

AGENDA

Eau Claire County
Committee on Finance and Budget

Wednesday, February 21, 2018 / 6:45 pm
Eau Claire County Courthouse – Room 1278
Eau Claire, WI 54703

1. Call Meeting to Order
2. Proposed Resolution / File No. 17-18/116 “Financial Policy: Carry Forwards” / Discussion – Action (Resolution Scheduled for County Board Action on February 21)
3. Adjourn.

Post: 2/16/2018

Copy: media, Committee members, Kathryn Schauf

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FACT SHEET
File No. 17-18/116

The Finance Department has been undergoing significant process and procedural reviews over the last year. Process changes are being implemented to ensure compliance with best practices and migration to electronic processing; providing streamlined processes that have sufficient rigor and internal controls. Concurrently, the Finance and Budget Committee, is undertaking a comprehensive policy review that informs the practices.

The end-product will be well-documented electronic processes and procedures that are consistent with the Government Finance Officer's Associations best practices. On a regular basis the Finance and Budget Committee will be forwarding Financial Policies to the Board of Supervisors for review and approval. The Financial Policy will ultimately replace portions of the county code. Sections of code that will be altered and / or eliminated will be identified with each policy brought forward.

The background (below) provides the rationale for comprehensive financial policies, that are reviewed and updated periodically.

BACKGROUND

Financial policies are central to a strategic, long-term approach to financial management. Some of the most powerful arguments in favor of adopting formal, written financial policies include their ability to help governments:

1. Institutionalize good financial management practices. Formal policies usually outlive their creators, and, thus, promote stability and continuity. They also prevent the need to re-invent responses to recurring issues.
2. Clarify and crystallize strategic intent for financial management. Financial policies define a shared understanding of how the organization will develop its financial practices and manage its resources to provide the best value to the community.
3. Define boundaries. Financial policies define limits on the actions staff may take. The policy framework provides the boundaries within which staff can innovate in order to realize the organization's strategic intent.
4. Support good bond ratings and thereby reduce the cost of borrowing.
5. Promote long-term and strategic thinking. The strategic intent articulated by many financial policies necessarily demands a long-term perspective from the organization.
6. Manage risks to financial condition. A key component of governance accountability is not to incur excessive risk in the pursuit of public goals. Financial policies identify important risks to financial condition.
7. Comply with established public management best practices. The Government Finance Officers Association (GFOA), through its officially adopted Best Practices endorsement of National Advisory Council on State and Local Budgeting (NACSLB) budget practices and the GFOA Distinguished Budget Presentation Award Program, has recognized financial policies as an essential part of public financial management.

Recommendation:

GFOA recommends that governments formally adopt financial policies. Steps to consider when making effective financial policies include (1) scope, (2) development, (3) design, (4) presentation, and (5) review.

Source: Downloaded from <http://www.gfoa.org/adopting-financial-policies-0>, February 5, 2018

FINANCIAL POLICY BEING CONSIDERED: Carryforward

The desirability of this policy is linked to effective budgeting and project management.

The Finance Department will use the policy guidelines to administer requests for carryforward of funds. Requests for carryforward will be brought in the form of a resolution to the county board no later than May.

Fiscal Impact: There is no initial fiscal impact in implementing financial policies. Ultimately they result in enhanced financial management.

Respectfully Submitted

Kathryn Schauf
Administrator

1 Enrolled No.

2 RESOLUTION

3 File No. 17-18/116

4 - FINANCIAL POLICY: CARRYFORWARDS-

5 WHEREAS, Eau Claire County through adoption of the County Code has promulgated policy
6 and practice for financial management and practice; and

7
8 WHEREAS, as part of the 2016 – 2018 Strategic Planning Process the Board opted to
9 thoroughly review the county code; and

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11 WHEREAS, a comprehensive process review has been undertaken, which will inform needed
12 procedural updates for policy creation resulting in improved financial management; and

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14 WHEREAS, it is considered prudent to create a comprehensive Financial Policy Manual to
15 establish appropriate practices and procedures based on best practice; and

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17 WHEREAS, said manual will be developed through careful analysis and review of
18 Government Finance Association best practices as relevant to comprehensive financial management;
19 and

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21 NOW THEREFORE BE IT RESOLVED by the Eau Claire County Board of Supervisors,
22 that Financial Policy 01-18 Carryforwards be adopted.

23
24 BE IT FURTHER RESOLVED that the Eau Claire County Board of Supervisors directs the
25 Finance and Budget Committee to regularly review, update and maintain County Financial Policy
26 consistent with recommended best practices, and forward to the Board for approval.
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31 OFFERED BY:

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33 Committee on Finance and Budget

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42 KRZ/yk

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44 Dated this _____ day of _____, 2018.

RESOLUTION/17-18/116

BUDGET CARRYFORWARD POLICY

Definition

Budget carryforward refers to funds budgeted but unexpended during a budget year which are brought forward as additions to the subsequent year's budget. This policy excludes restricted funds or funds that statutorily are required to be carried forward.

Policy

Eau Claire County (the County) will use budget carryforwards to ensure that citizens are not taxed twice for the same purpose. At year-end, unspent appropriations will lapse and revenues in excess of expenditures will drop to the general fund unless a carryforward is authorized by the County Board.

Policy Authorization

- Action by the Committee on Finance and Budget, February 8, 2018
- Resolution xxx, February 20, 2018
- Wis. Stat. § 65.90

Procedure

At the end of each fiscal year, the adopted budget for that year expires and the amounts appropriated in the adopted budget for the next year will become effective. Each department shall request carryforward of funds in writing to the Finance Department by a date to be determined by the Finance Department. The request should include the account number, the amount and a specific reason for the carryforward.

The Finance Department will provide initial approval. A resolution will be forwarded to the County Board by the Committee on Finance and Budget no later than May of each year to authorize any budget carryforwards.

To be eligible for carryforward funding, the following conditions must be satisfied:

1. Funds must be available in the requesting department's previous year's unspent balance;
2. Carryforward is needed for the completion of projects or the purchase of specific items approved in the previous year's budget but not accomplished;
3. Carryover is required to meet existing County Board policy or comply with accounting requirements.