Making $ense of County Budgeting

Presentation Outline

The What and Why of the Budget
The Budget Cycle
Budget Roles
Budget Adoption
Budget Amendments

Goals for the Session

- Learn the what and why of the budget
- Understand budget cycle timing
- Differentiate roles and responsibilities
- Feel ready to begin navigating the budget process
What is a Budget?

A budget is a Plan that:
Allocates resources (taxes, state/federal funds, charges for services, permits and fees) to people, contracts, supplies, materials and equipment;
In a manner that aligns with the County’s goals and priorities;
To accomplish the delivery of services to the community.

Why do a Budget?
Reasons to have a budget...

It’s Required
State Statute NCGS 159-8 requires a balanced budget ordinance from all local governments.

Budget is the tool by which Commissioners create the legal authority to spend (appropriation) for County operations.

It’s a Communication tool - the process and budget document explains how taxpayer dollars are used for the community’s benefit.

The Budget Cycle

May / June
- County must have Draft Budget by June 30
- Final Budget is due by July 1

July 1
- New Fiscal Year
- Departments Finalize Budget

June 1
- School Board required to submit budget to Commissioners

April / May
- Commissioners hold Public Hearings and Work Sessions on the Budget

By June 30
- Commissioners adopt Next Fiscal Year’s Budget

DISCUSSION TOPIC #1: JUMPING INTO THE PROCESS

As a newly elected commissioner, you are joining your County as the budget process is gearing up. What information do you need so you can hit the ground running?

What are your top priorities and how can you further them in the budget process?
Budget Roles and Responsibilities

Role of County Departments
- Deliver services to the community
- Prepare budget requests to support the Board and community priorities, taking into account:
  - Responsiveness to the changing needs of the community
  - Best practices for delivering high-quality services
  - Strategic and long-range plans
  - Technology investments to enhance service efficiency and effectiveness

Role of the County Manager
- Is the County Budget Officer per State Statute
- Recommends a budget to the Board of Commissioners that should:
  - Support your Board priorities and the actions required to accomplish them
  - Include department requests to maintain or expand county services
  - Budget all revenue sources
  - Follow all foundations of a fiscally responsible budget
  - Communicate the impact of any tax or fee increases on residents and businesses
Foundations of a Fiscally Responsible Budget

- Budgets must be balanced and should avoid using one-time resources to fund recurring expense
- Maintain an adequate General Fund reserve (fund balance) Typically set as percentage of the next year’s budget
- Revenue projections should be set at realistic and attainable levels Property tax collection rates cannot exceed the actual collection for the prior fiscal year

How Funds Work – Revenues and Expenditures

- General Fund
- Special Fund Types
- Capital / Debt Funds

Time span of funds determines budget ordinance type

<table>
<thead>
<tr>
<th>Annual NCGS §159-13</th>
<th>Project / Multi-year NCGS §159-13.2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriation is for a single fiscal year (July 1 to June 30)</td>
<td>A project (grant or capital) ordinance authorizes all appropriations necessary for the completion of the project</td>
</tr>
<tr>
<td>If amount not spent or obligated against the appropriation by end of fiscal year, authority to spend lapses</td>
<td>Does not require readoption in any subsequent fiscal year – spending authority can span multiple years</td>
</tr>
<tr>
<td>Fund requires readoption each year</td>
<td></td>
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</tbody>
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- ARPA Grants
- Water & Sewer

Special Fund Types

- Grants
- Restricted User Fees or Taxes
- Restricted Federal and State Funds
Example of Fund Types and Individual Funds

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Annual or Multi-year</th>
<th>Attributes</th>
<th>Individual Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>Annual</td>
<td>Taxes primary source</td>
<td>General Fund (core county operations)</td>
</tr>
<tr>
<td>Special Revenue</td>
<td>Either</td>
<td>Revenues restricted for specific purposes</td>
<td>ARPA, Fire Tax Districts, 911 Fees, Representative (DSS) Pave, Fines and Forfeitures, Deed of Trust</td>
</tr>
<tr>
<td>Enterprise</td>
<td>Annual</td>
<td>Self-supported from fees and charges</td>
<td>Water and Sewer Operating Fund, Water &amp; Sewer Districts, Solid Waste Operations</td>
</tr>
<tr>
<td>Custodial</td>
<td>Annual</td>
<td>Funds held on behalf of others; Not for county use</td>
<td>Municipal Property Tax Distributions, Jail/Inmate Trust Funds, Cooperative Extension</td>
</tr>
<tr>
<td>Grant &amp; Capital Projects</td>
<td>Multi-year</td>
<td>Budgets align with life of project</td>
<td>Grants Fund, Water and Sewer Capital, Solid Waste Capital</td>
</tr>
</tbody>
</table>

You will spend most of your time on the General Fund.

Once the County Manager recommends the budget, it is now the “Board’s budget” to modify or change.

DISCUSSION TOPIC #2: Providing Input

How can a 5 to 9-member board all give input to the county manager as the manager works on the budget?

What might that communication look like?
Role of Board of Commissioners

- Establishes county policy and sets the property tax rate
- Evaluates the budget recommendation of the County Manager
- Hold a public hearing(s) to provide citizens an opportunity to speak on the proposed budget
- Holds budget work sessions for the Board to discuss the recommendations contained within the budget proposal and may request that the County Manager make modifications to the proposal
- Formally adopts the budget through approval of ordinances
- Amends the budget as needed throughout the year

Budget Adoption Process

**Board of Commissioners**
- Must hold a public hearing and adopt the budget before July 1.
- Establishes the property tax rate (can only be done as part of the annual budget process)

**Budget Ordinances**
- Provides the legal authority to spend - Appropriation
- Delegates certain responsibilities to the County Manager, Finance Director and Tax Collector
- Includes estimated revenues and expenditures for each fund

Budget ordinances are documents presented to the Board that include all budget details requiring approval.
DISCUSSION TOPIC #3: Finalizing the Budget

The Board of Commissioners held a public hearing on the recommended budget. While there is a small tax increase, speakers at the public hearing do not comment on the tax increase. The public comments were focused on:

- The budget did not include enough funding for the school system to support teacher salary supplements.
- Non-profits who requested increases in their funding are not happy with the recommended appropriation.
- While not in attendance at the public hearing, you receive a letter from the Sheriff that he is unhappy the pay raises recommended for staff and wants to meet with the commissioners.

DISCUSSION QUESTIONS #3: Finalizing the Budget

What are your thoughts on how to address the three primary issues raised about the budget?

If you want to increase funding in any area, it requires reducing other amounts in the County Manager’s recommending budget or finding additional revenue sources. Where do you start?

How do you handle the Sheriff’s request for a meeting?

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Budget Amendment Process

Budget changes happen throughout the year that will require Board Approval.

*Budget is a year round process*
Take Aways

Budgets are required and provide the spending plan for all county resources
Budgets must be balanced and follow fiscally sound policies
Well-defined roles and responsibilities exist
Budget is a year-round process

*The Budget Process is one of the Board's most important responsibilities*

Thank you for your time and attention!

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