

# The COUNTY BUDGET

presented by

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## What is a Budget?

- First, frame of reference - A little about Bedford County -- its population and budget
- What exactly is a budget?
  - Planning Tool
  - Fiscal Management Tool
  - Work Plan
  - Public Relations Tool
  - There is a difference between the budget and appropriations.

## Key Topics of Discussion

- What is the legal basis and requirement for the budget
  - General Fund
  - Other Funds including Enterprise Funds
- What are the two types of budgets – operational and capital
- Explain the process behind the development of the budget
- What is the value of the budget after adoption
- A practical example – What would you do?

## Legal Basis and Requirement

- Code of Virginia states that a county budget shall be developed for “informative and fiscal planning purposes only”.
- It is the plan for operations, maintenance, capital outlay and debt service for a single year.
- It may include a reserve and probably should include the current year’s capital improvement projects.
- Must include revenues and expenditures.

## Legal Basis and Requirement (continued)

- Must be approved by July 1<sup>st</sup>.
- However, approval of the budget does not provide an authorization to spend. May only spend after appropriations.
- Must include payments for debt service.
- Must provide local share for constitutional officers, social services, health department, schools, enforcement of statewide building code.

## Two Types of Budgets

- Operational: Required by law to be adopted each year generally for one fiscal year
- Capital: typically Multi-Year
- Different types of operational budgets
  - Line-Item Budget
  - Program Budget
  - Performance Budget
  - Zero-based Budget

## What Must be Included in the Operational Budget

- Each operational budget must show
  - the total amount appropriated and the amount expended for the previous fiscal year
  - the amount appropriated and expected to be appropriated for the current fiscal year
  - the amount of the increase or decrease in the proposed budget as opposed to the current fiscal year

## Constraints of Budgeting at the Local Level

- State and Federal Mandates
- Contractual Obligations
- Categorical Revenues
- Surprisingly the portion of the “local budget” that is truly discretionary is relatively small compared to the total County budget. However, the “local” portion is where the Board can influence the direction of the quality of life for its citizens through the budget process.

## Capital Improvements Budgets

- A capital budget is a plan for funding capital projects, and a timetable for the expected completion of each project.
- Identify Source of Funding
- Always Include Associated Operational Expenditures for each Applicable Capital Project

## Budgets Process

- Role of the County Administrator or chief administrative officer.
- School Board and Superintendent responsible for submitting a budget to the Board.

## What is the Deadline for Submittal of Requests?

- April 1<sup>st</sup> - for all department, division and agency heads, and constitutional officers unless an earlier date is set by the Board.
- The Board, through its administrator, may set the format for submitting information.

## What are Deadlines for Adoption of County and School Budgets

- County Budget: Must be Adopted by July 1
- School Budget: Must be Approved No later than May 1<sup>st</sup>, or within 45 days of receipt of the estimates for state funding of education from the Department of Education,

## Additional Information on School Budgets

- Can only approve by major category or in total
- No discretion over line items in the school budget
- Must submit the estimated revenue from the State

## Tips on Reviewing the County Budget

- Don't allow yourself to get bogged down in the details!
- Review major policies --- Does the budget allow the County to implement these policies?
- Review funding priorities --- Does the Budget reflect these priorities?
- What are the Board's goals -- Does the Budget Reflect these goals?

## More Tips on Reviewing the County Budget

- Set a policy for compensation (salaries and benefits) of employees under your control
- Look at the cost of new initiatives proposed in the budget
- Look at the cost of capital projects coming on line

## Final Budget Consideration

- Can consider approval only after a public hearing. An advertisement of the budget must be made at least seven days prior to the hearing.

➤ **UNLESS.....**

## What You Must Do if You Propose to Increase Tax Revenue

- If the proposed budget includes an increase in real estate revenue of more than 1%, excluding new construction, you must advertise a tax increase. If this increase is due to a reassessment of real estate then a separate hearing must be held for the public to speak on the proposal.

## Adoption

- Can consider adoption only after a seven day waiting period
- May be adopted by ordinance or resolution

## Appropriations – What are they?

- The act of the Board to release funds so that they can be spent.
- Board may appropriate annually, semi-annually, quarterly or monthly.

## Some Final Thoughts

- Appropriations may exceed the budget, but expenditures may not exceed appropriations!
- A word about supplemental appropriations and budget amendments
- Amendments > 1% of total expenditures require publication and public hearing

## Audit Requirements

- The annual audit allows the Board to look back at what has been accomplished.
- Required by state law to be completed by December 31<sup>st</sup> of each year and presented to the Board in public session.

Now it is Your Turn  
to  
Balance the County Budget