

# New County Officer's School

*Budgeting Beyond the Basics*

*January 18, 2017*

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Linn County Budget Director

# Agenda

- Budget Process
- Policy Integration
- Financial Planning
- Operational Planning
- Communication

# Budget Process

- Budget Calendar
- Requirements Planning
- Review of Requests
- Final Decisions
- Public Hearing

# Policy Integration

- Policy Development
  - Organizational
  - Departmental
- Financial Policies
  - Long-term
  - Upcoming Year

# Policy Integration

Mission Statement/Goals



Strategic Initiatives



Action Plans



Budget



# Policy Integration

- Current Year Policies
  - Strategic Initiatives
  - Valuation Growth
  - Legislative Changes
  - Cost of Labor
  - Economic Factors

# Financial Planning

## Classes of Expenditures

- Personal Services - Salaries & benefits
- Operations - Minor purchases and services
- Capital Outlay - Capital asset acquisitions

# Financial Planning

## Service Areas

- Public Safety & Legal Services
- Physical Health & Social Services
- Mental Health, MR & DD
- County Environment
- Roads & Transportation
- Government Services to Residents
- Administration
- Non-program
- Debt Service
- Capital Projects



# Financial Planning

## Service Areas

### **Public Safety & Legal**

- Law Enforcement
- Legal Services and Courts
- Emergency Services

### **Physical Health & Social Services**

- Physical Health Services
- Services to Poor Programs
- Services to Military Veterans
- Children's & Family Services

# Financial Planning

## Service Areas

### **Mental Health, Intellectual & Developmental Disabilities**

- Mental Illness
- Chronic Mental Illness
- Intellectual Disabilities
- Other Developmental Disabilities
- County Provided Case Management
- General Administration
- County Provided Case Management
- Brain Injury

# Financial Planning

## Service Areas

### **County Environment & Education**

- Conservation & Recreation Services
- Animal Control
- Planning & Development
- Educational Services

### **Administration**

- Policy & Administration
- Central Services
- Risk Management

# Financial Planning

## Service Areas

### **Roads & Transportation**

- Secondary Roads
- Roadway Maintenance
- Mass Transit

### **Government Services to Residents**

- Elections
- Motor Vehicles
- Recording of Public Documents

# Financial Planning

## Service Areas

### **Long Term Debt**

- General Obligations Bonds
- Revenue Bonds
- Loans
- Lease-Purchase Payments

### **Capital Projects**

- Buildings or Improvements
- Roads and Bridges
- Equipment or Technology Acquisitions

# Financial Planning

## Governmental Funds

- General Fund (Basic and Supplemental)
- Special Revenue Funds
- Debt Service
- Capital Projects

# Financial Planning

- General Basic
  - Limited to \$3.50 per thousand of taxable valuation
- General Supplemental
  - Uses defined in Section 331.424 of the Code of Iowa

# Financial Planning

- Special Revenue Funds
  - MH-DD Services
  - Rural Basic
  - Rural Supplemental
  - Secondary Roads – 75% of max for RUTF
  - Recorder's Records Management
  - Conservation Reserve & REAP



# Financial Planning

- Debt Service Fund
  - General obligation bond payments are accounted for through the debt service fund
  - Tax increment financing (TIF) districts included
  - Legal debt limit is 5% of actual valuation
- Capital Projects Fund
  - Transfers from General Fund
  - Bond issue proceeds

# Financial Planning

## Fund Balance Levels

- Cash Flow Needs
- Accuracy of Projections
- Fiscal Policies
- Use of Fund Balance
  - Recurring
  - Non-recurring

# Financial Planning

## Legislative Concerns:

- Commercial & Industrial Backfill
- Business Property Tax – Capped at \$125M
- Multi-Residential Rollback

2015 86.25%

2019 71.25%

2016 82.50%

2020 67.50%

2017 78.75%

2021 63.75%

2018 75.00%

2022 = residential rollback

# Operational Planning

- Define activities or services by organizational units - departmental goals
- Measure results of units or programs by objective methods - performance measures
- Review staffing levels by department or program and for overall organization

# Operational Planning

## **Elected Officials and Boards:**

- Attorney §331.751
- Auditor §331.501
- Board of Supervisors §331.201
- Recorder §331.601
- Sheriff §331.651
- Treasurer §331.551
- Conservation Board §350
- Board of Health §137
- Veteran Affairs Commission §35(B)

# Operational Planning

## County Departments:

- Civil Service
- Community Services
- Engineer
- Human Resources
- Information Technology
- Facilities/Maintenance
- Medical Examiner
- Planning & Zoning/Code Enforcement
- Other

# Operational Planning

## **Non-County Departments:**

- Assessor
- District Court Administration
- Juvenile Court Services
- E911
- Emergency Management
- Human Services Administration
- Solid Waste Management

# Operational Planning

## **Policy Decisions:**

What is Budgeting for Outcomes?



# Budgeting for Outcomes

- Background
- How does BFO work?
- Offers
- Rankings
- Implementation

# Budget Balancing – Old Ideas

- Hiring freezes
- Depleting reserves
- Delayed capital replacement
- Deferred maintenance
- Furloughs
- Across-the-board cuts

# Traditional Budgeting

- Start with last year's budget, add costs for current needs, calculate new budget, decide it's too high, cut costs from new budget
- Departments have incentive to build up costs
- Elected officials choose to cut services or raise taxes and get blamed either way
- Goals: being "fair," avoiding painful decisions, getting it done

# Traditional Budgeting

- Departments focus on internal programs and goals rather than on overall organizational strategic goals
- Departmental issues are everyone's primary concern
- Difficult for departments to get additional funding, discouraged by budget staff
- Departments compete for funding - no incentive for cooperation

# Budgeting for Outcomes

- Addresses fiscal constraints including:
  - Limits on expenditures
  - Decreases in revenues
- Focus is on productive use of revenues
- Programs funded are most likely to achieve strategic goals

# Budgeting for Outcomes – 8 Steps

1. Determine how much money is available
2. Set high level priorities
3. Allocate available money to priorities
4. Determine what strategies will best achieve results
5. Budget available dollars
6. Set measures of progress
7. Review what actually happened
8. Communicate performance results

# Budgeting for Outcomes – Step 1

1. Determine how much money is available
  - Property taxes, excise taxes, other tax revenues
  - Jail fees and revenues
  - Recording of documents, motor vehicles, other fees
  - State and federal grants
  - Local Option Sales Tax, other revenues

# Budgeting for Outcomes – Steps 2-4

2. Set high level priorities
  - Base on strategic plan
  - Communicate to individuals responsible for developing offers
3. Allocate available money to priorities
  - How much is each priority worth?
4. Determine what strategies or programs will best achieve results
  - Cost determined for every program or offer
  - Rank offers



# Budgeting for Outcomes – Steps 5-8

5. Budget available dollars
6. Set measures of progress
  - Use performance measures or key performance indicators
7. Review what actually happened
  - Discuss results and compare to original commitment
8. Communicate performance results

# Budgeting for Outcomes - Offers

## Key components of offers:

- Link to a strategic priority, identify other priorities offer addresses
- Describe and justify
- Identify 2 or 3 performance measures
- Describe needed resources (FTEs, dollars)
- Include collaboration or partnerships
- Describe consequences of offer not funded

# Budgeting for Outcomes -Rankings

- Where is the best return on investment?
- What offer is most likely to achieve the priority?
  - Rank offers
  - Fund with available revenues – total amount is the limit
  - Only those “above the line” make it in to the budget
- Keep everyone involved in the process
  - Discuss decisions
  - Communicate results

# Implementation Issues

- Training
- Forms
- Funding
  - Allocate by priority?
  - What about mandates?
  - Who ranks the offers?
- Technical Issues
  - Ranking of offers
  - How does this work with the line items in a budget?

Make the budgeting process your own!

# Assessing Readiness

- Have you identified your strategic goals?
- Do you have the time and ability?
- Are the organizational decision makers on board?
- Is your organization comfortable with change?

# Communication

- Budget Hearing
  - Overview of issues and choices
  - Charts and graphs are useful
  - Provide copies of CIP
  - Impact to taxpayers
  - Identify significant changes

# COUNTY OF LINN, IOWA FISCAL 2017 BUDGET



**Public Hearing  
March 8, 2016**

# BUDGET SUMMARY

- **Countywide levy rate: \$6.14, no change from FY 16, rural rate reduced by \$.05 to \$2.73 due to increase in Local Option Sales Tax (LOST) estimates. Levy rate reduction is now \$0.98 for rural residents.**
- **Impact to homeowner: no change for city residents, slight decrease of \$4 on a \$100,000 rural residence.**
- **Commercial and industrial property taxes: no change, 10% decrease from SF 295 is permanent.**
- **Property taxes levied: \$63 million, an increase of \$0.8 million or 1.3% from FY 16.**



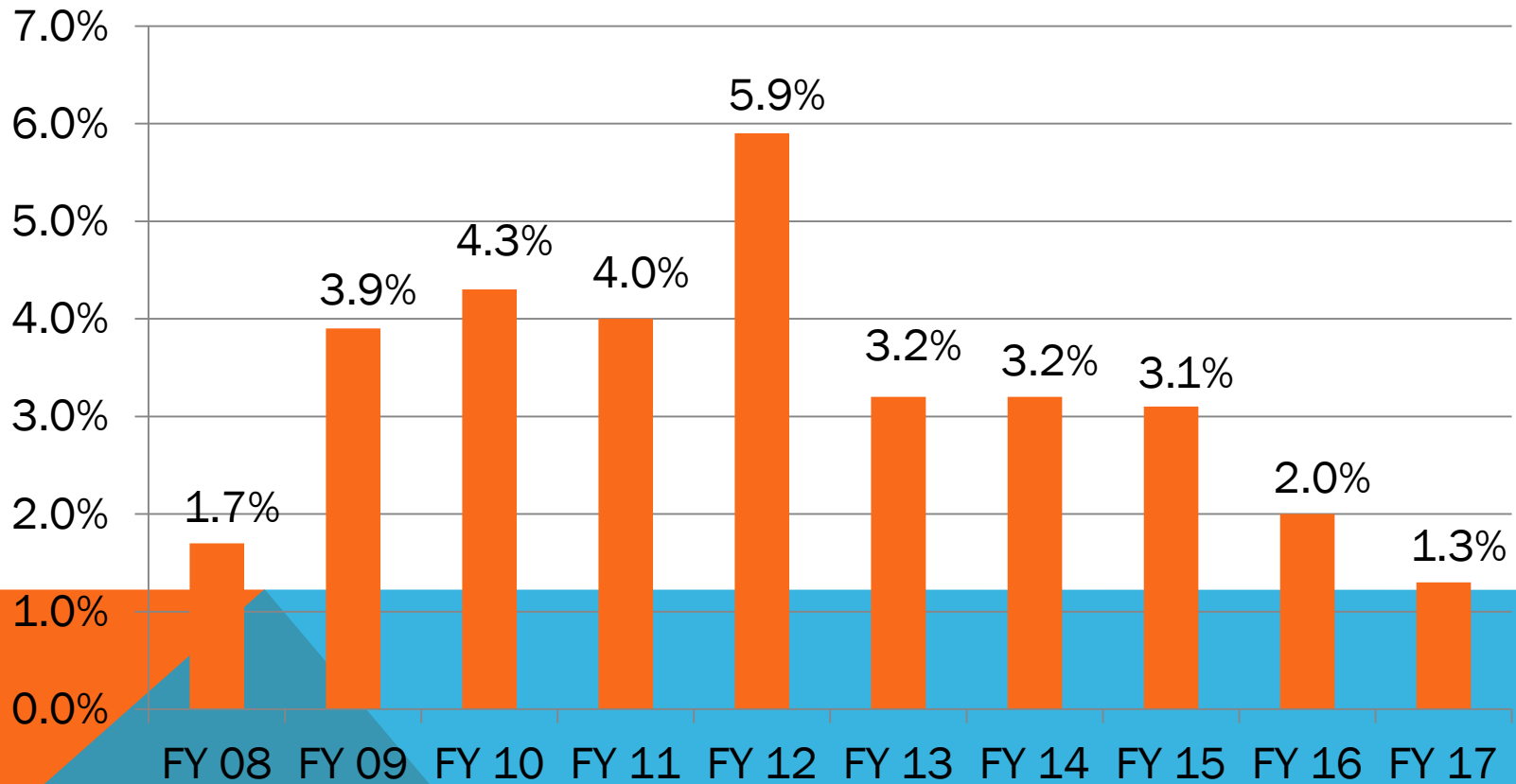
## BUDGET SUMMARY (continued)

- Wage increases for elected officials, managers, and bargaining unit employees are budgeted at 2.6% in FY 17
- Budget of \$107.6 million, an increase of \$2.5 million including wage and health insurance increases
- LOST projects budgeted at \$3.0 million for road construction and \$1.24 million for Conservation projects, with \$1.48 million applied to property tax relief in the rural fund
- Approved offers of \$440,000 included in FY 17 budget.

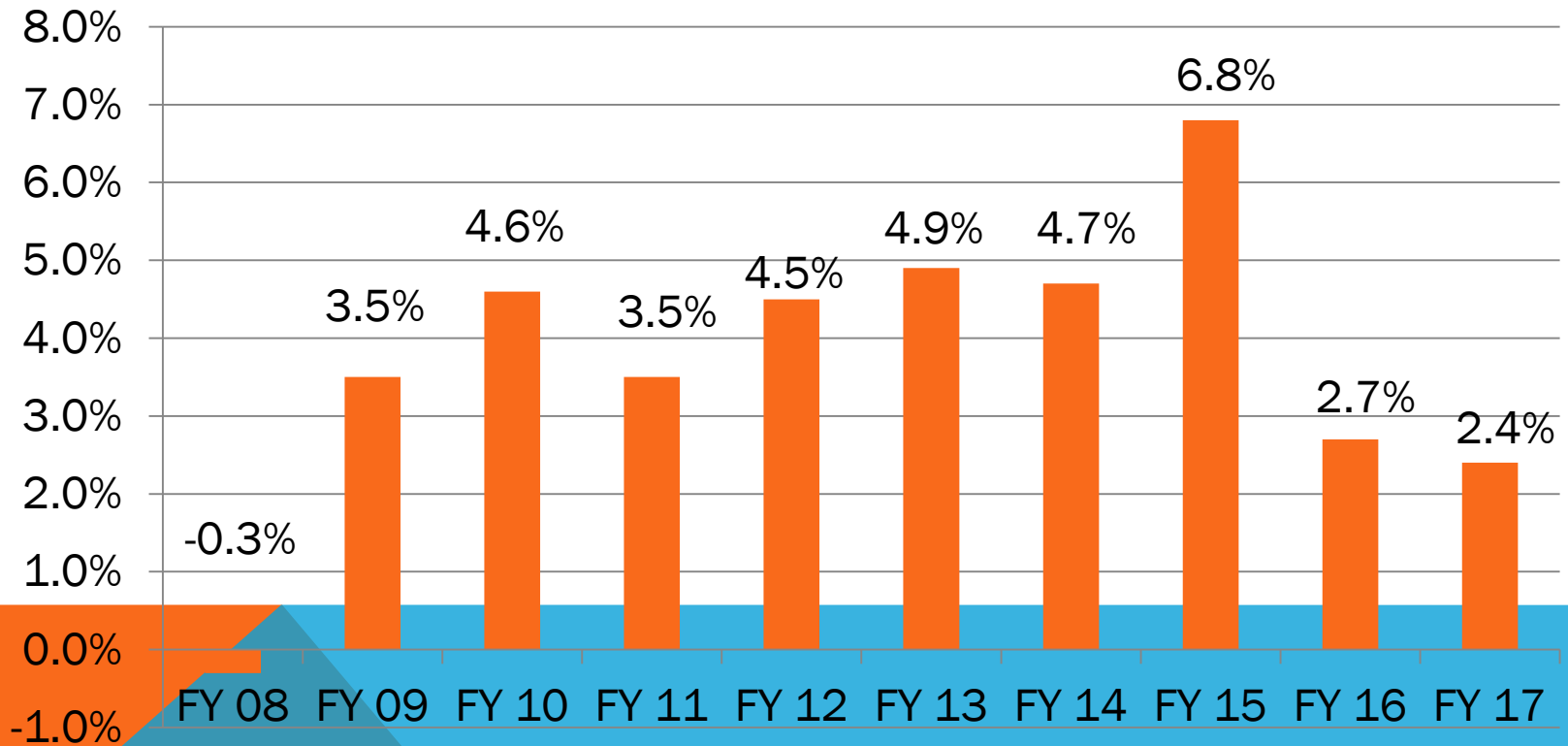
# BUDGET INITIATIVES

- Countywide tax rate of \$6.14 per thousand
- General fund uses not to exceed revenues
- General fund ending balance of 25%
- Existing staffing wage increases funded
- No increase in operations
- Offer process for additional funding requests

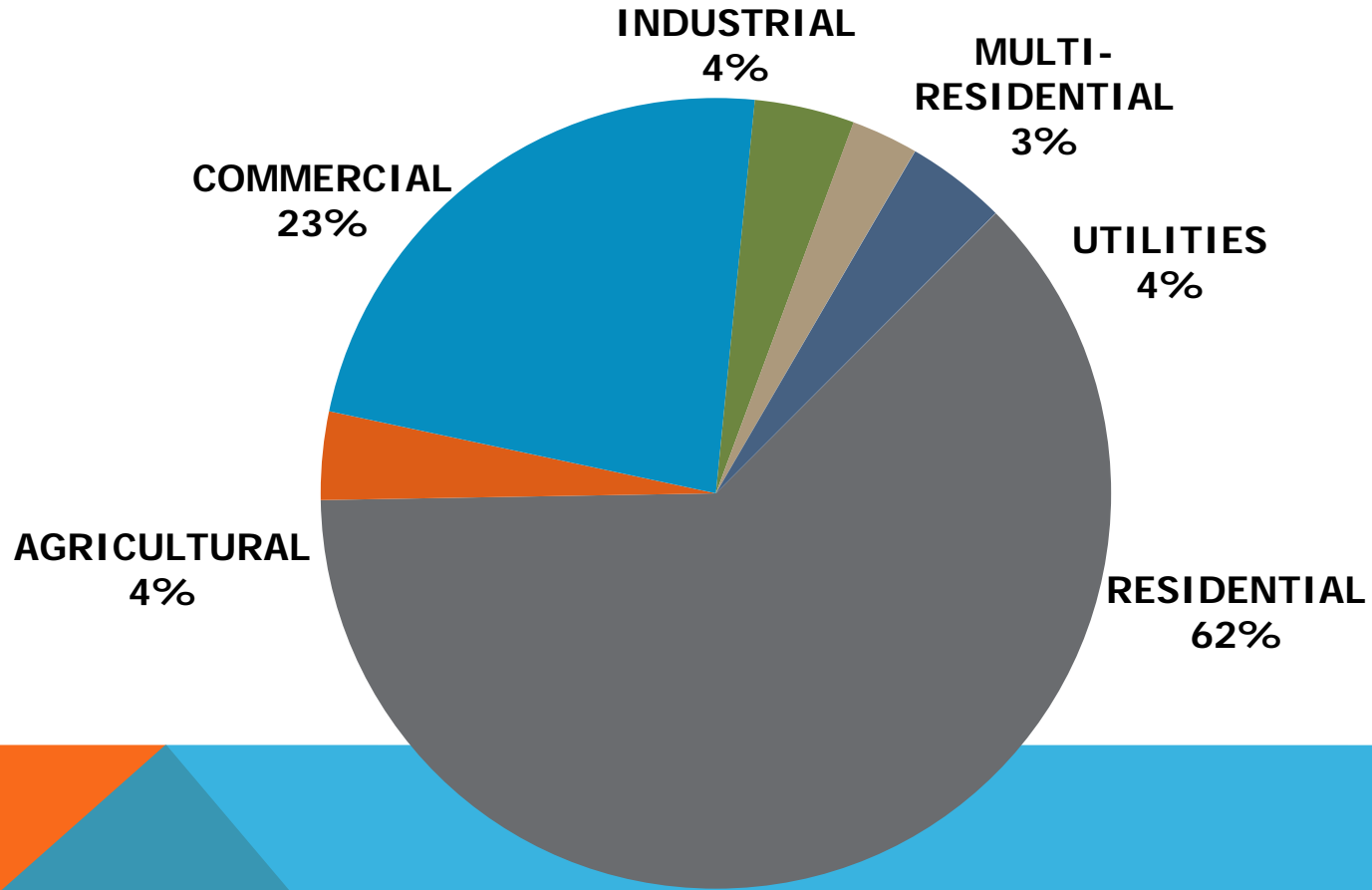
# COUNTYWIDE TAXABLE VALUATION GROWTH



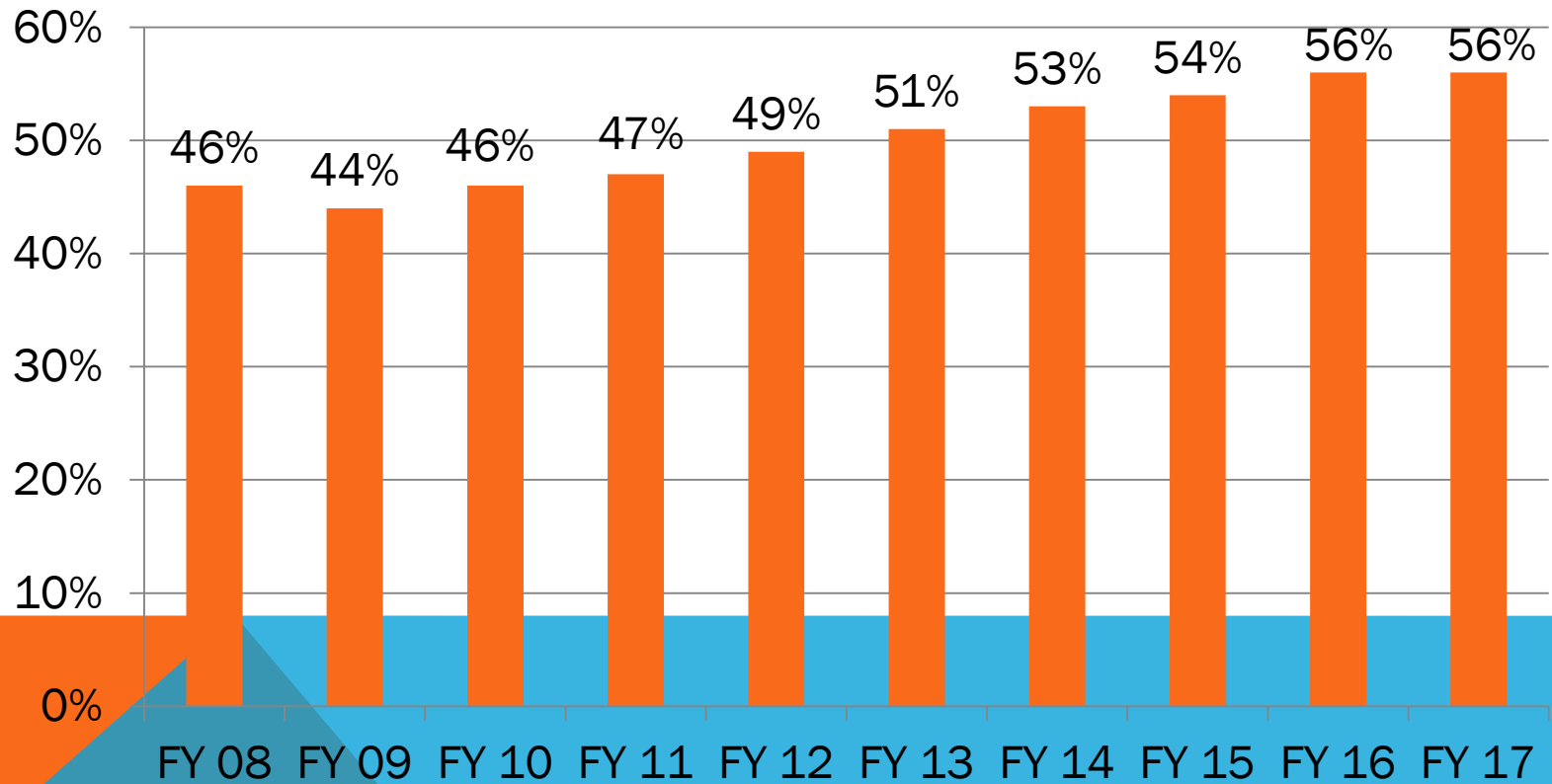
# RURAL TAXABLE VALUATION GROWTH



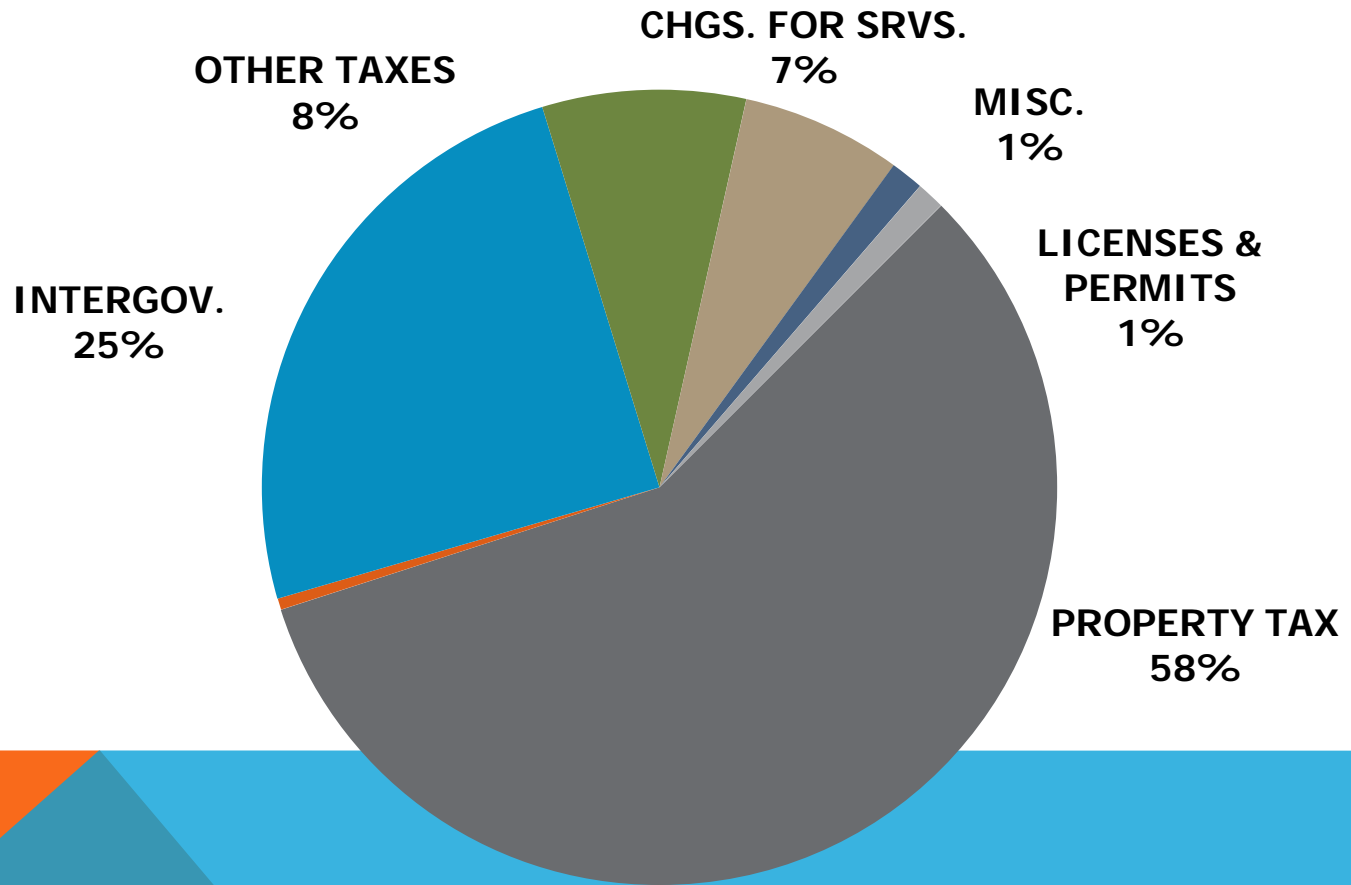
# COMPOSITION OF TAXABLE VALUES



# RESIDENTIAL ROLLBACK

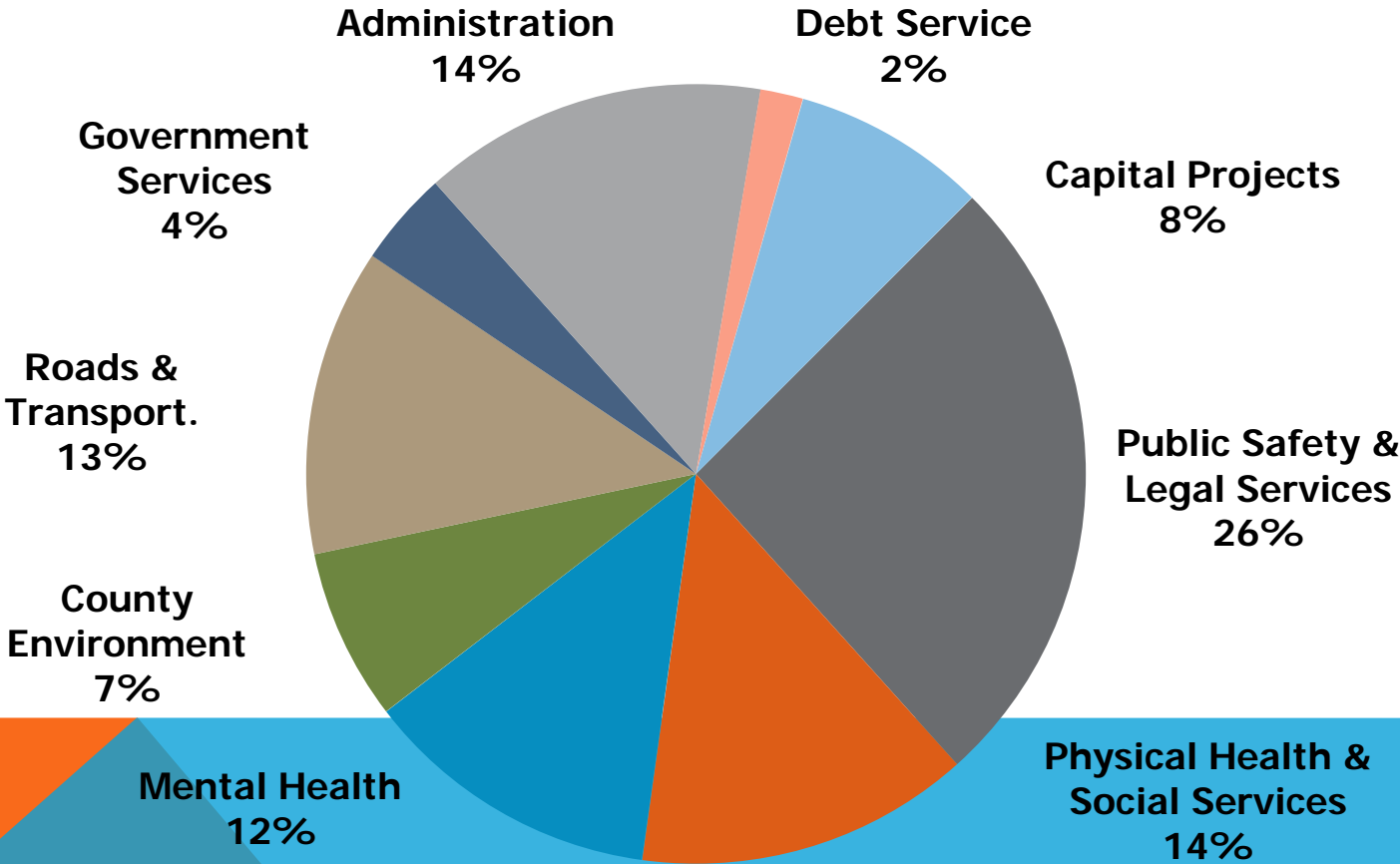


# REVENUES BY SOURCE



TOTAL REVENUE SOURCES = \$106,363,000

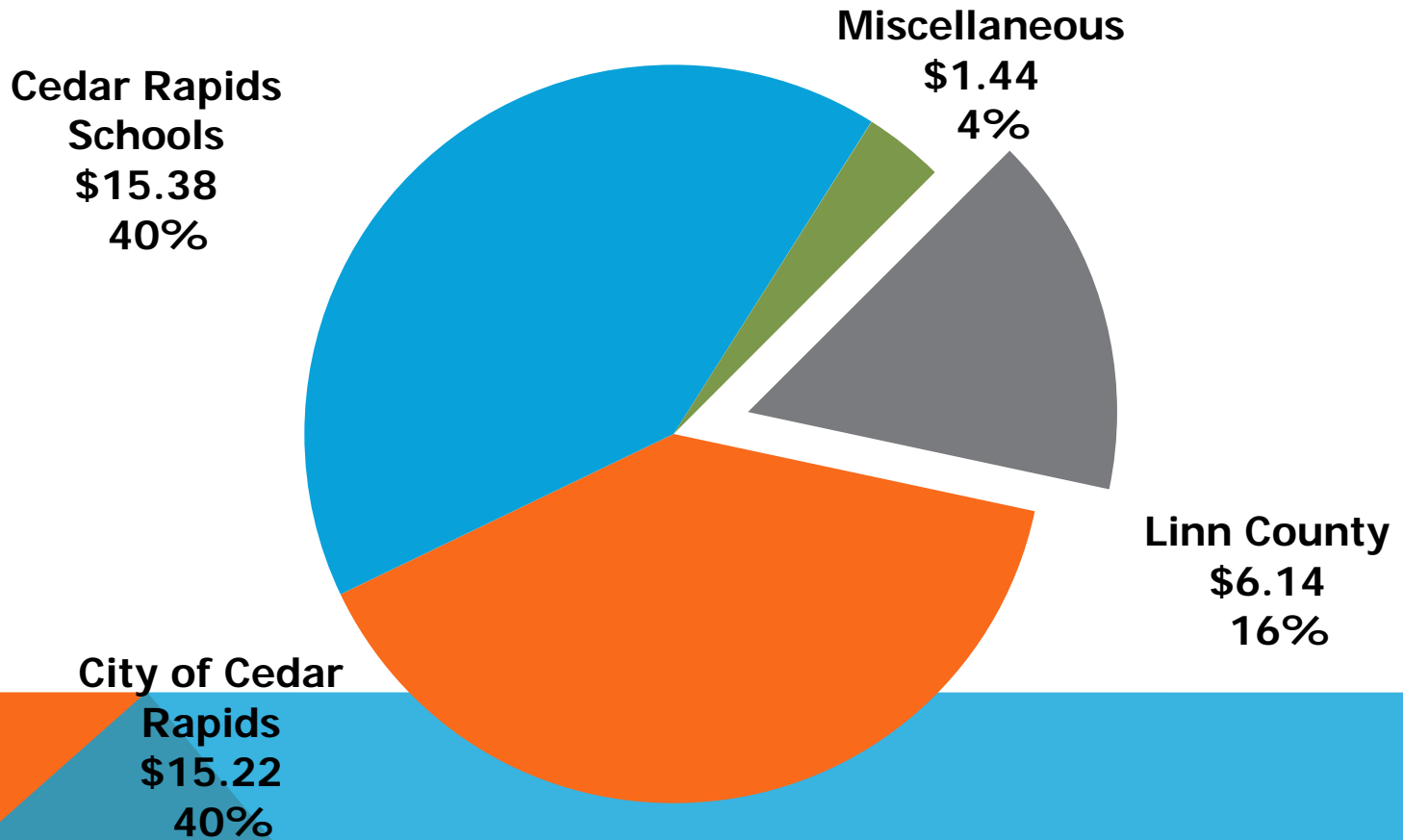
# EXPENDITURES BY SERVICE AREA



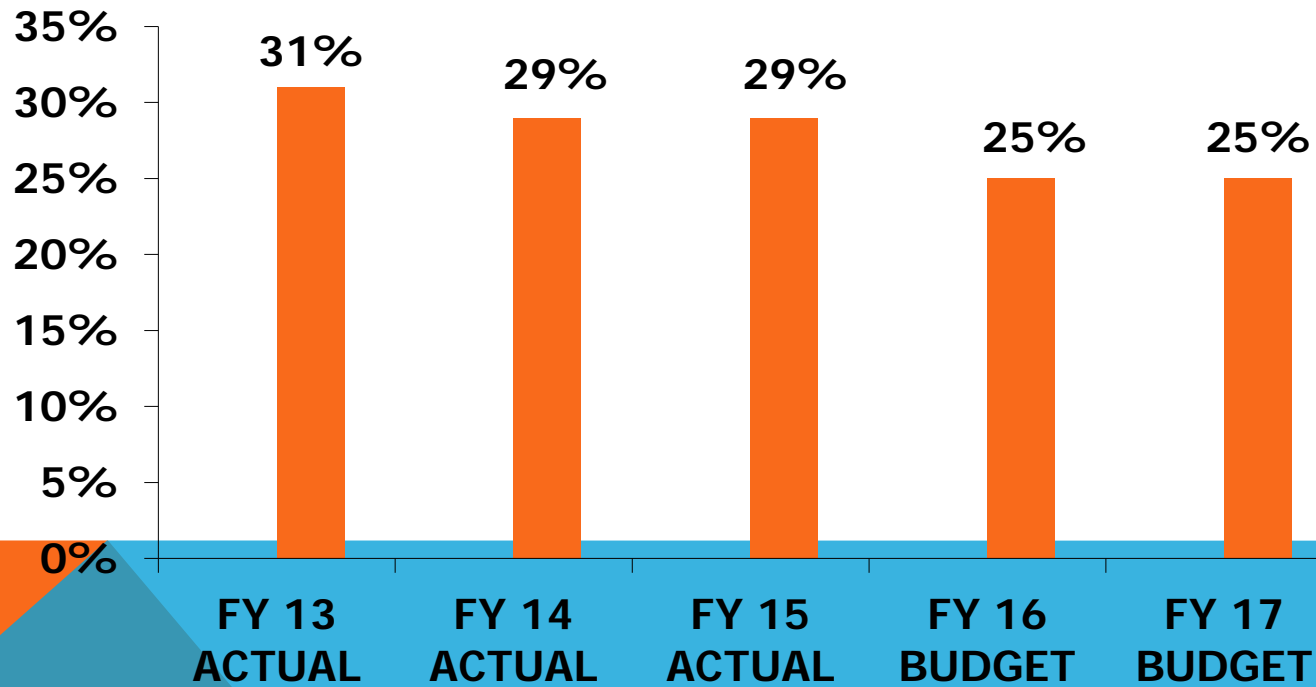
TOTAL EXPENDITURE USES = \$107,618,000



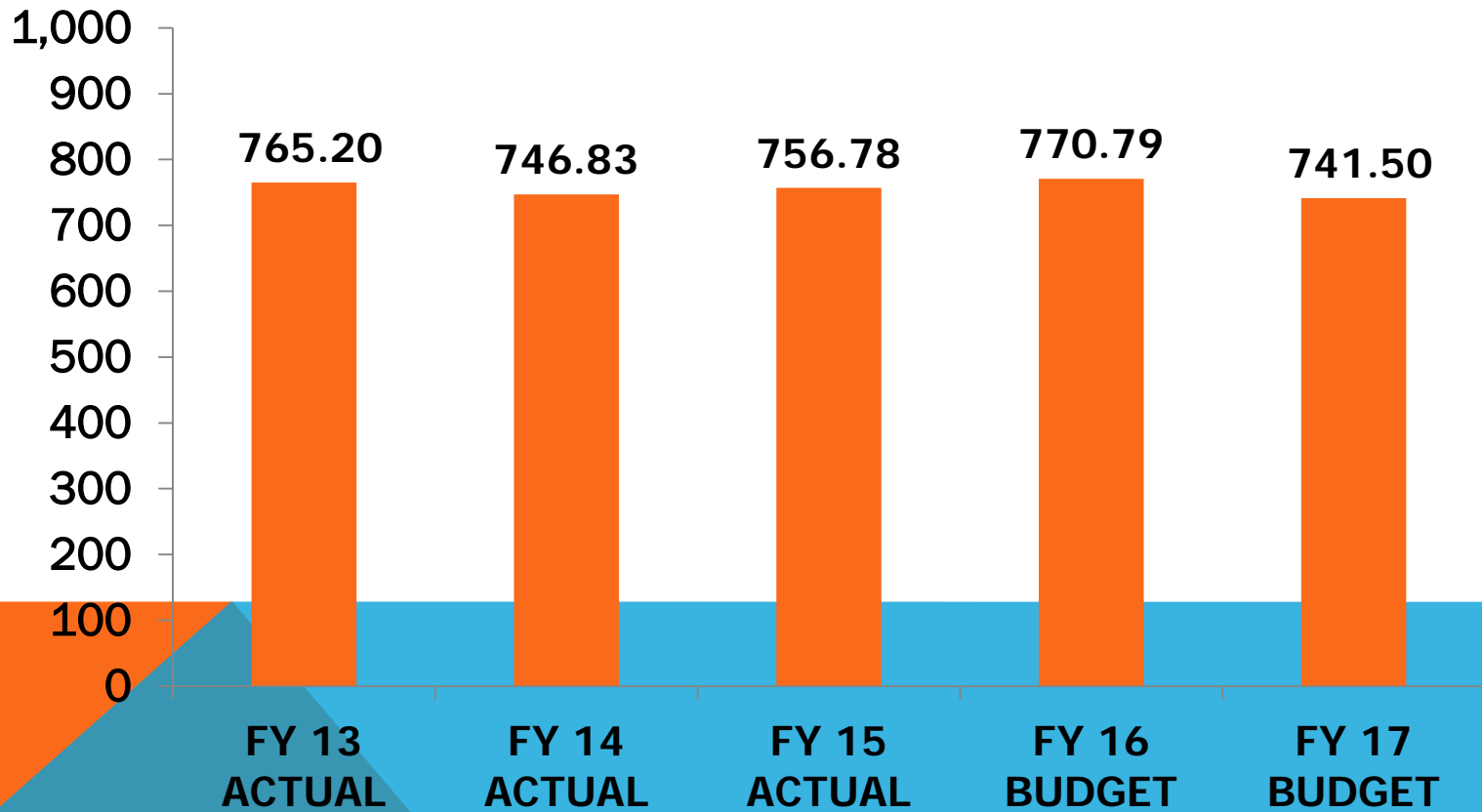
# COMBINED TAX RATE – ACTUAL FY 16



# FUND BALANCE - GENERAL FUND



# PERSONNEL POSITIONS



# QUESTIONS?

Resources:

[www.linncounty.org/finance](http://www.linncounty.org/finance)

Strategic Plan

Offer Submittal Form

Approved Offers Summary

Annual Budget Document (includes budget calendar)

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