

ANNUAL BUDGET PROCESS

The legal foundations will answer questions pertaining to the responsibilities of the various officials with regard to the budget, the legal actions, required to establish an official budget and the budget calendar. South Dakota Codified Laws (SDCL) Title 7, Chapter 21, set forth most of the requirements dealing with county budgets and should be reviewed by all persons involved.

Generally, budget preparation should be a cooperative effort between the board of county commissioners, the county auditor, other elected officials and the department heads. The board should concern itself with the overall budgetary process and ensure that the needs of the citizens are met within available resources. It is also their responsibility to approve and adopt the provisional and final budgets. The county auditor should be responsible for following the budget calendar, developing and issuing departmental worksheets, reviewing worksheets for completeness and accuracy, preparing revenue estimates, presenting budgetary materials to the board for review, coordinating activities and scheduling meetings. Other elected officials and department heads should prepare budget requests for each activity administered within their department, return the requests to the county auditor for inclusion in the provisional budget and, after approval of the budget, implement the budget under guidelines provided.

Specifically the budget calendar and responsibilities of the officials should be as follows:

- (a) The county auditor should prepare the "Departmental Budget Request" and "Highway Department Budget Request" worksheets in duplicate (fill in the actual prior year expenditures and the current year budget columns) and distribute them to the persons responsible for administering the budgets. This step should be done about May 15.
- (b) The respective department heads or officials should complete the "Amount Requested" column and return the worksheets to the county auditor. This step should be completed by approximately June 1.
- (c) Around June 1, the county auditor should complete the "Cash Balance Estimation Worksheet" for all county funds. The amounts of estimated cash balances determined on this worksheet should be recorded on the "Budget Worksheet Estimated Revenue" Estimated Cash Balance line for each fund.

- (d) After determining the estimated cash balances, the county auditor should complete the actual and estimated revenue columns on the "Budget Worksheet Estimated Revenue" forms for each budgeted fund.
- (e) All budget worksheets should be accumulated by the county auditor and submitted to the board of county commissioners for their review. The board should complete the "Amount Approved" columns on the "Departmental Budget Request" forms, and return all forms to the county auditor.
- (f) The "Worksheet to Determine Compliance with SDCL 7-21-18.1" should be completed only for those funds subject to the 40 percent limitations; i.e., those funds in which accumulations of cash are not authorized by statute or other regulation.
- (g) The county auditor should prepare the "Provisional Budget" form from the "Departmental Budget Request" worksheets and the previous year's annual budget and submit the "Provisional Budget" and the supporting worksheet to the board for their approval. The "Provisional Budget" should be returned to the county auditor no later than July 30.
- (h) The county auditor should submit the annual budget as adopted to the Department of Revenue **with a report of the annual levies**. (SDCL 7-21-15)
- (i) The county auditor should publish the provisional budget and notice of hearing to be held on the first Tuesday in September in the official legal newspapers. A second notice of hearing (without the text of the provisional budget) shall be published the following week. The publications must be completed before the first Tuesday in September. (SDCL 7-21-8 and 8.1)
- (j) The board of county commissioners must meet before October 1st to adopt the provisional budget as the annual budget. Any changes in the provisional budget incorporated into the annual budget shall be published in the minutes of the board. (SDCL 7-21-12) The resolution together with the annual budget so adopted shall be signed by the members of the board, attested by the county auditor and filed with the county auditor. (SDCL 7-21-13) The resolution, including the tax levies, should be published in the minutes of the board; however, the text of the annual budget need not be published in the minutes.
- (k) A copy of the annual budget, together with a report of the annual levies, are to be filed with the Department of Revenue before taxes are extended on the tax lists.
- (l) A copy of the "Departmental Budget Request" worksheets indicating the approved budgets should be returned to the appropriate department head or official, and a copy retained by the county auditor so that the appropriate entries can be made in the accounting records.
- (m) It is necessary to retain all budget, estimated revenue and surplus cash balance worksheets for audit purposes.

The appropriations included in the annual budget constitute maximum authorizations to spend during the fiscal year (SDCL 7-21-25), and cannot be exceeded except by subsequent amendment of the budget by the county commission pursuant to SDCL 7-21-21, 7-21-22, 7-21.20.1, and 7-21-32.1.

Appropriations which are unspent at the end of a fiscal year will lapse unless encumbered by resolution of the governing body. (SDCL 7-21-44 and 7-21-45) The county auditor is required to keep a detailed listing by payee and amount supporting such amount shown in the resolution.