

# County Council of Cuyahoga County, Ohio

## Ordinance No. O2014-0033

Sponsored by: <b>Councilmember Miller</b>	<b>An Ordinance</b> amending Chapter 701 of the Cuyahoga County Code by adding Sections 701.08 and 701.09 to establish guidelines for financial management of operations and a long-term financial plan for Cuyahoga County.
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WHEREAS, Sections 2.03(9) and 2.03(10) of the Cuyahoga County Charter require the County Executive to submit to Council on a biennial basis a proposed operating budget, capital improvements plan, and detailed supporting financial information on revenues and expenditures; and,

WHEREAS, Section 3.09(5) of the Cuyahoga County Charter gives Council the power to adopt and amend the County's biennial operating budget and capital improvements program and to make appropriations for the County; and,

WHEREAS, the County Office of Budget and Management (OBM) within the Fiscal Office manages the County's budgeting process on behalf of the County Executive; and,

WHEREAS, Cuyahoga County adopted a biennial budget process through Ordinance No. O2011-0036 on 9/13/2011 and the power for a biennial operating budget was incorporated into the County Charter by the voters on November 6, 2012; and,

WHEREAS, the Council desires to address a number of the State of Ohio Auditor's findings in their 2013 Annual Audit of Cuyahoga County; and,

WHEREAS, the Council adopted Ordinance No. O2014-0021 on 10/14/2014 establishing guidelines for the County's investment policy and financial reporting requirements for Cuyahoga County; and,

WHEREAS, Executive and Council collaboration on the budget process would be facilitated by a regular pattern of financial management of operations and long term planning.

**NOW, THEREFORE, BE IT ENACTED BY THE COUNTY COUNCIL OF CUYAHOGA COUNTY, OHIO:**

**SECTION 1.** The Cuyahoga County Council hereby amends Chapter 701 of the Cuyahoga County Code by adding Sections 701.08 and 701.09 to Chapter 701 to

establish guidelines for financial management of operations and a long-term financial plan for Cuyahoga County and shall read as follows:

## **Chapter 701**

### **Section 701.08: Financial Management Operations**

- (A) The General Operating Fund may be used for any County funded activity, including health and human services.
- (B) In order to assist County departments and agencies to make effective resource allocation decisions, the Office of Budget and Management shall make recommendations regarding expenditure options. In making such recommendations, OBM shall consider but not be limited to options that meet one or more of the following priority objectives:
  - (1) Provides services required by law, administrative regulation, court order, or current contractual agreement;
  - (2) Provides services required to ensure public safety and welfare;
  - (3) Supports efficient delivery of essential public services at current or expanded levels;
  - (4) Promotes effective management control of resources;
  - (5) Required to preserve a facility or protect a county asset;
  - (6) Results in cost reductions in the current and/or future years or reduces the need for other costly County services; and
  - (7) Leverages significant funding from sources other than local County funds.
- (C) Departments and agencies are expected to submit requests for additional personnel as part of the biennial budget process or the budget review prior to the second year of the biennium, in order not to create obligations prior to budget review. Personnel levels authorized in the budget for departments and agencies with more than fifty (50) full-time equivalent staff shall be considered an average for the year, provided that the staffing level is not managed so as to carry staffing above the authorized level into a subsequent year.
- (D) OBM shall monitor the County budget on an ongoing basis and submit legislation to Council to authorize any increases or decreases in appropriations, transfers between budget accounts, and cash transfers, except that OBM may, without legislation, make budget transfers that are within both the same index code and object code. OBM shall submit to Council any budget adjustments needed to ensure that all County funds meet requirements set forth in general law regarding positive fund balances, sufficiency of resources, and appropriation authority for expenditures.
- (E) OBM may decertify funds remaining in any encumbrance that has been inactive for over one year and is more than one year past the expiration of any contract

related to that encumbrance, and OBM may submit budget amendments to Council to reduce appropriations by the amounts decertified.

- (F) Any increase or decrease in appropriation, transfer between budget accounts, and/or cash transfer initiated by Council outside of the biennial budget or second year budget update process shall be submitted to OBM by the Clerk of Council prior to introduction.
- (G) The Fiscal Officer shall certify that sufficient funds are available for all expenditures as provided in general law. Such certification shall be made prior to expenditure of funds, except that in exceptional circumstances, certification may be made through the “then and now” process authorized in general law.

**Section 701.09: Long-Term Planning and Stabilization**

- (A) OBM shall proactively monitor projected revenues and expenses, using a forecasting horizon of five (5) years or longer, and shall promptly report to the County Executive and Council any conditions or trends that threaten the County’s ability to maintain General Fund and Health and Human Services Levy Fund reserves at or above the thresholds provided in Chapters 706 and 707. Except during a sudden financial emergency, such reports may be made as part of the regular financial reporting provided for in Section 701.07.
- (B) The County Executive and Council shall conduct a Reserve Stabilization Planning Process whenever any of the following occur:
  - (1) The reserve percentage reaches twenty-six percent (26%) or less in the General Fund or eleven (11%) or less in the Health and Human Services Levy Fund; or
  - (2) The Executive, OBM, or Council identifies trends reasonably expected to bring the General Fund and/or the Health and Human Services Levy Fund reserves below its reserve threshold with one year; or
  - (3) There is an excess of operating expenses over revenues, net of one-time expenditures, in the General Fund or the Health and Human Services Levy fund of more than three percent (3%) in any fiscal year; or
  - (4) The Executive and Council for any other reason agree to do so.
- (C) When conducting a Reserve Stabilization Planning Process, the County Executive and Council shall, within four (4) months after Subsection (B) of this section is triggered:
  - (1) Prepare a plan for the affected fund(s) to ensure long term structural balance and maintain or restore the reserve percentage at or above its reserve threshold; and
  - (2) Include in the plan a process for ongoing monitoring and revision of the plan, as needed.

**SECTION 2.** It is found and determined that all formal actions of this Council relating to the adoption of this Ordinance were adopted in an open meeting of the Council, and that all deliberations of this Council and of any of its committees that resulted in such formal action were in meetings open to the public, in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

On a motion by Mr. Miller, seconded by Ms. Conwell, the foregoing Ordinance was duly enacted.

Yeas: Hairston, Simon, Greenspan, Miller, Brady, Germana, Gallagher, Conwell, Jones and Connally

Nays: None

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County Council President

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Date

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County Executive

\_\_\_\_\_  
Date

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Clerk of Council

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Date

First Reading/Referred to Committee: October 28, 2014

Committee(s) Assigned: Finance & Budgeting

Committee Report/Second Reading: November 25, 2014

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December 9, 2014