



County Budgeting Basics

**PRESENTED BY:
County Administrators'
Association of Ohio**



Budget Timeline and Responsibilities

Example Budget Calendar

- May –Financial Forecast (2024) Completed
May – Capital Improvement Plan Completed
- June – 2023 Tax Budget Completed and Adopted (If electing to do this)
- July – 2023 Budget requests due from elected officials, department and agencies
- July – 2023 final estimates & 2024 forecasts are discussed at monthly meeting of County Elected Officials

Example Budget Calendar

- August – Individual meetings with Agencies and to review 2024 budget requests
- October – Recommended Budget reviewed with BOC and provided to agencies and public.
- November – BOC considers agency requests and appeals of Budget Recommendations.

Example Budget Calendar

- Early-December – BOC identifies 2024 Budget changes and priorities.
- Late December Auditor Closes Books, Stops cutting checks and payments (Except Payroll)
- Mid-December/Early January – BOC approves 2024 Final Budget in General Session and the appropriation measure is filed with the Clerk and County Auditor.
- Early January 2024 - Auditor “opens” the books for next year’s business.

Annual Budget Process

- Budget Commission's Role

- Certificate of Estimated Resources: sets the maximum amount credited to each fund for cash balance and revenues to be derived from taxation and collected from other sources.
- Approved at the end result of tax budget process.
- Amended Certificates

- County Commissioners' Role

- Budget Appropriation Measure: sets spending limits for personal services and other expenses & obligations for each office, department, and division of the County.
- Approved at the end of the annual budget process.

Tax Budget

Tax Budget Process & Contents

- Estimates of next year's necessary operating expenses, permanent improvement expenditures, judgments, debt obligations, and special levy expenditures.
- Estimates of receipts from general property tax levies and from other revenue sources
- Estimate of unencumbered balances at year-end;
- Estimates of taxes levied in excess of the ten-mill limitation.

Tax Budget Process & Contents (cont.)

- Tax Budget determines “need” for property tax levies and for the County’s share of the Local Government Fund distribution.
- The tax budget is optional for all counties, according to ORC 5705.281.
 - A county budget commission may waive the tax budget process and use the formula distribution for the LGF.
 - Alternate formula for distribution of the LGF must be in place.



Estimating Revenue

DEFINITIONS

- From the Compact Oxford English Dictionary

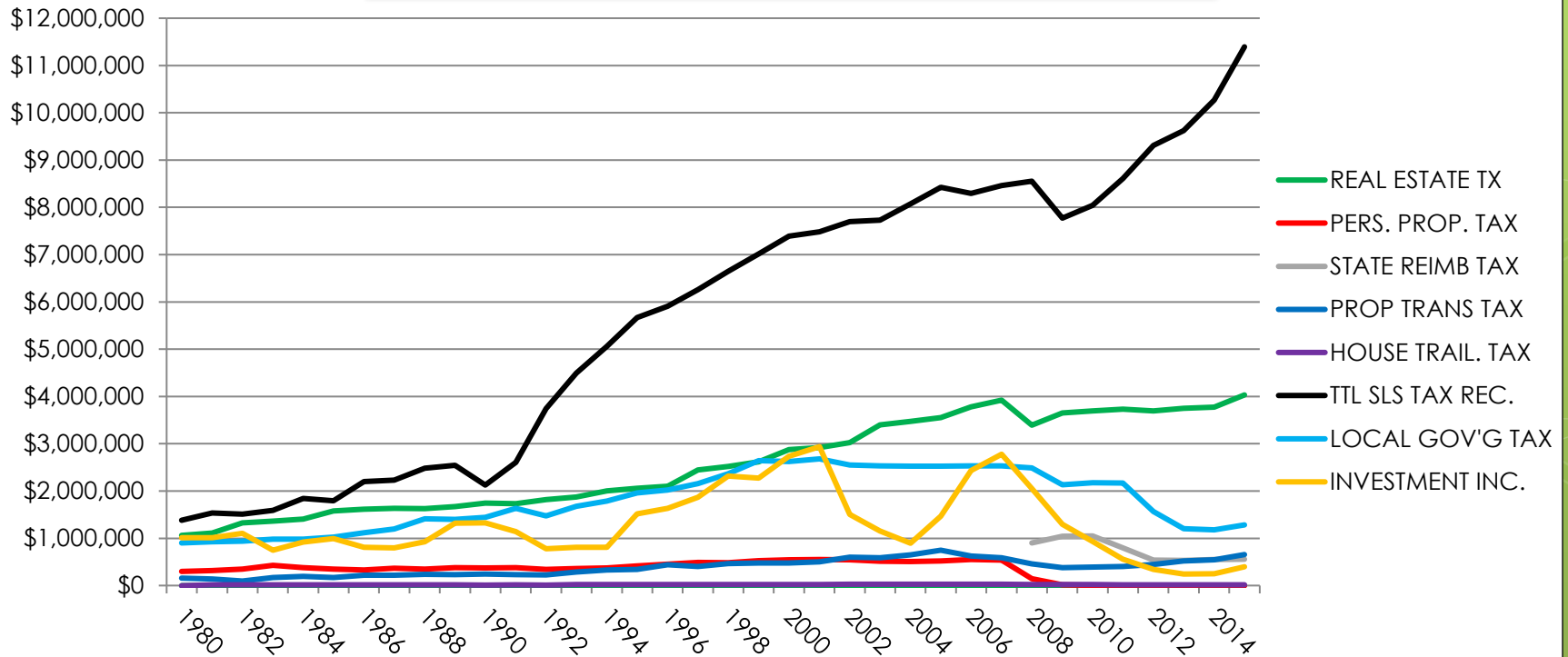
Budget: Noun

- 1) An estimate of income and expenditure for a set period of time
- 2) The amount of money needed or available for a purpose
- 3) A regular estimate of national revenue and expenditure put forward by a finance minister

35 YEARS OF RECEIPTS...

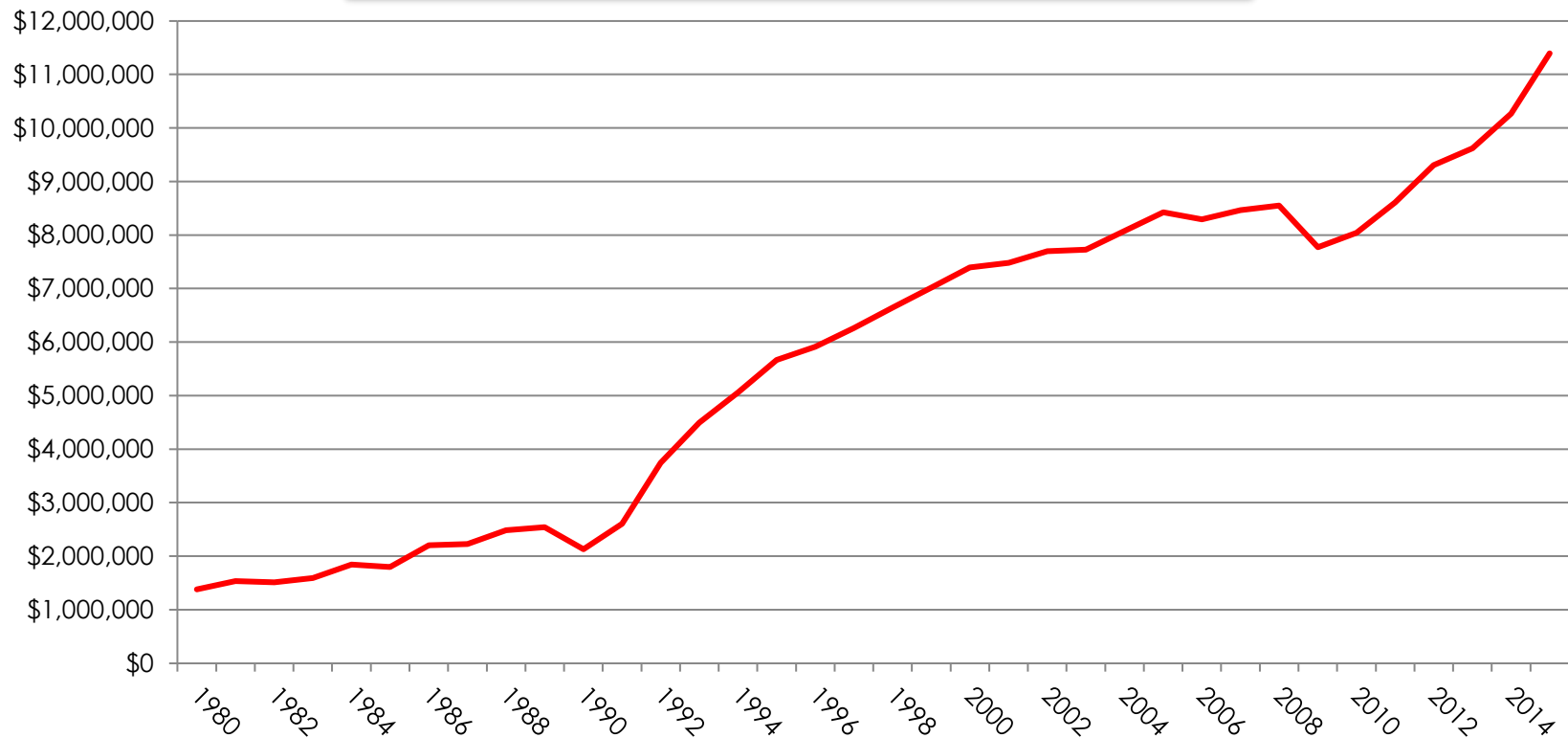
there is a trend here somewhere!

WAYNE COUNTY REVENUE 1980 through 2015



ARE YOU PREPARED FOR A SURPRISE?

TOTAL SALES TAX RECEIPTS



Recommendations regarding Revenue Projection

- Avoid General Fund commitments for ongoing costs from one time revenue sources.
- Stick with conservative earnings estimates due to unpredictable returns on Treasury investments.
- Monitor possible legislative changes that can impact ongoing revenue. Read weekly updates from CCAO and keep in communication with your representatives.

Recommendations regarding Revenue Projection (cont..)

- Sales Tax generally represents at least 50% of most counties General Fund Revenue. Pay very close attention to what is going on economically in your county. Do not over-estimate this revenue.
- Casino taxes are general purpose revenues & may be used for operating support or capital projects.
- What impact do ARPA funds have on your revenue stream and are you prepared for when they change or are used up? (Interest)

Recommendations regarding Revenue Projection (cont.)

- Review and work to maximize General Fund revenue sources
 - Where permitted, bill central service charges (indirect costs) to Special Revenue Funds to maximize your General Fund reimbursements.
 - Direct-bill insurance & benefits if allocations are not permitted to recover costs.

RESOURCES

https://ohiolmi.com/_docs/Leadingindicators/LI.pdf

ODJFS Office of Workforce Development

- https://www.nass.usda.gov/Statistics_by_State/Ohio/
- USDA Ohio Agricultural Statistics

<https://www.clevelandfed.org/region/beige-book>

Federal Reserve Bank of Cleveland Publications -
Economic Trends Report

REMINDERS

- You are responsible for Budgeting, which means you are responsible for predicting Revenue.
- Do not solely rely on others to tell you how much is available to spend.
- Do not rely on unpredictable revenue to fund reoccurring expenditures.
- Budgeting is harder when you have money, then when you don't!
- You asked for this job. 😊



Annual Budget

Annual Budget Process

- Budget appropriations are required under ORC 5705.38.
 - Budget appropriations are authorized by the Board of Commissioners as the county's taxing authority.
 - Budgets limit and control how resources may be spent by county agencies, offices, courts, boards, & commissions.
 - Budget appropriations may not exceed total resources.
 - Total Resources include: Beginning cash balance in a fund (less encumbrances) plus annual estimated revenue, as certified by the Budget Commission.

Annual Budget Process (cont.)

- A permanent annual budget may be adopted on or about 1st day of the year.
- A temporary budget may be adopted and used until April 1st followed by passage of an annual measure.
- Supplemental appropriations may be approved at other times of the year.
- Appropriations must be classified by fund as well as by office, department, and agency.
- The amounts appropriated for personal services and other expenses must also be classified within each of these units.
- Current payroll expenditures for the 1st half of any fiscal year cannot exceed 60% of the annual payroll appropriation.



Managing Your Budget

Budget & Spending Controls

- The Board of Commissioners may adopt a County spending plan as part of its annual appropriation measure, under ORC 5705.392
- A spending plan sets forth a quarterly schedule of expenses and expenditures from the county general fund.

Budget & Spending Controls (cont.)

- Thirty days written notice must be provided & must include the proposed spending plan.
- The expenses and expenditures of an office, department, and division will be limited during any quarter by the spending plan schedule.
- The schedule also serves as a limitation during a quarter on contract obligations and purchase orders.

Budget & Spending Controls (cont.)

- Annual appropriation measures may include a contingency reserve balance for purposes that could not have reasonably been foreseen.
- Reserve balance accounts may be established for these purposes:
 - To stabilize budgets against cyclical changes in revenues and spending;
 - For self-insurance program claims payments and risks;
 - For claims under retrospective rating plans for workers' compensation;

Budget & Spending Controls (cont.)

- For accumulated sick, vacation and compensatory leave payments
 - For 27th pay period obligations.
 - For capital projects & the acquisition, construction, or improvement of capital assets for the county.
- General Fund carryover balances may be left partially untapped to maintain a reasonable cash reserve per GFOA & ORC standards.
 - “Days in Cash” or “Unappropriated”

Budget & Spending Controls (cont.)

- A county administrator, under the direction and supervision of the Board of Commissioners, may:
 - Assist in the administration, enforcement, and execution of the policies and resolutions of the Board;
 - Recommend measures for adoption to the Board;
 - Keep the Board fully advised on the financial conditions of the county, preparing and submitting a budget for the next fiscal year.
- Multi-year financial forecasts set the stage for annual budgets.

Budget & Spending Controls (cont.)

- A multi-year capital plan balances facility needs with financial capacity.
- Budget Outlook Reports may be used to track revenues and expenditures each month, and to weigh needs for amended or supplemental appropriations.
- Controls on hiring, travel, and capital spending may be adopted and enforced.

Budget & Spending Controls (cont.)

- A Capital Budget may be approved each year.
 - Departments should identify needs & initiate capital improvement and capital asset requests.
 - A capital improvement plan & project budgets should be recommended to the Board of Commissioners.
 - A capital plan is not legally required, but highly recommended.
 - It is a financial management tool and “best practice”.

Budget Challenges and Opportunities

- Common Pleas, Juvenile and Probate Courts
 - Courts can seek an appellate court action to order an appropriation that is reasonably necessary to meet all of Court's administrative expenses.
 - Burden of proof on BOC to show appropriation is not necessary.
 - To offset general fund expenses utilize:
 - Federal child support program initiatives – maximize County IV-D administrative reimbursement & bonus incentive revenues.
 - Juvenile Court –use Reclaim Ohio grant revenues for community-based treatment and prevention programs.

Budget Challenges and Opportunities (cont.)

- Use Foster Care IV-E program revenues for court-supervised juveniles & case management services.
- Public defender program reimbursement rates for indigent defense are ever changing. Be sure you are maximizing these reimbursements.
- Track and understand outside funds used by the courts (and others). They generally do not increase fees and costs that go to the General Fund, but they tend to set up special outside funds that sometimes accumulate a good deal of unused revenue.
- Be sure these expenses are not shifted back to General funds during tough economic times.

Budget Challenges and Opportunities (cont.)

- Sheriff's Office

- Review prisoner housing contracts, costs, and rates on a regular basis.
- Be sure that prisoner medical and prescription drug costs are being charged back to insurance companies when possible.
- Review contracts & service levels for road patrol and crime prevention as defined under the ORC to ensure they are up to date with current costs.

Budget Challenges and Opportunities (cont.)

- Be mindful of the budgetary impact of State and Federal Mandates and State Jail Inspections & Citations on the Capital and Operating budgets.
- Labor relations, bargaining agreements, and dispute resolution issues will have yearly impacts on the budget and need to be reviewed during the budget planning process.

Budget Challenges and Opportunities (cont.)

- **Veteran's Service Commission**

- The request for 1/2 mill of inside property tax receipts of General Fund must be necessary and reasonable.
- Legal budget requests must be granted, if necessary and reasonable.
- Be mindful of costs related to veterans relief vs. agency administration and indigent burial plots and gravesite maintenance when reviewing what costs are necessary and reasonable.

Budget Challenges and Opportunities (cont.)

- Job and Family Services Mandated Share

- County General Fund must pay Mandated Share of public assistance costs pursuant to ORC and the ODJFS Director's certification.
- Year-over-Year increase is capped at 105% of current year share.
- Mandated share must be transferred at least quarterly.
- Are you triple combined, or separate agencies?
- Child Placement costs

Options for Budget Reductions

- Across the board reductions must involve review process
- Debt service payments have 1st priority.
- Capital related line items may be cut.
- Compensation may be frozen.
- Employee insurance premiums may be increased.

Options for Budget Reductions (cont.)

- Health insurance co-pays, deductibles, & coverage limits may be changed.
- Hiring freezes, furloughs, or lay-offs may be imposed.
- Be aware of the impact on potential savings for unemployment costs

Cash Balances Vs. Budget Stabilization Fund

- Fund balance is the un-encumbered cash in General Fund
- Budget Stabilization Fund is a separate reserve account established outside of General Fund and by a BOC resolution
- Cash can be transferred from the General Fund to the Budget Stabilization Fund

Cash Balances Vs. Budget Stabilization Fund (cont.)

- Both balances lend stability to a county's financial condition and bond ratings
- Adopt cash reserve levels and policies
- Policy can bring stability to investment income receipts
- Utilization during economic slowdown, emergency or temporary loss of revenues (one-time)

Effective Budget Strategies

- Engage in multi-year financial planning
- Estimate revenue sources conservatively
- Develop policy for fund reserve balances
- Utilize budget parameters or inflation factors for all General Fund elected officials, agencies and departments
- Where possible, move functions with restricted revenue sources out of the General Fund
- Programs that rely on restricted or dedicated revenue sources are budgeted in Special Revenue Funds.

COVID 19 and ARPA and LATCF

- Has your county allocated all of your available funding?
- All funds must be encumbered by 12/31/2024 and spent by 12/31/2026
- Quarterly reports are due
- What is your plan for the interest earned?

Closing Thoughts

- Adopt a budget that is *structurally balanced*.
- Use current revenues to cover current expenditures.
- Use carry-over balances to cover capital items, debt, or one-time items.

QUESTIONS?

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