unit may be specified.
 - 2. The program or budgeting unit must provide services funded entirely by general revenues or by the Solid Waste Annual Fee.

3. By providing those services, the budgeting unit or program must clearly reduce County spending in other County budgeting unit(s), or increase revenue to the general fund or to the Solid Waste Fund.
 4. The amount of savings or increased revenues must equal or exceed the total amount of general revenues or Solid Waste Annual Fee revenues of the entire specified program or budgeting unit.
 5. The savings from providing the proposed services must be achieved within the same fiscal year or within the following two fiscal years; and
 6. A reduction in services in the specified program or budgeting unit would result in a net increase in costs or decrease in revenues to Tompkins County.
- C. DESIGNATION OF COST SAVERS. The Budget, Capital, and Personnel Committee may each year appoint a review committee to screen requests for cost-saver status. All requests, and the recommendations of the screening committee, shall be reviewed and recommended upon by the program committees and the Expanded Budget Committee, and cost-saver status shall then be determined by the full Legislature. Cost savers are specified for one (1) year at a time.
- D. CONSEQUENCES OF COST-SAVER STATUS. Cost savers are exempt from any across-the-board cuts and are noted on all budget information so that any proposals to increase or reduce spending authority will be reviewed with full knowledge of that status.

Section 2.08 Sales-Tax Revenues

The receipts from sales taxes are a large revenue source in the County budget, yet the amount received from them is outside the County's direct control. The following methods shall be used in connection with preparation of budget estimates to forecast and budget sales-tax revenues:

- A. The Director of Finance shall reconcile all sales-tax return reports and determine trends in receipts over the preceding five-year period;
- B. The Director of Finance shall determine the best available estimate of retail activity for the next budget year;
- C. The Director of Finance shall review sales-tax receipts relative to amounts budgeted therefore in the current and previous year County budget;
- D. The recommendation of the County Administrator shall be reviewed by the Expanded Budget Committee, which shall prepare a recommendation to be included in the proposed Tompkins County Budget for review and action by the Legislature.

Section 2.09 Enactment of Fees

- A. DEFINITION. A fee is a charge for a service that is calculated based on the cost of providing that service.
- B. SUBMISSION OF PROPOSALS. Proposals to establish new fees and to change existing fees must be submitted in a format, and include information,

to be determined by the County Administrator. The County Administrator shall confer periodically with the Expanded Budget Committee to ensure that the Legislature receives the information it needs.

- C. REVIEW OF PROPOSALS. Submitted proposals to establish or change fees must be reviewed by the County Administrator and the Director of Finance.
- D. RECOMMENDATION AND ADOPTION OF PROPOSALS. After review by the County Administrator and the Director of Finance proposals may be reviewed and recommended upon by the appropriate program committee of the Legislature and by the Expanded Budget Committee. They may be enacted by the Legislature.

The provisions of Section 2.09 B., C., and D. above may be met in either of two (2) ways:

1. By including the fee proposal in the information provided to the program committee in connection with submission of the County Budget. This method must be used whenever it is possible to do so; or
2. By a separate resolution only when it is not possible to use method #1 above.

Section 3 – BUDGET AND CAPITAL IMPROVEMENT PLAN SUBMISSION, REVIEW, AND ADOPTION

Section 3.01 Budget Submission

- A. Tompkins County is required by law to have a “balanced budget.” However, the law does not distinguish between a budget that is balanced using short-term fixes and a budget that is structurally balanced for the long term. By defining our own balanced budget policy, Tompkins County is ensuring that we maintain a strong financial foundation for our community for years to come.

Tompkins County will adopt a structurally balanced budget. A structurally balanced budget has two important qualities.

- First, ongoing expenses should be covered by ongoing revenues. Ongoing revenues are revenues that can be expected to continue year to year. Property taxes are an example of recurring revenue. Ongoing expenses can also be expected to continue year to year. Staff salaries for a program or service that the government expects to offer year to year are an example of a recurring expense.
- The second quality of a structurally balanced budget is that one-time or short-term revenues are used to fund one-time or short-term expenses. An example of this is a grant with a term limit. An example of a short-term expense could be contractors hired to provide the service that the grant funds.

Each year the County Administrator shall plan, schedule, and conduct training sessions for persons who submit proposals.

The County Administrator shall ensure that forms for budget submission adhere to this policy.

Proposals that do not meet the requirements of this policy or that fail to adhere to any guidelines established by the Legislature will be returned to the proposer for revision.

No appropriation request may be submitted above or below an amount required by law.

The review of budget requests shall take place, each year, on a time schedule that allows a minimum of ten (10) days, for public review, discussion, and comment on the proposed Budget for the ensuing year.

Sufficient time shall also be allowed for preparation by departmental and agency staff and for review and recommendations by the County Administrator, program committees, and the Expanded Budget Committee.

Section 3.02 Capital Improvement Plan

A. Each year, Tompkins County Staff will create a long-range capital improvement plan (CIP). The CIP will define and prioritize the capital projects that Tompkins County plans to take in the next five years. It will serve as a planning guide to physical betterments and improvements, including major construction, equipment, and land or building purchases. Capital projects should be part of a comprehensive (10 year) long-range planning process, which foresees major expenditures well in advance of the need for them. That process should be easily understood by policy makers and interested members of the public.

- **Definition of a capital project.** A capital project in a CIP is a project with a five-year life cycle and a cost of at least \$100,000.
- **Link to needs Project Approval Requests.** All projects in the CIP, with minor and few exceptions, should be based on needs assessments performed to determine the benefit of the asset compared to its cost.

The following types of projects must be included in the CIP:

- One-time expenses authorized to exceed \$100,000, regardless of whether they are paid for with borrowed funds for: Construction of new, additional buildings, roads, bridges, or other facilities; and including green fleet, regular fleet, and computer replacement.
- Upgrading of existing buildings, roads, bridges, or other facilities.
- Purchase of new, additional equipment or upgrading of equipment.
- Purchase of land or buildings; or Planning and design expenses associated with the above.

Include in CIP only when they will be paid for with borrowed funds:

- Recurring annual expenditures for maintenance of existing buildings, roads, bridges, equipment, other structures, or lands.
- Replacement of existing equipment or structures; or
- Projects whose total anticipated costs are less than \$100,000.

- Any project that meets the definition but not the scope of a capital project (i.e. costs less than \$100,000 (excluding computer and vehicle replacement) and does not involve borrowing) is budgeted as part of a normal operating budget. If expenditures for it would cause the budgeting unit to exceed its fiscal target an over- target request must be submitted (see Section 2.05).

B. PRELIMINARY REVIEW BY PROGRAM COMMITTEES. Whenever a Department Head intends to develop a CIP the proposal must be reviewed by the appropriate program committee before it is submitted as a formal proposal. In its preliminary form, final cost estimates for construction or for future additional operating costs are not required.

If the program committee accepts the preliminary proposal, the Project Manager must submit a copy of the approved Project Approval Request to the Expanded Budget Committee.

CIP Project Identification

Each year, Tompkins County staff will suggest potential projects for the CIP. At a minimum, this process will provide for the following:

- **Long-term operating and maintenance costs.** A plan will identify the cost to operate and maintain the asset over its life cycle.
- **Funding source.** A plan will describe where the funding is expected to come from to acquire, operate, and maintain the asset.
- **Project timing.** A plan will identify the proposed schedule for planning, bidding, construction, and other milestones in acquiring the asset.

CIP Project Selection

Tompkins County will create a process to assess capital projects. The selection process should include:

- **Long-term forecasts.** Long-term forecasts should be prepared to make clear the resources available for capital spending and to assess the impact of operation and replacement costs.
- **Project impact.** A project should not be considered on its own. The impact a project has on other projects should be recognized and costs shared between them where appropriate.
- **Funding of preliminary activities.** For some projects, it may be wise to fund only preliminary engineering/planning before promising to fund the whole project. These expenses can be large, so they should be assessed and prioritized.
- **Operating and maintenance costs.** Resources should be identified to operate and maintain an asset before assigning resources to build it.

- **Life cycle costing.** The cost study of a proposed project should include the life of the asset-from planning and acquisition to disposal.
- **Project timing and scope.** Schedule and scope estimates should be achievable within the requested financial and human resources.

C. CAPITAL EXPENSES RELATED TO SPACE COSTS WILL BE ITEMIZED AND SHOWN AS PART OF THE FACILITIES IMPROVEMENT PROJECT.

Annual spending for each capital project will appear for information purposes only. All new capital projects should receive Legislative scrutiny equivalent to over-target requests in the operating budget. All other Capital expenses will be shown in the appropriate program.

D. **FORMAT.** The Capital Improvement Plan (CIP) should be summarized on the Project Approval Request form. In addition to the information detailed in the County Charter, all project requests approved as part of the Capital Program must include:

- the current status of the project;
- the program(s) of County government that the project benefits;
- a statement of whether the spending for the project is or is not included in any budgeting unit fiscal target; the anticipated annual expenditures, and all sources of revenue for those expenditures, for each project over the following ten (20) years; and
- the year of final payment for each project.

Balanced CIP

The CIP is a balanced, long-term plan. For the entire period of the CIP, revenues will be equal to the projected costs. It is possible that the plan will have more costs than revenues in any single year of the plan (with the exception of the first year, which is intended to become an appropriation plan for Tompkins County). However, over the life of the five-year plan, all expenses will be covered with revenues. Staff may record, on a separate document, projects that are deemed important but cannot fit into a balanced CIP. The Tompkins County Legislature may choose to look at unfunded projects and defund an existing project in favor of another.

Asset Inventory

Tompkins County will develop a full asset inventory that projects equipment replacement and maintenance need for a multiyear period and will update this projection each year. The asset inventory will describe the current condition of Tompkins County's assets. It will compare this condition to a standard for asset condition. It will account for the full cost to maintain assets up to standard condition over their life cycle and account for risks associated with assets that are below standard condition. Departments will inventory and assess the assets for which they are responsible and ensure that their records are consistent with the Department of Finance's capital asset records.

Priority of Asset Maintenance and Replacement

It is the policy of Tompkins County to maintain its assets at a level that protects capital investment and reduces future maintenance and replacement costs. Each year, Tompkins County staff will develop and recommend to the Tompkins County Legislature a prioritized asset maintenance spending plan.

Funding of Asset Maintenance

It is Tompkins County's policy to assign enough resources to preserve Tompkins County's existing assets to the best of its ability before assigning resources to build or acquire new assets that also have operating and maintenance needs. This policy protects the County's historical investment in capital assets. It also helps build or acquire new assets to replace assets that the County cannot afford to maintain.

Section 3.03 County Administrator Review and Recommendations

- A. FORMAL RECOMMENDATIONS. Each year all budget and Capital Improvement Plan requests shall be made by a date determined by the County Administrator. The County Administrator shall make formal recommendations on spending and revenue items in the County Budget and Capital Improvement Plan as required by the County Charter and submit those recommendations to the Expanded Budget and Capital Committee, which consists of the Budget Committee plus as many other Legislators as can attend.

Under State law the County Administrator's (as budget officer) budget proposal is the tentative budget until modified and voted on by the Legislature as a whole in regular session. When changes to the tentative budget are voted on in the Expanded Budget committee, those votes do not change the tentative budget.

The Legislature will vote on the tentative budget at the first (1st) Legislature meeting in October if the Expanded Budget Committee has completed its work. If not, it will be postponed to a subsequent meeting. If no budget is passed by the second (2nd) October meeting, then the Legislature will recess on a day-to-day basis to allow the Expanded Budget Committee to continue deliberations. If the full Legislature does not approve changes to the tentative budget, then the County Administrator's proposed budget remains the tentative budget.

It is the tentative budget that the Legislature takes to the public hearing and uses as a basis for adopting a final budget.

- B. CRITERIA FOR RECOMMENDATIONS. The County Administrator shall make recommendations in the role of Chief Executive Officer and Budget Officer of Tompkins County. They should be based on knowledge of program operations and public needs, and employ the following criteria:
1. funding level is necessary to meet the goals of county service delivery and support programs, as authorized by the Legislature;
 2. program plans are very likely to result in achievement of approved goals;
 3. proposing department or agency has the management capacity to operate the program effectively;

4. the funding could not be more efficiently applied elsewhere or in a different way in the County budget, nor be accommodated through improved efficiency, nor be provided more appropriately by another organization; and
5. in the County Administrator's judgment, the funding is fiscally prudent.

C. **SUPPLEMENTAL FUNDING FOR NEW, CHANGED, OR EXPANDED PROGRAMS.** The County Administrator shall identify basic or special budget requests that do not meet criterion (1) because they propose significant changes in program goals and/or activities. The County Administrator shall make recommendations on these based on the remaining (2-5) criteria, conditional on Legislature approval of program changes.

1. Through the Strategic Operations Planning process, the County as an organization assesses community needs and priorities. Through the County budget process, the County Administrator and Legislature determine the appropriate level of funding for programs to meet those needs. Programs are either offered directly through County Departments and/or subcontracted with community agencies. Agencies offering programs to meet community needs are selected through competitive Requests for Proposal or other vetting processes (for example the Human Services Coalition or Strategic Planning Tourism Board).
2. Non-routine requests for funding by an organization not otherwise supported through the County budget should be rare and based on emergent concerns. Such non-routine requests may be presented to the appropriate legislative program committee but must be submitted to the County Administrator to be considered for inclusion in the budget. When possible, the County Administrator will refer the request to the appropriate County department or vetting agency for evaluation (for example, the Human Services Coalition or Strategic Tourism Planning Board). The County Administrator will notify the Budget Capital and Personnel Committee of the request in writing. The County Administrator will consider the request for inclusion in the recommended budget based on the evaluation of the vetting department/agency, and according to the criteria listed in B above.
3. If a new organization receives funding through the County budget, the County Administrator will assign a related department with the responsibility for administration and oversight of the contract.

D. **REVENUES.** The County Administrator shall only recommend revenue amounts that are judged to be highly likely to be realized and shall only recommend revenues less than this amount when this is part of an openly discussed budget strategy.

E. **INFORMAL RECOMMENDATIONS.** In addition to the above formal recommendations, the County Administrator shall provide the Legislature with any additional informal budget recommendations and explanations that are judged to be advisable, or that are requested by a committee of the Legislature.

F. **VARIANCE FROM REQUESTS.** In every instance where the Administrator's recommendation differs from the amount requested the reason for the variance must be provided.

- G. TENTATIVE BUDGET – The Expanded Budget Committee will approve a tentative budget to be considered by the Legislature for approval. (see Section 3.03)

Section 4 – BUDGET AND CAPITAL IMPROVEMENT PLAN CHANGES

The Director of Finance and the County Administrator shall maintain procedures for submission, review, and approval of transfers, budget adjustments, and appropriations that conform to this policy.

Section 4.01 Transfers

- A. WITHIN BUDGETING UNITS. Transfers of funds within a budgeting unit are requested by the budgeting unit and reviewed and commented upon by the Budget Office. The Budget Director will submit to the Director of Finance for review and approval and processing.

They require no affirmative approval beyond the Budget office and Director of Finance, but they must appear as an information item on the agenda of the next regularly scheduled meeting of the appropriate program committee. The program committee is not required to take action to approve the transfer but may reject the transfer or send it back for further review. Transfers affecting total funding for not-for-profit agency grant(s) must be authorized by the program committee. Transfers from personnel lines to other program accounts may require further explanation and are made at the discretion of the Budget office, Director of Finance and notification to the County Administrator, as well as optional approval or disapproval by the appropriate program committee. Budget transfers will be processed within thirty (30) days after the program committee review.

- B. BETWEEN BUDGETING UNITS. Transfers of funds between budgeting units follow the procedure above upon the recommendation of the program committee, by the Budget Committee only when the transfer involves more than one (1) program committee and approved by the Legislature.
- C. CHANGING CAPITAL SPENDING. A transfer that increases or decreases a capital spending item must be approved by a vote of two-thirds of the total authorized membership of the Legislature as an amendment of the capital program.
- D. LEGISLATIVE-INITIATED. The Legislature may transfer part or all of any unencumbered appropriation balance from one County program to another.

Section 4.02 Budget Adjustments

- A. DEFINITION. A budget adjustment is an equal increase or decrease in spending and revenues.
- B. PROCEDURE FOR ENACTING. All adjustments over \$15,000 must be reviewed by the Budget Office and Director of Finance. Adjustments require the recommendation of the Director of Finance and approval by the program committee of the budgeting unit and the Legislature. Budget adjustments will be processed within thirty (30) days after the program committee review.

Budget adjustments up to \$15,000 may be authorized by the Director of Finance. Budget adjustments will be processed within thirty (30) days after approval.

A budget adjustment that increases or decreases capital spending is an amendment to the Capital Improvement Plan and, therefore, must be approved by a vote of two-thirds of the total authorized membership of the Legislature.

- C. PERSONNEL CHANGES. All personnel changes must be approved by the Budget Office to ensure that the position is supported within the Department's Personal Services budget. The Department will provide a budget explanation each request.

Section 4.03 Appropriations from the Contingent Fund or a Fund Balance

Appropriations from the Contingent Fund (or from a fund balance in the event that the Contingent Fund has been depleted) may be approved for two kinds of expenses: Departmental Entitlements and Discretionary Expenses. Contingent fund requests are submitted via resolution. A copy should be sent to the Clerk of the Legislature, Budget Office, and Director of Finance in a format that is set by the Legislature.

- A. DEPARTMENTAL ENTITLEMENTS. These are reimbursements for expended funds that the Legislature will ordinarily pay for and that Department Heads should be able to plan for. If there are circumstances under which the Legislature elects not to reimburse these expenses, notice should be provided to any affected Department Head(s) by resolution.

1. Terminal Pay Reimbursement: Costs of terminal pay for employees as defined in union bargaining agreements and *Administrative Policy 03-01*.
2. Replacement Pay: Total costs incurred by departments to replace employees in paid status who are absent from work, or unable to perform the duties of their position, for longer than two (2) months. The absence may be due to any incident of job-related or non-job-related illness or injury, or to suspension.

The total appropriated to the department for replacement pay will not include the first two months of absence and may not exceed the straight time cost of employing the individual who is absent from work or unable to perform the position duties.

Replacement pay is reduced dollar for dollar by any worker's compensation reimbursement the department receives for the replaced employee; notwithstanding this, the department's entitlement is NOT reduced by worker's compensation reimbursements applicable to the first two (2) months of illness or injury.

3. Budgeting units that receive funding under (1) or (2) above do not receive any increase in fiscal target.
4. No reimbursement will be made to enterprise units for the costs of terminal pay. These units include: the Airport, Recycling and Materials Management, and Ithaca-Tompkins County Transportation Council.

- B. DISCRETIONARY EXPENSES. Unforeseen expenses or opportunities that the Legislature decides must be undertaken during the current fiscal year. This typically occurs when a budgeting unit receives funding from the contingent fund or a fund balance for discretionary expenses. This applies in all cases except:
1. When the appropriation is from fund balance monies whose source is STOP-DWI or Room Tax revenues; or
 2. Any extenuating circumstances that merit consideration under this policy, as defined and determined by the County Administrator and approved by the Finance Director.
- C. CAPITAL SPENDING: Any appropriation from a contingent fund or a fund balance that increases capital spending must be approved by a two-thirds vote of the total authorized membership of the Legislature since it is an amendment to the Capital Improvement Plan.

Contingent fund requests that have been approved by resolutions will be processed within thirty (30) days of approval.

Section 4.04 Maintaining Target Fund Balances

To maintain target fund balances, for all the reasons stated in *Administrative Policy 05-04* on Fund Balance, the Legislature shall take decisive and prompt action.

- A. RESPONSE TO SHORTFALLS. In the event that at the end of a County fiscal year the total amount of fund balances is determined to be less than the total of the targets designated in the Fund Balance Targets Policy set in 05-04 for any reason (examples: overspending in Class A mandated program, unrealized unallocated revenues) the Director of Finance shall report this fact to the Budget, Capital, and Personnel Committee, which shall provide direction to the County Administrator as to what kind of plan, if any, should be developed to remedy the deficit.
1. This plan may provide for reductions in authorized spending in all County programs except: Class A mandates, cost savers, debt service as required by law, capital commitments (unless the Capital Improvement Plan is so amended), Tompkins Cortland Community College unless authorized by Cortland County, and any other budgeting units or portions thereof explicitly exempted by the Legislature.
 2. This plan must be submitted in time for action by the Legislature no later than the end of June. As a matter of policy, the Legislature should enact such a plan when it determines that such action will produce the greatest chance of success in restoring fund balances and avoiding unnecessary disruptions in service delivery. When it does not decide to act to restore balances in mid-year, action should take place as part of the budget adoption process in the fall.
- B. RESPONSE TO PROJECTED SHORTFALLS. If the Director of Finance at any time during a fiscal year notifies the Legislature and the County Administrator that a situation exists that is projected to produce a net deficit

for a budgeting unit at the end of a fiscal year, the County Administrator shall recommend action to remedy the situation.

- C. DEPARTMENTAL DEFICITS. In every instance where a budgeting unit designated program concludes a fiscal year with a net deficit (defined as any spending not supported by sufficient revenues), it must submit to the County Administrator and the Legislature a written explanation of the reasons therefor and a written plan to pay back the full amount of any previous-year(s) deficit; and correct any situation that is projected by the Department Head or Director of Finance to result in any further deficit.

This plan must be upon recommendation, in turn, by the County Administrator, the program committee, and the Budget Committee and approved by the Legislature.

Section 4.05 Midyear Budget Review

To ensure that all of the goals of this policy with respect to target fund balances, budgeting, and acceptable tax levels are met, it is desirable for County Administration to conduct a mid-year (by June 30) review of the following:

- A. the need for reductions in authorized general spending in all budgeting units if needed to restore, or avoid depletion of, fund balances (see Section 4.04);
- B. any changes in reaction to the passage of the New York State budget;
- C. changes in fiscal targets for the upcoming budget process;
- D. any guidelines for budgeting units or for the County Administrator for the upcoming budget process;
- E. changes in mandate classification; and
- F. changes in cost-saver status.

Section 4.06. Restrictions on Budget Changes

No appropriation may be increased above the maximum level permitted by law, nor reduced below an amount required by law to be so appropriated.