

**RESOLUTION 206**

**A RESOLUTION OF THE GOVERNING BOARD OF NORCOM APPROVING THE 2024 BUDGET POLICY**

**WHEREAS**, pursuant to Section 12(b) of the North East King County Regional Public Safety Communications Agency Interlocal Agreement (the “Interlocal Agreement”), the Governing Board of NORCOM is required to adopt a budget policy for the upcoming annual budget no later than June 1; and

**WHEREAS**, the NORCOM Finance Manager has prepared and submitted to the Finance Committee a proposed budget policy for fiscal year 2024 for review and recommendation; and

**NOW, THEREFORE, BE IT RESOLVED** by the Governing Board of NORCOM as follows:

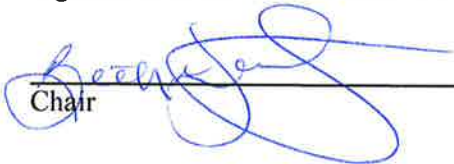
Section 1. Approval of the Budget Policy. Pursuant to the terms of the Interlocal Agreement, the Governing Board hereby approves the budget policy for fiscal year 2024, substantially in the form presented to the Governing Board and attached hereto as Exhibit A and incorporated herein by this reference.

Section 2. Further Authority; Prior Acts. All NORCOM officials, their agents, and representatives are hereby authorized and directed to undertake all actions necessary or desirable from time to time to carry out the terms of, and complete the transactions contemplated by, this resolution. All acts taken pursuant to the authority of this resolution but prior to its effective date are hereby ratified and confirmed.

Section 3. Effective Date. This resolution shall take effect immediately upon its passage and adoption.

Passed by a majority vote of the Governing Board in an open public meeting on this 10<sup>th</sup> day of March, 2023.

Signed in authentication thereof on this 10<sup>th</sup> day of March 2023.

  
Chair

  
Attest

# NORCOM

## 2024 Budget Policy

NORCOM's budget process is part of an overall policy framework that guides the services and functions of the agency. The budget serves a key role by allocating financial resources to the programs, which implement NORCOM's mission and core values. The budget also establishes financial policies to influence the availability of future resources that continue to carry out NORCOM's mission and core values.

Budget Policy development involves several steps. NORCOM budget policy starts with an understanding of service levels, needs, and issues impacting operations. NORCOM's management team evaluates performance measures to assess organizational costs, effectiveness, and determine issues impacting 2024 operating priorities and the level of funding for each. Budget policies are statements that describe how financial resources will be obtained, allocated, managed, and controlled.

NORCOM's mission statement and core values are the broad policy statements that outline the objectives of the Governing Board. Budget objectives are policy statements summarizing the actions that are to be implemented in the budget.

### **Financial Management Policies**

The following policies will guide the manner in which NORCOM develops, allocates, manages and controls financial resources available to the agency. These policies are the goals that the Governing Board seeks to achieve in its decision making and most are documented in NORCOM's Standard Operating Procedures. However, since fiscal conditions and circumstances continually shift and change in response to operating needs, it may not be practical or always desirable to continually achieve these policies. Therefore, these policies are intended to guide, not govern, financial decision making and may not be fully achieved within any budget period.

### **General Financial Goals**

- To provide a financial base sufficient to sustain reliable, high-quality, resilient emergency service communications for police, fire, and emergency medical services.
- To be able to withstand local and regional economic hardships sustained by our participating and subscribing agencies and adjust to changes in their service level requirements.
- To adapt to changing funding resources from other governments.
- To implement strategies to allow for stabilized year-over-year assessment fees to participating and subscribing agencies.

### **Operating Budget Policies**

- The operating budget is NORCOM's comprehensive financial plan which provides for the level of services prescribed by the Participating Agencies, including additional services or

new programs as approved in subsequent years. A new budget will be adopted every year as a result of a comprehensive process incorporating any newly approved programs, inflationary increases, and other expenses. New programs will be analyzed by the NORCOM Leadership before being presented to the Governing Board for their analysis and review and, if approved, incorporated into the budget. No “one-time” expenses will be carried forward into subsequent budgets without specific authority.

- NORCOM defines a balanced budget as current annual revenues (including fund balances) being equal to or greater than current annual expenditures.
- All current operating expenditures will be paid from current revenues and cash carried over from the prior year. Current revenues and operating expenditures will be reviewed monthly during the year.
- NORCOM will maintain revenue and expenditure categories according to state statute and administrative regulation.

#### **Amendment/Adjustment Policies:**

- All supplemental appropriations for programs requested after the original budget is adopted, will only be approved by the Governing Board after consideration of the availability of revenues.

#### **Revenue Policies:**

- “Other” Revenues shall be realistically estimated and based upon the most recent information available.
- NORCOM will follow a vigorous policy of collecting revenues.
- NORCOM will seek to avoid dependence on temporary or unstable revenues to fund ongoing mission critical services.
- Grant funds or similar contractual revenue of a temporary nature will be budgeted only if they are committed at the time of the preliminary budget. Otherwise, separate appropriations will be made during the year as grants are awarded or contracts made.

#### **Expenditure Policies:**

- The NORCOM budget will provide for a sustainable level of service for the well-being of employees and safety of the emergency service providers.
- Expenditures approved by the Governing Board in the annual budget define NORCOM’s spending limits for the upcoming year. In addition to legal requirements, NORCOM will maintain an operating philosophy of cost control and responsible financial management.
- The Governing Board will be provided with details for any new program including a summary of the expenditure, the recommended funding source, an analysis of the fiscal impact and a review of all reserves and previously approved amendments since budget adoption.

- Emphasis is placed on improving individual and work group productivity rather than adding to the work force. NORCOM will invest in technology and other efficiency tools to maximize productivity. NORCOM will request additional staff only after the need of such positions has been demonstrated and documented.

### **Capital Projects and Equipment Replacement**

- The Capital Project fund is to be utilized to track projects typically lasting more than one year.
- A capital project provides for the construction, repair, or improvement of key infrastructure. This includes new construction, additions, improvements, service extensions and similar projects to NORCOM buildings, grounds, or software infrastructure.
- Equipment Replacement will be fully funded according to the cash flow schedule to minimize large increases in User Fees from year to year resulting from acquisition or replacement of capital, and to fund the timely replacement of aging technology, equipment, and systems.
- NORCOM will maintain all its assets at an acceptable level to protect capital investment and to minimize future maintenance and replacement costs.
- NORCOM will conduct an equipment replacement and maintenance needs analysis, using a cash flow method, for the next ten years, annually. From this projection a maintenance and replacement schedule will be developed and followed.
- NORCOM will identify the estimated initial and ongoing costs and potential funding sources for each capital project proposal for the next ten years before it is submitted for approval.
- NORCOM will coordinate development of the Capital Projects budget with development of the operating budget. Future operating costs associated with new capital projects will be projected and included in budget forecasts.

### **Operating Reserves and Contingency:**

- NORCOM Leadership will demonstrate its analysis of prospective needs or plans for reserve funds by developing a minimum of ten-year forecasting of Operating, Capital and ER&R activities to the Finance Committee.
- Per section 12h of the ILA, each budget year the Governing Board shall set the Operating Expense Reserve at a level that ensures funds are on hand to reasonably address unforeseen operating contingencies. NORCOM's goal is to maintain the Operating Expense Reserve at a level equal to 5-10% of the total Operating Budget.
  - For the purpose of determining Operating Expense Reserve funding, the Governing Board defines the Operating Budget as the operating fund expenses less salaries, benefits, and one-time expenses.

- The Rate Stabilization Fund shall not exceed 10% of current Operating Fund Revenues. If it is determined that funds will be used to offset transition to higher rates or fund one-time expenditures the designated amount shall be applied to the overall budget prior to calculating assessments.
- All expenditures drawn from reserve accounts shall require prior Board approval unless previously authorized for expenditure in the annual budget.

### **Accounting, Auditing, and Financial Reporting Policies**

- NORCOM will establish and maintain a high standard of accounting practices.
- Accounting and budgetary systems will, at all times, conform to Generally Accepted Accounting Principles, the State of Washington Budgeting Accounting Reporting System (BARS) and local regulations.
- A comprehensive accounting system will be maintained to provide all financial information necessary to effectively operate NORCOM.
- NORCOM's budget documents shall be presented in a format that provides for logical comparison with prior annual actual totals wherever possible.
- Reports outlining the status of revenues and expenditures shall be done monthly beginning in March of each year and will be distributed to the Governing Board, Executive Director, Finance Committee, Department managers and any other interested party.
- An annual audit will be performed by the State Auditor's Office.

### **Budget Calendar**

- In order to facilitate and implement the budget process the Finance Manager will develop and distribute a budget calendar.

## 2024 BUDGET CALENDAR

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<b><u>February</u></b>	<b><u>Date</u></b>
Finance Committee approves budget policy	February 28
<b><u>March</u></b>	
Governing Board adopts budget policy	March 10
<b><u>April</u></b>	
Preliminary budget is drafted and distributed to Leadership	March 23
<b><u>May</u></b>	
NORCOM Leadership submits any new projects or programs to Finance Committee for review	May 1
<b><u>June</u></b>	
Budget Development complete	June 23
Presentation of preliminary budget to Finance Committee	June 27
<b><u>July</u></b>	
User Fee updates complete	July 14
<b><u>August</u></b>	
Proposed budget transmitted to Governing Board/ILA 12(c)	August 10
Public hearing & board approval by Governing Board/ ILA 12(c)	August 11
<b><u>September</u></b>	
Participating agencies advised of budget and user fees/ ILA 12(c)	Sept. 8
<b><u>December</u></b>	
Approval by the legislative authorities of each Participating/Subscriber/ ILA 12(c)	December 8
Governing Board adopts final budget/ ILA12(c)	December 8