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# Virginia County Board Chairpersons' Institute: Policy Priorities and the County Budget

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# TOPICS FOR DISCUSSION

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- What is the County Budget?
- The Annual Budgeting Process
- Budgeting for Revenues
- Budgeting for Operating Expenditures
- Budgeting for Capital Expenditures



# WHAT IS THE COUNTY BUDGET?

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Budgeting is a planning process required by law that enables the board of supervisors to examine demands for county funds, to anticipate revenue needs, and to make decisions about the priority of programs and level of services to be provided.

The county budget is a work plan, expressed in terms of dollars, and as such, is an important tool of fiscal management.



# WHAT IS THE COUNTY BUDGET?

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The county budget brings together all county government operations in summary form.

The county budgeting process is separate from the appropriations process; the appropriations process is the mechanism by which funds are made available for spending on those programs and operations that the governing body has decided to support.



# WHAT IS THE COUNTY BUDGET?

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The annual budget must contain a complete itemization of all estimated expenditures, revenues, and borrowings, and must be approved by the governing body before July 1<sup>st</sup>, the beginning of the fiscal year.



# THE ANNUAL BUDGETING PROCESS

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- Under all forms of county government where there is a chief administrative officer, that officer is responsible for preparing the county budget and submitting it to the board of supervisors.
- The school budget is prepared by the division superintendent, with the approval of the school board. After conducting a public hearing on the budget, the school board submits its request to the board of supervisors.
- In all cases, the board of supervisors makes the final local determination of the amounts to be expended, subject to certain constraints.



# THE ANNUAL BUDGETING PROCESS

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- Budget preparation timeline
- How are priorities communicated between board members and the county administrator?
- Is ample time provided for review of information, and for public input and discussion by the board members?



# BUDGETING FOR REVENUES

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- There is no easy guide for estimating how much income can be counted on from each source of county revenue. The board of supervisors relies heavily on the skill, experience and, ultimately, the forecasting ability of its county administrator, commissioner of the revenue, county treasurer, and director of finance.
- Experienced budget officers will adjust revenue estimates as they believe necessary in light of the county's financial activity for previous years and its current growth rate. Revenue estimates are continually updated, and possible changes in tax rates are considered as the budget is reviewed and adjusted by the board.





# BUDGETING FOR OPERATING EXPENDITURES

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- Operating Expenditures can be presented in the annual budget in several formats –
  - By line item
  - By program function
  - Performance budgeting
  - Incremental budgeting



# BUDGETING FOR OPERATING EXPENDITURES

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- While statutes require certain information with regard to budgeting, there is no requirement for line item budgeting, nor is the term “item” defined in the Code of Virginia. This gives counties a great deal of flexibility in determining the form and format of their county budget document.
- Some localities include a great deal of information in their budgets, including a county history, a strategic plan, economic development goals, recent accomplishments, and other descriptive information. This can help make the budget document a more useful and informative tool.



# BUDGETING FOR CAPITAL EXPENDITURES

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- The capital budget is a plan for funding capital projects and a timetable for estimated completion.
- Projects such as water and sewer systems, schools and administrative buildings, parks and recreation facilities, and landfills are included in the capital expenditures.
- The capital budget focuses on the total cost of each project, often over a period of more than one fiscal year, and indicates the funding sources to be used to fund the capital expenditure.



# QUESTIONS?

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