

# Introduction to County Budgeting

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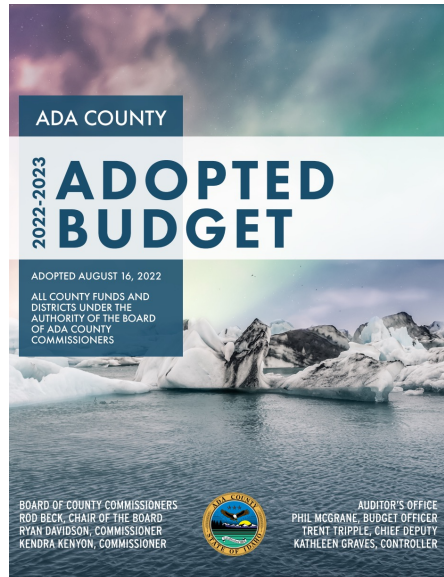


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## What is a county budget?

- A policy document adopted by resolution by BOCC
- Reflection of anticipated revenues and expenses
- A roadmap of how county will provide essential county services
- A promise to the public



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## Evaluating Budget Priorities

- What is the overall financial health of the county?
- Is the service mandated?
- Will it create efficiencies?
- Will it require more staffing?
- Does it have a dedicated revenue source?
- Will it be a one-time expense or an ongoing expense?
- Does it meet current and future growth projections?



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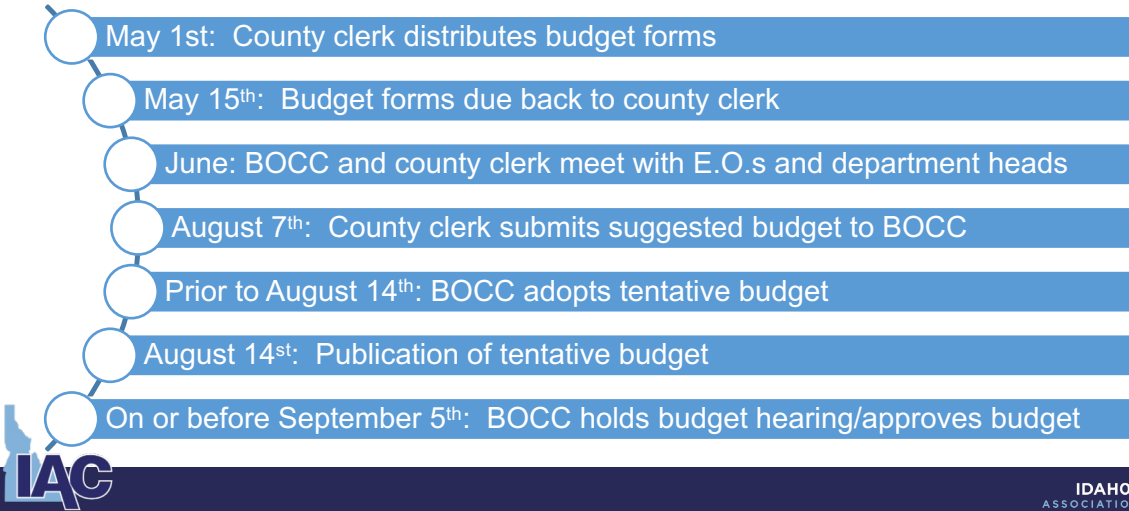
## 2024 Budget Considerations

- What's up with the economy 📈📉
- Revenue sharing growth (🔥 or ☁️)
- Employee recruitment and retention
- Inflation 📈😬
- 2<sup>nd</sup> payment of Local Assistance and Tribal Consistency Fund (LACTF)
- Local transportation funding enhancements:
  - TECM (ongoing and growing)
  - State general fund appropriations (ongoing 🙌)
  - Leading Idaho Local Bridge Program (LHTAC)
  - Strategic Initiatives Local Grant Program (ITD)



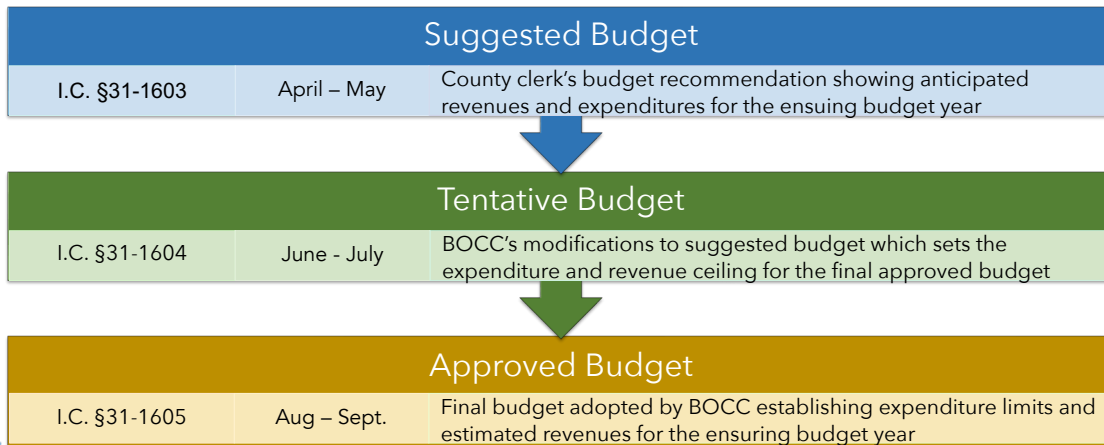
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## Key 2023 County Budget Deadlines



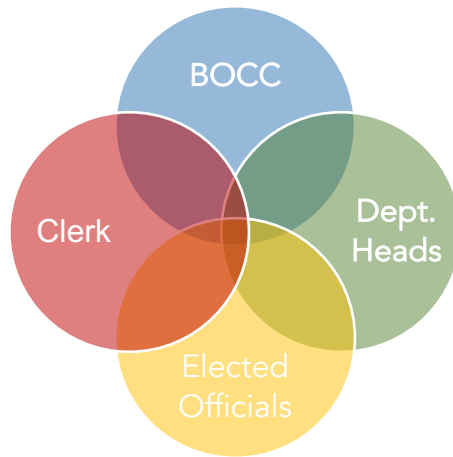
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## County Budget Development Terms



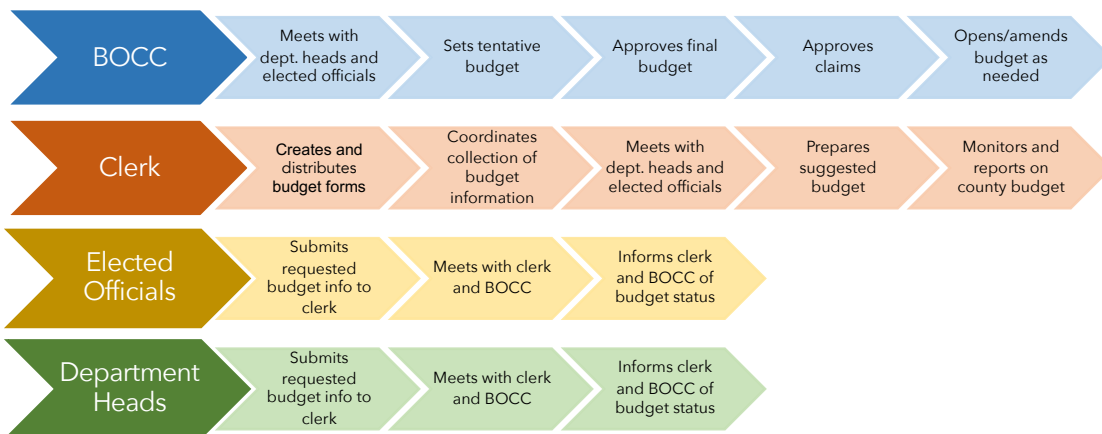
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# It Takes a Team!



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# Roles & Responsibilities



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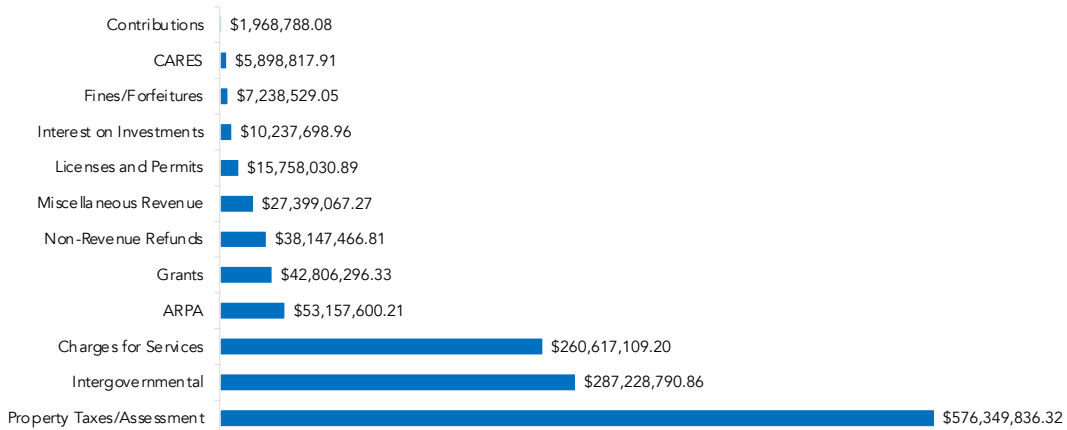
# County Revenue Categories

Property Tax Levies	Intergovernmental	Fees and Fines	Cash Reserves
<ul style="list-style-type: none"> <li>Current Expense Levy</li> <li>Justice Levy</li> <li>District Court Levy</li> <li>Revaluation Levy</li> <li>Road &amp; Bridge Levy</li> <li>Etc.</li> </ul>	<ul style="list-style-type: none"> <li>Sales Tax Rev Share</li> <li>Liquor Funds</li> <li>Highway Funds</li> <li>Liquor Fund</li> <li>PILT</li> <li>SRS</li> <li>Etc.</li> </ul>	<ul style="list-style-type: none"> <li>District Court Fees</li> <li>DMV Fees</li> <li>Recording Fees</li> <li>Solid Waste Fees</li> <li>P&amp;Z/Building Fees</li> <li>Mapping Fees</li> <li>Etc.</li> </ul>	<ul style="list-style-type: none"> <li>County 5<sup>th</sup> quarter</li> <li>One time savings</li> <li>Unassigned</li> <li>Dedicated</li> <li>Etc.</li> </ul>



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# County Revenues, 2022



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## General vs Dedicated Revenues

### General Revenues

- Non restricted funds that can be used for any general purpose
- Examples:
  - Sales Tax Revenue Sharing
  - PILT
  - Wind and Solar Tax
  - ARPA LATCF

### Dedicated Revenues

- Restricted funds that can only be used for specific purposes
- Examples
  - Highway User Revenue
  - District Court Fees
  - Enterprise Fees
  - SRS



## A Note on Property Taxes

- Budget Caps
  - Base property tax budget cannot increase by more the 3%. + new construction
  - Base property tax budget increase + new construction cannot exceed 8%
  - Base property tax budget may increase by another 1% if forgone property tax is available
  - A one-time property tax budget of 3% for capital projects if forgone property tax is available (not included in base property tax budget)
- Levy Caps
  - Each levied fund has a statutory limit
  - A county may not levy above statutory levy caps



## A Note on Fees

- Statutory Fees
  - Set by Idaho Code
    - Court fees
    - Driver license fees
    - Recording fees
- County Fees
  - Set by BOCC
  - Must be related to and not exceed actual cost of providing service (Idaho Code §31-870)
    - Solid waste fees
    - Vehicle registration and title fees
    - P&Z, building, development fees



## A Note on Intergovernmental Revenues

- Example of federal intergovernmental revenues:
  - PILT – county only, general use
  - SRS – county, highway district, and school district, dedicated use
- Examples of state intergovernmental revenues:
  - Sales Tax
    - Revenue sharing – general use
    - Property tax replacement – general use
    - Election fund – dedicated use
  - Liquor Fund – 50/50 general/dedicated use
  - Highway User Revenue – dedicated use



# The L-2 Worksheet

Calculation of maximum allowed non-exempt property tax budget

2023 L-2 Worksheet		Form Type: None Selected
<b>Allowable Base Budget Calculation Plus Solar:</b>		
Highest Non-Exempt P-Tax Budget P-Tax Replacement (from the "Maximum Budget and Forgone Amount Worksheet")		(11)
Up to 3% Base Budget Growth (multiply line 1 by up to 3%)		(12)
Enter the total amount you received for solar farm tax from the immediate prior year (1/1/21 - 6/30/22)		(13) \$0
<b>New Construction, Annexation, &amp; Expiring Urban Renewal Allowable Budget Increases Calculation:</b>		
<b>2022 Value of District's Operating Property from Each Applicable County:</b>		
	Value	
(14)		
(15)		
(16)		
(17)		
Total 2022 Operating Property Value (total of lines 14 thru 17)		(18) \$0
<b>2022 District's Net Taxable Value &amp; Estimated Sub-roll from Each Applicable County:</b>		
	Value	
(19)		
(20)		
(21)		
(22)		
Total 2022 Net Taxable Value & Estimated Sub-roll (total of lines 19 thru 22)		(23) \$0
<b>2023 Preliminary Levy Rate for New Construction:</b>		
2022 New Construction Preliminary Levy Rate (line 1 + line 2)/(line 4 + line 5)		(24)
<b>2023 Value of District's New Construction Roll from Each Applicable County:</b>		
	Value	
(25)		
(26)		
(27)		
(28)		
Total New Construction Roll (NOT including expiring Urban Renewal) (total of lines 25 thru 28)		(29) \$0
<b>New Construction Roll Allowable Budget Increase (multiply line 6 by line 7):</b>		
		(30) \$0
<b>2023 Value of District's Assessed Property:</b>		
2022 Full Taxable Value of Assesment from Property Assessed by County		(31) \$0
90% of Assesment Value Assesment by County		(32) \$0
Estimated Value of Assesment Operating Property (line 9 divided by line 5, then multiplied by line 4)		(33)
2023 annesment preliminary levy rate (line 1 + line 2)/(line 4 + line 5 + line 11)		(34)
2023 annesment allowable budget increase (multiply line 10 by line 12)		(35) \$0
<b>2023 Expiring Urban Renewal:</b>		
Total expiring Urban Renewal value		(36)
80% of expiring Urban Renewal value		(37) \$0
Expiring Urban Renewal budget increase (line 6 multiplied by line 13)		(38) \$0
<b>Total Non-Exempt Allowable Budget Before P-Tax Replacement and P-Tax Substitute Funds Deductions:</b>		
Total uncapexed budget growth potential (Add lines 1+2+3+8+13+16)		(39)
Total capexed growth (line 8) (line 3 + 8 + 13 + line 3 + line 16)		(40)
Total non-exempt budget allowed (total of lines 37 and 38)		(41) \$0
<b>Property Tax Replacement:</b>		
Enter yearly amount of the agricultural equipment replacement money		(42)
Enter yearly amount of the 2013 personal property replacement money		(43)
Enter yearly amount of the 2022 personal property replacement money		(44)
<b>Information below is reported in indicated columns of the "Recovered/Recaptured Property Tax and Refund List":</b>		
Enter the Solar Farm tax reported in column 1 (1/1/22 - 6/30/23)		(45) \$0
Enter the recovered Homeowner's Exemption property tax reported in column 2		(46) \$0
Enter the total amount reported in columns 3 thru 6		(47) \$0
Total of lines 25 thru 28; Col. 5 of L-2 must equal this amount		(48) \$0
<b>Fire District Annexation (Cities Only):</b>		
Not Applicable		(49) \$0
<b>Forgone Amount Section:</b>		
Enter the total forgone amount reported on the "Maximum Budget and Forgone Amount Worksheet"		(50) \$0
Enter the forgone amount to be recovered in your budget. This amount can't exceed what is reported on the attached resolution		(51) \$0
<b>Net Fund Less Property Tax Replacement (Schools Only):</b>		
Not Applicable		(52) \$0
Not Applicable		(53) \$0
<b>Maximum Allowable Non-Exempt Property Tax That Can Be Levied (Including Forgone Amount):</b>		
Maximum non-exempt property tax budget including forgone amount (lines 18-26-27-29)		(54) \$0



# Understanding the L-2 Form

Approved Budget

Budgeted Funds

Revenue Categories

2018 Dollar Certification of Budget Request to Board of County Commissioners L-2 <sup>1</sup> County Only (the L-2 worksheet and applicable "voter approved fund tracker" must be attached)					
Revenue Source	Total Approved Budget <sup>2</sup>	Cash Forfeited Balance	Other revenue 2022 shown in Column 3	Property Tax Replacement from Line 14 of L-2 Worksheet	Balance to be levied Col. 2 value (Col. 1+4-5)
1	2	3	4	5	6
Current Expense	4,347,360	1,131,122	2,003,881	159,226	1,053,131
District Court	1,237,169	213,637	318,125		705,407
Fair	95,903	16,398	13,424		66,081
Justice	5,029,028	788,971	1,571,718		2,668,339
Health District	85,000	1,079	3,602		80,319
Indigent	454,510	255,067	72,637		126,806
Park & Recreation	337,422	46,509	129,073		161,840
Revaluation	507,593	43,699	17,133		446,761
Ten	265,000	19,997	10,051		235,252
Veterans Memorial	9,000	113	402		8,485
Weeds	620,960	12,170	223,919		384,871
Other Funds	18,908,781	10,938,109	7,970,672		-
I.C. §40-801(1)(a)	5,423,211	1,004,825	2,237,271		1,881,015
A proportionate share of the property tax portion of this fund is shared with each city within your district.					
I.C. §40-801(1)(b)	1,987,350	1,140,754	101,800		744,796
This fund is not shared with the cities within your district.					
<b>Column Total:</b>	<b>39,308,287</b>	<b>15,612,150</b>	<b>14,973,808</b>	<b>159,226</b>	<b>8,563,103</b>

If the budget includes any forgone amount, complete this section:  
I, the undersigned, attest that this district held a public hearing and approved the attached resolution that indicates that up to \$\_\_\_\_\_ of available forgone increase is authorized to be levied and the specific purpose for which this amount is being budgeted. This amount can not exceed the lesser of the amount shown in the resolution on line 19 of the L-2 worksheet.  
I certify that the amounts shown above accurately reflect the budget being certified in accordance with the provisions of I.C. §63-803.  
To the best of my knowledge, this district has established and adopted this budget in accordance with all provisions of Idaho Law.

SOP: \_\_\_\_\_ Chairman \_\_\_\_\_ Date: September 4-2018  
Signature of District Representative Title: \_\_\_\_\_

Abbie Mace, Fremont County Clerk, 151 W 1st N, St. Anthony, ID 83445  
Please print above: Contact Name and Mailing Address Email Address: amace@co.fremont.id.us  
Phone Number: (208) 624-7332 Fax Number: (208) 624-1543

<sup>1</sup> Do not include revenue allocated to urban renewal agencies. EFO00080\_05-10-2018

Approved Budget  
- Cash Reserves  
- Other Revenues  
- Property Tax Replacement  
= Amount to be Levied





## Examples of County Budget Funds

- General or Current Expense
- Airport
- Ambulance
- Ad Valorem (Revaluation)
- Justice
- Ignition Interlock
- District Court
- Election Consolidation
- Fairgrounds and Buildings
- Health District
- Historical Society
- Charity (Indigent)
- Trusts
- Drug Court
- Road & Bridge
- Community College
- Parks & Recreation
- Pest Control
- Snowmobile
- Solid Waste
- Tort
- Veterans' Memorial
- Waterways
- Noxious Weed
- 911 Emergency Communications
- EMS
- Enterprise Funds



## County Expense Categories

"A" Budget	"B" Budget	"C" Budget	"D" Budget
I.C. §31-1604(1)	I.C. §31-1604(1)	Optional Category	Optional Category
CEO Salaries	Operating Expenses	Capital Expenses	Benefit Expenses
Employee Salaries	Supplies	Facility Upgrades	Payroll Taxes
May Include Benefits	Equipment	Long Term Leases	Retirement
	Travel	Design Costs	Health Insurance
	Training, Events, Etc.	Construction Costs	Workers Comp
	May Include Benefits		Unemployment
	May Include Capital		



## County Expenditures (2022)



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## Elected Official Salaries

- What is in the budget is “full compensation” for their service
- Not to be raised or lowered during the fiscal year
- No bonuses and no reductions other than as required by law
- Evaluate current needs: does compensation match current responsibilities?
- IAC Annual Salary Survey: <https://idcounties.org/iac-salary-survey/>
- Idaho Code §32-3101, §31-3106, and §31-816



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## Budgeted Reserves and Emergencies

- BOCC may make general reserve appropriations, not to exceed 5% of the Current Expense and Justice Fund Budget (Idaho Code §31-1605 and §63-805)
- Emergency expenditures may be made by unanimous resolution of the BOCC (Idaho Code § 31-1608)
  - May use any and all funds in the county treasury
  - May incur debt to address emergency



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## The Basics of Managing the Budget

- #1 You have a fiduciary responsibility to safeguard public funds
- #2 Expenditures cannot exceed revenues
- #3 Budget amendments must be done in public and follow the law
- #4 Appropriations are year-to-year
- #5 You cannot transfer levied funds to another fund (I.C. §31-1508)
- #6 Communicate, communicate, communicate



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## Reality Check

- #1 Your department's/office's ability to spend is limited by the budget
- #2 Budgets are subject to unforeseen obligations out of your control
- #3 Property taxes cannot be increased mid budget year
- #4 If it isn't in your budget, you can't spend it (unanticipated revenue)
- #5 Just because it is in your budget doesn't mean you can spend it
- #6 Cooperation among county officials is essential



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## Claims Against the County

- BOCC to examine, settle, and allow legal claims against the county (Idaho Code §31-809)
- Claims must be accompanied by receipt (Idaho Code §31-1501)
- Claims must be submitted within one year (Idaho Code §31-1501)
- BOCC approves checklist of allowed bills/claims (Idaho Code § 31-1502)
- Treasurer to only issues warrants (checks) for allowed bills/claims



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## County Procurement Policies

- BOCC may adopt procurement policies (Idaho Code §31-714)
  - Procurement thresholds/limits
  - Preapproval for large purchases (vehicles, equipment, software, etc.)
- No bid required for purchase of services or personal property if less than \$75,000 (Idaho Code §67-2806)
- No bid required for public works purchases if less than \$50,000



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Each and every county official or employee shall be limited in making expenditures or the incurring of liabilities to the respective amounts of such appropriations and is liable to county for excess expenditures (Idaho Code §31-1606, §31-1607).



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## Government Accounting: GASB

- What is GASB?
  - Government Accounting Standards Board establishes accounting reporting standards at the state and local level (Idaho Code §31-1509)
  - GASB's purpose is to assist governing bodies to evaluate their operation and provide the public with easier to read reports due to the standardization of reporting
  - Each department must keep track of all assets/inventory according to the county policy
  - Key component of annual audit



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## Annual Audits

- The county must have an annual audit performed by outside auditors (Idaho Code §31-1701)
- Annual audit must be performed by June 1<sup>st</sup> (Idaho Code §67-450B)
- Annual audit must be published within 30 days of completion (Idaho Code §31-819)
- Other possible audits by outside auditors:
  - Waterways/Snowmobile
  - Grants
  - PERSI
  - Worker's Compensation



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## Local Government Transparency

- Central registry and reporting portal requirements for counties (Idaho Code §67-1076):

- Due December 1<sup>st</sup> of each year
- Administrative information (governing board, contact info, fiscal year, etc.)
- Financial information (most recently adopted budget, unaudited comparison of budget to actual for prior fiscal year, date of last audit, most recent audit)
- Local Transparent Idaho now has county budget and fund balance information (all local governments must go live by 2025)

<https://localtransparency.idaho.gov:>



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## Checks and Balances

- Role of the Board of County Commissioners
  - Idaho Code §31-809: Examine and audit accounts
  - Idaho Code §31-1701: Full and complete external audit
  - Idaho Code §31-810: Examine and settle allowable claims
- Role of the County Clerk/Auditor
  - Idaho Code §31-1602: Ensure budget compliance
  - Idaho Code §31-1611: Quarterly financial statements to BOCC
  - Idaho Code §31-1511: Jointly issue and sign warrants with the county treasurer
  - Idaho Code §31-2304: Keep accounts current with the county treasurer
- Role of the County Treasurer
  - Idaho Code §31-2113: Detailed report to BOCC
  - Idaho Code §31-2112: Monthly/annual settlement of accounts
  - Idaho Code §31-1511: Jointly issue and sign "warrants" (or checks) with the clerk/auditor



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## Fraud Risks

- Credit card use – monitor use and identify misuse of public funds (Idaho Code §18-5701, Idaho Code)
- Borrowing lunch money from a cash drawer
- Easy/unsupervised access to petty cash
- Pocketing cash as it comes in
- Accounts payable – watch for fake invoices or companies, double billing, etc.



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## Fraud Prevention

- Make sure your county has adopted formal internal controls
- Make sure to comply with annual outside audit and other financial reporting requirements
- Follow recommendations of outside auditor
- Develop, adopt, and update county policies to prevent fraud (credit card policy, travel policy, county vehicle use policy, establish internal financial controls, etc.)



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