Introduction to County Budgeting

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What is a county budget?

- County crystal ball
- A policy document adopted by resolution by BOCC
- Reflection of anticipated revenues and expenses
- A roadmap of how county will provide essential county services
- A promise to the public





CANYON COUNTY IDAHO

ADOPTED BUDGET FISCAL YEAR 2024



Evaluating Budget Priorities

- What is the overall financial health of the county?
- Is the service mandated or is it discretionary?
- Will it create efficiencies?
- Will it require more staffing?
- Does it have a dedicated revenue source?
- Will it be a one-time expense or an ongoing expense?
- Does it meet current and future growth projections?



FY 2026 Budget Considerations

- What's up with the economy
- Revenue sharing growth (or)
- Federal Funding
- Avista, Idaho Power, Rocky Mountain, other electric judgements
- Employee recruitment and retention
- Public Defense Responsibility (institutional counties)
- Secure Rural Schools not reauthorized
- Local transportation funding enhancements:
 - TECM (now fixed at \$45 million)
 - State general fund appropriations (declining)



FY2026 County Budget Deadlines

May 5th: County clerk distributes budget forms

May 19th: Budget forms due back to county clerk

June: BOCC and county clerk meet with E.O.s and department heads

August 4th: County clerk submits suggested budget to BOCC

Prior to August 18th: BOCC adopts tentative budget

August 18th: Publication of tentative budget

On or before September 2nd: BOCC holds budget hearing/approves budget



County Budget Development Terms

Suggested Budget

I.C. §31-1603

April – May

County clerk's budget recommendation showing anticipated revenues and expenditures for the ensuing budget year



Tentative Budget

I.C. §31-1604

June - July

BOCC's modifications to suggested budget which sets the expenditure and revenue ceiling for the final approved budget



Approved Budget

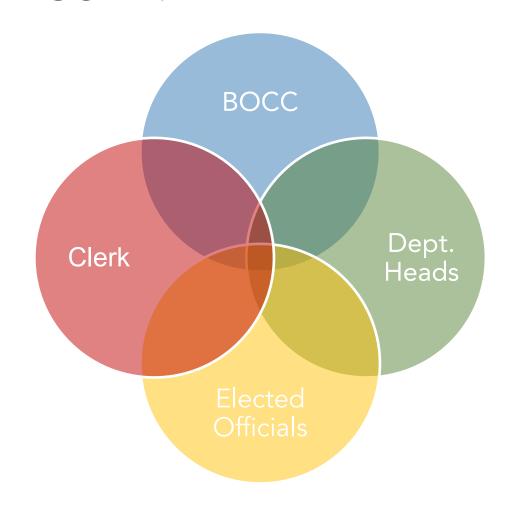
I.C. §31-1605

Aug – Sept.

Final budget adopted by BOCC establishing expenditure limits and estimated revenues for the ensuring budget year

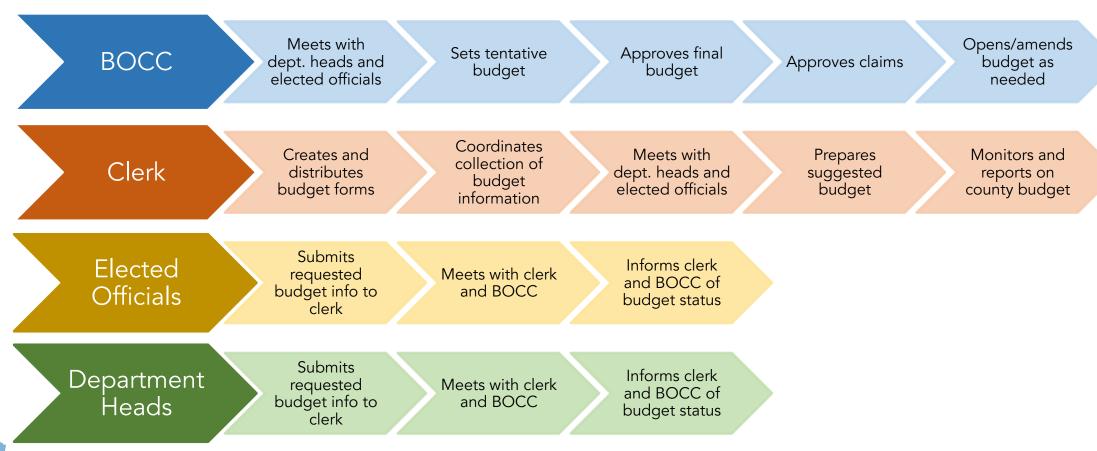


It Takes a Team!





Roles & Responsibilities



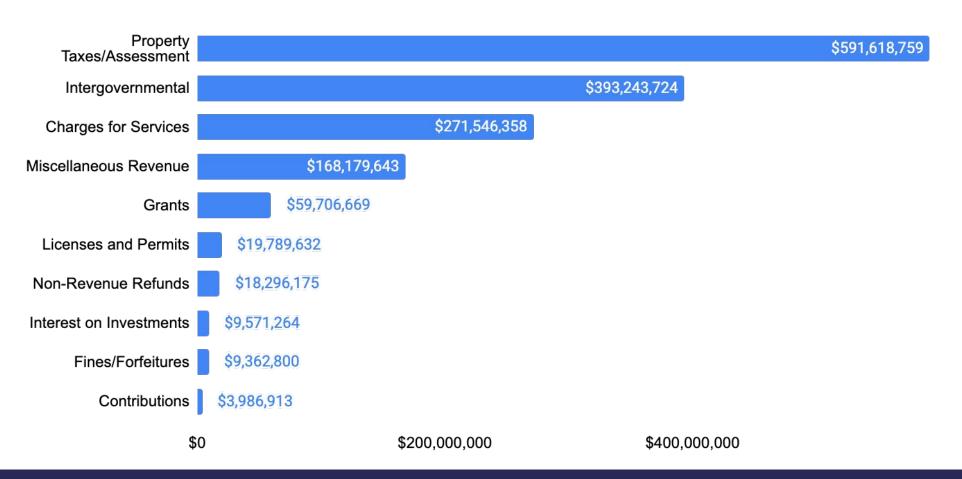


County Revenue Categories

Fund Balance Property Tax Levies Intergovernmental Fees and Fines Current Expense Levy Sales Tax Rev Share District Court Fees Reserves (cash basis) Justice Levy Liquor Funds DMV Fees One time savings District Court Levy Highway Funds Recording Fees Unassigned Election Revaluation Levy Solid Waste Fees Dedicated Consolidation Road & Bridge Levy PILT P&Z/Building Fees Etc. Judgements SRS Mapping Fees Etc. Etc. Etc.



County Revenues, FY 2023





General vs Dedicated Revenues

General Revenues

- Non restricted funds that can be used for any general purpose
- Examples:
 - Sales Tax Revenue Sharing
 - PILT
 - Wind and Solar Tax

<u>Dedicated Revenues</u>

- Restricted funds that can only be used for specific purposes
- Examples
 - Highway User Revenue
 - District Court Fees
 - Enterprise Fees
 - Secure Rural Schools



Property Taxes

Budget Caps

- Base property tax budget cannot increase by more the 3% + new construction
- Base property tax budget increase + new construction cannot exceed 8%
 - Exception for new construction due to termination of urban renewal district
- Base property tax budget may increase by another 1% if forgone property tax is available
- A one-time property tax budget of 3% for capital projects if forgone property tax is available (not included in base property tax budget)

Levy Caps

- Each levied fund has a statutory limit
- A taxing district may not levy above statutory levy caps



Property Tax Budget Calculation

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Base Property Tax Budget × 1.03
+ 90% New Construction Mkt Val × Preliminary Levy Rate
+ Previously Forgone Property Taxes
Maximum Property Tax Budget
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- Reminder #1: Base budget + 3% plus new construction ≤ 8%
- Reminder #2: Budgeted forgone to base budget cannot exceed 1% of base property tax budget, included in future base budgets
- Reminder #3: May budget 3% forgone for one time capital projects, does not go to base



Fees for Services

- Statutory Fees
 - Set by Idaho Code
 - Court fees
 - Driver license fees
 - Recording fees

- County Fees
 - Set by BOCC
 - Must be related to and not exceed actual cost of providing service (Idaho Code §31-870)
 - Solid waste fees
 - Vehicle registration and title fees
 - P&Z, building, development fees



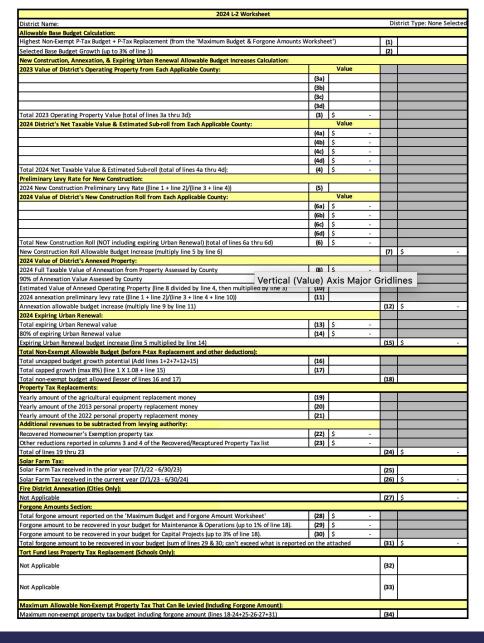
Intergovernmental Revenues

- Example of federal intergovernmental revenues:
 - PILT county only, general use
 - SRS county, highway district, and school district, dedicated use
- Examples of state intergovernmental revenues:
 - Sales Tax
 - Revenue sharing general use
 - Property tax replacement general use
 - Election fund dedicated use
 - Liquor Fund 50/50 general/dedicated use
 - Highway User Revenue dedicated use



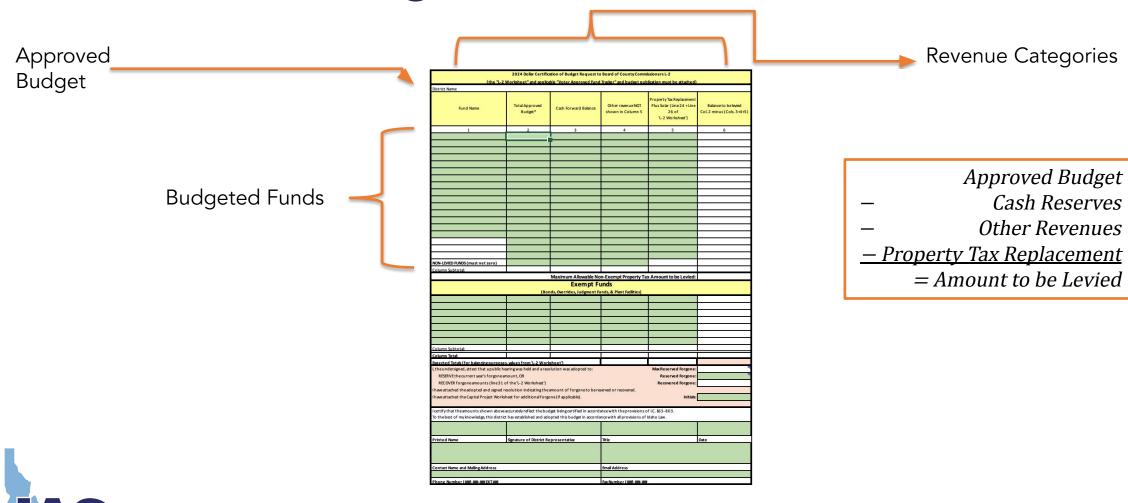
The L-2 Worksheet

Calculation of maximum allowed non-exempt property tax budget





Understanding the L-2 Form



Examples of County Budget Funds

- General or Current Expense
- Airport
- Ambulance
- Ad Valorem (Revaluation)
- Justice
- Ignition Interlock
- District Court
- Election Consolidation
- Fairgrounds and Buildings

- Health District
- Historical Society
- Non Medical Charity
- Trusts
- Drug Court
- Road & Bridge
- Community College
- Parks & Recreation
- Pest Control

- Snowmobile
- Solid Waste
- Tort
- Veterans' Memorial
- Waterways
- Noxious Weed
- 911 Emergency Communications
- EMS
- Enterprise Funds
- Capital Facilities Fund

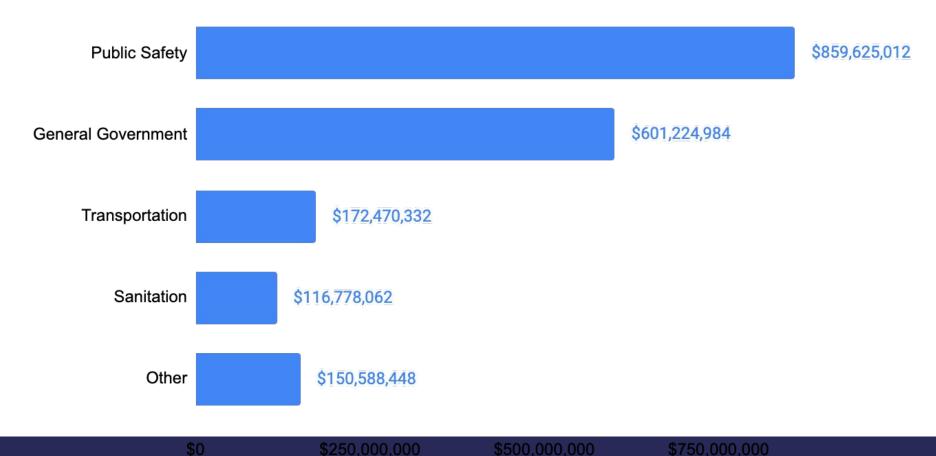


County Expense Categories

"A" Budget "B" Budget "C" Budget "D" Budget I.C. §31-1604(1) I.C. §31-1604(1) Optional Category Optional Category Capital Expenses **CEO Salaries** Operating Expenses Benefit Expenses **Employee Salaries** Facility Upgrades Payroll Taxes Supplies May Include Benefits Equipment Long Term Leases Retirement Travel Design Costs Health Insurance Construction Costs Workers Comp Training, Events, Etc. May Include Benefits Unemployment May Include Capital



County Expenditures, FY 2023





Elected Official Salaries

- What is in the budget is "full compensation" for their service
- No bonuses and no reductions
- Evaluate current needs: does compensation match current responsibilities?
- IAC Annual Salary Survey: https://idcounties.org/iac-salary-survey/
- Idaho Code §32-3101, §31-3106, and §31-816



Budgeted Reserves and Emergencies

- BOCC may make general reserve appropriations, not to exceed 5% of the Current Expense and Justice Fund Budget (Idaho Code §31-1605 and §63-805)
- Emergency expenditures may be made by unanimous resolution of the BOCC (Idaho Code § 31-1608)
 - May use any and all funds in the county treasury
 - May incur debt to address emergency
 - Funds must be paid back after the emergency



The Basics of Managing the Budget

- You have a fiduciary responsibility to safeguard public funds
- Expenditures cannot exceed revenues, applied to correct line item
- Budget amendments must be done in public and follow the law
- $\#_{A}$ Appropriations are year-to-year
- You cannot transfer levied funds to another fund (I.C. §31-1508)
- Communicate, communicate, communicate



Reality Check

Your department's/office's ability to spend is limited by the budget

Budgets are subject to unforeseen obligations out of your control

Property taxes cannot be increased mid budget year

If it isn't in your budget, you can't spend it (unanticipated revenue)

Just because it is in your budget doesn't mean you can spend it

Cooperation among county officials is essential

Claims Against the County

- BOCC to examine, settle, and allow legal claims against the county (Idaho Code §31-809)
- Claims must be accompanied by receipt (Idaho Code §31-1501)
- Claims must be submitted within one year (Idaho Code §31-1501)
- BOCC approves checklist of allowed bills/claims (Idaho Code § 31-1502)
- Treasurer to only issue warrants (checks) for allowed bills/claims



Each and every county official or employee shall be limited in making expenditures or the incurring of liabilities to the respective amounts of such appropriations and is liable to county for excess expenditures (Idaho Code §31-1606, §31-1607).



Government Accounting: GASB

- What is GASB?
 - Government Accounting Standards Board establishes accounting reporting standards at the state and local level (Idaho Code §31-1509)
 - GASB's purpose is to assist governing bodies to evaluate their operation and provide the public with easier to read reports due to the standardization of reporting
 - Each department must keep track of all assets/inventory according to the county policy
 - Key component of annual audit



Annual Audits

- The county must have an annual audit performed by outside auditors (Idaho Code §31-1701)
- Annual audit must be performed by June 30th (Idaho Code §67-450B)
- Annual audit summary must be published within 30 days of completion (Idaho Code §31-819)
- Other possible audits by outside auditors:
 - Waterways/Snowmobile
 - Grants
 - PERSI
 - Workers Compensation



Local Government Transparency

- Central registry and reporting portal requirements for counties (Idaho Code §67-1076):
 - Manual adopted by committee
 - Due December 1st of each year
 - Administrative information (governing board, contact info, fiscal year, etc.)
 - Financial information (most recently adopted budget, unaudited comparison of budget to actual for prior fiscal year, date of last audit, most recent audit)
 - Local Transparent Idaho now has county budget and fund balance information (all local governments must go live by 2025)

https://localtransparency.idaho.gov:





Checks and Balances

- Role of the Board of County Commissioners
 - Idaho Code §31-809: Examine and audit accounts
 - Idaho Code §31-1701: Full and complete external audit
 - Idaho Code §31-810: Examine and settle allowable claims
- Role of the County Clerk/Auditor
 - Idaho Code §31-1602: Ensure budget compliance
 - Idaho Code §31-1611: Quarterly financial statements to BOCC
 - Idaho Code §31-1511: Jointly issue and sign warrants with the county treasurer
 - Idaho Code §31-2304: Keep accounts current with the county treasurer
 - Communicate with treasurer when large expenditures are due
- Role of the County Treasurer
 - Idaho Code §31-2113: Detailed report to BOCC
 - Idaho Code §31-2112: Monthly/annual settlement of accounts
 - Idaho Code §31-1511: Jointly issue and sign "warrants" (or checks) with the clerk/auditor



Fraud Risks

- Credit card use monitor use and identify misuse of public funds (Idaho Code §18-5701, Idaho Code)
- Borrowing lunch money from a cash drawer
- Easy/unsupervised access to petty cash
- Pocketing cash as it comes in
- Accounts payable watch for fake invoices or companies, double billing, etc.
- Separation of Duties



Fraud Prevention

- Make sure your county has adopted formal internal controls
- Make sure to comply with annual outside audit and other financial reporting requirements
- Follow recommendations of outside auditor
- Develop, adopt, and update county policies to prevent fraud (credit card policy, travel policy, county vehicle use policy, establish internal financial controls, etc.)
- Don't just look for fiscal fraud (supplies, fuel use, etc.)

