

SECTION III--COUNTY BUDGET GUIDELINES

DEPARTMENTAL BUDGET REQUESTS

The activity classification level is the level at which appropriation amounts are presented on the formal budget. The amount for each activity is constructed by compiling the object level cost estimates on a departmental budget request worksheet for each activity administered by the county. In some cases a department head may be in charge of more than one activity. In that case, that department head should receive a worksheet and prepare a budget request for each activity.

Each departmental budget request should be coded by fund and activity. When the worksheets are completed and returned to the county auditor, the expenditure portion of the provisional budget may be prepared directly from the worksheets. The total budget request for each activity is to be transferred to the budget document under the appropriate fund and the corresponding activity classification.

Revenue classifications should be shown by major source, minor source and type.

EXAMPLE: Major Source - Charges for Goods and Services
Minor Source - General Government
Type - Clerk of Courts Fees

Revenue estimates are required to be compiled for each and every source from which the county is likely to receive resources during the following year. These estimates may be developed through trend analysis. By taking the historical data the county has in the accounting records, the county auditor can analyze how the various revenue sources have increased or decreased over a period of time. If a proper analysis is applied, this data should provide a means of estimating revenues for the following year's budget. In addition to the revenue estimates, the means of finance must include the amount of surplus or deficit incurred in the current year and carried forward into the budget year. The amount of surplus may be calculated by taking the resources on hand at the present time, plus the remainder of the revenues estimated to be collected in the current year, minus all expenditures estimated to be made through the end of the current year. This calculation will provide an estimated amount which will remain on hand at the end of the current year, some of which should be applied against the following year's budget.

In developing revenue and expenditure estimates within the county, state and federal grants must also be taken into consideration. If the county has applied for and is reasonably sure that the grant will be received, the receipt and expenditure of these grants and county matching share should be included in the budget. The surplus carryover plus the estimated revenues (including grants) minus the appropriations will give the amount required to be levied in taxes to meet the remainder of the appropriations. This should result in a balanced budget.

When developing the revenue and expenditure estimates for the budget, the provisions of the Governmental Accounting Standards Board (GASB), Section 1600 should be followed. Section 1600 states that revenues and expenditures for governmental funds should be recognized on the modified accrual basis of accounting. Revenues should be recognized when they become both measurable and available and expenditures should be recognized when the fund liability is incurred. Proprietary fund revenues and expenses should be recognized on the accrual basis of accounting. Revenues should be recognized in the accounting period in which they were earned and expenses should be recognized in the period incurred. Revenues and expenditures for fiduciary funds should be recognized either on the modified accrual or accrual basis depending on the type of fund.