

# LISTING OF BUDGETED FUNDS AND THEIR PURPOSE

## General Fund

**001** Used to account for all financial resources applicable to the general operations of County government, which are not accounted for in other funds. All general operation revenues, which are not restricted or designated as to use by outside sources, are recorded in the General Fund.

## Special Revenue Funds

**002 Health** is used to account for those resources allocated for use in operations pertaining to community health and welfare.

**003 Park** is used to account for the operation and maintenance of County owned parks and recreation facilities not considered part of the Park Enterprise Fund.

**004 Special Road and Bridge** is used to account for the maintenance and construction of County streets, roads and bridges, the design and coordination of countywide public works projects, and a portion of the County Sheriff.

**005 Sewer** is used to account for County provided sewer system service.

**007 Convention/Sports Complex** is used to account for the financing of maintenance, operation, and improvements of the Harry S. Truman Sports Complex.

**008 Anti-Drug Sales Tax** is used to account for the one-quarter of one percent County sales tax approved by the voters for the purpose of fighting the war on drugs.

**011 Tax Increment Financing Special Allocation** is used to account for the receipt and distribution of payments in lieu of taxes on tax increment financing projects.

## Special Revenue Funds (Cont'd)

**028 Law Enforcement Training** is used to account for certain ticket violation fees and to provide for law enforcement officer training.

**029 Prosecuting Attorney Bad Check** is used to account for bad check fees collected under RSMo 570.120 and 570.123.

**031 911 System** is used to account for the telephone system utilized in reporting police, fire, medical or other emergency situations.

**041 Domestic Abuse** is used to account for fees collected on marriages and dissolution of marriages and to provide funding to shelters for victims of domestic violence.

**042 Recorder's Technology** is used to collect fees pursuant to RSMo 59.800. A portion of the recording fee is to be used exclusively for the purchase, installation, upgrading, and maintenance of modern technology necessary to operate the Recorder's Office in an efficient manner as lined out in RSMo 59.319.

**043 Homeless Assistance** is used to account for a record-filing fee collected for the purpose of providing financial assistance to agencies that serve homeless families.

**044 Recorders Fee** is used to account for the collection, deposit, and distribution of a user fee for the purpose of record storage, microfilming, and preservation under RSMo 59.319.

**045 Assessment** is used to account for the State assessment and equalization maintenance plan in accordance with RSMo 137.750.

**048 Sheriff Revolving** is used to account for the fee charged to citizens wishing to obtain a conceal carry weapons permit.

**049 Collector's Fee** is used to account for the additional 1% penalty on taxes paid after December 31 of the tax year.

**400 County Urban Road System** is used to account for the repair and improvement of existing roads, streets, and bridges within the cities, towns, and villages of Jackson County funded through an amount not to exceed twenty-five percent of the Road and Bridge property tax levy.

## **Debt Service Funds**

### ***021 General Debt and Interest***

Used to account for the payments of principal and interest on all general obligation debt.

**067 Sports Complex/Parks** is used to account for the repayment of leasehold revenue bonds issued by the Jackson County Sports Authority.

**069 Public Building Corporation Leasehold** is used to account for the repayment of leasehold revenue bonds issued by the Public Building Corporation.

**070 US Government** is used to account for the repayment debt owed to the US Corp of Engineers for Blue Springs and Longview Lakes.

**071 Jackson County Revenue Bond** is used to account for the repayment of debt owed on improvements to the Truman Medical Center facilities.

**072 Stadium Sales Tax Debt** is used to account for the repayment of debt owed on improvements to the Truman Sports Complex facilities authorized by Ord. 3732.

**073 Special Obligation Bond** is used to account for the repayment of special obligation bonds issued by Jackson County.

## **Capital Project Funds**

**012 Criminal Justice Improvement** is used to account for construction of a County detention center annex and other related improvements.

**014 Special Obligation Bond** is used to account for the cost of acquisition, construction and improvements of facilities financed through the issuance of special obligation bonds.

## **Capital Project Funds (Cont'd)**

**015 Public Building Corporation** is used to account for the cost of acquisition, construction and improvements of County owned facilities financed through the issuance of leasehold revenue bonds.

**016 Sports Complex/Parks** is used to account for the cost of improvements of county owned facilities financed through the issuance of leasehold revenue bonds.

**018 Truman Medical Center** is used to account for the cost of improvements of the Truman Medical Center facilities.

**019 Sports Complex Sales Tax** is used to account for the cost of improvements of the Truman Sports facilities paid for by the 3/4 of a percent sales tax passed by the voters.

## **Enterprise Funds**

**300 Park Enterprise** is used to account for the revenues and expenses resulting from operation of the park enterprise activity.

## **NON-BUDGETED FUNDS**

Only appropriated funds will be deliberated in this document. The County maintains several other funds that are not required to be appropriated annually. These funds are disclosed here. More information about these funds can be found in the County's Annual Financial Statements known as the CAFR (Comprehensive Annual Financial Report).

### **Special Revenue Funds**

#### ***046 Asset and Bond Forfeiture***

Used to account for the Prosecuting Attorney's portion of the bond forfeitures and the proceeds from the sale of confiscated property by various law enforcement entities within the county.

#### ***047 Federal Forfeiture***

Used to account for the federal forfeiture and proceeds from the sale of confiscated property by various law enforcement entities.

#### ***010 Grant***

Used to account for various federal, state, and local grants awarded to the County.

#### ***027 Persistent DWI Offender***

Used to account for the receipt of court-ordered and other payments from driving while intoxicated (DWI) defendants prosecuted in State court as persistent DWI offenders.

### **Internal Service Funds**

#### ***060 Self Insurance***

Used to account for the activity pertaining to the County's unemployment, workers' compensation, and general liability expenses.

#### ***080 Office Services***

Used to account for the centralized activities of printing, duplication, and postage.

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# FISCAL POLICIES

## **Purpose:**

Jackson County has an important responsibility to its citizens to carefully account for public funds, to manage municipal finances wisely and to plan the adequate funding of services and facilities desired and needed by the public.

Our purpose in establishing a formal set of fiscal policies is to ensure that the public's trust is upheld. By adopting a set of fiscal policies, the County will be establishing the framework under which it will conduct its fiscal affairs, ensuring that it is and will continue to be capable of funding and providing outstanding local government services.

*Our fiscal policy has specific objectives designed to ensure our continued fiscal well-being. These objectives are:*

A.) To protect the governing body's policy-making ability by ensuring that important policy decisions are not controlled by financial problems or emergencies.

B.) To enhance the County's policy making ability by providing accurate information on program and operating costs.

C.) To assist the sound management of the County government by providing accurate and timely information on current and anticipated financial conditions.

D.) To provide sound principles to guide the important decisions of the County which have significant fiscal impact.

E.) To set forth operational principles, which minimize the cost and financial risk of government consistent with the services, desired by the public.

F.) To employ revenue policies, which prevent undue or unbalanced reliance on any one source which distribute the cost of services fairly, and which provide adequate funds to operate desired programs.

G.) To provide and maintain essential public facilities, utilities, infrastructure and capital (physical) plant.

H.) To protect and enhance the County's credit rating.

I.) To insure the legal use of all County funds through efficient systems of financial security and internal controls.

## **I. Revenue Policy**

1. A diversified and stable revenue system will be maintained to shelter the government from shortrun fluctuations in any one revenue source.

2. Each existing and potential revenue source will be re-examined annually to insure that they are kept current.

3. One-time revenues will be used only for one-time expenditures. The County will avoid using temporary revenues to fund mainstream operational services.

4. All revenue forecast shall be conservative.

5. All County funds shall be (a) safely invested, (b) with a sufficient level of liquidity to meet cash flow needs, and (c) invested at the maximum yield possible consistent with our debt policy. One hundred percent (100%) of all idle cash will be continuously invested.

6. All funds will develop and maintain a five percent (5%) cash flow reserve where practicable.

## **II. Operating Budget Policy**

1. The County shall maintain a balanced budget. This means that all operating expenses shall not exceed operating revenue in the recommended budget. Any one-time revenue source, such as under spending or fund balance, shall only be used for one-time expenses that do not add to the fixed operating cost.

## **FISCAL POLICIES (Cont'd)**

2. Regular reports comparing actual to budgeted expenditures are available to each department from the Financial Management System to keep them abreast of the County's expenditures.

3. Before the County undertakes any agreements that create fixed cost, the cost implications, both operating and capital, of such agreements will be fully determined for the current and future years.

4. Estimates of all non-salary benefits, such as social security, pension, and insurance, and their impact on future budgets shall be annually assessed

5. Cost analysis of salary increases will include the effect of such increases on the County share of related fringe benefits.

### **III. Capital Improvements**

1. The County will determine and use the most effective and efficient method for financing all new capital projects.

2. The County will develop and maintain a five (5) year Capital Improvements Plan (CIP).

### **IV. Accounting Policy**

1. The County will maintain high standards of accounting by following Generally Accepted Accounting Principles, (GAAP) in accordance with the standards developed by the Government Accounting Standards Board (GASB) and endorsed by the Government Finance Officer's Association (GFOA).

2. An independent annual audit will be performed by a public accounting firm who will issue an official opinion on the annual financial statements and a management letter detailing areas that need improvement.

3. Full disclosure will be provided in the financial statements and bond representations.

4. Financial systems will be maintained to monitor expenditures and revenues on a monthly basis, with a thorough analysis and adjustment.

5. The accounting system will provide monthly information about cash positions and investment performances.

6. The County will annually submit documentation to obtain the Certificate of Achievement for Excellence in Financial Reporting from the GFOA.

### **V. Debt Policy**

1. Capital projects, financed through bond proceeds, shall be financed for a period not to exceed the useful life of the project.

2. Long-term borrowing will be confined to capital improvements too large for current operating and one-time revenues.

# SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The general purpose financial statements of the County are prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the County's significant accounting policies.

## **Reporting Entity**

As required by GAAP, the County's general purpose financial statements include the transactions of all funds and account groups of the County and its component units.

## **Basis of Presentation**

The accounts of the County are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity.

The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, equities, revenues and expenditures or expenses. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped by type in the general purpose financial statements.

The following fund types and account groups are used by the County:

## **Governmental Fund Types**

**Governmental Funds** are those funds through which most governmental functions of the County are financed. The acquisition, use and balances of the County's expendable financial resources and the related liabilities (other than those in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position.

## **Gov't Fund Types (Cont'd)**

The following are the County's governmental fund types:

**The General Fund** is the principal fund of the County and accounts for all financial transactions not accounted for in other funds. The general operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are financed through revenues received by the General Fund.

**Special Revenue Funds** are operating funds used to account for certain property taxes, grant funds and other special revenues legally restricted for specific purpose.

**Debt Service Funds** are used to account for the accumulation of resources for, and the payment of, principal, interest and other related costs of the County's general long-term debt.

**Capital Project Funds** are used to account for financial resources designated to construct general fixed assets which, by their nature, may require more than one budgetary cycle for completion.

## **Proprietary Fund Types**

**Proprietary Funds** are those in which the measurement focus is upon determination of net income. The County's proprietary funds include an Enterprise Fund and Internal Service Funds.

**Enterprise Fund** is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing the goods or services to the general public on a continuing basis be financed or recovered through user charges, or where the periodic determination of net income is deemed appropriate.

**Internal Service Funds** are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, on a cost-reimbursement basis.

## **Fiduciary Fund Types**

Fiduciary Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations or other governmental units and/or other funds.

***Expendable Trust and Agency Funds*** - Expendable Trust Funds are accounted for in essentially the same manner as Governmental Funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

***Nonexpendable and Pension Trust Funds*** are accounted for in essentially the same manner as Proprietary Funds.

## **Account Groups**

Account Groups are used to establish accounting control and accountability for the County's general assets and the unmatured principal of its general long-term debt.

***General Fixed Assets Account Group*** is used to account for the County's fixed assets, except infrastructure assets which are not capitalized, other than those accounted for in the Proprietary Funds or Nonexpendable Trust Fund.

***General Long-term Debt Account Group*** is used to account for the unmatured general long-term debt except for that debt accounted for in the Proprietary Funds.

## **Basis of Accounting**

Basis of accounting refers to when revenues, expenses, transfers and the related assets and liabilities are recognized in the accounts and reported in the general purpose financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental, Expendable Trust and Agency Funds utilize the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when

## **Basis of Accounting (Cont'd)**

susceptible to accrual (e.g., when they become both measurable and available). Measurable means the amount of the transaction that can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Application of the "susceptibility to accrual" criteria requires judgement, consideration of the materiality of the item in question, and due regard for the practicality of accrual, as well as consistency in application.

Significant revenues, which are considered susceptible to accrual, include property, sales and other related taxes, interest and certain State and Federal grants and entitlements. Certain revenues, which are measurable and susceptible to accrual, but not yet available, are reported as deferred revenue and recognized as revenue when collected. Licenses and permits, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received in cash because they are not measurable until actually received.

Under the modified accrual basis of accounting, expenditures are recognized in the accounting period in which the related fund liability is incurred except for interest on long-term debt, which is recognized when due, and prepaid expenses, which are not recorded. Encumbrances are not recognized as expenditures; however, open encumbrances are reported as reservations of fund balance since the commitments will be honored in subsequent years.

The accrual basis of accounting is utilized by the Enterprise Fund, the Internal Service Funds, the Nonexpendable Trust Fund and the Pension Trust Fund. Under this basis of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

If recommended by management and approved by ordinance, the budget can be amended to make supplemental or emergency appropriations. Budgetary transfers of less than \$10,000 between two departments within a division require the approval of the Budget Officer and the County Executive. The County Legislature must approve transfers greater than \$10,000 between departments and all transfers between divisions.

## **Basis of Accounting (Cont'd)**

Unencumbered appropriations lapse at the end of the fiscal year. Appropriations in the Governmental Fund Types are charged as encumbrances when commitments are made. Fund balances are reserved for outstanding encumbrances, which serve as authorization for expenditures in the subsequent year.

Under County law, budgetary control is exercised at the departmental level; this is the level on which expenditures may not exceed appropriations. Under state law, control of budget appropriations is exercised at the fund level.

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# THE BUDGET CYCLE

An annual budget prepared under the modified accrual basis of accounting (except that the encumbrances are treated as expenditures for budget purposes) is adopted in December prior to the beginning of each fiscal year for all budgeted Governmental Fund Types.

Pursuant to the Jackson County Code, Chapter Five, the County Executive must submit a balanced recommended budget to the County Legislature no later than November 15<sup>th</sup> every year. The budget must include a complete financial plan for all County funds and activities subject to appropriation, including proposed tax rates, an estimate of all income and revenue and all proposed expenditures for current operations, debt service, and capital expenses.

The annual budget document does not contemplate grants for appropriation. These are done as the grants are awarded on a case by case basis with no expectation of a grant continuing beyond the current year.

The County Executive submits the recommended budget to the Legislature in accordance with County Code. The budget document must include: a budget message outlining the fiscal policy of the government; a detailed budget estimate of revenues and expenditures by fund; and Appropriation and Tax Levy Ordinances.

The County performs the following procedures for establishing the budget:

## **May-July**

### **Budget Package Preparation**

Each year, the budget staff gathers all of the necessary information for the Departments to begin their budget request. This information includes an analysis of the previous three years spending, a detail of each budgeted employee and their associated costs, the formatted budget sheets for each line item, a Departmental Overview with current goals, objectives, performance measures, and all necessary fiscal information.

## **June-August**

### **Department Budget Request**

Once the budget packages are assembled and delivered, the Departments then begin the task of quantifying their budget needs for the upcoming fiscal year. Departments should start by reviewing their goals and objectives and updating them where needed. The Departments then begin to assemble the information necessary to make their budget request and have the entire package submitted back to the budget staff by August 15<sup>th</sup>.

## **August**

### **Department Budget Request Review**

Once the budget requests are submitted, the budget staff begins to review the request and compile a preliminary budget based on request.

## **September**

### **Informal Department Budget Hearings**

The budget staff along with other members of the Administration and the Legislature will request a meeting with each Department to go over the request and have any questions about the request answered. These hearings are a time for the Departments to provide information necessary for the staff to make quality recommendations to the Chief Administrative Officer and the County Executive.

## **THE BUDGET CYCLE (Cont'd)**

### **October**

#### **Executive Budget Review**

Once the budget staff has made recommendations to the Chief Administrative Officer, the departments are given one more opportunity to discuss their request and the budget staff's recommendation. Once these hearings have occurred, the budget staff will complete the recommended budget per the revisions the Chief Administrative Officer requested. The CAO will then present the Administration's budget to the County Executive for their review and comment.

### **November**

#### **Recommended Budget Submitted**

The County Executive will present their recommended budget to the Jackson County Legislature on or before November 15.

### **December**

#### **Legislative Review, Public Comment, and Adoption**

The Legislature will begin their review of the budget and hold hearings with departments as necessary. Before the Legislature can adopt the budget, they are required to hold a public hearing. The Clerk of the Legislature will post this as required by law. The Legislature must approve the budget no later than December 31 unless it is an election year for both the Legislature and the County Executive.

Once the Legislature has adopted the budget, the County Executive has 15 days to accept, deny or let the budget go into effect without comment. The County Executive has line-item veto power that the Legislature can overrule with a majority vote.

#### **NOTE:**

The budget for the year following the election of the County Legislature and the County Executive must be adopted no later than January 31 of the budget year. The timeline will alter slightly to accommodate a new administration if necessary.

# BUDGET/ MANAGEMENT POLICIES

## **Purpose**

Our purpose in establishing a formal set of budget policies is to ensure that the public's trust is upheld. These policies will serve as a blueprint to achieve fiscal stability required to accomplish the County's policy goals and objectives.

## **Relationship to Overall County Goals and Objectives**

The County will develop a mission statement, strategic plan, and conforming goals for the successful development and maintenance of our financial management policy. The finances of the County should be the vehicle by which the goals and objectives are obtained, not driven. This philosophy will help ensure that the County remains financially viable well into the future.

In addition, the County as an institution has multiple partners including citizens, taxpayers, businesses, employees, and other governments. As a major institutional, economic and service force in the region, it is important that the County strengthen its relationships with its partners by adopting clear and comprehensive financial policies.

## **Objectives**

- To guide in policy decisions which have a significant fiscal impact
- To set forth operating principles which minimize the cost of government and reduces financial risk
- To employ balanced and fair revenue policies which provide adequate funding for desired programs
- To maintain appropriate financial capacity for present and future needs
- To promote sound financial management by providing accurate and timely information on financial conditions
- To protect and enhance the County's credit rating and prevent any default on any debt
- To ensure the legal use of financial resources through an effective system of internal controls
- To promote cooperation with other governments and the private sector in the financing and delivery of services

## **Budget Policy**

This policy complies with the Local Budget Law of Missouri as outlined in Chapter 50 RSMo, and for the preparation, recommendation, consideration, adoption, execution, and audit of Jackson County's annual budget.

### **SCOPE:**

This policy applies to all departments, Agencies or Divisions within Jackson County.

### **Guideline:**

Annually, the Jackson County Legislature has the authority and the responsibility to adopt the County Executive's recommended budget approving the use of public funds for the operation of all County activities. Jackson County's fiscal year runs from January first through December thirty-first.

### **Preparation:**

The County Executive shall present a recommended budget for the Jackson County Legislature's consideration no later than November 15<sup>th</sup> each year.

### **Balanced Budget:**

The County Executive shall present a balanced budget. This means that all operating expenses shall not exceed operating revenue in the recommended budget. Any one-time revenue source, such as under spending or fund balance, shall only be used for one-time expenses that do not add to the fixed operating cost.

### **Contingencies:**

RSMo 50.540.4 mandates that the County shall provide in its appropriation order, that an amount equal to not less than three (3) percent of the total estimated General Fund Revenues for an operating contingency shall be appropriated each year as an emergency fund. The County Executive has voluntarily added this requirement to all other major funds and special revenue funds that may have a use for a contingency.

### **Fund Balance:**

The recommended budget was developed with the idea of creating a cash flow reserve as a designation within fund balance to begin to rebuild necessary cash flows for operations within all major funds. The County goal is to have a 5% cash flow reserve for all major funds utilizing the Governmental

## **Budget Policy (Cont'd)**

Finance Officers Association (GFOA) recommended standards.

### **Capital Improvement Budget and Five Year Plan:**

The County Administration developed with the Jackson County Legislature an initial five-year Capital Improvement Plan (CIP) to determine what the true capital needs of the organization are today and into the future. The CIP shall be adequate to maintain capital assets at a level sufficient to protect infrastructure and minimize future maintenance and replacement costs. The CIP, once adopted, will be reviewed and updated annually prior to the adoption of the annual budget. The CIP plan will identify ongoing operating requirements associated with each capital project. If a capital request is approved during the budget process the operating budget will reside in the appropriate department assigned to oversee the project, e.g. facilities for buildings, fixtures, furniture, IT solutions, fleet replacement, etc. Capital project budgets will include all expenses associated with the completion of the project.

### **Position Control:**

The recommended budget shall include a total number of recommended permanent full-time equivalent (FTE) positions by classification. Grant-related positions which do not require County matching dollars will be approved by the Jackson County Legislature.

### **Revenues:**

The recommended budget shall include revenue and resource estimates that balance with the recommended appropriations. The revenues of Jackson County are more fully discussed in the Revenue analysis section of the budget book.

### **Legislative Consideration and Adoption:**

The Jackson County Legislature approves the budgeted level of expenditures by fund and department. At any point prior to adoption, the Legislature may revise the recommended budget pursuant to County and State Law.

### **Budget Configuration:**

The Jackson County budget is adopted on a basis consistent with General Accepted Accounting Principles (GAAP). For further discussion of this topic, please review the Fiscal Policies and Summary of Significant Accounting Principles located within this section of the budget document.