



# The County's Financial Plan

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Auditor of Public Accounts



## Budget Timeline

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- Budget process starts in June - July with accumulation of figures by Budget Making Authority
- Budget Making Authority must present budget to County Board on or before August 1<sup>st</sup>
- County Board required to hold at least one public hearing on the budget, published 5 days in advance



## Budget Timeline

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- County Board may adjust proposed budget, but must hold a hearing with officer or department affected
- County Board must adopt budget on or before September 20<sup>th</sup>
- County Board must file budget with County Clerk and Auditor of Public Accounts



## Budget Timeline

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- County Board sets levy on or before October 15<sup>th</sup>
- Levy correction can be made on or before November 5<sup>th</sup>
- Tax lists given to County Treasurer on or before November 22<sup>nd</sup>
- Taxes become due December 31<sup>st</sup>



## Major Points

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- The majority of taxes are not collected until the following May and September
- The first 10 months of the budget must operate from prior taxes, cash reserves and other income



# Cash Management

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- Cash Reserves – Essential part of the budget. This is the amount you need to get through the months of low tax collections
- Budget authority does not mean the money is in the bank



# Cash Management

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- Communicate with County Treasurer to know what money the County has
- County does not have any authority to use money being held by County Treasurer for other entities



# Fund Management

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- The purpose of having a separate Fund
  - Statute
    - Road Fund, Drug Fund, 911 Fund, Veterans' Fund, Inheritance Fund
  - Need to maintain a running balance
    - Grant Fund, CDBG Fund, Insurance Fund



# Fund Management

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- Can only set a levy for a fund if there is statutory authority for such levy
- If you set a separate levy, that money can only be used for that purpose



# Fund Management

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- If you set a Road Fund levy, the money collected from within the boundaries of the city/village must be split with the city/village
- Transfers are allowed from the General Fund and Inheritance Fund



# Current Restrictions

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- Levy Limit
- Lid on Restricted Funds Limit



# Levy Limit

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- County levy limit is 45 cents plus 5 cents for Interlocal Agreements
- Levy Limit includes 15 cents for local entities such as Fire Districts, Ag Society, Townships
- County Board may use the 15 cents designated for local entities for the county
- Exemptions = Bonded indebtedness authorized by a vote of the people



# Lid on Restricted Funds

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- County lid is based on budgeted “Restricted Funds”
  - Property Taxes
  - Motor Vehicle Taxes
  - State Aid – Highway Allocation, Tax Relief Program, Motor Vehicle Fee, Prisoner Reimbursements
  - Payments in Lieu of Property Tax
  - Prior lid exceptions for capital improvements not actually spent



# Lid on Restricted Funds

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## ○ Exceptions

- Allowable Capital Improvements (Real property acquisition or improvements)
- Payment of bonded debt
- Interlocal Agreements
- Emergency Management infrastructure repairs
- Judgments
- Property Tax Refunds



## Lid on Restricted Funds

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- Allowable Increases to prior year Restricted Funds
  - 2.5%
  - Allowable Growth exceeding 2.5% as determined by County Assessor
  - County Board approval for additional 1% (requires 75% board approval)
  - Voter approved increase



# Lid on Restricted Funds

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$$\begin{aligned} & \text{Prior Year Restricted Funds} \\ + & \text{ Allowable Increases} \\ = & \text{ Restricted Fund Authority} \end{aligned}$$



## Noncompliance with Limits

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- Statute 13-522 directs the State Auditor to notify the State Treasurer of the noncompliance.
- The State Treasurer is directed to not disburse State funds (State Aid, M.V. Fees, Highway Allocation) to the County until they comply with the limits



# Amending the Budget

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- Common Reasons
  - Unexpected Grant
  - Issuance of Bonds
  - Unexpected expenditures
- State Statute 13-511 outlines the requirements to amend the budget



## Requirements for Amending Budget

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- Public Hearing – notice at least 5 days in advance
  - Time and Place of Hearing
  - Amount of additional money and purpose
  - Statement outlining nature of unanticipated circumstances and why previous budget cannot be reduced
  - Copy of budget summary previously published



## Requirements for Amending Budget

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- Possible to amend shortages in General Fund office budgets by Board Resolution without holding public hearing
  - Example – Clerk's budget is short \$100, and General Miscellaneous budget is not using all authority.

Board Resolution transfers \$100 budget authority from General Miscellaneous budget to the Clerk's budget



## Requirements for Amending Budget

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- Revised budget must be filed with Auditor's Office and on file at the County Clerk
- Reminder – It is not possible to increase property taxes after levies are finalized



## Other Entities Budgets

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- Those subject to County levy authority must submit request to County Board by August 1<sup>st</sup>
- County Board must respond back to the entity by September 1<sup>st</sup>



# Questions