

# READER'S GUIDE

Local government, like most industries, has a vocabulary all its own. The Reader's Guide is designed to help the average reader use this document by explaining how the document is organized and by defining some of the common terms used in local government finance.

## Purpose of Budgeting

The primary purpose of budgeting is to formally convert Catawba County's plans and policies into current year services and programs. The budget provides detailed financial information on the costs of services and the expected revenues for the upcoming fiscal year. The budget process also provides a forum for reviewing progress made in the current year and the levels of service provided by local government and for setting priorities for services in the upcoming years to meet the needs and requirements of our citizens.

## Accounting Structures & Systems

As a means of tracking and accounting for money, the operations of the County are divided into Funds. Within funds are smaller designations including functions, departments, organizations, line items, and project numbers depending on the fund.

### FUNDS & FUND STRUCTURE

The County uses four basic fund types: General, Special Revenue, Capital, and Enterprise. Each of these fund types has its own specific legal and accounting requirements. The easiest way for most people to think about funds is to compare them to bank accounts. Money comes into a fund from a variety of sources and is then used to provide services to the public. As with a personal bank account, funds have to take in at least as much money as they spend, and by law, budgets for funds must be balanced. What this means is a governmental unit cannot plan to spend more than it will take in. Catawba County has 36 funds with the largest being the General Fund.

## General Fund & General Fund-Like Funds

### GENERAL FUND

The General Fund is the primary operating fund of the County. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, sales taxes, Federal and State grants, and other various taxes and licenses. Within the General Fund are seven Functions: General Government, Public Safety, Environmental Quality, Economic & Physical Development, Human Services, Education, and Culture. A function is a group of departments and/or organizations that accomplish a similar general purpose. For example, the Sheriff's Department and the Emergency Services Department are part of the Public Safety Function. Divisions within departments are divided into Organizations. For instance, Narcotics and Jail are examples of Organizations budgeted in the Sheriff's Department. Each of these accounting units facilitates the tracking of costs and effectiveness of services provided to the public.

## **SELF INSURANCE FUND**

The County is self-insured. This fund is used to track the County's cost for wellness, employee health and dental insurance, property and general liability insurance, and workers' compensation.

## **REAPPRAISAL FUND**

The County maintains this fund as required by North Carolina General Statutes for financing the cost of the next reappraisal.

## **REGISTER OF DEEDS AUTOMATION AND PRESERVATION FUND**

In 2002 new legislation created an Automation Enhancement and Preservation Fund and expanded the uniform fees for services charged by Register of Deeds. This increase in fees is to be used to enhance the standards for instruments to be registered in the Office of the Register of Deeds. Revenues in this Fund are to be spent on computer and imaging technology enhancements in the Register of Deeds Office. Revenues are based on 10% of the total for Marriage Licenses, Recording of Legal Instruments, UCC Filing Fees, and Miscellaneous Revenues. The remaining 90 percent of these revenues are recorded in the Register of Deeds cost center in the General Fund.

## **CAPITAL RESERVE FUND**

To account for funds set aside for future capital and/or debt service.

## **Special Revenue Funds**

### **EMERGENCY TELEPHONE SYSTEM FUND**

Established in accordance with North Carolina law to account for the revenues received from the 911 charges and the expenditure of those funds for the emergency telephone systems.

### **NARCOTICS SEIZED FUNDS AND PROPERTY FUND**

To account for the revenues received by the Sheriff's Department for drug reimbursements and the expenditure of those funds to further narcotics enforcement efforts.

### **STATE UNAUTHORIZED SUBSTANCE ABUSE FUND**

To account for the revenues received by the Sheriff's Department for controlled substance tax and the expenditure of those funds to support the Sheriff's efforts to deter and investigate drug crimes.

### **HOSPITAL RESERVE FUND**

To account for funds held in reserve for Catawba Valley Medical Center to finance and construct major Hospital capital projects, if needed, and the school nurse program at Public Health.

### **RESCUE SQUADS FUND**

To account for the accumulation of funds for the financing of future capital needs of the six rescue squads within the County.

### **LIBRARY ENDOWMENT FUND**

To account for donations stipulated for the purchase of Library books.

### **GRETCHEN PEED SCHOLARSHIP FUND**

To account for donations stipulated for scholarships.

### **PARKS/HISTORIC PRESERVATION TRUST FUND**

To account for donations and other funds stipulated for park expenditures.

### **COMMUNITY DEVELOPMENT FUND**

To account for the accumulation of funds for the financing of critical housing needs for low-income families within the County.

### **FIRE PROTECTION SERVICE DISTRICTS FUNDS**

The County maintains sixteen separate fire protection service district funds under its budgetary control to account for tax receipts and disbursements to the fire districts.

## **Capital Projects**

### **GENERAL CAPITAL PROJECTS FUND**

To account for the financing and construction of all major general government capital projects.

### **SCHOOLS' CAPITAL PROJECTS FUND**

To account for the financing and construction of annual capital projects for the three school systems and community college in the County.

### **SCHOOLS' CONSTRUCTION FUND**

To account for the financing and construction of major capital projects for the three school systems and community college in the County.

### **SCHOOL BOND FUND – 1997 SERIES**

To account for the financing and construction of major capital projects for the three school systems and community college in the County.

### **WATER & SEWER CAPITAL FUND**

To account for the financing and construction of all major water and sewer capital projects in the unincorporated sections of the County.

### **HOSPITAL CONSTRUCTION FUND**

To account for the financing and construction of all major capital projects for Catawba Valley Medical Center.

## **Enterprise Funds**

### **SOLID WASTE MANAGEMENT FUND**

This fund accounts for the operations of the County's solid waste activities.

### **WATER AND SEWER FUND**

This fund accounts for the operations of the County's water and sewer activities.



## About this Document

This budget document summarizes all service functions provided by Catawba County government and represents the annual plan for the allocation of resources. The budget presented covers the period of July 1, 2017 to June 30, 2018 ("Fiscal Year 2017/18").

The budget document is divided into functions (each function has a divider page). The functions of the General Fund make up the first seven sections of this document, and all remaining funds are in the section title Other Funds. Each department has a summary sheet that shows the total funding for that department and how the dollars will be spent. The organizations within each department have pages listing the objectives/outcomes to be achieved and major categories of funding sources and expenses. Within Organizations are accounts or line items. These are the basic units of measure in the budget and make it possible to determine, for example, how much money is spent on books in the Main Branch of the Library.

This document does not show every line item, but groups the line items in easier-to-read, general categories. For example, all money received from the State is shown in that major category, despite the fact that there may be several different line items or types of State revenue. Expense categories shown in the budget are: Personal Services, Supplies and Operations, and Capital Outlay. Personal Services include salaries, benefits, and part-time or temporary wages. Supplies and Operations include office supplies, books, travel, utilities, and other similar costs. Capital Outlay accounts for the purchase of equipment that costs more than \$5,000.

For each County Function, a summary report is provided at the beginning of each section providing information on the departments, services, and expenditures captured by that function. Subsequent departmental pages provide organizational, performance, and financial information from Fiscal Year 2015/16 (Actual), Fiscal Year 2016/17 (Current), and Fiscal Year 2017/18 (Approved). See Guide to Departmental Sections for detailed information on navigating department and division information.

# GUIDE TO DEPARTMENTAL SECTIONS

Catawba County  
2017/18 Adopted Budget

CATAWBA

## FINANCE

### Key Function Organization Chart

```

graph TD
    Finance["Finance  
16.0 FTEs  
$1,433,083"] --> Administration["Administration  
11.0 FTEs  
$1,126,503"]
    Finance --> Purchasing["Purchasing  
4.00 FTEs  
$306,580"]
    
```

**2 Department Services**

**FINANCE**  
The Finance Department is responsible for overseeing the financial affairs of Catawba County. Finance is accountable to the citizens to ensure that the County maximizes its resources and handles funds in accordance with all applicable local, State, and Federal regulations.

**PURCHASING/SERVICE CENTER**  
To ensure the timely procurement of quality goods and services as economically as possible within the guidelines of General Statutes and County Code. To provide timely, accurate and courteous mail and courier service to county departments.

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## Performance Measurement

### FISCAL YEAR 2017/18

The Finance Department will continue to maximize the County's resources and will be responsible for accurately processing all financial transactions and for complying with Federal, State, and local guidelines. Finance will also continue to partner with the Budget Office to provide information for the development of the Fiscal Year 2018/19 budget.

**FISCAL YEAR 2016/17**

At mid-year the Finance Department was on target to achieve or had already achieved 100 percent (20 of 20) of its Fiscal Year 2016/17 outcomes. The Department successfully contributed to the Fiscal Year 2017/18 budget development process by providing the Budget & Management Office preliminary revenue and Fund Balance projections in October. Finance, for producing the Fiscal Year 2015/16 Comprehensive Annual Financial Report (CAFR), received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the 34th year in a row. Additionally, Finance has received, for the seventh year in a row, GFOA's award for Outstanding Achievement in Popular Annual Financial Reporting. The Accounting Division made deposits and processed all reports in a timely manner. Tax forms, 1099s for vendors and W-2s for County employees, were distributed by January 31st, in accordance with Federal law.

Purchasing sought to make County operations more environmentally friendly by encouraging County departments and contractors to purchase at least 15 percent recycled products. To date, 17 percent has been spent on recycled or environmentally friendly products and services. Purchasing also logged all green purchases for office supplies, janitorial services, and lawn care. Countywide, \$2.3 million has been expended on recycled products through the Cooperative Purchasing Programs.

**FISCAL YEAR 2015/16**

| Finance Administration monitored all financial transactions per | 2015/16 | Total Outcomes | Achieved | Not Achieved | Percent Met |
|---|---------|----------------|----------|--------------|-------------|
|   | 20      | 20             | 0        | 100%         |             |

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## Budget Highlights

### Finance

Organizations: 170060 - 170101

|                                 | 2015/16 Actual     | 2016/17 Approved   | 2017/18 Requested  | 2017/18 Recommended | Percent Change |
|---------------------------------|--------------------|--------------------|--------------------|---------------------|----------------|
| <b>Revenues</b>                 |                    |                    |                    |                     |                |
| Investment Earnings             | \$717,004          | \$400,000          | \$450,000          | \$450,000           | 12.5%          |
| Personnel Indirect Cost         | \$36,125           | \$41,501           | \$41,501           | \$43,056            | 3.6%           |
| Miscellaneous                   | 24,087             | 0                  | 0                  | 20,000              | 2327.2%        |
| Charges & Fees                  | \$175              | 0                  | 0                  | 200                 | 0%             |
| General Fund                    | 597,897            | 928,479            | 1,010,683          | 919,785             | -0.9%          |
| <b>Total</b>                    | <b>\$1,177,691</b> | <b>\$1,370,884</b> | <b>\$1,602,264</b> | <b>\$1,433,083</b>  | <b>4.5%</b>    |
| <b>Expenditures</b>             |                    |                    |                    |                     |                |
| Personal Services               | \$940,951          | \$1,145,864        | \$1,262,030        | \$1,192,849         | 4.1%           |
| Supplies & Operations           | 223,695            | 225,020            | 240,234            | 240,234             | 6.8%           |
| Capital                         | 13,054             | 0                  | 0                  | 0                   | 0%             |
| <b>Total</b>                    | <b>\$1,177,691</b> | <b>\$1,370,884</b> | <b>\$1,602,264</b> | <b>\$1,433,083</b>  | <b>4.5%</b>    |
| <b>Expenditures by Division</b> |                    |                    |                    |                     |                |
| Administration                  | \$438,066          | \$1,070,140        | \$1,195,684        | \$1,126,503         | 5.3%           |
| Accounting                      | 454,090            | 0                  | 0                  | 0                   | 0%             |
| Purchasing                      | 285,515            | 300,744            | 306,580            | 306,580             | 1.9%           |
| <b>Total</b>                    | <b>\$1,177,691</b> | <b>\$1,370,884</b> | <b>\$1,602,264</b> | <b>\$1,433,083</b>  | <b>4.5%</b>    |
| <b>Employees</b>                |                    |                    |                    |                     |                |
| Permanent                       | 15.30              | 15.00              | 16.00              | 15.00               | 0.0%           |
| Hourly                          | 0.15               | 0.90               | 1.00               | 1.00                | 66.7%          |
| <b>Total</b>                    | <b>15.45</b>       | <b>15.90</b>       | <b>17.00</b>       | <b>16.00</b>        | <b>2.6%</b>    |

The requested budget increase of \$62,199 (4.5%) due to an increase in part-time wages, salary and benefits, and the accumulation of several smaller increases including accounting and banking services.

Catawba County  
2017/18 Adopted Budget

CATAWBA

## Outcomes

**FINANCE**

- The County follows the requirements of the Local Government Budget and Fiscal Control Act. The Finance Department ensures that transactions comply with these requirements by:
  - Monitoring all financial transactions in accordance with the annually adopted Budget Ordinance.
  - Accurately recording all amendments to the County's Budget Ordinance within 5 working days of receipt.
- The Finance Department assists with the development of the Fiscal Year 2017/18 budget by providing the Budget Office with information on a timely basis, normally by October 31, 2017, that includes the following:
  - Revenue projections for major revenue sources (property taxes, sales tax, ABC profits and investment earnings).
  - Preliminary estimates of the County's level of fund balances and recommendations on the amount of fund balances available for appropriation.
  - Debt service requirements.
- The Finance Department will provide financial information in an accurate, efficient, and timely manner by reviewing internal controls and testing of transactions for selected departments by June 30, 2017, preparing the Comprehensive Annual Financial Report (CAFR) by December 1, 2017, and submitting the CAFR for the Government Finance Officers Association (GFOA) for the Certificate of Achievement for Excellence in Financial Reporting by December 31, 2016.
- The County is responsible for financing major capital projects including those for the local public schools and community college. The department will plan, execute, and oversee all underwriting and debt issuance of Catawba County including any approved new debt financing issues needed for Public Schools, Community College, or renovations/additions.

- Each departmental section of the operating budget begins with an organizational chart that reflects the way in which the department's budget is organized and tells the reader which division pages will follow.
- The Departmental Services section describes the department's divisions and core functions.
- The financial table displays revenue, expenditures, and budgeted personnel for the entire department for the prior fiscal year (2015/16 Actual), the current fiscal year (2016/17 Current), and budgeted fiscal year (2017/18 Approved).
- After the financial table this section presents an overview of the changes to the department's budget and may include specific information on approved division requests.
- This section discusses the division's performance measurement in the coming fiscal year (2017/18) as well as the mid-year 2016/17 and prior year 2015/16 reports on division outcomes and services.
- The Outcomes section lists each division's objectives for the upcoming fiscal year.

## Financial Documents

The budget is the financial plan for County operations for the fiscal year beginning July 1, 2017 and ending June 30, 2018. The budget shows the source of revenue and how these sources will be spent. It also contains outcomes, goals, and objectives the County departments have set for the year. The budget and the audit are the key financial documents that the County uses to illustrate its financial plans and status. The budget looks ahead to the coming year and shows how funds plan to be spent, while the audit shows the County's year-end financial condition. The audit document is produced annually a few months after the end of each fiscal year (October or November) while the budget is produced annually at the beginning of each fiscal year (final copies are usually made available to the public in mid-July).

## Basis of Accounting

Basis of Accounting refers to when revenues, expenditures, and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All funds of the County are budgeted for and accounted for during the year on the modified accrual basis of accounting in accordance with North Carolina General Statute 159-26(c). Under the modified accrual basis, revenues are recognized in the accounting period in which they become measurable and available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the costs for goods or services are incurred (except for un-matured principal and interest on general long-term debt, which are recognized when due). On a budget basis, the Solid Waste Management Fund is accounted for using modified accrual. As an enterprise fund, at the end of the year, transactions are reporting in the basic financial statements using full accrual.

The level of control, or level at which expenditures may not legally exceed the budget, is the department level for the General Fund and the fund level for all other funds. Any change in appropriation level of the fund must be approved by the Board of Commissioners. The County Manager or the Budget & Management Director may approve any changes within a fund that do not require an alteration of the appropriation level. Appropriations lapse at year-end, except appropriations for the Capital Improvement Plan Fund, which are carried forward until such time as the project is completed.

## Compensated Absences

It is the policy of the County to permit employees to accumulate up to 30 days earned but unused vacation leave, with such leave being fully vested when earned. For the County, the current portion of the accumulated vacation pay and salary-related payments is not considered to be material; therefore, no expenditure or liability is reported in the County's governmental funds. The County's liability for accumulated earned vacation and the salary related payments as of the end of the year is recorded in the government-wide financial statements. For the County's proprietary fund, an expense and a liability for compensated absences and the salary related payments are recorded within those funds as the leave is earned, if the amount is considered to be material. The sick leave policy of the County provides for an unlimited accumulated of earned but unused sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of

retirement may be used in the determination of length of service for retirement benefit purposes. Since neither entity has any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave is made by the County.

## **Encumbrances**

Encumbrances are financial commitments for services, contracts, or goods that have not as yet been delivered or performed. Purchase orders that remain unperformed at year-end are carried forward to the new fiscal year. A portion of fund balance is reserved to pay for any commitments related to purchase order and contracts that are unperformed at year-end.

## **Summary of Legal Requirements**

North Carolina counties budget and spend money under the Local Government Budget and Fiscal Control Act (LGBFCA), as adopted by the North Carolina General Assembly. The major effects of the LGBFCA on the budgetary process are as follows:

### **BUDGET FORMS & PROCEDURES**

The budget officer must prescribe the forms and procedures for the departments to use in preparing their request. In the words of G.S. 159-10, requests shall be made in such form and detail, with such supporting information and justifications, as the budget officer may prescribe. G.S. 159-10 also requires that a budget request show actual expenditures for the prior year, estimated ones in the current year, and requested ones for the coming budget year.

### **DEPARTMENTAL REQUESTS**

G.S. 159-10 requires that the budget request for a department include revenues or fees that it will collect in the budget year.

### **BUDGET PREPARATION CALENDAR**

The LGBFCA establishes the dates by which each stage in the annual budget process is to be completed (G.S. 159-10 through 13). These dates are as follows:

- Departmental requests, other than the public schools, must be submitted to the budget officer before April 30th.
- School administrative units and community colleges must submit their proposed budgets and their requests for County appropriations and supplemental tax levies no later than May 15th.
- The recommended budget must be given to the Board of Commissioners no later than June 1st.
- The Commission must enact the budget ordinance by July 1st, when the budget year begins.



## **RECOMMENDED BUDGET**

G.S. 159-11 requires that the budget officer's recommended budget be balanced unless the Board of Commissioners insists that an unbalanced budget be submitted. It is also required that the budget be submitted to the Commissioners with a budget message. G.S. 159-11(b) states that the message should include:

- A concise explanation of the governmental goals fixed by the budget for the budget year.
- Important features of the activities anticipated in the budget.
- The reasons for stated changes from the previous year in program goals, programs, and appropriation levels.
- Any major changes in fiscal policy.

## **BOARD REVIEW**

Once the budget is before the Board of Commissioners, several general legal provisions apply to Board review and adoption of the budget ordinance.

- At least ten days must pass between submission of the budget and adoption of the budget ordinance.
- On the same day the budget is submitted to the Board of Commissioners, the budget officer must file a copy of it in the office of the Clerk to the Board where it is available to the public and press.
- The Clerk to the Board must publish a notice that the budget has been delivered to the Board of Commissioners and is available for public inspection. This advertisement must also note the time and place of the required public hearing.
- 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 be a public hearing at which any person who wishes to comment may.
- The Open Meeting Law (G.S. 143-318.9 through 318.18) applied to the budget preparation and adoption process.

## **ADOPTION OF THE BUDGET ORDINANCE**

The budget ordinance must contain the appropriations, the estimated revenues, and the property tax levy as well as rate.

## **Budget Process**

As required by the Local Government Budget and Fiscal Control Act (G.S. 159, Article 3), the governing board must adopt by July 1st an annual balanced budget ordinance for all funds except for those funds that operate under project ordinances.

Budgetary control is exercised in all funds except the agency funds. Appropriations are made at the departmental (function) level and amended as necessary. The current budget amounts represent the budget as of December 31st of the current budget year. The budget was prepared on the modified accrual basis of accounting as required by North Carolina General Statute 159-26(c). Appropriations lapse at year-end in the General and Special Revenue Funds for which annual budgets have been legally adopted, with the exception of those departments participating

in the reinventing program. The Capital Projects Funds' budgets are adopted on a project basis, spanning more than one year. Appropriations are carried over in these funds until the project is completed. The County follows these procedures in establishing a budget:

1. The Budget Officer is the County Manager and as such, the Budget and Management Office is part of the County Manager's Office. The Budget and Management Office consists of a Budget and Management Director and two Budget and Management Analyst positions. It is supervised by an Assistant County Manager and receives assistance from the County's ICMA Management Fellow.
2. In October the County Board of Commissioners holds a retreat to discuss issues, priorities and countywide goals for the upcoming fiscal year. These goals become the driving force behind initiatives to be considered and included during the budget cycle.
3. Each Fall, the Budget and Management Office works with departments and management to update the County's long range financial plans including Eight Year Capital Improvement and Operating Plans.
4. During the months of October and November the Budget and Management Office prepares Revenue and Expense projections for the upcoming fiscal year. Revenues are projected for our main funding sources, property and sales tax, based on trends and economic forecasts for our area.
5. A planning retreat is held in December that includes all County department heads and superintendents of the County's three school systems and community college. Revenue and expense projections are shared and, based on available revenues, a starting point for the budget is determined including allowable increases for salaries, benefits, and operating budgets.
6. The Budget and Management Office establishes a beginning base for each department that includes the allowable increases for salaries, benefits and operating budgets. In developing their budget requests the staff is instructed that any funding requests for program or service expansions or equipment beyond the base amount is to be thoroughly justified and will be weighed against other competing needs and available funding. The role of budget staff is to analyze the requests and justifications and make sound funding recommendations to the County Manager.
7. In December, departments are given pertinent budget information, funding parameters, and the goals established by the Board of Commissioners.
8. In January, the reinventing departments submit requested outcomes, and departments not in the reinventing program as well as outside agencies submit budget requests to the Budget and Management Office.
9. During February and March, the Budget and Management Office analyzes requests for the non-reinventing departments and outside agencies, negotiates outcomes with departments, and prepares a recommended budget for the County Manager.

10. During March and April, the County Manager conducts a series of budget hearings with the department managers and agency directors. He then submits a recommended budget to the Board of Commissioners. The budget includes proposed expenditures and the means of financing them.
11. The Board of Commissioners conducts budget hearings with the department managers and agency directors in May or June.
12. A Public Hearing is conducted to obtain taxpayer comments.
13. Prior to June 30<sup>th</sup>, the budget is legally enacted through passage of an ordinance.
14. Budgets for General, Special Revenue, and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The Board of Commissioners annually adopts a budget by ordinance appropriating funds, and may during the year authorize supplemental appropriations. Supplemental appropriations are reviewed by the Director of Finance and the Budget and Management Office, submitted to the Finance and Personnel Subcommittee, and then transmitted to the Board of Commissioners for their review and approval. If approved, they are implemented by budget revision.

## Reinventing Departments

Modeled after the book Reinventing Government, Catawba County uses two budget processes: Reinventing, a more flexible, department regulated form of budgeting, and Non-reinventing, a traditional, line item analysis form of budgeting. Four of the County's 15 departments are reinventing departments and include County Manager, Human Resources, Library, and Social Services. Outcomes for using the reinventing budget process are to:

- Become a more active organization by defining our mission and achieving goals that support the mission.
- Place greater focus on the customer – what's the impact of services?
- Achieve and sustain higher service levels within limited resources.

In order to meet these outcomes, basic changes were made in the budget process to shift the focus from inputs to outcomes, to increase authority and flexibility for reinventing departments, encourage better use of resources, and simplify and streamline the budget process. Flexibility and changing the focus to outcomes is achieved by allotting these departments a lump sum increase each year without any analysis or controls at the detail budget level. The only financial control is the inability to spend more than their total allotment. Budget analysis and negotiation has shifted to discussions on outcomes, or what the departments hope to accomplish in the upcoming fiscal year, and improvements to service levels. To encourage better use of resources and ownership in decision making, departments can retain all unexpended funds at the end of the fiscal year as long as they can demonstrate achievement of at least 90 percent of their outcomes. Updates on the progress and achievement of outcomes are reported on a semi-annual and annual basis. The Budget Highlights for the Reinventing Department sections of the budget document focused on outcome achievement and changes to outcomes rather than monetary changes in the budget for this reason.

# Budget Calendar

## **August – October**

Budget & Management Staff spend time with departments, complete special projects, identify pressures

Capital, Facilities, Technology, Service Expansion Requests due from Departments

## **Late October to Early-November**

Revenue & Expense Forecast development: Revenue projections vs. Base/Continuation Budget

## **Early December**

Department Head Retreat: Pressures Discussion and Strategy Alignment discussion (12/2)

FY15/16 Financial Audit presented to BOC (12/5)

Department Head Meeting: Targets and investment request form, process shared with team (12/6)

## **Mid December**

Budget Kickoff: Open budget system for entry (12/12)

## **January 13, 2017**

Mid-year report due from all departments

## **February 3, 2017**

Budget request due from all schools and outside agencies

## **Mid to Late February**

Budget & Management Staff meet with departments to discuss planned requests and outcomes

Revisit Revenue & Expense Assumptions (2/14)

Department Head Retreat: Strategy Alignment, Part II (2/17)

## **Early to Mid-March**

Expansion Requests & Final Budgets with outcomes due from all Departments (3/1)

Budget balanced & summary recommendations sent to Manager (3/20)

Budget & Management staff discussions with County Manager on recommendations (3/22)

## **March 28-31, 2017**

Department, Schools & outside agency budget meetings with County Manager

## **Mid to late April**

Follow-up meetings with departments, schools, & outside agencies as needed

## **Mid-April to Mid-May**

Development of Budget Message, Budget Notes, and Manager's Budget Presentation

## **Early May**

Budget and benefits meeting with employees

## **May 15, 2017 BOC Meeting**

County Manager's recommended budget presented to Board of Commissioners at BOC meeting

## **May 22, 2017 BOC Budget Hearings**

Board of Commissioners' hearings/work sessions with departments & outside agencies: 8 am to 5 pm

## **June 1, 2017**

Public Hearing and Wrap-up

## **June 5, 2017**

Budget Adoption

# FINANCIAL POLICIES

Financial Policies are used to guide the County in the financial management of all funds. The North Carolina Local Government Budget and Fiscal Control Act regulates North Carolina governmental units in financial matters. These policies are used by the Catawba County Board of Commissioners to allow the County to function as a fiscally sound governmental unit.

1. Revenue Policy
  - a. The property tax rate shall be set each year based on the cost of providing general government services.
  - b. The fee structure established for the Solid Waste Management Fund will be sufficient to finance needed operating, capital, and debt costs of providing solid waste services.
  - c. Revenue projections will be made in a conservative manner.
  - d. Any County service that benefits specific recipients shall be supported either fully or in part by user fees, based on cost recovery percentages established by the Board of Commissioners.
  - e. Fund Balance Appropriated shall not exceed an amount that management can reasonably expect to save during the year.
2. Operating Budget Policy
  - a. The County will continue to develop benchmarks and monitor performance measurements to assist in the evaluation of expenditures.
  - b. Operating budget projections will include annual costs plus allowances for operating costs associated with new capital.
3. Capital Improvement Policy (See CIP section for 8-year plan)
  - a. The County will review and adopt annually an Eight-Year Capital Improvement Plan detailing each capital project, the estimated cost, and description. This plan will be used as a guide in the development of the annual budget.
4. Accounting Policy
  - a. Annually, a firm of licensed, certified public accountants will issue an official opinion on the County's annual financial statements to the Board of Commissioners.
  - b. Financial systems will be maintained to monitor revenues and expenditures on a monthly basis.
  - c. Staff will give a Financial Report to the Board of Commissioners covering revenues and expenditures on a periodic basis.
5. Debt Policy (See Appendices for full policy)
  - a. The County will manage its debt obligations to meet demands for capital facilities while striving to maintain or to improve the County's Aa2/AA bond rating.
  - b. Outstanding debt should not exceed 8 percent of the Countywide tax base.
  - c. The County's annual debt service payment should not exceed 15 percent of the General Fund budget.

6. Reserve Policy

- a. The County has a goal of maintaining an Undesignated General Fund fund balance of 16 percent, the equivalent of two months of operating expenses. These funds will be used to avoid cash flow interruptions, generate investment income, eliminate the need for short-term borrowing, and for use in the case of unanticipated emergencies.
- b. The County will maintain a Contingency Reserve to provide for unanticipated expenditures of a non-recurring nature to meet unexpected increases in the operating budget.
- c. The Water and Sewer Fund shall maintain a minimum fund balance of \$5,000,000.
- d. Catawba Valley Medical Center is public non-profit hospital and an entity or component unit of Catawba County Government. The County owns the assets but the Hospital is not included in the County budget. The Hospital is authorized to operate as an enterprise fund. The Hospital maintains a balance of not less than \$4 million with the County, in the Hospital Capital Reserve Fund, to finance and construct major Hospital capital projects. This Fund is intended to be used primarily to finance and construct major Hospital capital projects. However, in an emergency situation, with written request of the Hospital, the County may, in its discretion, permit amounts on deposit in the Fund to be extended for any lawful purpose including payment of operating expenses of the Hospital. As long as a \$4 million balance in the Fund is maintained, monthly depreciation payments from the Hospital are not required. Monthly payments of \$50,000 will be required any time such \$4 million balance is not maintained.

7. Investment Policy (See Appendices for full policy)

- a. The County's investments will be undertaken in a manner that (1) seeks to ensure the preservation of capital in the overall portfolio (safety), (2) provides for sufficient liquidity to meet the cash needs of the County's various operations (liquidity), and (3) attains a fair market rate of return (yield) its debt obligations to meet demands for capital facilities while striving to maintain or to improve the County's Aa2/AA bond rating.

8. Balanced Budget Policy

- a. The County will annually develop and adopt a balanced budget in which the sum of estimated net revenues and appropriated fund balances is equal to appropriations, pursuant to the North Carolina Local Government Budget and Fiscal Control Act.