

Introduction to County Budgeting

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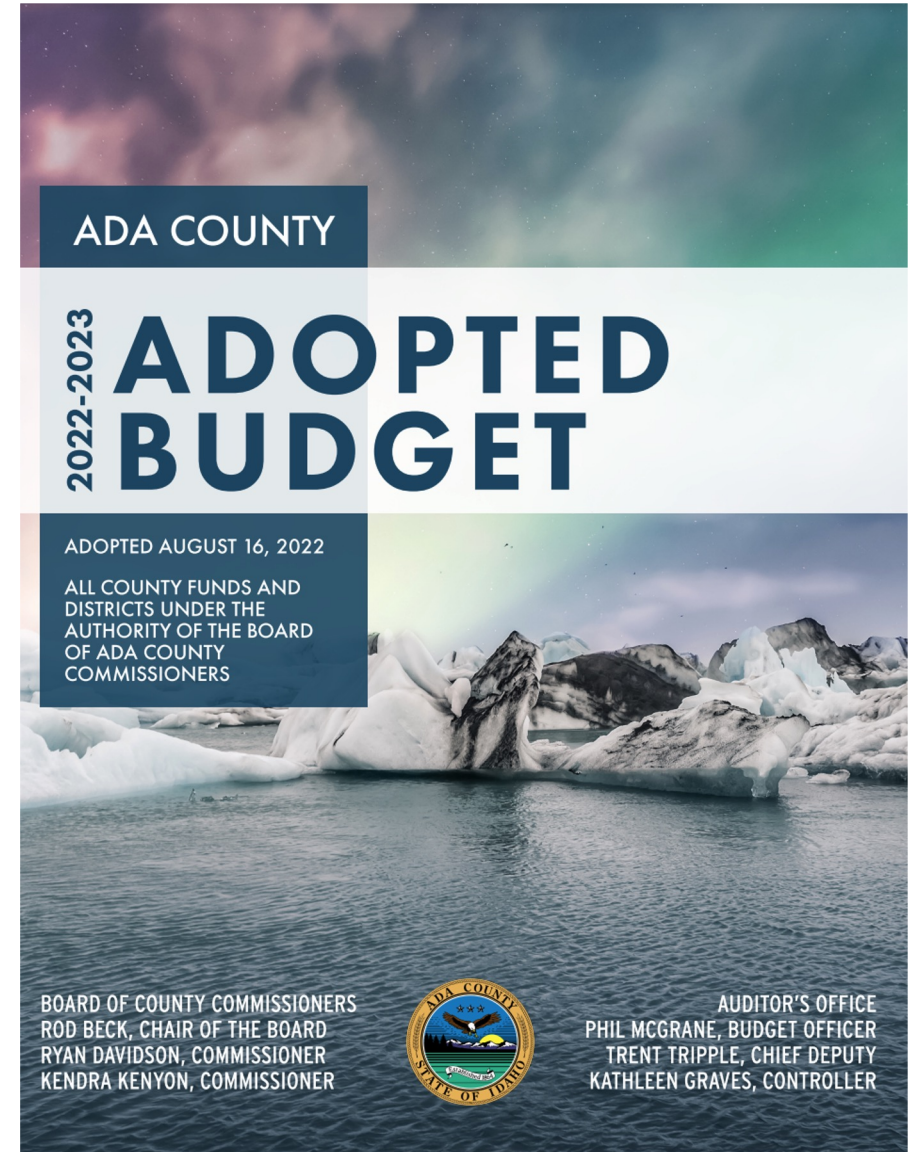
Mary Prisco, Boise County Clerk

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What is a county budget?

- 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



Evaluating Budget Priorities

What is the overall financial health of the county?

Is the service mandated?

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?

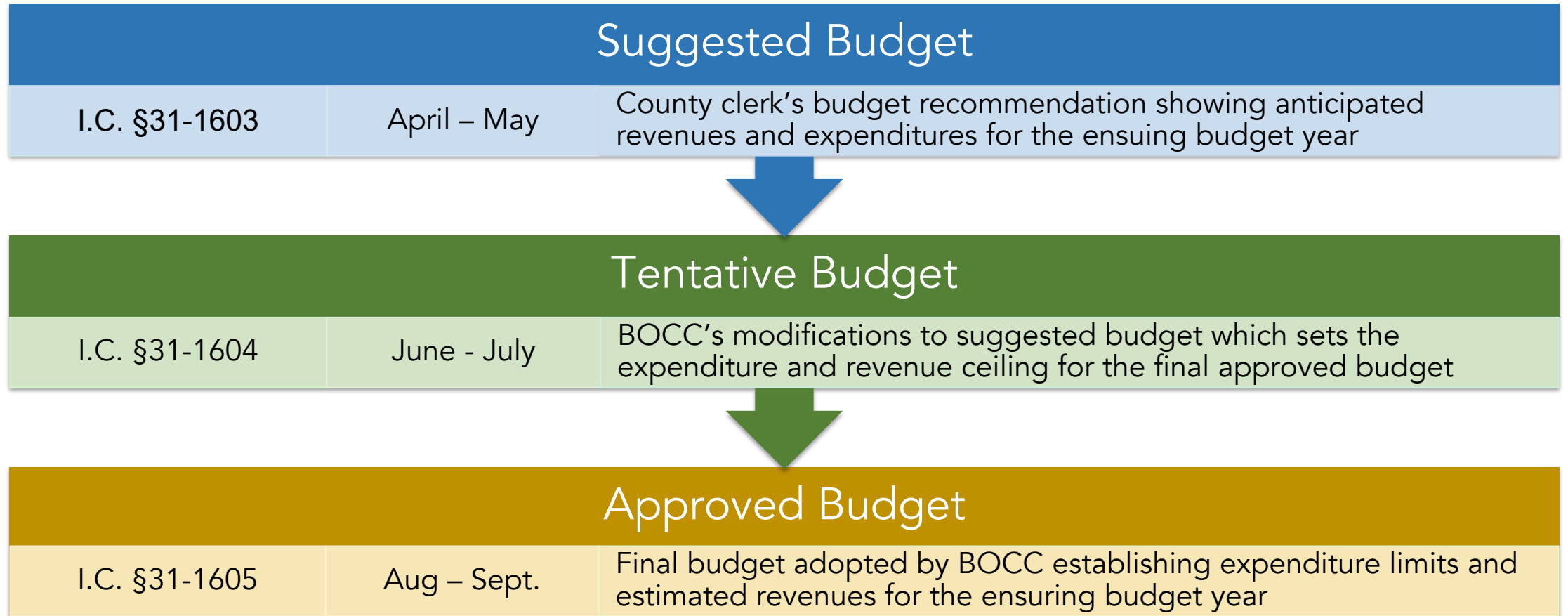
2025 Budget Considerations

- What's up with the economy  
- Revenue sharing growth ( or )
- Employee recruitment and retention
- Inflation  
- Public Defense Transition 
- Secure Rural Schools yet to be reauthorized
- Local transportation funding enhancements:
 - TECM (ongoing and growing)
 - State general fund appropriations (ongoing )
 - Leading Idaho Local Bridge Program (LHTAC)

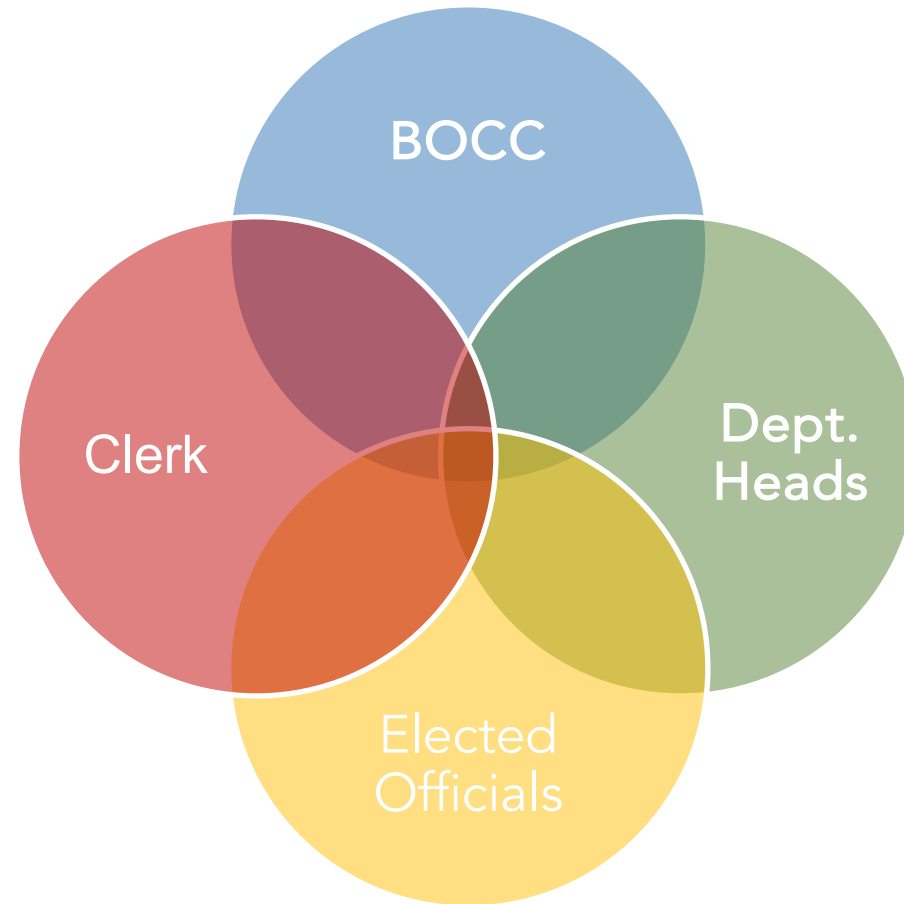
Key 2024 County Budget Deadlines

- May 6th: County clerk distributes budget forms
- May 20th: Budget forms due back to county clerk
- June: BOCC and county clerk meet with E.O.s and department heads
- August 5th: County clerk submits suggested budget to BOCC
- Prior to August 19th: BOCC adopts tentative budget
- August 19th: Publication of tentative budget
- On or before September 3rd: BOCC holds budget hearing/approves budget

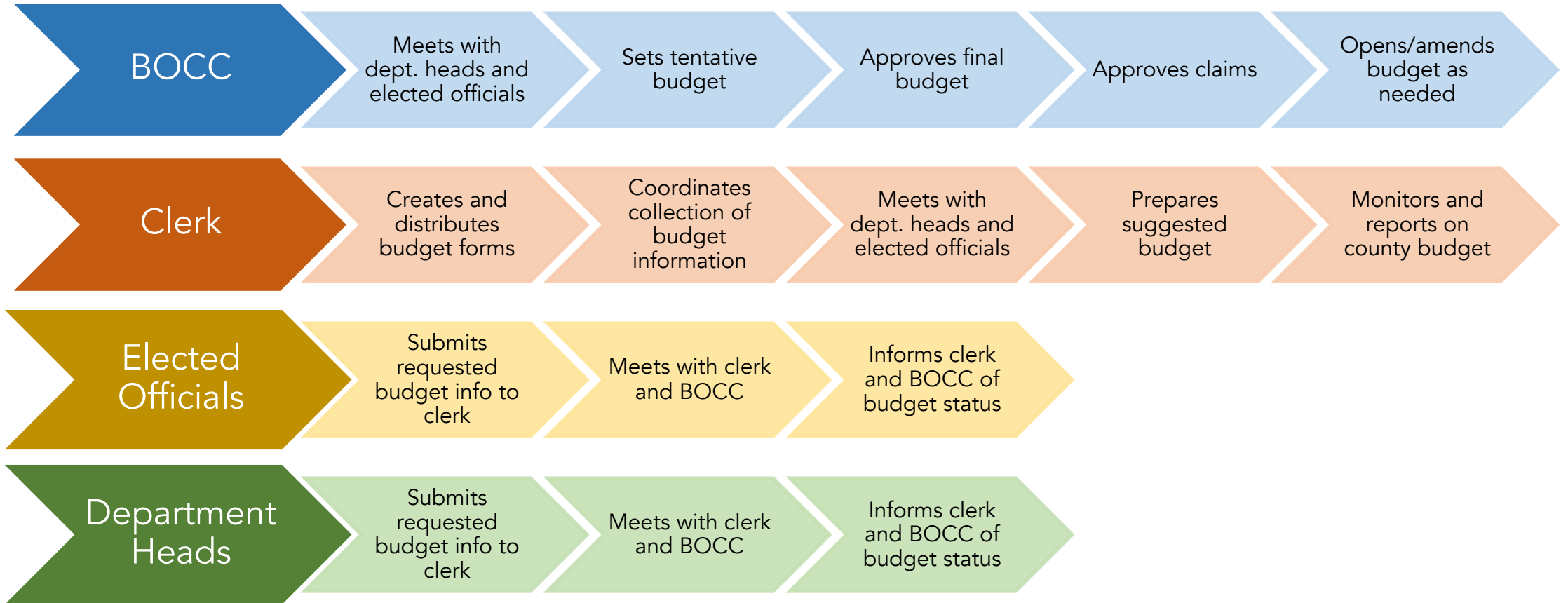
County Budget Development Terms



It Takes a Team!



Roles & Responsibilities



County Revenue Categories

Property Tax Levies



- Current Expense Levy
- Justice Levy
- District Court Levy
- Revaluation Levy
- Road & Bridge Levy
- Judgements
- Etc.

Intergovernmental



- Sales Tax Rev Share
- Liquor Funds
- Highway Funds
- Liquor Fund
- PILT
- SRS
- Etc.

Fees and Fines



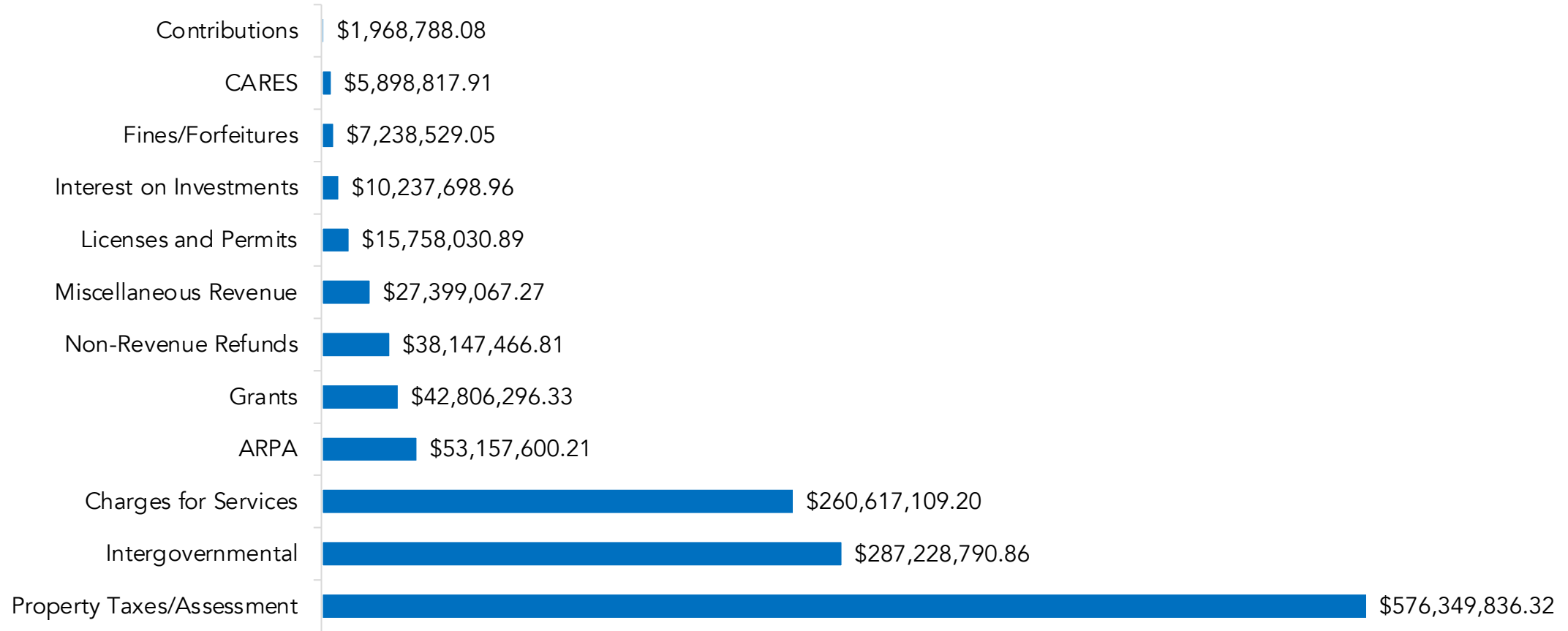
- District Court Fees
- DMV Fees
- Recording Fees
- Solid Waste Fees
- P&Z/Building Fees
- Mapping Fees
- Etc.

Fund Balance



- Reserves (cash basis)
- One time savings
- Unassigned
- Dedicated
- Etc.

County Revenues, 2022



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

Dedicated Revenues

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 than 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

$$\begin{aligned} & \text{Base Property Tax Budget} \times 1.03 \\ + & \text{New Construction Mkt Val} \times \text{Prior Year Levy Rate} \\ + & \underline{\text{Previously Forgone Property Taxes}} \\ & \text{Maximum Property Tax Budget} \end{aligned}$$

Reminder #1: Base budget + 3% plus new construction \leq 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

Allowable Base Budget Calculation:			
Highest Non-Exempt P-Tax Budget + P-Tax Replacement (from the 'Maximum Budget & Forgone Amounts Worksheet')	(1)	\$	30,002,223
Selected Base Budget Growth (up to 3% of line 1)	(2)	\$	900,067
New Construction, Annexation, & Expiring Urban Renewal Allowable Budget Increases Calculation:			
2023 Value of District's Operating Property from Each Applicable County:		Value	
TwinFalls	(3a)	\$	239,460,403
	(3b)		
	(3c)		
	(3d)		
Total 2023 Operating Property Value (total of lines 3a thru 3d):	(3)	\$	239,460,403
2024 District's Net Taxable Value & Estimated Sub-roll from Each Applicable County:		Value	
TwinFalls	(4a)	#####	
	(4b)	\$	-
	(4c)	\$	-
	(4d)	\$	-
Total 2024 Net Taxable Value & Estimated Sub-roll (total of lines 4a thru 4d):	(4)	#####	
Preliminary Levy Rate for New Construction:			
2024 New Construction Preliminary Levy Rate ((line 1 + line 2)/(line 3 + line 4))	(5)		0.002732150
2024 Value of District's New Construction Roll from Each Applicable County:		Value	
TwinFalls	(6a)	\$	220,901,346
	(6b)	\$	-
	(6c)	\$	-
	(6d)	\$	-
Total New Construction Roll (NOT including expiring Urban Renewal) (total of lines 6a thru 6d)	(6)	\$	220,901,346
New Construction Roll Allowable Budget Increase (multiply line 5 by line 6)	(7)	\$	603,536
2024 Value of District's Annexed Property:			
2024 Full Taxable Value of Annexation from Property Assessed by County	(8)	\$	-
90% of Annexation Value Assessed by County	(9)	\$	-
Estimated Value of Annexed Operating Property (line 8 divided by line 4, then multiplied by line 3)	(10)	\$	-
2024 annexation preliminary levy rate ((line 1 + line 2)/(line 3 + line 4 + line 10))	(11)		0.002732150
Annexation allowable budget increase (multiply line 9 by line 11)	(12)	\$	-
2024 Expiring Urban Renewal:			
Total expiring Urban Renewal value	(13)	\$	-
80% of expiring Urban Renewal value	(14)	\$	-
Expiring Urban Renewal budget increase (line 5 multiplied by line 14)	(15)	\$	-
Total Non-Exempt Allowable Budget (before P-Tax Replacement and other deductions):			
Total uncapped budget growth potential (Add lines 1+2+7+12+15)	(16)	\$	31,505,826
Total capped growth (max 8%) (line 1 X 1.08 + line 15)	(17)	\$	32,402,401
Total non-exempt budget allowed (lesser of lines 16 and 17)	(18)	\$	31,505,826
Property Tax Replacements:			
Yearly amount of the agricultural equipment replacement money	(19)	\$	263,998
Yearly amount of the 2013 personal property replacement money	(20)	\$	246,075
Yearly amount of the 2022 personal property replacement money	(21)	\$	64,485
Additional revenues to be subtracted from levying authority:			
Recovered Homeowner's Exemption property tax	(22)	\$	-
Other reductions reported in columns 3 and 4 of the Recovered/Recaptured Property Tax list	(23)	\$	-
Total of lines 19 thru 23	(24)	\$	574,558
Solar Farm Tax:			
Solar Farm Tax received in the prior year (7/1/22 - 6/30/23)	(25)	\$	1,332
Solar Farm Tax received in the current year (7/1/23 - 6/30/24)	(26)	\$	-
Fire District Annexation (Cities Only):			
Not Applicable	(27)	\$	-
Forgone Amounts Section:			
Total forgone amount reported on the 'Maximum Budget and Forgone Amount Worksheet'	(28)	\$	-
Forgone amount to be recovered in your budget for Maintenance & Operations (up to 1% of line 18)	(29)	\$	-
Forgone amount to be recovered in your budget for Capital Projects (up to 3% of line 18)	(30)	\$	-
Total forgone amount to be recovered in your budget (sum of lines 29 & 30; can't exceed what is reported on the attached)	(31)	\$	-
Tort Fund Less Property Tax Replacement (Schools Only):			
Not Applicable	(32)		
Not Applicable	(33)		
Maximum Allowable Non-Exempt Property Tax That Can Be Levied (Including Forgone Amount):			
Maximum non-exempt property tax budget including forgone amount (lines 18-24+25-26-27+31)	(34)	\$	30,932,600



Understanding the L-2 Form

Approved Budget

Budgeted Funds

2018 Dollar Certification of Budget Request to Board of County Commissioners L-2" County Only (the L-2 worksheet and applicable "Voter Approved Fund Tracker" must be attached)					
District or Taxing Unit Name: Fremont County					
Fund	Total Approved Budget*	Cash Forward Balance	Other revenue <i>NOT</i> shown in Column 5	Property Tax Replacement From Line 16 of L-2 Worksheet	Balance to be levied Col. 2 minus (Cols. 3+4+ 5)
1	2	3	4	5	6
Current Expense	4,347,360	1,131,122	2,003,881	159,226	1,053,131
District Court	1,237,169	213,637	318,125		705,407
Fair	95,903	16,398	13,424		66,081
Justice	5,029,028	788,971	1,571,718		2,668,339
Heath District	85,000	1,079	3,602		80,319
Indigent	454,510	255,067	72,637		126,806
Park & Recreation	337,422	46,509	129,073		161,840
Revaluation	507,593	43,699	17,133		446,761
Tort	265,000	19,697	10,051		235,252
Veterans Memorial	9,000	113	402		8,485
Weeds	620,960	12,170	223,919		384,871
Other Funds	18,908,781	10,938,109	7,970,672		-
I.C. §40-801(1)(a)	5,423,211	1,004,825	2,537,371		1,881,015
A proportionate share of the property tax portion of this fund is shared with each city within your district.					
I.C. §40-801(1)(b)	1,987,350	1,140,754	101,800	/	744,796
This fund is not shared with the cities within your district.					
Column Total:	39,308,287	15,612,150	14,973,808	159,226	8,563,103
If the budget includes any forgone amount, complete this section:					
I, the undersigned, attest that this district held a public hearing and approved the attached resolution that indicates that up to \$_____ of available forgone increase is authorized to be levied and the specific purpose for which this amount is being budgeted. This amount can not exceed the lesser of the amount shown in the resolution or line 19 of the L-2 worksheet.					
I certify that the amounts shown above accurately reflect the budget being certified in accordance with the provisions of I.C. §63-803. To the best of my knowledge, this district has established and adopted this budget in accordance with all provisions of Idaho Law.					
SOF _____		Chairman _____		September 4-2018	
Signature of District Representative		Title:		Date:	
Abbie Mace, Fremont County Clerk, 151 W 1st N, St. Anthony, ID 83445					
Please print above: Contact Name and Mailing Address			Email Address:	amace@co.fremont.id.us	
Phone Number: (208) 624-7332			Fax Number: (208) 624-1543		

Revenue Categories

Approved Budget

— *Cash Reserves*

— *Other Revenues*

— *Property Tax Replacement*

= *Amount to be Levied*

* = Do not include revenue allocated to urban renewal agencies.



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

County Expense Categories

"A" Budget



- I.C. §31-1604(1)
- CEO Salaries
- Employee Salaries
- May Include Benefits

"B" Budget



- I.C. §31-1604(1)
- Operating Expenses
- Supplies
- Equipment
- Travel
- Training, Events, Etc.
- May Include Benefits
- May Include Capital

"C" Budget



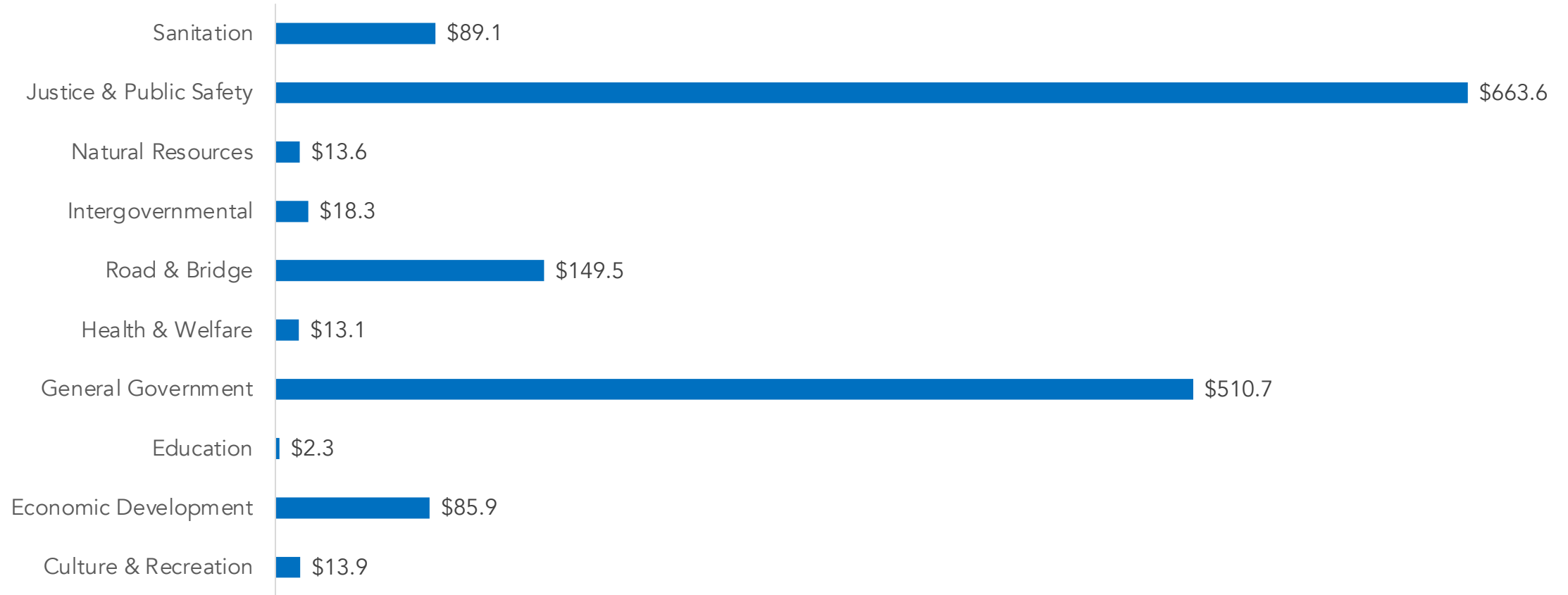
- Optional Category
- Capital Expenses
- Facility Upgrades
- Long Term Leases
- Design Costs
- Construction Costs

"D" Budget



- Optional Category
- Benefit Expenses
- Payroll Taxes
- Retirement
- Health Insurance
- Workers Comp
- Unemployment

County Expenditures (2022)



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

#1

You have a fiduciary responsibility to safeguard public funds

#2

Expenditures cannot exceed revenues

#3

Budget amendments must be done in public and follow the law

#4

Appropriations are year-to-year

#5

You cannot transfer levied funds to another fund (I.C. §31-1508)

#6

Communicate, communicate, communicate

Reality Check

#1

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

#2

Budgets are subject to unforeseen obligations out of your control

#3

Property taxes cannot be increased mid budget year

#4

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

#5

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

#6

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 1st (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):
 - 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

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.)

