

R-200706-12-141

**RESOLUTION  
AUTHORIZING THE APPROVAL OF A FORMAL  
BUDGET PROCESS FOR FISCAL YEAR 2007/2008**

**WHEREAS**, according to County Board Rules, the Finance and Audit Committee is required to set forth policy guidelines for setting the annual budget; and

**WHEREAS**, it is the position of this County Board that a formal process for the compilation, presentation, approval and execution of the annual budget is necessary and proper; and

**WHEREAS**, said process should include development of budget policy guidelines for the preparation of departmental input to the annual budget; and

**WHEREAS**, continuing concern regarding general economic conditions, the reality imposed by the Property Tax Extension Limitation Law, and a County Board goal to maintain five months unrestricted fund balances dictates that special consideration be given to the compilation of said guidelines for the 2007-2008 budget year; and

**WHEREAS**, the County Board Chairman, the Finance and Audit Committee, the Human Resources Committee and the County Administrator recommend that the attached budget policy guidelines hereinafter set forth, be utilized for the compilation, presentation, approval, and execution of the FY 2007/2008 McHenry County budget.

**NOW, THEREFORE, BE IT RESOLVED**, by this County Board of McHenry County, Illinois, that the budget policy guidelines, hereinafter set forth, be and are hereby adopted for the compilation, presentation, approval, and execution of the FY 2007/2008 McHenry County budget; and

**BE IT FURTHER RESOLVED**, that any exceptions to the budget policy and guidelines shall require approval by the County Board; and

**BE IT FURTHER RESOLVED**, that the policies hereinafter set forth, represent an earnest attempt by all departments and this County Board to develop a budget that is drawn with cognizance of current economic conditions and future economic trends; compliance with the letter and spirit of the Illinois Tax Extension Limitation Law; and prudent financial management practices in both the long term and the short term.

**BE IT FURTHER RESOLVED**, that the attached major goals, detailed policies and guidelines will provide guidance to elected officials and appointed department heads in the preparation of the FY 2007/2008 budget; and

**BE IT FURTHER RESOLVED**, that the County Clerk is authorized to distribute a copy of this resolution to all elected officials, appointed department heads, the Associate County Administrator - Finance, and the County Administrator.

**DATED**, at Woodstock, Illinois on this fifth day of June, AD, 2007.



Kenneth D. Koehler, Chairman  
McHenry County Board



ATTEST  
Katherine C. Schultz, McHenry County Clerk

## **McHenry County Board Budget Policies**

McHenry County government operates on policies designed to protect the County's assets and taxpayers' interests, provide guidance to employees, and serve the public efficiently. It is the intent that the policy statements be used to avoid conflicting goals or activities, which may have a negative impact on the overall financial position of the County. The County's system of internal accounting controls is designed to provide reasonable assurance that the financial records are reliable for preparing financial statements and maintaining accountability for assets and obligations.

### **Accounting/Auditing**

State statutes require an annual audit by independent certified public accountants (**55 ILCS 5/6-31003**). A Comprehensive Annual Financial Report (CAFR) shall be prepared according to the criteria set by the Government Finance Officers Association (GFOA). The County follows Generally Accepted Accounting Principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB). As of December 1, 2002, the County implemented GASB 34 which requires Government-wide financial statements on a full accrual basis of accounting (June 1999 the Governmental Accounting Standards Board issued GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments).

### **Appropriation**

All operating funds are appropriated in the "Official Budget". Appropriations will be considered the maximum authorization to incur obligations and not a mandate to spend.

### **Balanced Budget**

By County Board policy, the budget must balance expenditures against available revenues relative to the General Fund (**R-200006-12-134**).

### **Budget Amendment**

All requests for budget amendments must start with a completed Budget Adjustment Form (accessed on the County intranet site) submitted to the County Administrator and/or the Associate County Administrator – Finance, who upon review will work with the requesting department head in preparing a resolution (if required) in the County Board approved format (**R-9909-12-234**) for committee and board presentation.

Budgets may be amended in four ways:

- The County Administrator or Associate County Administrator - Finance may authorize transfers between the contractual and commodities budget line items (4000) and (5000) within a department budget as long as they do not exceed the total combined appropriation for these two categories (***Budget Adjustment Form required***) (R-200006-12-134);
- Elected officials may authorize transfers between contractual and commodities budget line items (4000) and (5000) in their departmental budget, as long as they do not exceed the total combined appropriation for these two categories, by completing the Budget Adjustment Form and forwarding it to the County Administrator or Associate County Administrator - Finance (**States Attorney Opinion 11/10/99 & 2/01/01**);
- All departments must submit a required Budget Adjustment Form (can be accessed through the County intranet) to the County Administrator or Assoc. County Administrator - Finance to provide an accounting record of the requested budget change prior to the adjustment/transfer being done (**R-200206-12-091**).
- All other transfers and emergency appropriations after budget adoption require a 2/3<sup>rd</sup> majority vote of all the members constituting the County Board (**55 ILCS 5/6-1003**).

## **Building Costs**

The Facilities Management Department (formerly known as Building Operations) is responsible for the budgeting of all costs relating to operating and maintaining the buildings and required equipment (HVAC, Boilers, Pumps, etc) of the County. It is the individual department's responsibility to budget for maintenance on any equipment used by the department to provide services to the general public. This type of equipment could include: Kitchen Appliances, Technology Equipment, Furniture and Fixtures, Laundry Equipment, etc.. It is the individual department's responsibility to also budget for any cosmetic changes (new walls, electrical outlets, telephone jacks, etc.) they are requesting within the area assigned to their departments.

## **Capital Plan**

An annual capital plan is prepared for the General Fund with each annual operating budget. The capital plan is categorized into building improvements, technology, vehicles and other equipment in the General Fund Non-Departmental budget. A five year Capital Plan is a component of the Financial Model.

## **Compensated Absences**

The audited financial reports show a liability for the accumulation of vacation and compensatory time earned by employees but not taken. The balance is a projection of what the County would be required to pay out if it discontinued business as of that date.

### **Contingency Fund**

A General Fund contingency account with a minimum of \$500,000 (**R-200206-12-091**) will be designated for emergency purchases during the year. Another contingency account with a minimum of \$50,000 (**R-200006-12-134**) will be designated to pay for unexpected vacation and compensatory payments as long term employees retire or leave County employment.

### **Depreciation**

The County does not budget for depreciation expense (**R-200006-12-134**).

### **EEO-Affirmative Action**

The County Board set a policy (**O-200611-09-107**) that all vendors doing greater than \$20,000 of business with the County must follow guidelines established for equal employment opportunity and affirmative action. Generally, the vendor must have a written sexual harassment policy that meets state statutes (**775 ILCS 15/3**), a written EEO policy (**775 ILCS 5/1-102**), and a workforce profile that demonstrates its EEO practices. The County refuses to conduct business with vendors who do not meet these guidelines.

### **ELECTED OFFICIALS AND APPOINTED BOARDS**

Memorandums of understanding for all elected officials and appointed boards in regards to the budget process and the wage and grade compensation policy are on file in the county administrator's office. If an elected official or appointed board decides not to follow the policies as set forth by the county board, it is their responsibility to notify the county administrator immediately of their intent.

The county board will determine appropriate budget dollars to be allocated to any elected official or appointed board who decides to opt out of the 2008 budget process and or wage and grade compensation policy. (R-200506-12-160)

### **Elected Officials' Salaries**

The setting of salaries for the new terms of Elected Officials is to be completed during the budget process in the fiscal year prior to the fiscal year the office/term expires (**R-200206-12-091**). The new salaries to be set are to be approved by the Liaison Committee, the Human Resources Committee, the Finance Committee and the Full County Board (**R-200206-12-091**).

## Employee Wage & Compensation System

All employee positions within the County organization are assigned a grade and range by the Human Resource Department (**R-200305-12-113**). The grade will determine the level of compensation paid, based on a point evaluation factor that takes into consideration the following for each position: major duties, knowledge/education required, types of certification/licensing required, supervisory controls, financial accountability and the overall complexity of the position.

The County Board recognizes the need for department heads to have flexibility during the hiring process to recruit qualified candidates. The following table has been approved to assist the departments in this process:

Hiring Range	Approvals
Grade Floor	Department Head
Grade Floor to 1 <sup>st</sup> Quartile	Department Head & Human Resources
1 <sup>st</sup> Quartile to Midpoint	County Administrator
Over Midpoint to Maximum	County Board

\*\*In no event shall the salary offered exceed the department's budgeted personnel line item without prior approval of the County Administrator.

For departmental promotions within the same grade or movement to a grade higher, the salary increase is not to exceed 6% of the employee's current salary. In no case can the increase exceed the budgeted amount of the position the employee is being promoted into.

In the event the promotion is into a position that is two grades or more above the employee's current position, salary will be determined by the Department Head, Human Resources Director and the County Administrator.

For internal promotions into a senior level management position, the annual salary amount (not to exceed the budget for the position) will be determined by the Department Head, Human Resources Director and the County Administrator.

Employees who receive a promotional increase (mid-year adjustment) during the current fiscal year will be limited to the amount of merit increase awarded on December first based on the table established for Merit Increases for New Hires on page 9 of the budget policy.

The County Board each year will address adjusting the floor and ceiling of each grade and range by the first board meeting in August (**R-200305-12-113**), considering outside factors such as the inflation rate, market demand and the general economy.

To maintain a fair and equitable compensation system, budget dollars allocated for salaries will be based on the current rate of pay for the position within the grade and

range. Vacant positions will be based on the entry level of the grade for the position. For positions whose pay exceed the ceiling of the grade and range they are assigned to, the department must make up the difference (including the additional cost for benefits) from within their operating budget.

Budget is allocated based on position, and not the employee in the position. If budget savings from an unfilled position occurs and is used in any other manner, the unfilled position will cease to exist and will need to be re-established as a new position in the next budget process (**R-200305-12-113**).

New Positions and reclassification requests submitted during the budget process must be position specific to be considered for funding. If funding is approved during the budget process and the department wishes to use the funding for positions other than the approved position, a resolution authorizing the change will be required by the County Board prior to the change taking place.

To eliminate confusion in the calculation of merit dollars for departments, the County Board is issuing a moratorium on all reclassifications and salary adjustments requested outside of the budget process for the months of November and December. This change was effective starting with November of 2006.

### **Encumbrance**

An encumbrance system is maintained to account for commitments resulting from purchase orders and contracts. Encumbrances at year-end for unfilled obligations of the current year budget are reappropriated in the succeeding year based on County Board approval (**55 ILCS 5/6-1005**). An encumbrance for capital expenditures will continue in force until the purpose for which it is made has been accomplished or abandoned. An appropriation for a capital expenditure is deemed to have been abandoned to the extent that the project is not under contract by the close **of November 30, the last day of the County's fiscal year**. Encumbrances at year end do not constitute expenditures or liabilities in the financial statements; however, for budgeting purposes, encumbrances are treated as a reserve of budget dollars and fund balance in the year the commitment to purchase is made.

### **Pre-Encumbrance**

A pre-encumbrance is a requisition to purchase a specific item. Unlike an encumbrance, pre-encumbrances do not re-appropriate current year budget to the succeeding budget year. Instead, an open pre-encumbrance at year end will attach itself to the new year budget dollars.

### **Enterprise Fund**

Proprietary fund type used to report an activity for which a fee is charged to external users for goods or services. McHenry County uses two enterprise funds, one for the

County owned and operated nursing home (**O-9611-1200-98**) and one for the Emergency Telephone Systems Board (E-911) (**O-200211-12-088**).

### **Fixed Assets**

The County maintains a fixed asset inventory of furniture, equipment, buildings, infrastructure and improvements with a value as defined by the fixed asset policy (**R-200106-12-116**) and a useful life of one year or more.

## **Fiscal Year**

The County's fiscal year is December 1<sup>st</sup> through November 30<sup>th</sup>. **(Set by County Board per 55 ILCS 5/6-1001)**

## **Fund Balance**

The County will maintain a 150-day (5 months) unrestricted fund balance in most funds for cash flow purposes based on the Financial Model and adjusted for future capital expenditures. Instances where an ending audited fund balance is above the 150-day goal, a plan presented by the Finance & Audit Committee and approved by the County Board will be implemented to allow for the spending down of the surplus above 150 days. If a fund balance drops below the 100-day unrestricted fund balance, an action plan developed by the Finance & Audit Committee will be required to increase the fund balance to the 150-day level.

## **Grants**

The importance of preparing and implementing a proper grant budget cannot be overstated. To inform the County Board of the value of a new grant program, the Board must have full knowledge of the total cost of the program and its funding sources. Too often, grant programs contain hidden costs. All new grant applications (regardless of dollar amounts) must be approved by the department's liaison committee and if time permits, the full county board prior to submission of the grant application to the grantor. (board approved 5/04/04).

- The county board's definition of a new grant is:
  1. A grant that has not been awarded in the previous year
  2. A current grant (or renewal grant) whose financial terms have changed (grant award has increased, decreased, or added a local match, etc.)
  3. A grant whose local match financial requirements have changed
- Departments will submit draft grant application copies to the Assoc. County Administrator - Finance, and the County Auditor for review prior to submitting the application.

In the event the timeframe for the submission of a grant application does not fit into the above mentioned county process, the County Board Chairman and or County Administrator may give the submitting department head the authority to apply for the grant.

- Departments will present to the County Board during the presentation portion of the daytime board meeting, details of the new grant and how it will benefit the Citizens of the County. Also required to be presented is an outline showing the administrative costs to administer the grant at both the department and County Administration level. This will afford Board members

the opportunity to review the grant and have questions answered by the department prior to the submission of the grant application.

- Grant applications, regardless of the amount, with anticipated increases in full or part-time staff must be formally approved by the County Board (**R-200006-12-134**).
- Departments who apply for grants that require a local match should find the local match within their budgets.
- Upon notification of a grant award, departments will prepare the resolution and cover memorandum to amend the respective budget.
- A 2/3<sup>rd</sup> vote of all members constituting the County Board is required to amend department budgets to reflect grant revenues and expenses (**55 ILCS 5/6-1003**).
- The term “grant” includes any form of funding or reimbursement for County Services from the State, Federal or third party agencies.
- Grants will be controlled at the operating budget level based on the County’s fiscal year.
- The grant "operating-budget" will be periodically reviewed by the County Auditor and the Assoc. County Administrator - Finance to assure that the revenues and expenditures are consistent with the grant award.
- Renewal grants will be reviewed during the budget process.
- All departments receiving grant funding through various Federal and State agencies, are now required to submit to the Assoc. County Administrator - Finance a Grant Information Form (which can be accessed from the County intra-net). This form should be completed and returned to the Assoc. County Administrator - Finance with a copy of the grant application/information upon acceptance of each grant awarded. For all new grants awarded during the County’s fiscal year, the above process must be followed. Information submitted will be shared with the Auditor’s Office, thus eliminating duplication of effort for the departments. The Grant Information Form requests the following information:
  - Department accepting Grant
  - Who the Grant Information Form was prepared by
  - Grant Title
  - Granting Agency
  - Official Grant Number
  - IFMS (County) Grant Number

- If flow-through grant, from which federal agency is grant flowing
- Catalog of Federal Domestic Assistance (CFDA) Number
  - (Web Site: [www.cfda.gov](http://www.cfda.gov))
- Period covered by grant agreement
- 
- Amount of Grant Award
- Does the Grant require a match from the County
- What are the requirements/stipulations of the grant that must be completed before draw down of the cash award is allowed
- 
- Is the Grant Award included in the departmental budget request
- What OCA code is the Grant budgeted under

**Internal Control**

Internal control procedures shall be documented and reviewed periodically by the County Auditor to provide reasonable assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

**Investment**

The County Treasurer is responsible for the investing of all McHenry County funds **(55 ILCS 5/3-11006)**.

**Merit Increases**

The Human Resources Committee shall establish an equitable merit pay plan **(R-200006-12-134)**.

To maintain an equitable merit process, employees hired during the fiscal year may be awarded merit for performance based on the following schedule:

Merit Increases for New Hires	
Hire Date	% of Maximum Merit
12/01/XX thru 02/28/XX	100%
03/01/XX thru 05/31/XX	75%
06/01/XX thru 10/31/XX	50%
Or the table movement, which ever is greater	

Seasonal Employees who have worked for the County in the prior year may be given an increase based on the percentage used for the table movement.

**Mileage**

Reimbursement of mileage expense to employees, elected officials and County Board members will be at the Internal Revenue Service established rate in effect on January 1<sup>st</sup> of the new calendar year (**R-200106-12-117**). The County Board will review and reconsider the rate during periods of volatile pricing. Department budgets may be adjusted to reflect the fluctuation in the mileage rate.

### **Position Reclassifications**

Anticipated position reclassifications and/or new position requests are to be completed during the budget process cycle. Priority will be given to requests presented in the context of a reorganization that enhances customer service and/or reduces the cost of doing business. Mid-year reclassifications (whether they require a budget adjustment or not) will be considered on a case-by-case basis, and must be approved by the Liaison Committee, the Human Resources Committee, the Finance Committee and the County Board (**R-200206-12-091**). All mid-year reclassifications must be submitted with the Budget Adjustment Form to the County Administrator prior to presentation to the committee level, allowing for a review and the creation of an accounting record for the reclassification.

### **Purchasing**

All items with an expected value of \$20,000 or greater must be competitively bid (**O-200611-09-107**) with exceptions for professional services or other items as defined in state statutes (**30 ILCS 505-6**). All departments are authorized to make purchases up to \$20,000 (**O-200611-09-107**) as long as the item was included in the appropriated budget and procedures that are described in the Purchasing Ordinance (**O-200611-09-107**) are followed. All general fund capital items will be purchased from the capital budget unless funding is provided through a grant or an outside funding source. Capital purchases will be scheduled to coincide with property tax revenue cycles (June & September) for cash flow considerations. Capital purchases to be charged to the FY 2006/2007 budget must be physically on site by November 30, 2007 to be expensed in the fiscal year 2007 budget. All general supply purchases for fiscal year 2007 must be acquired by November 16, 2007. Items acquired after these cutoff dates will be charged to the department's FY 2007/2008 budget, unless the purchase is proven to be of an emergency nature or has received prior approval of the County Administrator (**R-200106-12-117**).

### **Revenues**

Revenues are projected using conservative estimates based on historical information and current levels of collection. Departments should bill appropriate parties for amounts owed to McHenry County, review aging reports, complete follow-up information about the account, and monitor all accounts receivables.

### **Risk Management**

The County established a program for unemployment, liability and workers compensation. To forecast expenditures, the County considers claims, retention levels, fixed costs, and fund reserves. All departments who have expenditures being submitted and paid by the Risk Management Fund need to complete a separate budget for their projected costs to the fund and submit it along with their departmental budgets. These budget requests for the Risk Management Fund will be reviewed by the County Administrator, Assoc. County Administrator - Finance, Risk Manager and then be processed through the normal committee procedures.

### **Salaries and Fringe Benefits**

The Associate County Administrator - Finance is responsible for computing salaries and fringe benefit costs for all departments, applying a turnover reduction percentage factor based upon prior year's turnover experience **(R-200006-12-134)**.

### **Service Enhancements**

Requests for new or expanded programs are to be separately requested via budget templates as presented in the budget preparation manual, and in the departments 2008 budget folders located on the budget drive. These requests must be accompanied by appropriate back-up documentation **(R-200006-12-134)**.

### **Sick Leave Buyback**

Unless specified in a labor contract, sick leave buyback payments from the general fund will be made within the first quarter of the new fiscal year.

### **SUPPLEMENTAL REQUESTS**

Supplemental budget requests will be handled with the same process used for the fiscal year 2007 budget. Department Heads will discuss their supplemental requests during their meeting with the County Administrator and Assoc. County Administrator – Finance. A ranking of importance by the department for each request will be noted and compiled into an overall county listing. The County Administrator with assistance of the Assoc. County Administrator – Finance will review all requests and their rankings, and develop recommendations based on overall need, importance and purpose to the operations of the County in meeting the strategic and financial goals established for the budget. A presentation of the final recommendations will be made to the Chairman's Advisory Legislative Forum (CALF) for review, discussion and approval. Each Chairman will then be responsible for reporting back to their individual committees on what supplementals were approved and answer any questions regarding the awards (Board Approved 5/04/04).

### **TEMPORARY POSITIONS**

The County Board recognizes there are hardships placed upon departments when employees are off due to approved leaves (FMLA, Military, etc.) To assist the departments in this time of need, the County Board has approved a pool of four temporary positions. The definition of temporary is when the employee will be scheduled to be gone more than two weeks, but no more than twelve weeks. If the department needs the position for a longer period of time, a resolution must be completed asking to create a new temporary position within the department. All approved temporary positions will be required to have a sunset clause stating when the position will be eliminated. Temporary positions are allocated through the County Administrator.

### **User Fees**

The County charges user fees for items and services which benefit a specific user more than the general public. State statutes or an indirect cost study determines user fees. Fee studies based on costs are conducted as needed to determine the level of fees needed to equal the total cost of providing the service.

### **Vehicle Replacement**

Prior to replacement of any County vehicle, an evaluation of intended use will be completed comparing benefits of the purchase versus paying mileage to County officials and employees (**R-200006-12-134**). Where practical, standard sized pre-owned or program vehicles will be considered instead of new vehicles (**R-200006-12-134**). Employees who are on-call 24 hours per day may take their vehicles to and from work.

## **BUDGET GUIDELINES**

The purpose of this section is to explain the scope, format, process, and content of the McHenry County budget. The following information will aid the reader in understanding the budgetary concepts and components upon which this budget is based. The County of McHenry is required by Illinois Compiled Statutes to adopt an Annual Budget and Appropriation Ordinance, for County revenues and expenditures. The County budgets are presented on the modified accrual basis for all governmental fund types and accrual basis for the proprietary funds. This means the General (purpose) Fund and Special (purpose) Funds recognize revenues when they are measurable and available and expenditures when a liability (obligation) is drawn on current financial resources. Proprietary Funds recognize revenues when they are earned and expenses when they are incurred.

### **SCOPE OF THE BUDGET DOCUMENT**

The County budget is a financial plan of estimated expenditures and revenues for the coming year. The annual budget provides historical, current, and future comparisons of revenues and expenditures. Separate documents prepared include a Budget in Brief, a capital project plan, and County Board goals and objectives.

### **BUDGET FORMAT**

The budget document is organized into the following sections:

- **Transmittal Letter:** The County Administrator develops a transmittal letter that summarizes the recommendations to the County Board, the effect these recommendations will have on operations, and the proposed budget.
- **Budget Summaries:** Departments are assigned to one of ten County Board Committees, which reviews their budget and conducts other business. The departmental budgets of each Committee are summarized along with financial summary schedules to provide comparisons of historical, current, and future year projection figures. These summaries also include estimated property tax levies, tax rates, and personnel information.
- **Departmental Budgets:** The core budget includes program descriptions for each department arranged within the appropriate Fund. Each department budget includes an organizational chart and a list of full time equivalent positions. Program highlights and goals for the upcoming year are included to summarize specific areas of concentration.

Detailed information for each department includes:

- Each department begins with narrative information about the program(s) they are providing, including function description by major OCA code, an organization chart, a list of full time equivalents, and the actual statute of mandated services.
- The current year highlights and goals for the next year for each program address the specific activities of this program.
- The financial information follows, including historical, current, and future year projections.

**Note:** The definition of a program is the key services that departments are providing.

## **BUDGET DEVELOPMENT PROCESS**

The specific steps taken to prepare the annual budget are as follows:

- County Board updates strategic goals and objectives. June
- Financial preparation materials are distributed to departments. June
- Departments prepare revenue and expense budgets. July
- County Administration reviews all preliminary budgets. July/August
- County Administrator reports on budget process to Co. Board. August
- Standing Committees conduct public hearings August/September
- Preliminary budget and the tax levy are filed in Clerk's Office October
- Final budget appropriation and tax levy are approved November

## **BUDGET AMENDMENT PROCESS**

The adopted budget may be adjusted in the following ways:

- The County Administrator, the Assoc. County Administrator – Finance, and/or an elected official may authorize a transfer of funds within and between object level 1 totals, except Personnel Services and Capital Outlay expenditure classifications, based upon the types or categories of goods and services purchased. Object level 1 expenditures include Personnel Services (salaries and wages); Contractual Services (utilities, maintenance contracts); Commodities (supplies, travel expenses and materials); and Capital outlays.

- All departments must submit a required budget adjustment form (can be accessed through the County intranet) to the County Administrator or Assoc. County Administrator - Finance to provide an accounting record of the requested budget change prior to the adjustment/transfer being done.
- The County Board must approve transfers of funds between departments or funds by a 2/3<sup>rd</sup> majority vote (16) of the County Board. (Transfers may not be made from certain special purpose funds to other funds).
- Additional (emergency) appropriations or transfers involving personnel and capital categories (after budget adoption) must also be approved by a 2/3<sup>rd</sup> majority vote (16) of the County Board.
- On a quarterly basis, the County Administrator and the Assoc. County Administrator - Finance will meet with elected officials and appointed department heads to determine if there are shortfalls in revenues or expenditures. A written summary will be provided for the County Board.
- The County Administrator is directed in November of each year to identify appropriate transfers to balance all accounts prior to the end of the fiscal year when all appropriations are closed as mandated by the Illinois Compiled Statutes. The County Board has approved encumbrance accounting, which means that in the budget and appropriation process, purchase orders are recorded in order to reserve that portion of the applicable fund balance. Encumbrances outstanding at the end of the fiscal year are reported as reserves of fund balances, and need to be re-appropriated by resolution of the County Board as emergency appropriations to the new fiscal year approved budget in order to complete the purchase transaction. The County Board will consider outstanding encumbrances from the prior fiscal year no later than their first board meeting in February.

## **FINANCIAL STRUCTURE**

The County's financial structure begins with funds. Each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, as appropriate. Several types of funds are budgeted.

### **Governmental Funds**

Governmental funds account for traditional governmental operations that are financed through taxes and other fixed or restricted revenue sources.

- **General Fund:** The General (Corporate) Fund is available for any authorized purpose, and is used to account for all financial resources except those required to be accounted for in another Fund. A General Fund summary is prepared which lists the amount of General Fund appropriation for all affected departments.

- **Special Revenue Funds:** Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose. Currently 40 Special Revenue Funds are budgeted and appropriated.
- **Debt Service Fund:** Debt Service Funds are utilized to account for the payment of interest, principal and related costs on the County's general long-term debt.
- **Capital Project Funds:** Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

### **Proprietary Funds**

Proprietary Funds are used to account for the County's ongoing organizations and activities, which are similar to those often, found in the private sector.

- **Enterprise Fund:** An Enterprise Fund is used to account for operations, which are financed primarily by user charges.
- **Internal Service Funds:** Internal Service Funds are used to account for the financing of goods and services provided by one department to other departments or agencies of the County on a cost reimbursement basis.