

FINANCE COMMITTEE POLICY
Fauquier County, Virginia

Policy Title: Budget Adjustment Guidelines (FC-2)

Effective Date: May 1, 2018
Supersedes Policy: September 11,
2014

I. **Purpose**

The purpose of the Transfer and Supplemental Appropriation policy is to establish procedures for revising the Board of Supervisors' adopted fiscal plan and to set forth the specific approvals required to implement proposed changes.

II. **Scope**

This policy applies to all General County Government departments and agencies, and to the School Division in the case of supplemental appropriations and carryovers.

III. **Budget Action Form**

Agencies and staff requesting revisions to their adopted budgets will submit a Budget Action Form (BAF) to the County Office of Management and Budget. Budget staff will either authorize the change or submit recommendations to the County Administrator, depending on the type of request and the requirements described by this policy.

A. **Transfers:** A transfer involves the movement of budgetary appropriations within a departmental or agency budget or between agency budgets, provided that the proposed action does not impact overall appropriations at the fund level.

1. To initiate a request for transfer the initiating department(s) shall complete a Budget Action Form (BAF).
2. This form shall be reviewed by the Office of Management and Budget which shall be tasked with reviewing the justification for the transfer and providing a written statement of findings and recommendations.
3. All requests for budget transfers must provide justification and be signed by the initiating department head(s) or department employee based on signature card authority.
4. Departments are responsible for ensuring that expenditures are reconciled with budgets for the following categories: personnel, operations, and capital.

B. **Transfer Approvals (Between Departments in the Same Fund):**

1. The Office of Management and Budget is the approval authority for all intra-departmental transfers (transfers within a department).
2. The Office of Management and Budget is the approval authority for all inter-departmental transfers of less than \$50,000.
3. The County Administrator is the approval authority for all inter-departmental transfer requests of \$50,000 and above.
4. Transferring appropriations between the personnel and non-personnel categories will be allowed on an exception basis only and approval by the Office of Management and Budget.
5. The Board of Supervisors is the approval authority, upon review and recommendation of the Finance and/or Personnel Committees, for all transfer requests to establish full-time or part-time permanent positions or any action that would create a multi-year financial commitment.

6. The Board of Supervisors is the approval authority, upon recommendation of the Finance Committee, for all requests to transfer appropriations from the Undedicated Contingency Reserve or a Dedicated Capital Contingency Reserve.
7. Initiating Department(s) that do not report to County Administration may appeal a determination of the County Administrator to the Finance Committee.

C. Supplemental Appropriations: Supplemental Appropriations involve actions that increase or decrease the overall budget appropriation for the County Budget or a Fund contained therein. Funding sources for these changes may include grants, unanticipated revenues, inter-Fund transfers or the use of Fund Balance.

D. Supplemental Appropriation Approval:

1. The County Administrator is provided the administrative authority by the Board of Supervisors to accept and appropriate grants awarded outside of the annual budget process based on the following:
 - a. An adjustment is required for a grant appropriated through the annual budget process, where notice is received from the granting agency that the actual award varies from the appropriated budget, requiring a supplemental appropriation of funds and the total adjustment does not exceed \$50,000, and the following requirements are met:
 - i. Any applicable local match funding must be available within the department's existing, approved budget(s).
 - ii. The approved scope and intent of the grant shall remain unchanged.
 - b. One-time supplemental grant awards, for grants not included in the adopted budget, that do not exceed \$50,000, and the following requirements are met:
 - i. No ongoing funding requirements are included in the grant acceptance, including but not limited to the establishment of temporary or permanent positions.
 - ii. Any applicable local match funding is available within the department's existing, approved budget(s).
 - c. De-appropriation of any grant funds, in any amount, that are closed out and final reporting submitted to funding agency.
2. The County Administrator is provided the administrative authority by the Board of Supervisors to accept and appropriate insurance recoveries or other non-recurring miscellaneous revenue items that do not exceed \$50,000.
3. The County Administrator may, at their discretion, authorize a designee to hold administrative authority as outlined in items D, 1-2, that do not exceed \$15,000.
4. The Office of Management and Budget will provide the Finance Committee a list of any supplemental appropriation adjustments notated above for review at the Committee's regularly scheduled monthly meeting.
5. The Office of Management and Budget will prepare an annual appropriations resolution that will authorize staff to carry forward appropriations authority for unexpended grants and encumbrances from the prior fiscal year as part of the annual closeout process.
6. All requests for supplemental appropriation that do not fall under the preceding guidelines require the Board of Supervisors' approval upon recommendation of the Finance Committee, as applicable.

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- E. Supplemental Appropriations – Public Hearing:**
1. The Code of Virginia (Sec. 15.2-2507) requires a public hearing when supplements to the budget exceed 1% of the total budget.
 2. The Office of Management and Budget has administrative responsibility to ensure that statutory requirements are met in regard to budget adjustments.
- F. Schools Categorical Transfers:** For the purpose of this policy, transfers between School budgetary categories shall also require Board of Supervisors' approval, provided that the School budget was approved using categorical appropriations.
- G. Capital Projects (Capital Improvement Fund (CIP), Asset Replacement Fund and Enterprise Funds):**
1. Intra-Project Transfers: Transfers within project budgets are subject to the same procedures as intra-departmental transfers, described in Section III.A of this policy.
 2. Inter-Project Transfers: The Board of Supervisors is the approval authority, upon recommendation from the Finance Committee, as applicable, for all requests for transfer between capital projects.
 3. Project Activity (CIP/Asset Replacement Funds): All capital projects having no activity (expenditure) at the end of each fiscal year will be reviewed for possible reallocation of funds. Any of the projects for which there is no justified reason for inactivity will be closed and any residual funding will be transferred to the appropriate capital reserve account (County or Schools). These funds will be available for other County/School capital needs as determined by the Board of Supervisors.
 4. Project Activity (Enterprise Funds): Inactive capital projects are subject to the same review process as identified in the previous section. Funding from closed projects will be de-appropriated and designated as unobligated fund balance or capital reserve for future use.