

Community Corrections Partnership Fiscal Policy

There has been year to year variance in the Community Corrections Partnership's (CCP) budget process, in particular in relation to carry forward and growth money. In order to standardize the CCP's budget process the following fiscal policy is presented for consideration.

Fiscal Year End Timeline

The County of Kern (County) and CCP operate on a fiscal year from July 1 through June 30.

County budget development generally begins in January of each year and ends with final budget adoption by the County Board of Supervisors (BOS) in late August.

The CCP typically begins discussion of its budget in Spring based on State projected allocation of the AB 109 base fund. It has been the goal to finalize the AB 109 base fund budget prior to, or near, the end of the fiscal year so that it may be incorporated into the County budget. However, because of past volatility of both the allocated fund amount and the distribution formula, this has not always been possible.

As AB 109 "growth fund" allocations are typically not known until the Fall they normally would be separate from the base fund allocation discussion. However, again, because of the volatility in the State provided fund amounts and dates the discussion regarding the two funds has, at times, become intertwined. It is recommended, to the extent possible, the two remain distinct conversations.

Encumbrances

All financial commitments must be encumbered, including purchase orders, blanket purchase orders, Board of Supervisors approved contracts, contracts negotiated by authorized County employees, and yearly commitments for lease agreements in accordance with County purchasing policies and procedures. An encumbrance is an obligation in the form of a purchase order, contract, or other commitment that is chargeable to an appropriation subject to timelines for liquidation set forth in County policy. Construction or maintenance projects, while not always encumbered within one fiscal year, shall be considered encumbered for the purposes of this policy. All other funds will be considered unencumbered, unless otherwise noted in this policy.

Carry forward Balances

Each County Department that receives funding from the CCP shall work with the County Administrative Office (CAO) at the end of each fiscal year to determine carry forward balances. Carry forward funds will consist of unspent and unencumbered funds at the fiscal year-end. Final carry forward balances will be determined and presented to the CCP, at a scheduled CCP meeting, no later than 60 days following the conclusion of each fiscal year. Unencumbered funds shall be returned to the CCP at the conclusion of each fiscal year for redistribution as determined by the CCP Executive Committee, subject to Board of Supervisors approval. This practice will apply to all departments which receive AB 109 base allocation money with no distinction between "general fund" and "non-general fund" departments.

Carry forward Requests

Carry forward requests shall be considered by the CCP only after final carry forward balances are known. Requests shall be submitted in writing to the CCP at a scheduled CCP meeting. Each request shall be

agendized pursuant to CCP agenda preparation policies and procedures. In general, departments are discouraged from using carry forward funds for on-going obligations as this is considered inconsistent with County policy and should be avoided where possible. Encouraged expenditures of carry forward funds include one-time projects, purchases or long term contractual commitments (such examples include, money set aside for future Community Based Organizations (CBO) contracts, Day Reporting Center (DRC) expansion and paid work experience contracts). It is noted that based on the volatility of the State funding that at times it may be appropriate to allocate carry forward funds for on-going costs if it appears that it is likely that funding will increase in the near future. In these cases it is seen as more prudent than cutting positions only to add them again a year later. Fiscal year 13/14 was an example of this situation.

Contingencies

Contingencies help protect the CCP and its members from unforeseen increases in expenditures or reductions in revenue, or from extraordinary events that might otherwise substantially harm the fiscal health of the CCP or its members. These funds are intended to help avoid undue service level fluctuations during periods of economic instability. No less than .13% of the annual base funding allocation shall be set aside for contingencies. It is recommended that the main contingency fund not exceed \$1,000,000 at any one time, thus ensuring the bulk of AB 109 funds are being used for current and needed services. Specific contingencies accounts, in addition and separate from the main contingency account, may be set aside upon approval from the CCP Executive Committee and the Board of Supervisors. These specific and separate contingency accounts will set aside money for a specific and future purpose. Examples of these types of specific contingency accounts include funds for future CBO RFP's and Tyler CMS modification costs.

Growth Funds

Growth funds are AB 109 allocations based on higher than anticipated State revenue and distributed to counties by a formula which takes into account successful avoidance of State Prison sentences. Based on the nature of the growth funds there is considerable variance from year to year. It is, therefore, considered best practice to treat the growth funds in much the same way as carry forward funds in terms of both expenditures and exceptions.

Pending Previously Approved Funds

The CCP on several occasions has approved carry forward and growth funding which covers costs for multiple year programs. Two examples of this are the CBO Program and DRC expansion. When previously approved carry forward funds are still available at the start of a new fiscal year it is felt an additional vote is not necessary if funds are still intended for the same purpose the CCP previously approved. However, if an intended project for which the money was allocated is no longer going to occur then that should be declared with the funds returned for CCP reallocation as describe above.

Guidelines

Notwithstanding the aforementioned guidelines, ultimately the CCP Executive Committee retains the authority to distribute AB 109 funds at its discretion, with final approval from the BOS.