

2020 Newly Elected Officials Training

County Budgeting – Your Primary Duty

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Outline

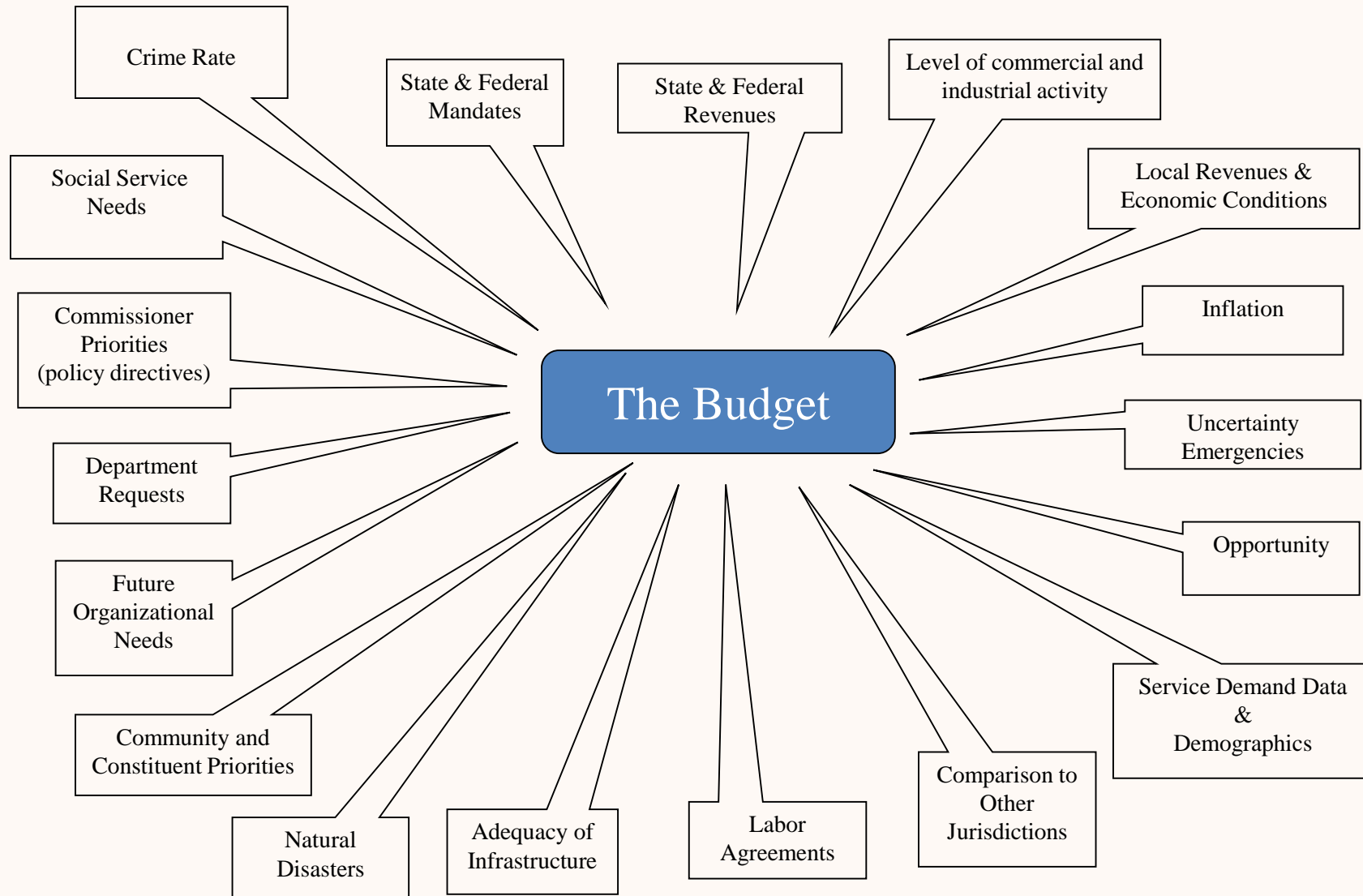
- What is a Budget?
- Budget Responsibilities
 - Board of County Commissioners/Council
 - Auditor/CFO
 - Other Electeds/Department Heads
- Budget Process
 - Driven by RCW and other policies
 - Team Approach
- Introduction to Fund Accounting
- Suggestions for Success
- Conclusion

WHAT IS A BUDGET?

What is a budget and why do I care?

- A reflection of policy
 - Budget is the means to achieve the goals of government. What a jurisdiction considers most important will govern how it allocates funds.
- A financial plan
 - The plan forecasts expenditures and expected revenues then distributes those resource to achieve community goals. Funding is always a compromise between available funds and expected service levels.
- A management tool
 - Compare and control actual expenditures to plans and policy objectives

What drives budget decisions?



Budgets By Different Names

There are different types of budgets

- Preliminary Budget (requests/draft)
- Annual / Biennial Budget (1 or 2 years)
- Fiscal Budget (financial)
- Operating Budget (services)
- Capital Budget (infrastructure)
- Continuing Appropriation (for Debt Service)

BUDGET RESPONSIBILITIES

Board of Commissioner/Council Responsibilities

RCW 36.40

- Adopt a balanced budget on or before December 31
- Amend budgets periodically in order to
 - Recognize unanticipated local, state, or federal funds
 - Make revisions or transfers between departments
 - Account for expenditures related to emergencies (expenses which could not reasonably have been foreseen at the time of making the budget)

Board of Commissioner/Council Responsibilities (continued)

- RCW 36.32.120
 - Set the amount of taxes to be collected and ensure collection
 - Audit the accounts of all officers having the care, management, collection, or disbursement of any money belonging to the county or appropriated to its benefit (monitor the budget)

Elected Official, CFO, Manager, Engineer Responsibilities

- County Officials/Department Heads
 - File with the Auditor or CFO “detailed and itemized estimates” of revenues and expenditures on or before the 3rd Monday in August (RCW 36.40.010)
- Auditor or CFO RCW 36.40.040 & 36.40.050
 - Prepares Preliminary Budget and submits to Commissioners on or before the 1st Tuesday in September (RCW 36.40.040 & 36.40.050)
- County Engineer
 - Submits a recommended plan for road construction and maintenance on or before the 1st of October. Changes to the final road plan require unanimous vote of the county legislative authority (RCW 36.81.130)

BUDGET PROCESS

Example process and dates required by RCW (mostly 36.40)

2021 Budget Calendar for Counties	
March— June	<p>Pre-Budget Items</p> <ul style="list-style-type: none"> Strategic planning sessions to develop goals and priorities Update and/or adopt financial policies Public hearings for capital facility plan updates for GMA planning counties Capital improvement plan updates for partially planning GMA counties Communicate budget objectives to county departments and elected offices
July	<p>July 13* County auditor or chief financial officer (CFO) notifies all officials of the request for budget</p>
August	<p>Before Aug 10* Auditor or CFO prepares estimates for debt service and all other estimates not called for in the notification to officials.</p> <p>Aug 10* Budget estimates from all officials filed with auditor or CFO.</p>
September	<p>Sept 1* Preliminary county budget prepared by auditor or CFO is submitted to the commissioners.</p> <p>Sept 21* Notice of public hearing on budget and tax levies. Copies of budget available to the public.</p> <p>Sept 25 Implicit price deflator calculated (only applies to counties of 10,000+ population)</p>
October/ November	<p>Oct 5* Final budget hearing by board of commissioners.</p> <p>Nov 30 County legislative authority to certify to the county assessor the amount of taxes to be levied upon property in the county.</p>
December	<p>Dec 7 Alternate final budget hearing on preliminary budget.</p> <p>Dec 31 Budget adoption</p>

* Dates may be altered if County is using alternate budget calendar

Budget Preparation Also Guided by:

Local laws, plans, and policies may prescribe:

- *Areas of responsibility & authority
- *Timelines & process

Plans and Laws (e.g.):

- County Codes
- County Resolutions
- County Ordinances
- Home Rule Charters
- County Strategic/Operational Plan(s)
- Transportation Improvement Plans
- Capital Facilities Plans
- Solid Waste Management Plans
- Drainage Improvement Plans
- Union Contracts

Policies (e.g.):

- Financial Management Policies
- Grant Management Policies
- Personnel Policies
- Contracting & Procurement Policies
- Debt Policies
- Investment Policies

Budget Office

Auditor's office or BOCC appointee (statute allows either) is responsible for preparing a recommended budget and implementing the budget process

- Policy Analysis
- Expenditure Forecasts
- Financial Planning
- Performance Measures
- Strategic Planning
- Revenue Forecasts
- Capital Expense Planning
- Line Item Detail

QUESTIONS?

INTRODUCTION TO FUND ACCOUNTING

Fund Accounting

The County budget is divided into Funds

- A fund is an accounting term used to describe a balanced set of accounts (revenues and expenditures)
- A fund documents where monies come from and how they are used to carry out specific purposes or achieve objectives. Fund accounting enhances traceability and therefore transparency.
- The cash, assets, liabilities, income and expenses of each fund are kept separate from other funds
- “One fund cannot benefit at the expense of another.” (RCW 43.09.210)
- Similar to personal bank accounts
 - Household checking
 - Retirement
 - Savings account
 - Christmas Club

Fund Types (6)

General Funds (Current Expense)

Current Expense is the usually the largest fund, is funded largely by unrestricted revenue, and is comprised of departments encompassing the legislative, public safety, judicial, legal, financial and administrative functions of a county. Other general funds are others funded primarily by unrestricted revenue.

Special Revenue Funds

Account for revenues derived from specific taxes, grants, or other sources which are designated/restricted to finance particular activities.

Debt Service Funds

Account for the accumulation of resources to pay principal, interest and costs related to general obligation and long-term bonded debt.

Fund Types (continued)

Capital Projects Fund

Account for resources designated for the acquisition, construction or repair of capital facilities.

Enterprise Fund

Account for operations where revenues are derived primarily through user fees such as classified public utilities.

Internal Service Fund

Account for operations that provide goods and services to other departments of the county or to other governmental units on a cost-reimbursement basis.

SUGGESTIONS FOR SUCCESS

Suggestions for Success

- Conduct your own research
 - Look at last 3-5 years
- Schedule visits with departments
 - Review budget, goals & objectives, service levels
- Maintain a long-term perspective
- Consider sustainability

Pitfalls

- Insufficient reserves
 - Allow for emergencies, contingencies
- Not monitoring budgets
 - Unrecognized revenues
 - Overspending
- Not following statutory requirements
- Not asking questions
- Overbudgeting

CONCLUSION

In Summary

- The budget process is largely controlled by State law
- The Budget is a financial plan as well as a policy document (you do what you fund)
 - Policy – Policy – Policy
- Budget writing is necessarily a collaborative process
- Restricted revenues require careful monitoring

Questions?

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