

TITLE I – FINANCES AND ACCOUNTING

Approved 6/28/2022

SECTION 410 - BUDGET MODIFICATIONS AND TRANSFERS

A. PURPOSE

County departments may need to transfer funds within their budget units or modify their current budgets from time to time throughout the fiscal year. The purpose of this policy is to ensure that departments needing to modify their budgets follow a uniform process and to obtain proper approvals.

B. POLICY SUMMARY

There are two main types of budget modifications that departments typically seek: Administrative Transfers and Board-Approved Modifications.

Administrative Transfers

Administrative Transfers are transfers of funds within the same Budget Unit and Fund from one Character (i.e. Character 60 - Services and Supplies) to another Character (i.e. Character 80 – Fixed Assets). Transfers to or from Character 50 (Salaries and Benefits) must be approved by the Board of Supervisors. Departments seeking Administrative Transfers up to \$100,000 only need to obtain approval from the County Budget Manager. Departments seeking administrative Transfers between \$100,000 and \$250,000 must be approved by the County Budget Manager and the County Administrative Officer, or designee. Transfers exceeding \$250,000 require Board approval. All Administrative Transfers must have a net zero impact. Even though the request may fall within the guidelines of an Administrative Transfer, the County Budget Manager or County Administrative Officer, or designee, may request the department obtain Board approval.

All transfers within Other Charges (Character 70) and Fixed Assets (Character 80) are controlled by individual line item. Please refer to the Purchasing Policy Section 4.5 for Procedures for Capital Asset Accounting including related budget adjustments. <http://sccintranet/Portals/0/PolandProc/ProceduresManual/PM3100.pdf>

If the department has questions regarding whether the Administrative Transfer they are seeking meets the requirements above, contact your County Administrative Analyst.

Board Approved Budget Modifications

The Board of Supervisors must approve all budget modifications that cannot be done through Administrative Transfers. Budget modifications requiring Board approval include, but are not limited to, recognizing unanticipated revenue, transfer from contingency reserve, transfer between different funds or budget units, transfer to and from Character 50 (Salaries and Benefits), transfer between characters greater than \$250,000 per transfer, etc.

Board Approved Budget Modifications require a 3/5 vote of Board:

Resolutions Accepting Unanticipated Revenues

All resolutions accepting and appropriating unanticipated revenue require Board approval. Unanticipated revenue must be received within the same fiscal year or be susceptible to accrual within 60 days of the close of the fiscal year for the purposes of accepting unanticipated revenue.

The Resolution Form, AUD-60, records estimated revenue that was previously unbudgeted, and budgets the corresponding appropriation.

Resolutions Canceling Estimated Revenues and Appropriations – AUD-61

The Resolution Form – AUD-61, cancels estimated revenue that was previously budgeted and the corresponding appropriation.

C. PROCEDURES

Administrative Transfer – AUD-74

1. The **department** seeking an Administrative Transfer completes and AUD-74 (form can be found on the Auditor-Controller Intranet <http://sccintranet/Departments/Auditor-Controller/Auditor-Forms-Instructions-and-Procedures>) along with a memo to the County Budget Manager (and County Administrative Officer if Transfer is greater than \$100,000 but less than \$250,000) detailing the reasons for the transfer. The explanation on the AUD-74 form paraphrases the explanation contained in the memo.
2. The **department** routes the Memo and AUD-74 via Docusign to (in this order)
 - a. **Department Head** (must sign Memo)
 - b. Auditor-Controller employee responsible for posting budget adjustments (**ACTTC**) for verification of available appropriations (must sign AUD-74)
 - c. **County Budget Manager** (must sign AUD-74)
 - d. For Budget Adjustments exceeding \$25,000 **County Administrative Officer, or designee** (Must sign AUD-74)
3. If the AUD-74 is approved, the **ACTTC** will update the budget in Finance Enterprise. If the AUD-74 is denied, the department's **CAO Analyst** or the **County Budget Manager** will work with the department on the necessary changes or explain to the department why the transfer request cannot be approved.

Board Approved Transfer – AUD-74

1. The **department** seeking a Board Approved Transfer completes an AUD-74 (form can be found on the Auditor-Controller Intranet <http://sccintranet/Departments/Auditor-Controller/Auditor-Forms-Instructions-and-Procedures>) and a Board memo to accompany the Board Approved Transfer detailing the reason for the transfer.

2. Please refer to the Clerk of the Board's Agenda Management procedures on the Intranet for proper routing within the Agenda Management System: <http://sccintranet/Portals/0/COB/Directions%20for%20Routing%20of%20Resolutions.pdf>
3. The **ACTTC** and **County Administrative Officer**, or designee, will review the AUD-74 to ensure that it is complete.
4. The **Board of Supervisors** approves or denies the budget modification request.
5. Upon Board approval, the **ACTTC** will ensure that the budget modification is updated in Finance Enterprise.

Resolutions Accepting Unanticipated Revenues – AUD-60

1. The **department** seeking to Accept and Appropriate Unanticipated Revenue completes an AUD-60 (form can be found on the Auditor-Controller Intranet <http://sccintranet/Departments/Auditor-Controller/Auditor-Forms-Instructions-and-Procedures>) and a Board memo to accompany the AUD-60 with additional details.
2. Please refer to the Clerk of the Board's Agenda Management procedures on the Intranet for proper routing within the Agenda Management System: <http://sccintranet/Portals/0/COB/Directions%20for%20Routing%20of%20Resolutions.pdf>
3. The **ACTTC** and **County Administrative Officer**, or designee, will review the AUD-60 to ensure that it is complete.
4. The **Board of Supervisors** approves or denies the Resolution Accepting Unanticipated Revenues.
5. Upon Board approval, the **ACTTC** will ensure that the budget modification is updated in Finance Enterprise.

Resolutions Canceling Estimated Revenues and Appropriations – AUD-61

1. The **department** seeking to Cancel Estimated Revenues and Appropriations completes an AUD-61 (form can be found on the Auditor-Controller Intranet <http://sccintranet/Departments/Auditor-Controller/Auditor-Forms-Instructions-and-Procedures>) and a Board memo to accompany the AUD-61 with additional details.
2. Please refer to the Clerk of the Board's Agenda Management procedures on the Intranet for proper routing within the Agenda Management System: <http://sccintranet/Portals/0/COB/Directions%20for%20Routing%20of%20Resolutions.pdf>
3. The **ACTTC** and **County Administrative Officer**, or designee, will review the AUD-61 to ensure that it is complete.
4. The **Board of Supervisors** approves or denies the Resolution Canceling

Estimated Revenues and Appropriations.

5. Upon Board approval, the **ACTTC** will ensure that the budget modification is updated in Finance Enterprise.

D. DEFINITIONS

For purposes of this policy, the following definitions apply:

- 1) “**Administrative Transfer**” means transferring less than \$100,000 between characters within a single budget unit and fund.
- 2) “**Board-Approved Modification**” means any budget modification requiring Board approval.
- 3) “**Budget Unit**” means the organizational unit designation given to a particular department, office, or agency for accounting and budgetary purposes.
- 4) “**Finance Enterprise**” is the County’s financial reporting and budgetary control system.

E. RELATED POLICIES

- Purchasing Policy - <http://sccintranet/Portals/0/PolandProc/ProceduresManual/PM3100.pdf>
- Santa Cruz County General Fund Budgeting Principles <http://sccintranet/Portals/0/PolandProc/ProceduresManual/PM5500.pdf>

F. RELATED FORMS AND INFORMATION

- AUD 74 – Request for Transfer or Revision of Budget Appropriations and/or Funds
- AUD-60 – Resolution Accepting Unanticipated Revenue
- AUD61 – Resolution Cancelling Estimated Revenues and Appropriations

G. HISTORY

Date	Changes Made
6/28/2022	Policy Adopted