



## ADMINISTRATIVE PROCEDURES

<b>TITLE: Modification of Net Working Capital Budget</b>		<b>PROCEDURE #: 416-A</b>
<b>DEPT: Finance</b>		<b>DIVISION:</b>
<b>EFFECTIVE DATE: 12/17/2014</b>	<b>REVIEWED: 4/24</b>	<b>REVISED:</b>

**OBJECTIVE:** To establish a procedure for adjusting budgeted actual net working capital to replace estimated net working capital during budget execution.

**REFERENCE:** Policy #416.

**POLICY STATEMENT:** Departments are required to submit supplemental budget requests to modify adopted budgeted net working capital estimates to actual net working capital after the actual has been calculated and recorded in the financial information management system (FIMS).

**APPLICABILITY:** Department heads, elected officials, and other employees who are responsible for budget management at the fund and program level.

### PROCEDURES:

1. Determination of Actual Net Working Capital for the Current Fiscal Year
  - 1.1. Current fiscal year actual net working capital is recorded in FIMS in the first quarter of the fiscal year. Departments should review Income Summary reports and note variances between budget and actual net working capital at fund, program and service levels to begin planning for a supplemental budget.
  - 1.2. General Fund and Central Services Fund departments do not need to submit supplemental budgets to adjust net working capital as there is no ending or beginning fund balances for these funds at the department level. General Fund net working capital is at the non-departmental level while the Central Services Fund is set up as a self-balancing fund, e.g., it has no net income or loss. The Finance Department is responsible for any post-budget adoption modifications to the net working capital budget for the General Fund.
2. Prepare a Supplemental Budget Request
  - 2.1. Departments will be notified that a supplemental budget stage is open and that it is the appropriate stage to enter net working capital modifications.
  - 2.2. Net working capital budget adjustments are entered in the budget program (BUD), using either positive or negative amounts according to whether the budgeted net working capital is to be increased or decreased to the actual (FIMS) balance. Entry is at the same level as the adopted budget amounts which may be to the project level.

- 2.3 In certain situations, redistribution of net working capital between services (or projects) within a program or among programs within a fund may be allowed. If the revenues of any service are legitimately transferable to or from other services or programs within a fund, then the net working capital may also be transferable. Departments are responsible for knowing the state, federal or donor restrictions, if any, on shifting net working capital derived from grants, contracts or donations from one service to another.
3. The Budget Officer and Chief Financial Officer are responsible for ensuring that a countywide supplemental budget request includes requests to adjust the net working capital budget for each fund that meets the criteria.

ATTACHMENTS: None