

## PHILOSOPHY

Palm Beach County is committed to providing quality service to its residents, at the lowest possible cost, in order to minimize taxpayer burden. In developing the County's financial plan, or budget, attention is first given to assuring that the budget will be in balance, both on an overall basis and in each of the County's funds. Any potential imbalances are eliminated by the County Administrator before the Tentative Budget is presented to the Board of County Commissioners for consideration and adoption at Public Hearings.

## PROCESS

### **Fiscal Year**

Palm Beach County's Budget is based on a fiscal, rather than calendar, year. The year begins on October 1 and ends on September 30. Thus, FY 2007 runs from October 1, 2006 through September 30, 2007.

### **Statutory Requirements**

In the State of Florida, county budgets are governed by State Statutes. Chapter 129 of the Florida Statutes, entitled "County Annual Budget", specifically directs that (among other requirements) a budget be prepared annually and that it must be balanced. It further provides for amendment of the budget in limited circumstances and prohibits expenditures in excess of budgeted amounts.

### **Funds Included**

The County's budget is consolidated and presents the planned disposition of all available resources in all funds. The total budget is appropriated by the Board of County Commissioners as the adopted financial plan for the County for the ensuing fiscal year.

### **Basis of Accounting**

The County's accounting records for general governmental operations are maintained on the modified accrual basis; i.e., revenues are recorded when available and measurable, and expenditures are recorded when the services or goods are received and the related liabilities are incurred. The County's proprietary operations are maintained on the full accrual basis; i.e., revenues are recognized when earned and expenses are recognized when incurred. For budgetary purposes, the modified-accrual method is utilized for all funds.

### **Budget Development Process**

Initial projections of tax requirements for FY 2007 indicated that a tax increase of up to \$50.2 million above the FY 2006 millage rate could be necessary in order to maintain service levels and fund departmental requests for enhanced and/or expanded services. Instructions for the FY 2007 budget were formulated with the goal of achieving a budget with the same Countywide millage as the FY 2006 rate. Departments were allowed a 4% increase in personal services to accommodate anticipated salary increases. Other operating costs were limited to FY 2006 levels less one-time costs plus the annualization of FY 2006 budgeted supplemental requests, unless increases were adequately justified as being uncontrollable.

All Department requests were due from March 3-17, with Constitutional Officers' proposed budgets due May 1 or as specified by State Statute.

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Workshops were held with the Management Team on May 3 and 4 and the proposed millage was reduced to the FY 2006 rate. Workshops with the Board of County Commissioners were held on June 8 and July 13. Based on Board direction at these workshops, changes were made and a tentative budget was finalized.

Public Hearings were held on September 7 and 21 to receive public comments on the Tentative Budget and to adopt a final FY 2007 budget. At a regular Board of County Commissioners meeting held on July 18, the Board directed staff to present the budget for final adoption at 4.30 mills. However, at the Final Public Hearing on September 21, the Board adopted the FY 2007 budget at 4.28 mills. This was a decrease of 0.17 mills from the FY 2006 budget. The Adopted budget became effective on October 1, 2006.

#### **Amendments After Adoption**

Florida Statutes specifically direct that, upon the final adoption of the budgets, the budgets shall regulate the expenditures of the County and the itemized estimates of expenditures shall have the effect of fixed appropriations and shall not be amended or altered or exceeded except as provided by the Statutes.

The Board of County Commissioners at any time within a fiscal year may amend a budget for that year as follows:

1. Appropriations for expenditures in any fund may be decreased and other appropriations in the same fund correspondingly increased with the approval of the Board of County Commissioners provided that the total appropriations of the fund not be changed.
2. Appropriations from the reserve for contingencies may be made to increase the appropriation for any particular expense in the same fund for any lawful purpose, but no expenditures shall be charged directly to the reserve for contingencies.
3. The reserve for future construction and improvements may be appropriated by the Board for the purpose(s) for which the reserve was established.
4. A receipt from a source not anticipated in the budget and received for a particular purpose, including but not limited to grants, donations, gifts, or reimbursement for damages, may, upon approval by the Board, be appropriated and expended for that purpose, in addition to the appropriations and expenditures provided for in the budget. Such receipts and appropriations shall be added to the budget of the proper fund.
5. Increased receipts for enterprise or proprietary funds received for a particular purpose may, upon approval by the Board, be appropriated and expended for that purpose, in addition to the appropriations and expenditures provided for in the budget.

Florida Statutes provide for the delegation of authority to approve certain types of budget transfers. The Board of County Commissioners has established procedures by which the Director of the Office of Financial Management and Budget may authorize certain transfers which are intra-departmental in nature, such as transfers of appropriations from one line item to another within a department. The Director of OFMB may also approve transfers from designated capital reserves to establish budgets for projects previously approved, transfers between school impact fee reserves and appropriation units within the same fund, and transfers from reserves for donations when funds have been donated for specific purposes.



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#### **Departmental Performance**

Each year, the Departments include narrative, missions, goals, objectives and performance measures in the Budget Document. These functions help Administration and the County Commission evaluate the performance of each Department. Over the past three years, the Office of Financial Management and Budget has been in the process of appraising and establishing more effective performance measures and objectives. This effort has been headed by the Financial Management Division and is referred to as Harnessing Organizational Performance (HOP).

Harnessing Organizational Performance (HOP) is a collaborative initiative with Palm Beach County's departments and divisions to assess the current use and utility of performance measures. The assessment includes an evaluation and recommendations utilizing a standardized methodology derived from best practices research and tested in an Alpha County department. The over-all objective of the HOP initiative is to verify that Palm Beach County performance measures are:

- A positive tool in gauging organizational achievements;
- An important management tool to aid decision making;
- An accurate source of justification for resource requests; and
- A way to connect staff level activities to higher level organizational missions and objectives.

The HOP initiative involves appropriate participation from BCC departments/divisions, Management Program (MPA) Consultants, Budget Analysts, Internal Auditors, and other interested parties. Anticipated outcomes for the departments undertaking HOP are:

- Decrease the number of measures to report;
- Redirect (and possibly decrease) the time and energy to track and report performance measures;
- Increase the linkage or connect mission statements to objectives to performance measures;
- Increase the meaningfulness (value) to all.