
Budget Process

Charleston County

Charleston County's Budget Process is divided into four phases: Development, Approval, Compliance Monitoring, and External Audit. See page 308 for a chart of the budget process.

DEVELOPMENT

The budget process begins in October of each year with budget calls for departments that provide services to other departments. These budget calls are due at various times in November and December. In November, the Budget Office develops a Budget Preparation Manual that is distributed to every department in the County and provides specific guidelines such as inflation projections and recommended computation and projection methodologies. The manual also includes the Administrator's letter of directive for the preparation of the budget. Workshops are held in early December to give detailed instructions and guidance to budget preparers. The departments then prepare their requests and submit them to the Budget Office starting in late January for analysis and review. Acting on preliminary recommendations resulting from the Budget Office's review, final decisions are made by the County Administrator in April.

APPROVAL

The Finance Committee, which includes all members of County Council, reviews the proposed budget through a series of meetings in April and May; County Council makes adjustments as deemed necessary. The Approved Budget for the coming year is adopted in early June. South Carolina law requires three separate readings (votes) of the budget ordinance. South Carolina law also requires a public hearing and a special meeting to approve any increases in the millage rate that exceed the Consumer Price Index (CPI) as determined by the State.

Citizen involvement is provided through two public hearings to solicit constituent input. Public notices of these hearings are given in the local newspaper.

COMPLIANCE MONITORING

During the fiscal year, the Budget and Controller's Offices perform periodic reviews of revenues, expenditures, and transfers.

FIRST QUARTER REVIEW

After the first quarter of the year, the Budget and Controller's Offices conduct a review of revenues, expenditures, and transfers.

MID-YEAR REVIEW

During February of each year, a mid-year review is conducted by the Budget and Controller's Offices and presented to the Finance Committee. Adjustments to the budget may be made at this time, as Council deems necessary.

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THIRD QUARTER REVIEW

In March, the Budget Office and the Controller perform a third quarter review. This review is the basis for the projection of ending fund balance. This projection is incorporated into the available funding for the following budget year.

EXTERNAL AUDIT

During July through December, the County's financial records for the year ended in June are audited by an external auditor. This audit allows for independent confirmation of the activity presented by the County in the audit.

BUDGET AMENDMENTS

If budget transfers are necessary, the department director may transfer funds within the "Personnel," "Operating," or "Capital" categories as long as the total of the categories does not change and the transfer is less than \$5,000. In addition, the County Administrator or his Management Team may approve budget transfers that exceed \$5,000, that are between the categories in an organization unit, and that are between organizational units that are under his budgetary authority. Since the elected and appointed officials do not fall under the Management Team, they would have their budget transfers over \$5,000, between categories, or between organizational units approved by the County Administrator. If revisions require a change to the total disbursements in the General Fund, Council may consider supplemental appropriations, which require a public hearing and three separate readings. By resolution Council may also generate transfers from Council's contingency to organizational units. These budget transfers guidelines are specified in Section 16 of the County Budget Ordinance.

In some instances, grant funds are applied for or received after the beginning of the budget year and are not included in the Council Approved budget. To provide for this situation, Section 18 of the County Budget Ordinance authorizes the necessary Special Revenue Funds, Capital Projects Funds, and Proprietary Funds to be created to provide a mechanism for the expenditures of these monies. Grant funds must be approved by Council, generally at the time of application, before any monies can be expended.

BUDGET BASIS

Except as noted below, the basis of budgeting is the same as the basis of accounting. The County budgets for Governmental Funds using the flow of current financial resource measurement focus and the modified accrual basis of accounting. The flow of current financial resource measurement focus includes only current assets and liabilities; long-term assets and liabilities are reported separately. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable" and "available"). "Measurable" means that the amount of the transaction can be determined, and "available" means that the amount is collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers property tax revenues to be available if collected within 60 days after year end; the County considers other revenues to be available if collected within one year after year end. Expenditures are recorded when the liability is

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incurred except for certain compensated absences, claims, and judgements that are recorded when the obligations are expected to be liquidated with current financial resources.

The County budgets for Proprietary Funds using the flow of economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus includes current and long-term assets and liabilities. Under the accrual basis of accounting, revenues are recorded when earned, and expenses are recorded when liabilities are incurred. The County departs from the above basis of accounting for budgeting capital expenses and depreciation. To better manage spending, capital items are budgeted as expenses, and depreciation expense is not budgeted in its entirety. To compensate for this departure from the above basis, the County ensures that the sum of budgeted capital expenses and budgeted depreciation equals or exceeds the anticipated depreciation expense.

CAPITAL BUDGET

The County does not present a separate capital budget that is approved annually. Instead, normal capital expenditures are included in the organizational units' annual operating budgets. Normal capital expenditures include furniture, equipment, vehicles, heavy equipment, data processing equipment, and minor renovations. The County considers items that cost \$5,000 or more to be capital expenditures. If the County borrows funds through General Obligation Bonds, Certificates of Participation or Revenue Bonds, the County establishes a project-length budget in the Capital Projects Fund.

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MONTH	PHASE	FY 2003 BUDGET TASKS	PHASE	FY 2004 BUDGET TASKS	
JULY 2002	C O M P L I A N C E M O N I T O R I N G		D E V E L O P M E N T		
AUG - OCT					
NOV		1ST QUARTER REVIEW		DEPTS. PREPARE REQUESTS FOR NEW EMPLOYEES, VEHICLES AND DATA PROCESSING/ISF NEEDS	
DEC				BUDGET DEPT. CONDUCTS BUDGET WORKSHOPS DEPTS. SUBMIT REQUESTS TO PROGRAM MANAGERS	
JAN 2003				DEPTS. SUBMIT BUDGETS TO BUDGET OFFICE	
FEB		MID-YEAR REVIEW		BUDGET OFFICE REVIEWS REQUESTS FOR RECOMMENDATION TO ADMINISTRATOR	
MAR					
APRIL		3RD QUARTER REVIEW PROJECTION OF ENDING FUND BALANCE FOR USE IN FY 2004		ADMINISTRATOR REVIEWS/APPROVES RECOMMENDATIONS; PRESENTS BUDGET TO COUNCIL 1ST PUBLIC HEARING	
MAY				COUNCIL'S BUDGET HEARINGS 1ST & 2ND READING OF BUDGET ORDINANCE 2ND PUBLIC HEARING	
JUNE				3RD READING OF BUDGET ORDINANCE	
JULY 2003	E X T E R N A L	A U D I T	C O M P L I A N C E	M O N I T O R I N G	1ST QUARTER REVIEW
AUG -DEC					
JAN 2004					
FEB - MAR					MID-YEAR REVIEW
APRIL					3RD QUARTER REVIEW PROJECTION OF ENDING FUND BALANCE FOR USE IN FY 2005
MAY - JUNE					
JULY 2004					E X T E R N A L
AUG - DEC					