

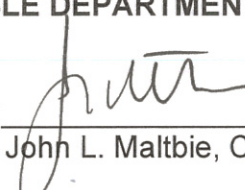


ADMINISTRATIVE MEMORANDUM
COUNTY OF SAN MATEO

NUMBER: B-15

SUBJECT: Appropriation Authority

RESPONSIBLE DEPARTMENT: County Manager

APPROVED: 

John L. Maltbie, County Manager

DATE: February 25, 2014

The Board of Supervisors, through the budget approval process, appropriates funds for each budget unit at an object level (Salaries and Benefits, Services and Supplies, Other Charges, Fixed Assets, Other Financing Uses and Intrafund Transfers). Pursuant to the Government Code, departments are only authorized to expend funds within the amount appropriated by the Board of Supervisors for each budget unit-object level. As set forth herein, departments must request any necessary appropriation adjustments at an object level, and obtain the necessary approvals for such adjustments, prior to any over-expenditures or commitments (purchase orders and encumbrance requests). The Controller's Office will not process any claims (including salaries and benefits) if there is insufficient appropriation authority.

A department may seek amendment of the appropriations to a budget unit or object level during the fiscal year by submitting an Appropriation Transfer Request (ATR). An ATR can be used to appropriate new, unanticipated revenues or transfer existing appropriations from one budget unit to another, or between objects within the same budget unit.

Pursuant to Government Code § 29125(b), County Resolution and this Administrative Memorandum, all ATRs must be approved by the County Manager and Controller (or their authorized designees). In addition, as set forth herein and pursuant to applicable state law, certain ATRs also require approval by the Board of Supervisors by either a majority vote or a 4/5ths vote depending on the nature of the requested appropriation or transfer.

The above-referenced approval requirements do not apply to the approval of emergency expenditures, which are controlled by Government Code §§ 29127 and 29128.

Required Approvals:

The following ATRs require Board of Supervisors' approval in addition to County Manager and Controller approval:

	Description	Req'd Vote	Example(s)
A.	Transfers of any amount between budget units within a fund if overall appropriations are not increased	Majority	A General Fund department (budget unit) transfers appropriations in Salaries and Benefits to another General Fund department. Even though both budget units are in the General Fund, they are different budget units requiring separate legal appropriation by the Board of Supervisors even if the overall budget does not increase.
B.	Transfers of any amount between funds	4/5ths	<p>A department transfers appropriations in Services and Supplies to Other Financing Uses (Operating Transfers In) to fund a capital improvement project. Capital Projects, a separate budget unit and fund, recognizes the Operating Transfer In and appropriates the new funds in Fixed Assets-Structures. In this example, which is fairly common, a 4/5ths vote is required for two reasons: transfer between funds and unanticipated revenue (see E below).</p> <p>[Note: Transfers between funds generally require a double entry to appropriate the outgoing transfer from one fund and the incoming transfer to the other. Monies cannot be transferred between funds with an ATR only. After the ATR is approved, journal entries are required to physically move the funds.]</p>
C.	Transfers of any amount from appropriation for contingencies	4/5ths	<p>A department transfers Appropriation for Contingencies to Services and Supplies to address an unanticipated issue.</p> <p>[Note: Any movement of money from the Appropriation for Contingencies account 8611 requires a 4/5ths vote.]</p>

	Description	Req'd Vote	Example(s)
D.	Appropriation of any restricted, committed, assigned, and unassigned fund balances, excluding the general reserves and nonspendable fund balance	4/5ths	<p>A department transfers Reserves to Other Charges.</p> <p>Any movement of money from the following accounts requires 4/5ths vote:</p> <ul style="list-style-type: none"> • 8612 – Departmental Reserves • 8613 – Appropriation for Internal Leases • 8811 – Capital Reserves (Non-General Fund) and • 8821 – General Reserves (Non-General Fund) <p>[Note: Pursuant to County Resolution #072456, dated April 23, 2013, the Board delegated authority to the County Manager to transfer funds from account 8613 for internal leases not exceeding \$1 million.]</p> <p>[Note: General reserves and nonspendable fund balance represent special classifications of reserves under Generally Accepted Account Principles (GAAP) that cannot be transferred except under special situations and/or conditions]</p>
E.	Appropriation of any amount recognizing unanticipated revenues	4/5ths	<p>A department recognizes Measure A Sales Tax revenue and makes a corresponding appropriation in Services and Supplies. Common adjustments involving unanticipated revenue also include new grant funds and the transfer of money between funds (see B above).</p> <p>Appropriation of any revenue accounts on the "From" side of the ATR (objects 1000, 1200, 1400, 1500, 1600, 2000, 2500, 2600 or 2700) will require a 4/5ths vote by the Board where the overall budget has increased. Transfers moving budgeted revenue from one sub-unit to another within the same budget unit and the same fund, which do not increase the overall budget, do not require Board approval.</p>

	Description	Req'd Vote	Example(s)
F.	Transfers or adjustments of any amount canceling appropriations	Varied	<p>A department is cancelling an appropriation in Other Charges and the funds are being returned to Reserves. This particular example requires a 4/5ths vote because the funds are being returned to Reserves. The voting requirements may have been different had the funds been moved to another budget unit or a different account.</p> <p>[Note: The BOS voting requirements depends on the nature of the transfer.]</p>

Transfers of any amount within a budget unit and within a fund, except transfers to/from Reserves and Contingencies, may be approved by the County Manager and Controller (or their authorized designees) without Board of Supervisors approval, provided that the overall appropriations of the budget unit are not increased.

General Processing Guidelines:

The following general guidelines should be followed when completing an ATR:

1. ATRs must balance. The sum of all "From" entries must equal the sum of all "To" entries.
2. The "From" section can represent a combination of new revenues and existing appropriations.
3. When transferring existing appropriations, you must have sufficient savings at the Budget Unit / Object level as well as the Sub-unit / Sub-account level from which the appropriation is taken.
4. The appropriation of Unanticipated Revenue should only be for revenue that has already been received by the County or its receipt is from a guaranteed funding source (i.e., Federal or State grant). Unless prior permission is granted by the County Manager's Office and the Controller's Office, departments should not prepare ATRs recognizing unanticipated revenues on the assumption that future operating revenues would exceed budgeted appropriations at year-end. Generally speaking, unanticipated revenue should only be recognized and appropriated when the "money is in the bank" or it is from a guaranteed funding source.

Any questions regarding these procedures should be directed to the Controller's Office, the County Budget Director or the department's assigned CMO Analyst.