



BALDWIN COUNTY COMMISSION

POLICY #3.2	
Subject	Budget Administration Procedures <u>Management Policy</u>
Date Adopted	December 5, 2023 <u>???, 2025</u>
Agenda Item	CE3 <u>???</u>
Obsolete Versions	<div><div>December 5, 2023</div><div>October 1, 1996</div><div>September 19, 2000</div><div>February 19, 2008</div><div>September 15, 2009</div></div> <div><div><u>Agenda Item CE3</u></div><div>Minutes Book 18, Page 98</div><div>Minutes Book 25, Page 287 <i>(Part of Res #2000-72)</i></div><div>Minutes Page 26</div><div>Minutes Page 7</div></div>

POLICY STATEMENT

~~This policy provides for routine purchase bid and budget adjustments.~~

The purpose of this document is to provide both a general overview of the budget process for Baldwin County, Alabama (the "County") and serve as a guideline for administering the annual fiscal year budget as adopted by the Baldwin County Commission (the "Commission"). Adherence to this policy ensures transparency and openness in regard to the use of appropriated funds.

PROCEDURAL REQUIREMENT

In order to carry out this policy, the following steps must be taken:

- ~~1. — The purchasing officer may let for bid any routine annual purchase, equipment purchase or~~
1. — Budget Preparation

The County Commission prepares an annual budget for each fiscal year of the County. The budget process begins in May of each year when the heads of the various county departments are presented with reports assisting them to prepare and submit budget requests for the immediately succeeding fiscal year. The departmental requests are submitted via the County

financial accounting system and reviewed by the Budget Director or designee upon notification thereof. Public budget deliberations are conducted by the County Commission during the month of August. Budget Director or designee prepares the necessary documentation for Commission review during said deliberations. Department heads required to present related budget or provide clarification of request(s) to Commission will be summoned to attend deliberations, otherwise department budgets will be set forth by the Budget Director. During the deliberations, the County Commission may modify any departmental budget request to such extent as it deems appropriate.

2. Balanced Budget Definition

The Baldwin County Commission is committed to maintaining a balanced budget, ensuring that total expenditures do not exceed total revenues and available reserves within the fiscal year. A balanced budget shall be defined as:

- Projected revenues and reserves meeting or exceeding appropriated expenditures.
- Budgetary allocations structured to sustain financial stability while supporting essential County services.
- Fiscal planning mitigates revenue volatility through conservative estimates and reserve allocations.
- Compliance with statutory requirements and generally accepted accounting principles (GAAP).

The County Commission shall adopt the annual budget in accordance with this policy, ensuring that all appropriations align with anticipated resources while maintaining long-term financial sustainability and fiscal responsibility.

3. Revenue Estimates

Budgeted revenues are based on statistical computation of past collections from the previous 5 to 7 years, applied to current revenue trends. Tools utilized for the establishment of these trends include property tax abstracts and other statistical revenue data from current collections. Any growth projections are to be conservative in nature.

4. Adoption of Budget

The County Commission is required to adopt the annual budget no later than September 30 of each year. In accordance with the Balanced Budget Definition in Section 2 of this policy, appropriations must not exceed the total revenues and reserves available for appropriation, nor shall expenditures legally exceed budgeted appropriations. Adjustments to the Budget during the fiscal year must be approved by the County Commission and comply with Budgeting Administration guidelines as provided in Section 5 of this policy. Any changes must be within the revenues and reserves estimated to be available, or as approved by the County Commission.

5. Budgeting Administration

Formal budgeting integration is used during the fiscal year as a management control device for the County's General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds. The budget is adopted on a departmental "line-item" basis consistent with generally accepted accounting principles (GAAP) and administered accordingly.

- The Baldwin County Commission's expense items are classified in three broad categories: Compensation, Operations, and Capital. The compensation and capital categories are supported by detailed lists of employees by position and approved capital items. The operating category contains many varied line items. For budgetary control, this operating category will be treated as a total although each department has a detailed line-item budget.
- County staff members are prohibited from encumbering any funds in these broad categories which exceed the budgeted amounts. In further regards to encumbrances of capital funds, none can be made unless detailed on original adopted listing of capital items or approved via subsequent Commission approval, regardless of available funding.
 - The allowable exception to the prohibition on the mandatory requirement to seek Commission approval for the transfer and/or use of previously budgeted capital funding, not given prior consent by Commission, will be in regard to projects whose financial classification is capital in nature. This exception will allow for capital projects to share budget in the cases of projects being completed under appropriated budget or no longer needed, thus authorizes project capital to project capital transfers within the same fund.
- The Budget Director or designee may make transfers between "operating" line items. Further budget control is maintained by prohibiting transfers between the compensation, operations, and capital categories without the consent of the Commission at a regularly scheduled meeting by resolution detailed in meeting minutes.
 - The allowable exception to the prohibition on non-Commission approved transfers between the operation and capital lines will be in regard to budgeted funds established operationally and set aside for all County and Highway projects that are capital in nature. During the budget process, all projects and subsequent needs are not fully determined. As projects and requirements are identified during the fiscal year, budget journals will be prepared to transfer funds to determined projects from the following accounts as needed:
 - (51500) Contract Services – 7 Cent Gas Tax, TIF District and Capital Project Funds
 - (51650) Engineering Services – 7 Cent Gas Tax Fund
 - (52020) Traffic Control Devices – 7 Cent Gas Tax Fund
 - (52530) Advertising – 7 Cent Gas Tax Fund
 - (54060) Right-of-Way Acquisition – 7 Cent Gas Tax Fund

- This exception is applicable only to previously budgeted funds and will not encompass the establishment of budget related to additional revenues, which will require Commission approval.
- Each Agenda Item having a financial impact shall have Budget Director or designee approval. The Budget Director or designee shall validate account and/or project coding and ensure sufficient remaining budget. All unbudgeted items shall have a proposed source of funds.

The Purchasing Director at the request of a department head, may let for bid any routine annual purchase or any equipment purchase or contract, which is specifically ~~provided for~~ identified in the ~~adopted~~ annual budget or subsequent budget

- adjustment. All invitations for bids and proposals may be signed by the County Administrator, except for bids under public works law, which require the Chairman's signature after approval by the Commission. All contracts must be approved by the County Commission before execution and ~~all expenditures~~ must comply with Purchasing Policy #3.7.

~~2. The County's expense items are classified in three broad categories: compensation, operations, and capital. The compensation and capital categories are supported by a detailed listing. The operations category is broad containing many line items.~~

~~a) For budgetary control the operations shall be treated as a total.~~

~~b) County staff are prohibited from authorizing expenditure or encumbering funds which exceed budget in these broad categories.~~

~~3. The Budget Director or designee may make transfers within the line items of these broad categories upon the request of a Department Head.~~

~~a) Transfers BETWEEN these categories SHALL require Commission Approval.~~

FORMS/ATTACHMENTS/EXHIBITS

N/A