Budget and Accounting Information

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Budget Process and Timeline

The County has a comprehensive budgeting and planning process that covers a better part of the entire year. Although the County does not have a so-called strategic planning process, the County Administrator sets strategic goals that will be implemented in the coming years.

The budget process is a highly integrated process between the County Administrator, Department Heads, the Finance Committee and the County Board. Some of the process is required by state statute but much is based upon tradition to meet the business needs. The budget process consists of activities as follows:

Throughout the year, the County may receive citizen input through an informal process that will be taken into consideration during the budget preparation.

In mid-February, the County Administrator met with all Department Heads to give them a deadline of April 30th to complete their 5-year Capital Outlay plan and to submit to the Finance Department.

At that same meeting, he talked about performance measures and gave examples. Through April, the County Administrator met individually with Department Heads to discuss individual department performance measures.

At the end of March, the Human Resources Department sent out letters to departments on employee reclassifications and new or deleted positions. The requests were due back a week or two later from the Department Heads.

Between the months of April and May, the MIS Department sent out to the Department Heads IT equipment and programming requests. Within this time, the MIS Department prepared the MIS budget which was approved by the Administrator and was sent to the Finance Department which calculated the MIS chargebacks to the other departments.

In the beginning of June, the County Administrator handed out the budget guidelines to the Department Heads. In the middle of June at the Department Head meeting, the Department Heads received budget materials to help develop their budgets.

In the first part of August, the Department Heads were required to submit their budget to the County Administrator. The County Administrator started meeting with the Departments to review and analyze their budgets making any adjustments deemed necessary.

The Finance Committee held four budget hearing meetings in September to review the individual department budgets making adjustments as needed and set the tax levy.

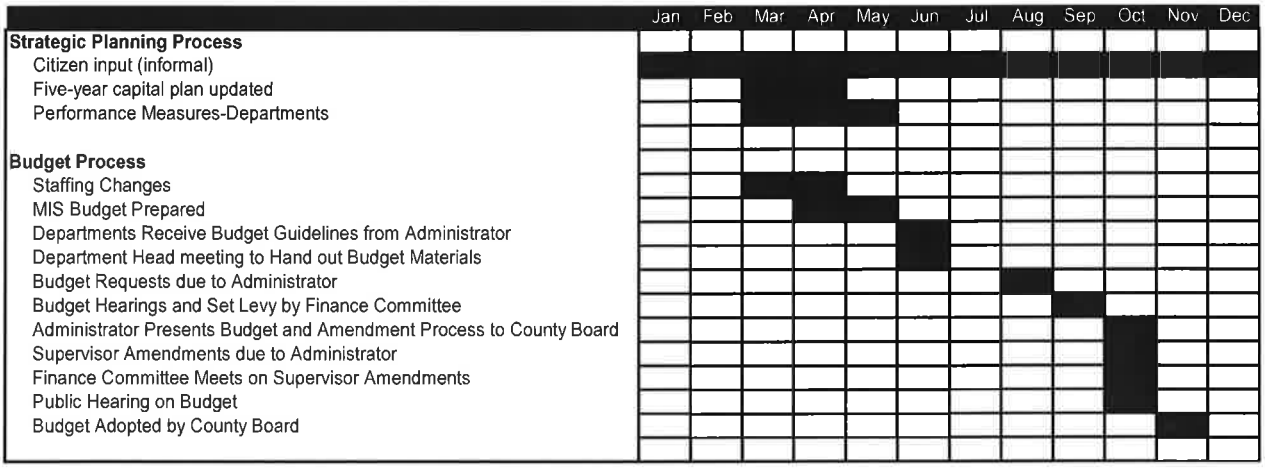
In mid-October, the County Administrator presented the budget to the County Board and discussed the budget amendment process. Amendments were due to the County Administrator by the end of October.

At the end of October, a public hearing on the budget took place.

In the beginning of November, the Finance Committee held a meeting to discuss and approve or deny the budget amendments.

In mid-November, the budget is adopted by the County Board.

JEFFERSON COUNTY BUDGET PROCESS



Financial and Fund Structure

Jefferson County was incorporated in 1836. The County is governed by a County Board. The County Board appoints a County Administrator to coordinate and direct all administrative and management functions of the County which are not vested in other elected officials.

The County provides many functions and services to citizens, including but not limited to law enforcement, justice administration, health and human services, parks, educational and cultural activities, planning, zoning, land use, environmental including water quality, recycling and general administrative services. In addition, the County provides public works services including highway operations and facilities maintenance.

The County organizes its financial activity by funds with separate financial statements for each fund. Funds are organized as major or non-major within the governmental and proprietary statements. A fund is considered major if it is the primary operating fund of the County, or if it meets the following criteria:

a.) Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise funds are at least 10 percent of the corresponding total for all funds of that category or type, and;

b.) The same element of the individual governmental or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

c.) In addition, any other governmental or enterprise fund that the County believes is particularly important to financial statement users may be reported as a major fund.

The County has two major governmental funds, General Fund and Human Services Fund.

GOVERNMENTAL FUNDS-Governmental Funds are governed by standards developed specifically for governmental activities.

General Fund-The General Fund is to account for activities related to general operations of the County. This fund accounts for resources traditionally associated with governments which are not requires to be accounted for in another fund.

Special Revenue Funds- Special Revenue Funds are to account for the proceeds of specific resources (other than expendable trust or major capital project) that are legally restricted to expenditures for specific purposes.

Debt Service Funds-Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term principal, interest and related costs, but excludes debt serviced by proprietary funds.

Capital Projects Funds-Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other that those financed by proprietary funds.

PROPRIETARY FUNDS-Proprietary Funds are governed by the same accounting standards which apply to private business.

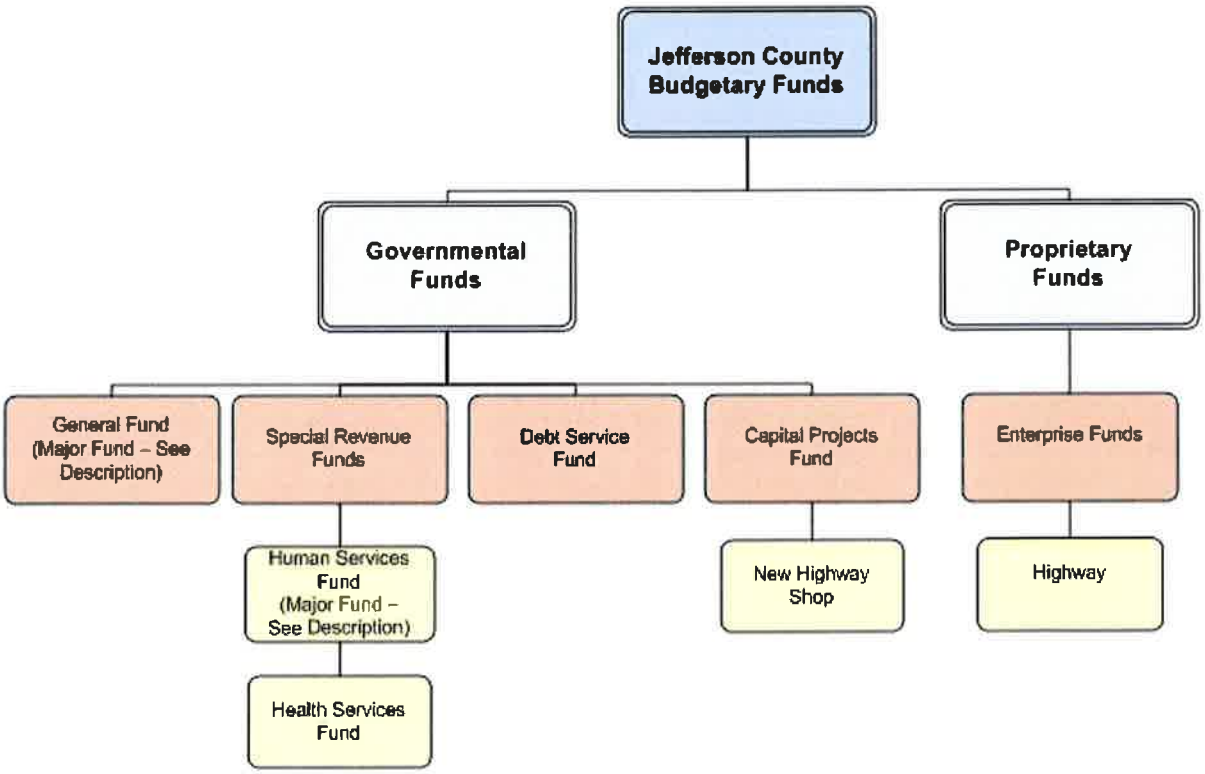
Enterprise Funds-Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprise, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate.

Internal Service Funds-Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County or to other governments on a cost reimbursement basis.

FIDUCIARY FUNDS-Fiduciary Funds are agency funds. The County does not budget for these funds.

Agency Funds-Agency Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurements if results of operations.

For more details regarding Basis of Accounting, refer to the County's Year End Comprehensive Annual Report (CAFR) Notes to Combined Financial Statements.



Accounting Policy and Basis of Budgeting

The official books and records of the County will be maintained in conformance with accounting principles generally accepted in the United States of America as promulgated by GASB.

The accounting records of the County are maintained on the modified accrual basis of accounting for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Project Funds. Enterprise Funds (Highway Department) are maintained with the full accrual basis of accounting. In general, under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. In addition, the County publishes entity-wide statements prepared on the full accrual basis. Under the full accrual basis of accounting, revenues are recognized when earned and expenses are recognized when liabilities are incurred or economic asset used without regard to receipt or disbursement of cash. The County's fiscal year is on a calendar year basis from January 1 to December 31. An expanded explanation of the County's accounting policies is contained in the Notes to Combined Financial Statements in the CAFR.

The County budget is adopted as required by state statutes and prepared on substantially the same basis as the financial statement. The basis of budgeting is in accordance with GAAP. Budgetary expenditures include encumbrances and budgetary revenues include all property taxes levied for the fiscal year and unrestricted Fund Balance appropriations. The CAFR shows fund expenditures and revenues on both a GAAP basis and budget basis for comparison purposes.

County policy, which is in accordance with state and federal requirement, provides for an annual audit of the financial records of the government by a competent certified public accountant. In addition to meeting the requirements set forth above, the audit is designed to meet the requirements of the federal Single Audit Act of 1984 and related U.S. Office of the Management and Budget Circular A-133. The independent auditors' report on the general purpose financial statements, individual fund statements and schedules are included on the financial section of the CAFR. The auditors' report that is related specifically to the single audit, is included in a separately issued single audit report.

Budgeting and Financing Policies

The County's financial policies, compiled below set forth the basic framework for overall fiscal management of the County. Operating independently of changing circumstances and conditions, these policies assist the decision making process of the County Board of Supervisors and the Administration. These policies provide guidelines for evaluating both current activities and proposals for future programs.

Most of the policies represent long standing principles, traditions and practices which have guided the County in the past and have helped maintain financial stability. Some of the policies are based upon state statutes, ordinances or resolutions. Other policies are administratively based.

Listed are some of the highlights of policies the County has in place:

Budget Carryover Policy

Budget carryover refers to funds budgeted but unexpended during a budget year which are brought forward as additions to the subsequent year's budget. The policy excludes restricted funds or funds that statutorily are required to be carried over.

Carryover funds can only be approved through County Board action after approval by the County Administrator.

To be eligible for carryover funding, funds must be available in the requested department's previous year's unspent balance, needed for completion of projects or the purchase of specific items approved in the previous year's budget but not accomplished or required to meet existing County Board policies or to comply with accounting requirements.

Budget Amendment and Adjustment Policy

Municipalities in Wisconsin are required to adopt a balanced budget. The County adopts a balanced budget each year which all expenditures have identified sources of funding such as property tax, other revenues or use of fund balance. The detailed budget document is adopted at the department level but monitored at the cost center level. A cost center can be a department or an activity within a department. Management can make transfers within a department or an activity within a department without approval of the Finance Committee or County Board.

To supplement the appropriation for a department, the Finance Committee can approve transfers from contingency. Transfers may not exceed in aggregate the amount set up in the contingency fund and may not for any one department exceed 10% of the funds originally appropriated for that department. Transfers in excess of 10% must follow the budget amendment process and be approved by the County Board.

The County is required to publish budget amendments as a class 1 notice within 10 days after the change is made.

County Board approval requires a two-thirds vote of the entire membership (20 votes of the 30 member County Board).

Capital Projects Policy

A capital project is defined as an active or proposed non-recurrent expenditure in one or more specified plan years for permanent fixed assets (building, land, improvement, technology equipment and installation) which has a significant useful life or extends the useful life of an existing fixed asset.

Capital projects are usually proposed and adopted as part of the annual County budget process.

The County prepares a five-year capital improvement plan, which provides comprehensive planning, budget stability, and analysis of the long-range capital needs of the County.

This policy is to plan for infrastructure and other capital improvements as they are needed rather than reacting to emergencies. Project requests need to provide sound justification based on established need. Justification should also include alternatives considered and the future projected impact on operating budgets.

Operational impacts of capital projects indicate the annual on-going and one-time costs or savings associated with implementing the capital improvement program. The additional on-going impacts are included in the departments' operating budget requests. This includes providing for additional personnel, operating cost, needed fixed assets or and new/additional revenues to be achieved. Cost savings are also identified in the department's budget if base budget costs can be reduced or cost increases are offset or avoided.

Debt Service Policy

The County may borrow money only to finance its Capital Improvement Program and other capital assets. The County's ability to achieve the lowest possible financing costs is tied directly to its fiscal management, including the existence and adherence to formal fiscal policies.

The purpose of the debt service policy is to provide the County with a guide to manage debt levels by evaluating the need for capital investments against the capacity to pay for financing the costs of meeting that need. The goal of this policy is to equip the County Board, Administration, and taxpayers with guidelines and information that can form good decisions on borrowing money to accomplish the fiscal and program mission of the County.

Bond proceeds should be limited to financing the costs of planning, design, land acquisition, buildings, permanent structures, attached fixtures or equipment, and moveable pieces of equipment, or other costs as permitted by law. Acceptable uses of bond proceeds can be viewed as items which can be capitalized. Non-capital furnishings and supplies will not be financed from bond proceeds. Refunding bond issues designated to restructure currently outstanding debt are an acceptable use of bond proceeds.

The County will not use short-term borrowing to finance operating needs except in the case of extreme financial emergency which is beyond its control or reasonable ability to forecast.

Fund Balance Policy

The County finds that it is essential to maintain an adequate level of fund balance in order to adapt to revenue shortfalls and/or unanticipated expenditures, help ensure stable tax rates, and to provide a measure of liquidity for normal operations while at the same time keeping the County's long range investments intact.

The County shall maintain a minimum of two (2) months of budgeted expenditures within the General Fund for working capital.

The County shall maintain a minimum of two (2) months of budgeted expenditures within the Special Revenue Fund-Health Department for working capital.

The Finance Committee shall strive to maintain three (3) months of budgeted expenditures within both the General Fund and the Health Department for working capital. Should a budget proposed for adoption seek to utilize a portion of this additional month of working capital, the reasoning for the usage of working capital shall be included in the budget document. Within three months of the adoption of the proposed budget, unless already included in the budget document, the County Board shall be informed by the Finance Committee and/or the County Administrator as to either a plan to restore the three months of working capital and related time frame, or the rationale for remaining between two (2) and three (3) months working capital.

Budgeted expenditures for the General Fund shall be defined as total budgeted expenditures for the entire County in all governmental and business type funds for the immediate prior year less total budgeted expenditures for the Health Department. Total budgeted expenditures shall include operating, capital, and debt expenditures. Any budgeted capital or debt expenditures funded through bond proceeds shall be excluded.

Investment Policy

The purpose of the investment policy is to establish guidelines for investments which are broad enough to allow the Investment Team, which consist of the County Treasurer, County Administrator and Finance Director, to function properly within the parameters of responsibility and authority. It is also intended to be specific enough to establish a prudent set of basic procedures to assure that investment assets are adequately safeguarded. It assures that the fundamental principle concerning any investment program involving public moneys has four basic ingredients: legality, safety, liquidity, and yield.

The Finance Committee shall consult quarterly with the Investment Team regarding such investments. The Investment Team shall provide the Committee with a quarterly detailed list of all the investment portfolio holdings.

The Investment Team shall communicate with financial institutions and/or investment advisors and avail themselves of other financial information on current or pending market conditions in

making their decisions on rates and maturities as well as the securities to be purchased. In making all investment decisions, the Investment Team shall endeavor to obtain the highest rate of interest offered unless they deem such offer to be contrary to the overall investment objectives of the County.

The County Treasurer shall provide the County Board a monthly written report of the general condition of the County's cash and investments.

The Investment Advisor shall provide a twelve month report to the Finance Committee on the County's investment activity for the reporting period and recommendations for improvement to the County's investment strategy for the next reporting period. The report shall be presented at the regular Finance Committee meeting in August to aid in the subsequent year budget preparation.

Revenue Policy

The County must be sensitive to the balance between the need for services and the County's ability to raise taxes, charges and fees to support those services.

The County relies on property tax as one of the main sources of revenues to fund state and local programs and services.

The County, as authorized by state statute, enacted a 0.5% County sales tax to help reduce the property tax.

The County attempts to maintain a diversified and stable revenue stream. The County continues its efforts for greater reliance on true user fee service charges to help offset reductions of federal/state funding and to reduce the reliance on property tax revenues. Service and user fee charges are implemented for those that can be individually identified and where costs can be directly related to the level of service provided.

The County Board will set all fees, rates and charges for services which are County controlled and independent of any statutory controls.

The County will regularly review fees and user charges to allow the rates to keep pace with the cost of providing services.

One-time revenues shall not be used to fund continuing operating costs, except to manage a short-term spike in program costs, the phasing of a new or expanded program, making investments that have future payoffs and to smooth out the impacts of significant state and/or federal funding reductions.

Other

Even though the County does not have a formal adopted policy, administratively the County follows the listed practices:

The County will maintain a budgetary control system to ensure adherence to the budget and will prepare monthly financial reports comparing actual revenues and expenditures to budgeted amounts.

The County develops a five year capital improvement plan. The most current year will be incorporated into the current year operating budget. The capital improvement plan will be reviewed and updated annually.

The fixed asset capitalization level is at $5,000 to be consistent with Federal and State fixed asset capitalization levels and to efficiently administer the asset inventory tracking requirements imposed by Governmental Accounting Standards Board (GASB) pronouncement #34.

The County will maintain adequate insurance to cover the cost or replacement of its asset inventory.