

JEFFERSON COUNTY COMMISSION

ADMINISTRATIVE ORDER 08- 1

1. PURPOSES. The purposes of this Administrative Order are:

a. To provide an orderly and effective process for carrying out the budgetary responsibilities of the Jefferson County Commission. This process shall be known as **SMART Budgeting**.

b. To establish accountability among public officials and public agencies within Jefferson County for participation in **SMART Budgeting**.

c. To describe the procedures to be followed by participants in **SMART Budgeting**.

2. REPEAL OF ADMINISTRATIVE ORDER 91-3. Administrative Order 91-3 of the Jefferson County Commission is hereby repealed.

3. LEGAL DUTY AND AUTHORITY OF THE COMMISSION TO ADOPT AND ENFORCE A BALANCED BUDGET, AND TO REQUIRE PARTICIPATION BY CERTAIN PUBLIC OFFICIALS; BUDGETARY POLICIES OF THE COMMISSION. Sections 11-8-3, 11-8-9, and 11-8-10 of the Code of Alabama give the Jefferson County Commission the duty and authority to adopt and enforce an annual balanced budget, and require the participation of certain public officials in the development and administration of that budget. The legal duty and authority conveyed by the Code of Alabama, and the resulting policies of the Jefferson County Commission, are as follows:

a. Section 11-8-3, Code of Alabama, requires adoption of an annual balanced budget for the County.
The Code states:

"(a) It shall be the duty of the county commission, at some meeting in September of each calendar year, but not later than October 1, to prepare and adopt a budget for the fiscal year beginning on October 1 of the current calendar year which shall include all of the following:

(1) An estimate of the anticipated revenue of the county for all public funds under its supervision and control including all unexpended balances as provided in Section 11-8-6.

(2) An estimate of expenditures for county operations.

(3) Appropriations for the respective amounts that are to be used for each of such purposes.

"(b) The appropriations made in the budget shall not exceed the estimated total revenue of the county available for appropriations."

b. It is the policy of the Jefferson County Commission to adopt annually in September a balanced budget that includes an itemized estimate of revenues

available for appropriation, as well as itemized appropriations that authorize and limit expenditures for the various purposes of county government.

c. Sections 11-8-3, 11-8-9, and 11-8-10 of the Code of Alabama require enforcement of the adopted budget through the following methods:

(1) " no obligation incurred by any county official or office over and above the amount or amounts approved and appropriated by the county commission shall be an obligation of the county unless the obligation is approved by an affirmative vote of a majority of the members of the county commission." (11-8-3)

(2) "The budget may be amended during the fiscal year as determined necessary by affirmative vote of a majority of the members of the county commission. No amendment may authorize an expenditure which exceeds anticipated revenue of the county except as otherwise specifically authorized by general law." (11-8-3)

(3) "No warrant shall be issued or check drawn on the county treasury or county depository by any person except as authorized by the chair of the county commission or such other officer as may be designated by such county commission, unless otherwise provided by law, and officers who are authorized to pay claims which have not been first approved by the county commission shall issue orders for warrants or checks pursuant to procedures established by the county commission." (11-8-9)

(4) "No warrant or order for the payment of money shall be issued under authority of the county commission until funds are available for its payment upon presentation to the treasurer or depository pursuant to procedures established by the county commission." (11-8-10)

d. It is the policy of the Jefferson County Commission to enforce its balanced budget by controlling obligations, budget amendments, and the issuance of warrants or checks as authorized by the Code of Alabama, through the SMART Budgeting procedures described in this Administrative Order.

e. Section 11-8-3, Code of Alabama, requires any public official who receives public funds from the County, or has discretionary authority to issue orders for payment of funds out of the County treasury or depository, to participate in the budget process. The Code states:

"Any public official who receives public funds, including any official entitled to ex officio fees, or who issues any kind of order payable out of the county treasury without approval of such county commission shall furnish to the county commission in writing an estimate of the revenue and of the anticipated expenditures the official will be called upon to make during the next fiscal year...."

"The judge of probate, tax officials, sheriff, county treasurer, and any other county official or employee named by the county commission shall prepare and submit to the county commission an itemized estimate of the amount the official or employee believes to be necessary for personnel, office supplies, and other expenditures during the following fiscal year. Any official entitled to ex officio fees

shall include in his or her estimate the estimated amount of any ex officio fees the official will receive during the following fiscal year."

f. Pursuant to the participation mandate in Section 11-8-3 of the Code of Alabama, it is the policy of the Jefferson County Commission that the public officials listed in paragraph 4.c, below, shall participate in the SMART Budgeting procedures described in this Order, and that the itemized estimates required by the Code of Alabama shall be submitted on SMART Budgeting forms specified by the Budget Management Office.

g. Section 11-8-3, Code of Alabama, gives the County Commission power to approve a budget which includes the expenditures it deems proper, based on information developed in the budget process. The Code states:

"Based upon the estimated revenue and expenditures ..., together with any other financial information available to the county commission regarding the anticipated revenue and expenditures for the next fiscal year, the county commission shall approve a budget which includes the expenditures it deems proper for the next fiscal year."

h. It is the policy of the Jefferson County Commission to develop and approve a balanced budget that contains expenditure items justified by plans for improving the efficiency and quality of services delivered to the people of Jefferson County. Further, it is the policy of the Jefferson County Commission to review performance periodically during the year and to consider both finances and performance before approving proposed Budget Amendments.

4. SMART BUDGETING PROCEDURES.

a. Purpose. The purpose of the SMART Budgeting process is to provide a framework for the development and administration of an annual balanced budget for Jefferson County that meets the requirements and utilizes the authority of Sections 11-8-3, 11-8-9, and 11-8-10 of the Code of Alabama.

b. Definitions. The following definitions apply to the key terms used in SMART Budgeting. The terms are listed according to the flow of the process, rather than in alphabetical order.

(1) **Budget:** The annual document approved by the County Commission to estimate revenues and authorize expenditures for the operation of county government. The Budget consists of a number of Revenue Items and a number of Expenditure Items, plus a Performance Plan for each Expenditure Item.

(2) **Revenue Item:** An estimate of the amount of money available from a Revenue Source for the fiscal year covered in the Budget.

(3) **Revenue Source:** Revenue Items are grouped in the Budget under three types of Revenue Sources:

(a) County General Fund: Revenue Items including the taxes, fees, and other sources of income to the County General Fund.

(b) County Earmarked Funds: Revenue Items including the taxes, fees, and other sources of income to County special revenue funds that are earmarked for specific purposes such as the operation of Cooper Green Hospital and the sewer system.

(c) Ex Officio Funds: Revenue Items consisting of funds collected by or on behalf of public officials for their use in administering the duties of office, and either placed on deposit with the Jefferson County Treasurer or accounted-for in audits conducted by the State Examiner of Public Accounts. Ex Officio Funds are included in the Budget only for the purpose of recognizing the availability of outside funding for the activities of officials who receive funding through the County Budget. The Budget does not include Ex Officio Funds that exist solely for fiduciary or trust purposes, such as inmates' personal funds on deposit with the Sheriff and property taxes collected by the Tax Collector for distribution to the various units of government within the County.

(4) Expenditure Item: An authorization to expend specific amounts of money for a specific purpose. Expenditure Items are grouped in the Budget according to the departments or other organizational entities authorized to expend the money contained within the specific Items that are grouped together.

(a) Purpose. Each Expenditure Item will contain a brief statement that expresses the purpose of the expenditure authorization, beginning with the word "To." For example, the Sheriff receives an appropriation "To provide jail services for Jefferson County." The purpose statement and the dollar amounts that specify the spending authorization together constitute the Expenditure Item.

(b) Amounts. Each Expenditure Item will contain a summary of the Revenue Sources from which spending is financed, showing the amounts expected to be available from the County General Fund, County Earmarked Funds, and Ex Officio Funds, as well as a total amount from all three sources. The County General Fund amount is a limit that cannot be exceeded without specific approval by the County Commission. The County Earmarked Funds amount is an estimate of the amount available for the Expenditure Item. Unless the County Commission provides to the contrary, spending from County Earmarked Funds is limited to the amount that actually becomes available during the budget year, which may be more than, or less than, the amount estimated in the Budget. The Ex Officio Funds amount is an estimate of the outside funds available for the Expenditure Item; these funds are not subject to the control of the County Commission. The sum of these three amounts provides an appropriation total that is a measure of the total resources available to carry out the purpose for which the Expenditure Item is included in the Budget.

(5) Departmental Budget: An itemized list of the Expenditure Items assigned to a particular department or organizational entity included in the Budget, with departmental totals and a Source of Funds statement. Beneath the itemized list of Expenditure Items for the department, the Budget will contain an itemization of Revenue Sources that includes the amount of spending expected to come from the

County General Fund, each County Earmarked Fund source, and each Ex Officio Fund source.

(6) **Budget Amendment:** Any change, following the adoption of the Budget by the County Commission, in the Amount of an Expenditure Item from the County General Fund or County Earmarked Funds, whether by increase, decrease, or transfer from one Expenditure Item to another. Every Budget Amendment must be approved by the County Commission in order to be effective.

(7) **Performance Plan:** A brief description of the operations planned to carry out the purpose contained within an Expenditure Item, including measurable indicators of performance. The Performance Plan is produced by the department or other organizational entity responsible for the Expenditure Item, in a format prescribed by the Budget Management Office. A Performance Plan is prepared initially to request funding for each Expenditure Item proposed for inclusion in the Budget, and modified during the budget development process as required to maintain consistency with the proposed level of expenditures. Upon final approval of the Budget by the County Commission, the Performance Plan is finalized to reflect the performance expected to result from the actual funding obtained. Final approval of the Performance Plan for each Expenditure Item rests with the Commission. The Budget will prohibit any expenditure otherwise authorized from the County General Fund or County Earmarked Funds until a final Performance Plan for the Expenditure Item is approved by the Commission.

(8) **Performance Plan Amendment:** Any change, following the approval of a final Performance Plan based on the Budget adopted by the County Commission, in the content of the Performance Plan, whether it involves dollars or resources such as personnel. Every Performance Plan Amendment that affects dollars or resources provided by the County General Fund or County Earmarked Funds, whether by increase, decrease, or transfer, must be approved by the Commission before it can be implemented. If the change affects dollars or resources provided by Ex Officio Funds, the change is not subject to the control of the County Commission but must be reported to the Budget Management Office within 30 calendar days of taking effect. If the change affects the Amount of the Expenditure Item on which the Performance Plan is based, it constitutes a Budget Amendment as well as a Performance Plan Amendment.

(9) **Quarterly Performance Review:** A formal review held each quarter by the Finance Committee of the County Commission, with participation from the Department, to compare planned versus actual performance within the Expenditure Items of a Departmental Budget.

c. **Participation.** The following Officials within Jefferson County shall participate in the SMART Budgeting process as described herein in order to obtain funding through the County Budget for the department or office they head. The Officials are listed according to the numerical order of their Fund Centers in the accounting system.

PUBLIC OFFICIAL

DEPARTMENT OR OFFICE (Fund Centers)

Director of Revenue 1140, 1150)	Revenue Department (1100-1106, 1110, 1120, 1130, 1140, 1150)
County Attorney	County Attorney's Office (1200)
Chairman, Board of Equalization	Board of Equalization (1300-1303, 1310-1313)
Tax Assessor	Tax Assessor's Office (1400, 1401)
Assistant Tax Assessor	Assistant Tax Assessor's Office (1410, 1411)
Tax Collector	Tax Collector's Office (1501, 1503-1506)
Assistant Tax Collector	Assistant Tax Collector's Office (1502)
Treasurer	Treasurer's Office (1600, 1610)
Director of Personnel Board	Personnel Board (1702, 1720, 1725, 1730, 1735, 1740, 1745, 1750, 1755, 1760)
Pension Coordinator	Pension Board (1800)
Director of Community & Economic Development	Community & Economic Development Department (2000, 2001- 2003, 2005-2016, 2020, 2025, 2027, 2030, 2050, 2060, 2070, 2085)
Director of Land Development	Land Development Department (2100)
Director of Information Technology	Information Technology Department (2200, 2210, 2220, 2230, 2240, 2250, 2260)
Director of General Services	General Services Department (2301, 2302, 2401-2427)
Registrar	Board of Registrars (2500)
Fleet Manager	Fleet Management (2601, 2603, 2604, 2605, 2606, 2607)
County Laundry Superintendent	Central Laundry (2700)
Director of Budget Management	Commissioners' Offices and Support (1001-1006) Budget Management Office (2800) Payroll Office (2810) Non-Departmental Expenditures (3101, 3131, 3135, 3150, 3151, 3180, 3190, 3191)
Extension Agent	Cooperative Extension Office (3000)
Director of Senior Citizens Services	Office of Senior Citizens Services (3200)

Sheriff	Sheriff's Department (4101-4114, 4180, 4182, 4184, 4186, 4188, 4190)
Director of Youth Detention	Youth Detention (4200-4203)
Coroner	Coroner's Office (4300)
Director of Inspection Services	Inspection Services Department (4400)
Coordinator of Emergency Mgt.	Emergency Management Agency (4500)
Director of Storm Water Mgt.	Storm Water Management Agency (4800)
Director of Roads & Transportation	Roads & Transportation Department (5100, 5200, 5300, 5400, 5450, 5500, 5600, 5700)
Director of Human Resources	Human Resources Department (6000, 6001)
Judge of Probate	Probate Court (6200-6203, 6240, 6250)
Presiding Judge, Family Court	Family Court (6301-6316)
Presiding Judge, State Courts	State Courts (6400-6417) Law Library (6700)
District Attorney, Birmingham	District Attorney Birmingham (6500, 6501, 6550)
District Attorney, Bessemer	District Attorney Bessemer (6600, 6601, 6602, 6650)
Finance Department Director	Finance Department (6801, 6802, 6805, 6806, 6900, 6940, 6950)
Director of Environmental Services	Environmental Services Department (7100-7400)
Director of County Rehabilitation & Health Center	County Rehabilitation & Health Center (8303-8319)
CEO/Medical Director of Cooper Green Hospital	Cooper Green Hospital (8601-8998)

d. **Calendar.** The following key dates and deliverables are established for participants in the development and administration of the County Budget through **SMART Budgeting**.

(1) **Appointment of SMART Planning Teams.** On or before **January 31** of each year, each of the Officials listed in paragraph 4.c, above, shall appoint a **SMART** Planning Team for the applicable department or office to provide leadership in developing a Performance Plan for each Expenditure Item that it proposes for inclusion

in the County Budget. The names and organizational positions of the members shall be furnished to the Director of Budget Management. Guidelines for team membership and duties are contained in Budget Instruction 1. The SMART Planning Team should begin its work no later than **February 1**.

(2) **Training of SMART Planning Teams.** The Budget Management Office will provide training for SMART planning teams during **the first two weeks of February** each year, offering multiple sessions for the convenience of participants. Each of the Officials listed in paragraph 4.c, above, and all members of the Planning Team, are required to attend one of the sessions, preferably together. The Budget Management Office will distribute Performance Plan formats to participants in the training sessions.

(3) **Forecasting of Ex Officio Revenues.** On or before **April 1** each year, any Official listed in paragraph 4.c, above, who has access to revenues from Ex Officio Funds for use in administering the duties of office shall provide to the Budget Management Office an estimate of the revenues available for expenditure from such funds during the fiscal year that will begin on October 1 of that calendar year. Budget Instruction 2 provides a list of the Ex Officio Funds for which estimates are expected and defines the content of the estimates. The Ex Officio Funds of interest to the County Commission are those deposited by or on behalf of the Official with the Jefferson County Treasurer or accounted-for in audits conducted by the State Examiner of Public Accounts. Ex Officio Funds are estimated only for the purpose of providing information about the availability of revenues from outside sources for the activities of Officials who receive funds through the County Budget. Ex Officio Funds that exist solely for fiduciary or trust purposes, such as inmates' personal funds on deposit with the Sheriff and property taxes collected by the Tax Collector for distribution to the various units of government within the County, are not included in this forecasting process.

(4) **Forecasting of County General and Special Fund Revenues.** On or before **April 15** each year, the Budget Management Office will publish its estimate of revenues and beginning balances for the County General Fund and Special Revenue Funds for the coming fiscal year. These estimates will be distributed to the Commission and to all departments and offices participating in SMART Budgeting.

(5) **Submission of Performance Plans.** On or before **May 31** each year, each Official listed in paragraph 4.c, above, shall submit to the Budget Management Office the Performance Plan developed by the SMART Planning Team for each proposed Expenditure Item to be included in the County Budget.

(6) **Finance Committee Review of Performance Plans and Proposed Expenditure Items.** During **June** of each year, the Finance Committee of the County Commission shall conduct internal reviews of Performance Plans and the associated proposed Expenditure Items, to provide feedback and guidance to participants. Each Official listed in paragraph 4.c, above, will brief the Finance Committee on the Performance Plans that justify the Expenditure Items proposed for inclusion in the County Budget. Based on the results of this review, Performance Plans and proposed Expenditure Items will be refined, with final submissions due no later than **July 15**.

(7) **County Commission Review of Revised Performance Plans and Proposed Expenditure Items.** During the period from **July 16 to August 31**, the County Commission will hold open meetings to review the revised Performance Plans and the associated proposals for Expenditure Items in the County Budget for the coming fiscal year. It is expected that most Expenditure Items in the proposed County Budget, and most Performance Plans for those Expenditure Items, will be developed in substantially final form by the end of August.

(8) **Adoption and Publication of the County Budget.** During the **first two weeks in September** of each year, the County Commission will adopt the final County Budget for the coming fiscal year that begins on October 1. The Budget will prohibit any payment for an Expenditure Item from the County General Fund or County Earmarked Funds until the Commission has approval the final Performance Plan for that Item.

(9) **Approval of Budget Amendments.** Following the adoption of the County Budget, any change in the Amount of an Expenditure Item from the County General Fund or County Earmarked Funds, whether by increase, decrease, or transfer from one Expenditure Item to another, must be approved by the County Commission in order to be effective.

(11) **Approval of Performance Plan Amendments.** Following the approval of final Performance Plans by the County Commission, any change in the content of a Performance Plan that affects dollars or resources from the County General Fund or County Earmarked Funds, whether by increase, decrease, or transfer, must be approved by the Commission in order to be implemented. Any change in the content of a Performance Plan that affects dollars or resources from Ex Officio Funds must be reported to the Budget Management Office within 30 calendar days of taking effect.

(12) **Quarterly Review of Performance.** Each Official responsible for an Expenditure Item in the County Budget shall submit to the Budget Management Office quarterly performance data along with an analysis of progress toward meeting the objectives in the Performance Plan. A formal review will be held each quarter by the Finance Committee of the County Commission, with participation from the Department, to compare planned versus actual performance for Expenditure Items in the Departmental Budget. The due dates for quarterly performance data are:

- (a) January 15, for the October – December quarter
- (b) April 15, for the January – March quarter
- (c) July 15, for the April – June quarter
- (d) October 15, for the July – September quarter

APPROVED BY THE
JEFFERSON COUNTY COMMISSION
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