

Newly Elected & Appointed Officials Workshop

Principles of County Budgeting & Finance

STC, SPRING SEMINAR

March 31, 2016

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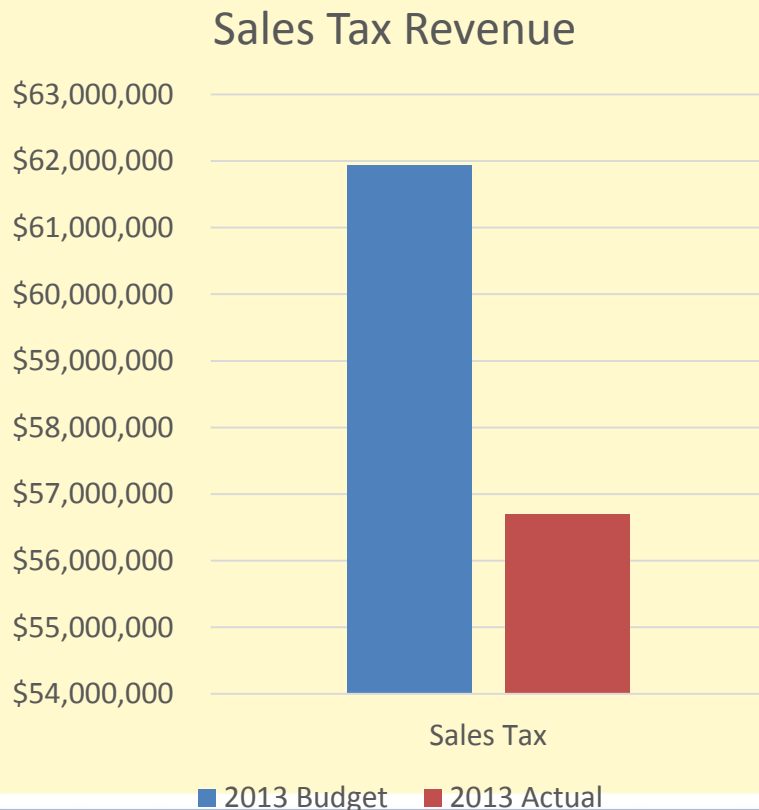
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NEW YORK STATE
ASSOCIATION OF COUNTIES

TABLE OF CONTENTS

- I. Introduction & Background
- II. How our Budget Process helped us take action.
- III. Our Budget Process
 - . Elements
 - . Examples/Slides
 - . Weaknesses
 - . Local Environment
 - . Cycles
- IV. Basics
 - . Budget Summary
 - . Sales Tax Analysis
 - . Other Sources
 - . Debt
 - . Fund Balance
 - . Levy and Tax Cap
 - . Mandates
- V. County Legislator's Role in the Budget Process
- VI. Budgeting in Tough Times
 - . Evidence
 - . Approaches
- VII. Practical Applications
 - . Best practices
 - . Sins
 - . Pitfalls
- VIII. Plain English Budget
 - . Terminology

How Our Budget Process Helped Us Take Action

Where Did the White Trucks Go?



In May of 2013 we projected significant budget deficits for 2014, 2015, 2016, 2017, 2018 because of plummeting sales tax revenue.

Action Step 1

2013

- Implemented an Early Retirement Incentive as a means to reduce payroll costs.
79 Employees retired.
- Negotiated a New CSEA New Hire Plan the agreement eliminated steps and reduced the entry level salaries by 7.5% .

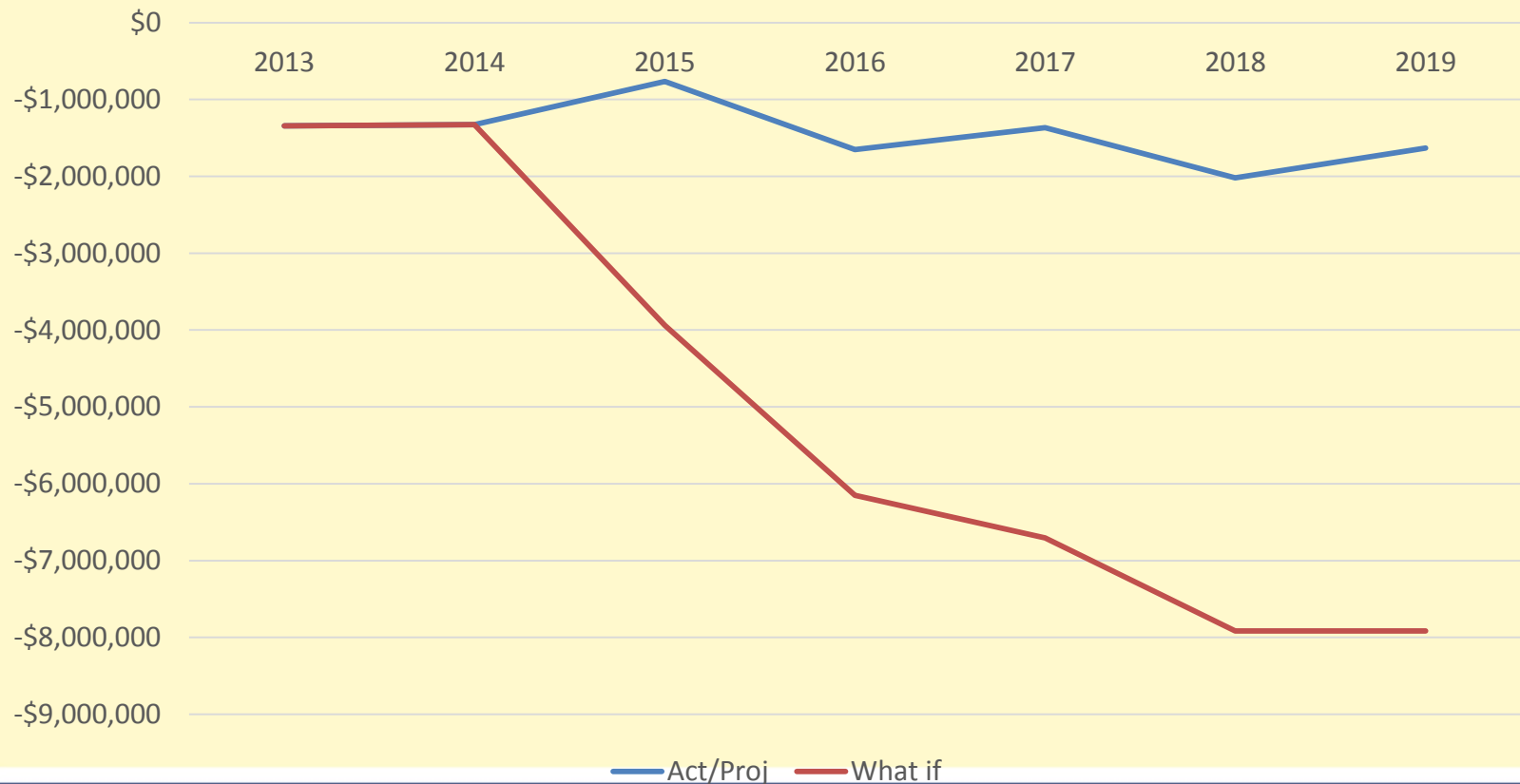
Action Step 2

- New Sales Tax Formula implemented beginning of 2015.
- County share increased from 62.5% to 75% from 2015 to 2018.

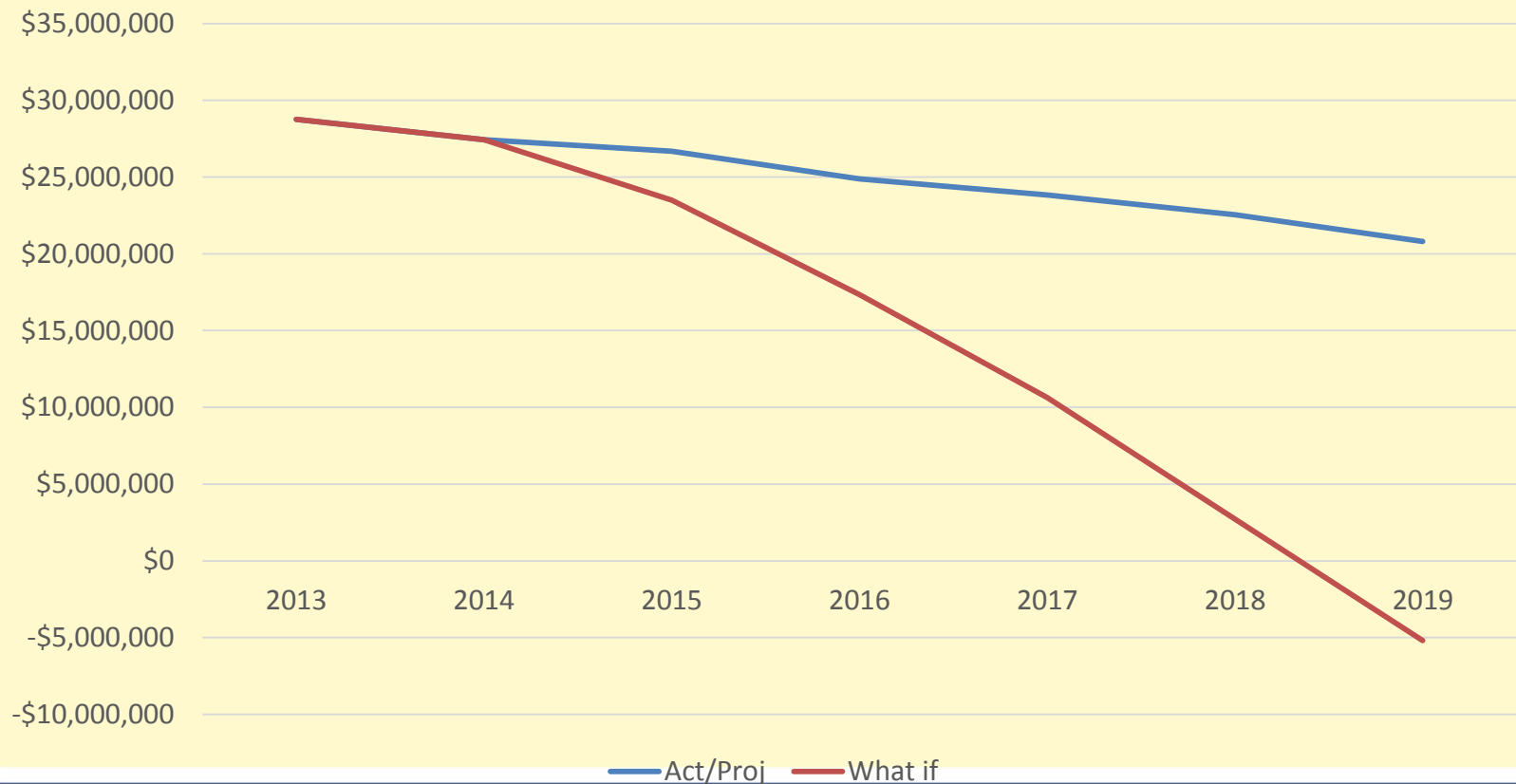
New Budget Relief

	2015	2016	2017	2018
Payroll Savings	\$1,238,869	\$1,238,869	\$1,238,869	\$1,238,869
New Sales Tax Revenue	\$3,188,905	\$1,148,006	\$1,318,081	\$977,931
Total	\$4,427,774	\$2,386,875	\$2,556,950	\$2,216,800

Operating Results



Fund Balance



Look Into The Future

Multiyear Financial Planning

	2015	2016	2017	2018	2019
Beg Fund Balance	27,438,939	26,672,662	25,019,999	23,653,033	21,631,905
Revenue	153,726,934	152,894,830	154,250,465	155,674,255	157,508,001
Expenses	154,493,211	154,547,043	155,617,430	157,695,384	159,138,965
Deficit	-766,2777	-1,652,663	-1,366,966	-2,021,129	-1,630,964
End Fund Balance	26,672,662	25,019,999	23,653,033	21,631,905	20,000,941

Looking Into The Future Again

Multiyear Capital Planning

Department	2017	2018	2019	2020	2021
Building and Grounds	3,115,000	1,055,000	871,000	300,000	160,000
Public Works	5,450,000	5,405,000	9,735,000	6,675,000	5,112,000
IT	500,000	0	0	0	0
Airport	300,000	471,250	65,000	890,650	1,130,375
Transit	282,300	100,000	45,000	50,000	0
Jail	166,037	0	0	500,000	500,000
EMO	0	0	800,000	100,000	0
Sewer	1,910,000	3,673,000	2,035,000	2,720,000	0
Nursing Fac.	36,480	50,000	65,000	65,000	0
Total	11,759,817	10,754,250	13,616,000	11,300,650	6,902,375

Our Budget Process

Elements In Our Budget Process

- Develop a Time Line
- Know what things cost
- Show financial trends
- Benchmark with others
- **Look into the future**
- Measure outcomes and results
- Involve stakeholders when possible
- Be Transparent

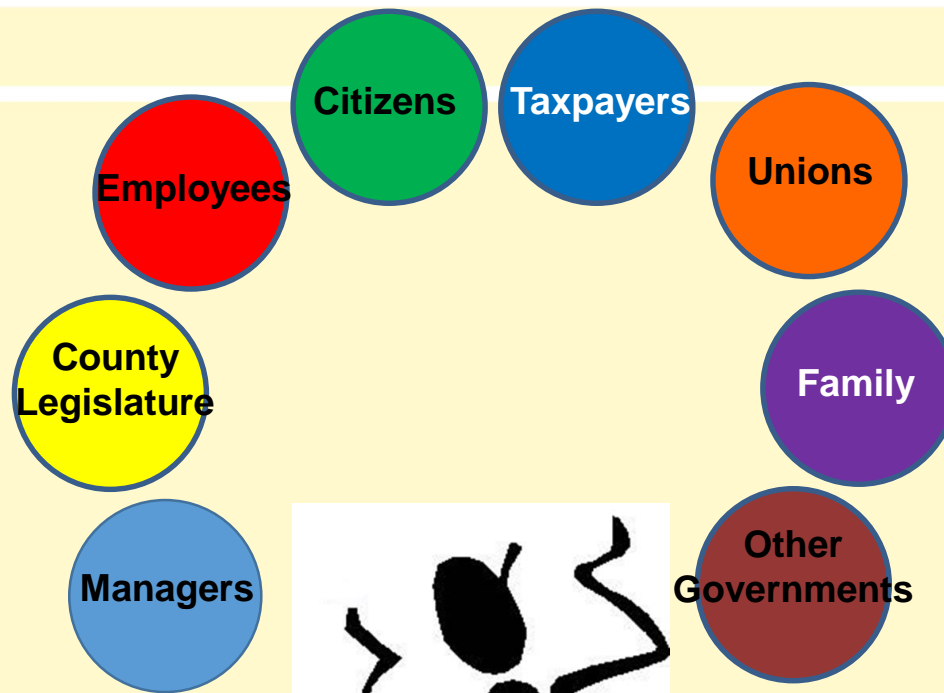
Our Time Line

- Budget Kick Off Party-June 29th
- Meetings between agencies and departments- July 1st
- Negotiations and discussions begin-July 1st
- Payroll Rosters are due-August 3rd
- Unified Budget Requests due in Law Dept.-Aug 3rd
- Electronic New World Budget Requests due-Aug 3rd
- Capital Project Request Forms due-Aug 3rd
- New IT project due Computer Committee-Aug 3rd
- Negotiations and Discussions end-Sept 4th
- Budget gap reported to County Executive-Sept 21st.
- County Executive reports pay raises to Budget-Oct 2

Our Time Line-continued

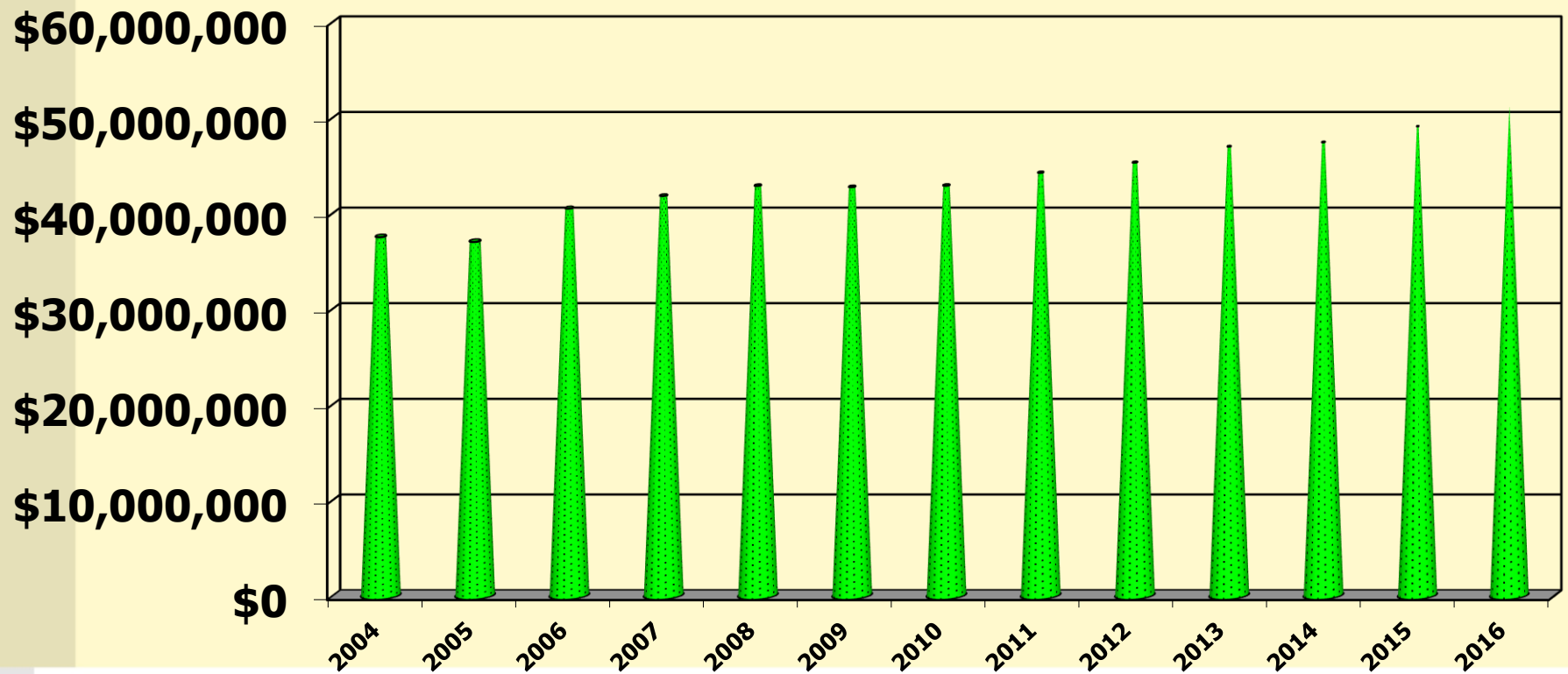
- Each department receives draft copy for review-Oct-19
- Final Date corrections can be made-Oct 26th
- Budget is printed-Nov 2nd
- Budget is sent to Legislature-Nov 5th
- Legislature holds workshops-Nov 9 to 11th.
- Legislature Holds Public Hearing-Nov 16th
- Legislature adopts budget-Nov 23rd.



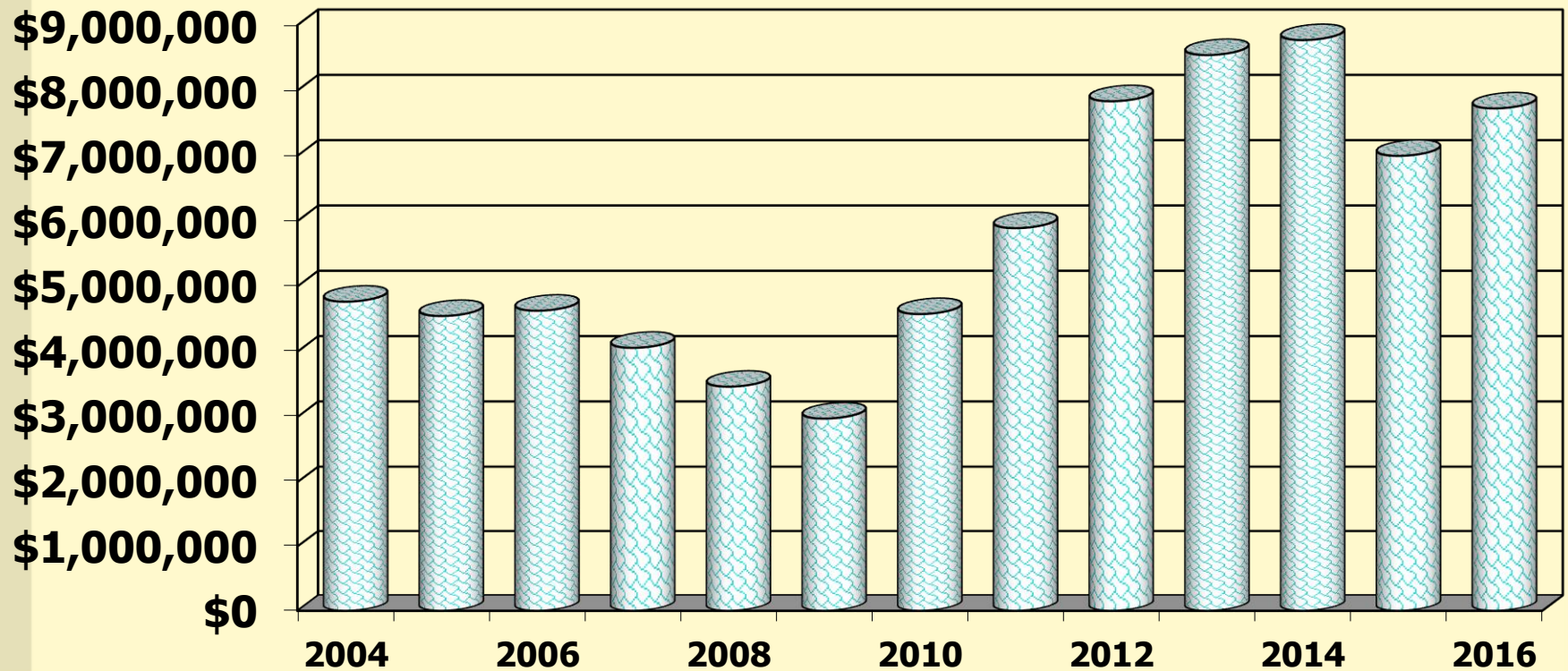


Budget Officer

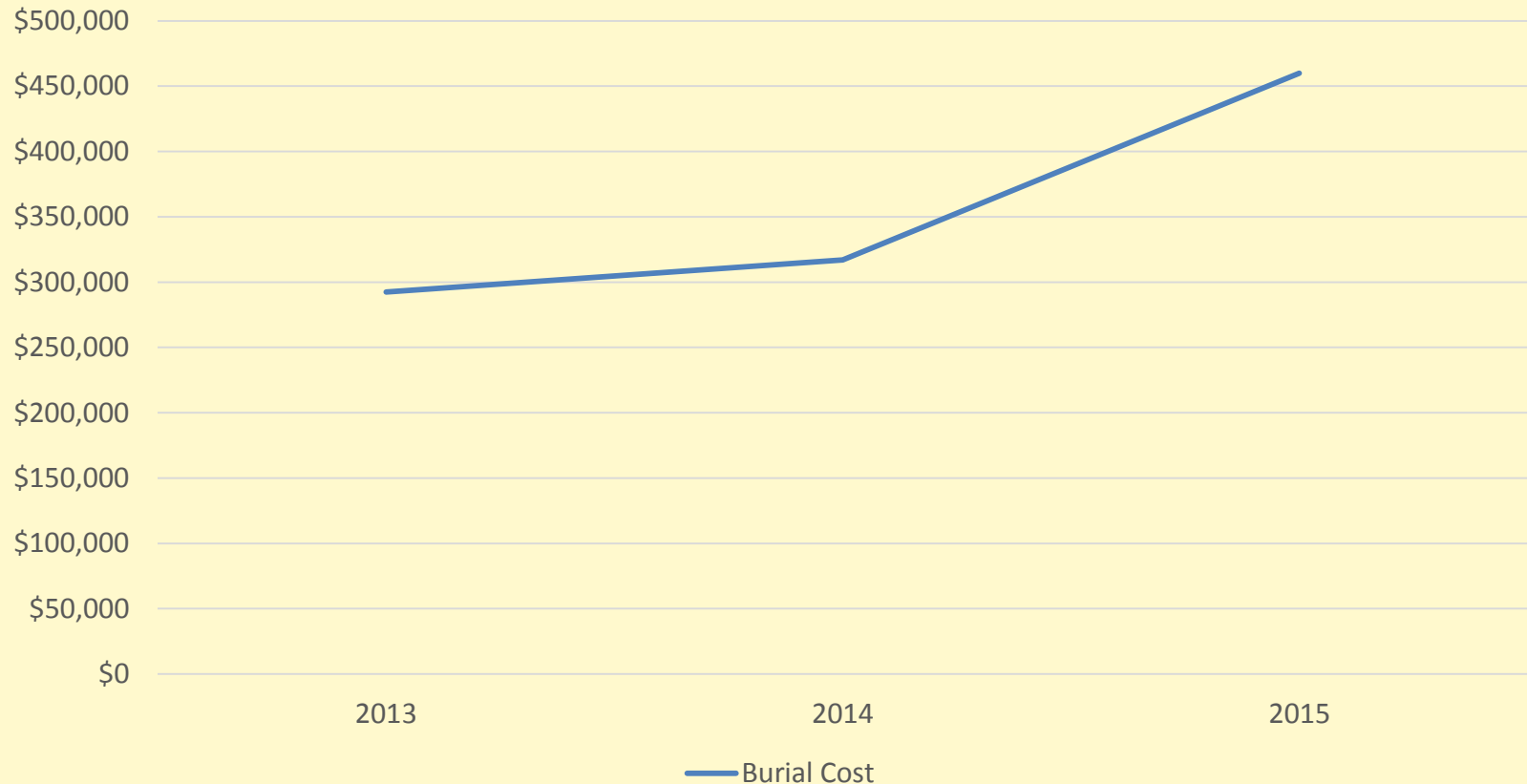
Chemung County Payroll Actual Expense - All Funds



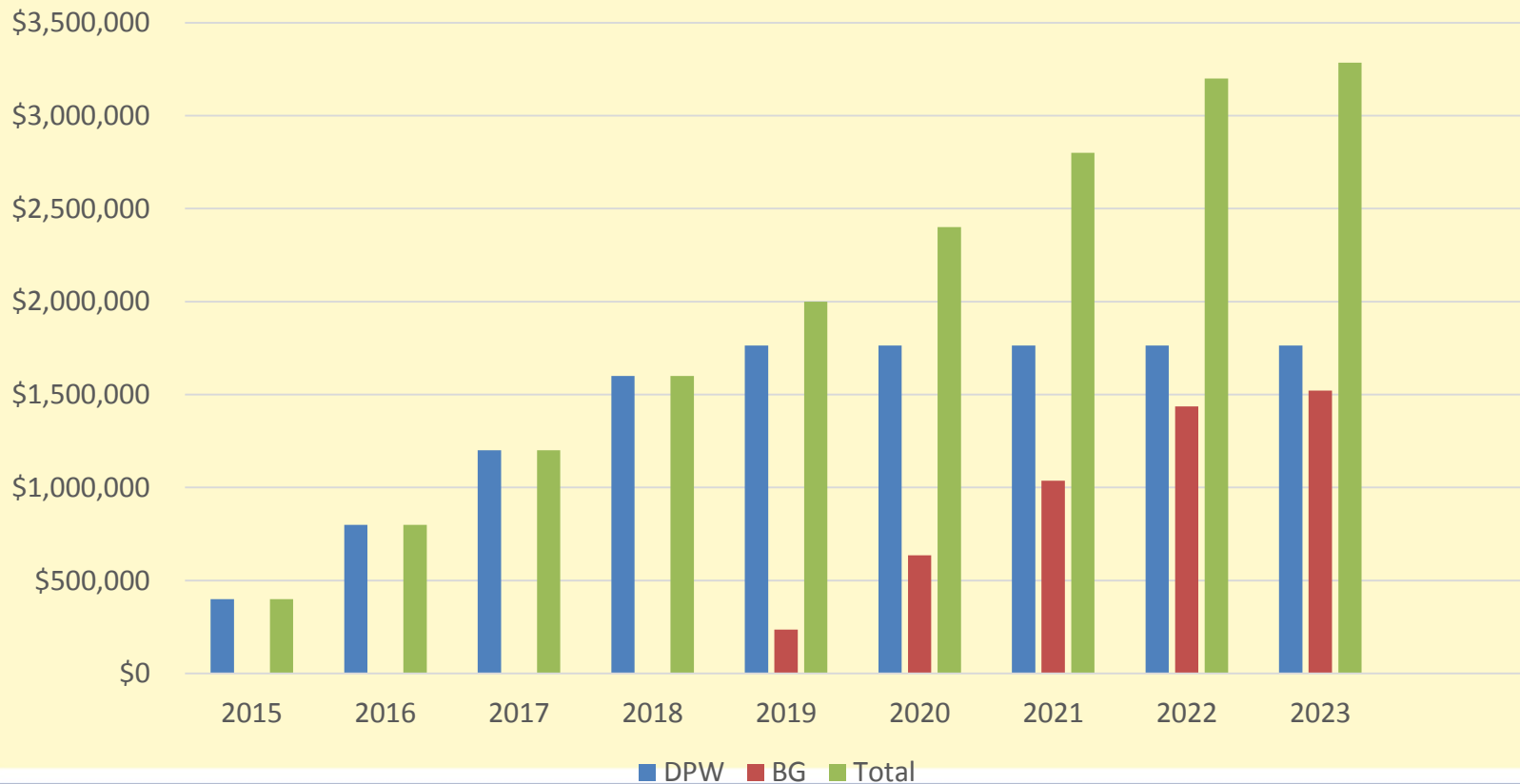
Chemung County Pension Costs - All Funds



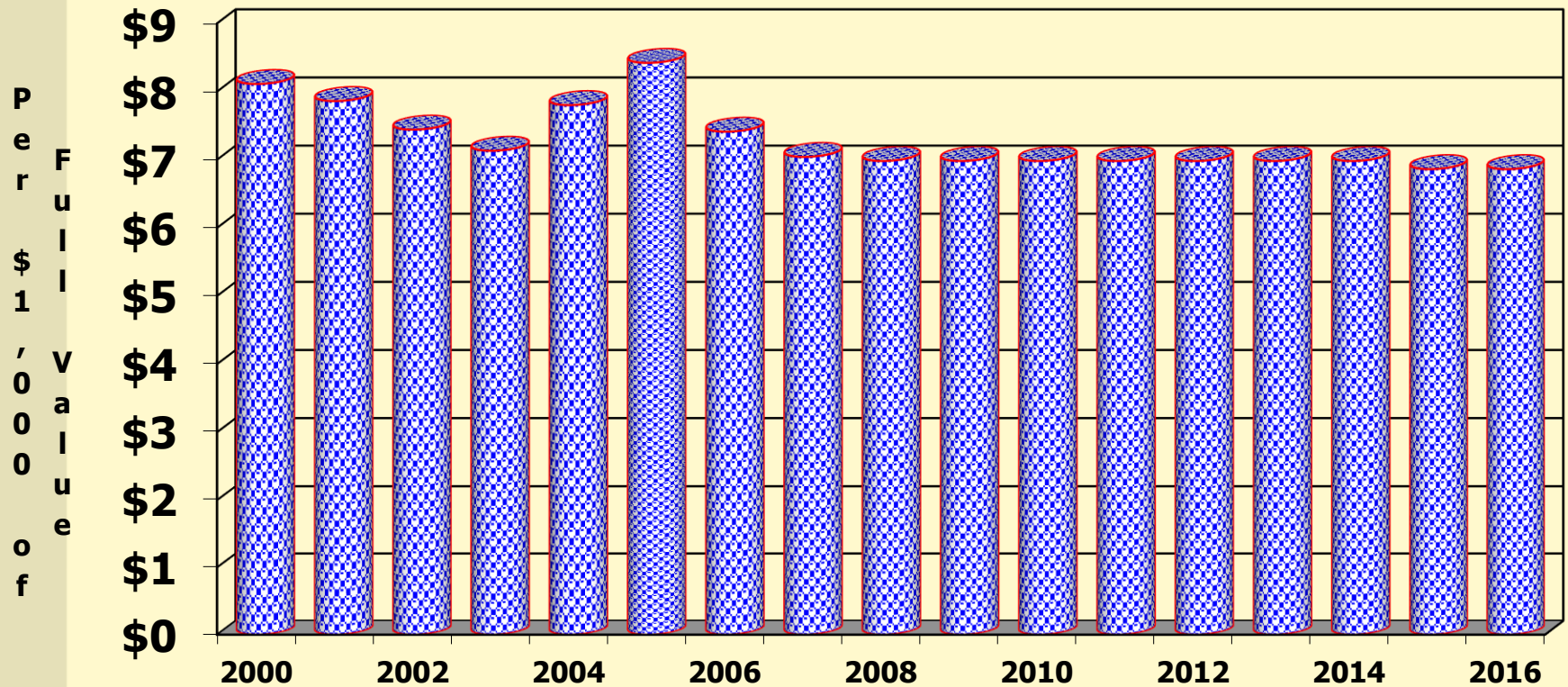
Chemung County Burial Costs



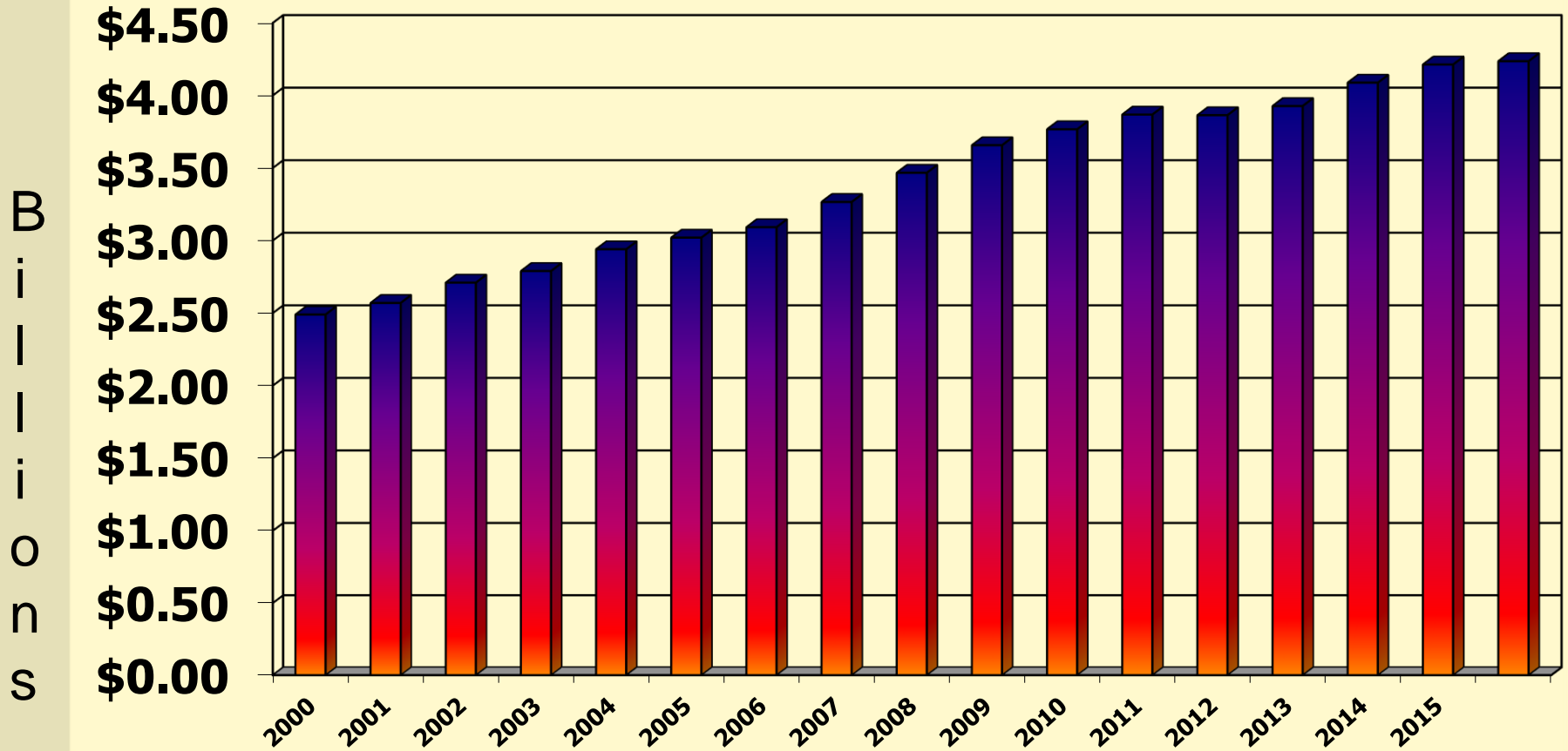
Cost To Assume City Of Elmira's DPW & BG Employees



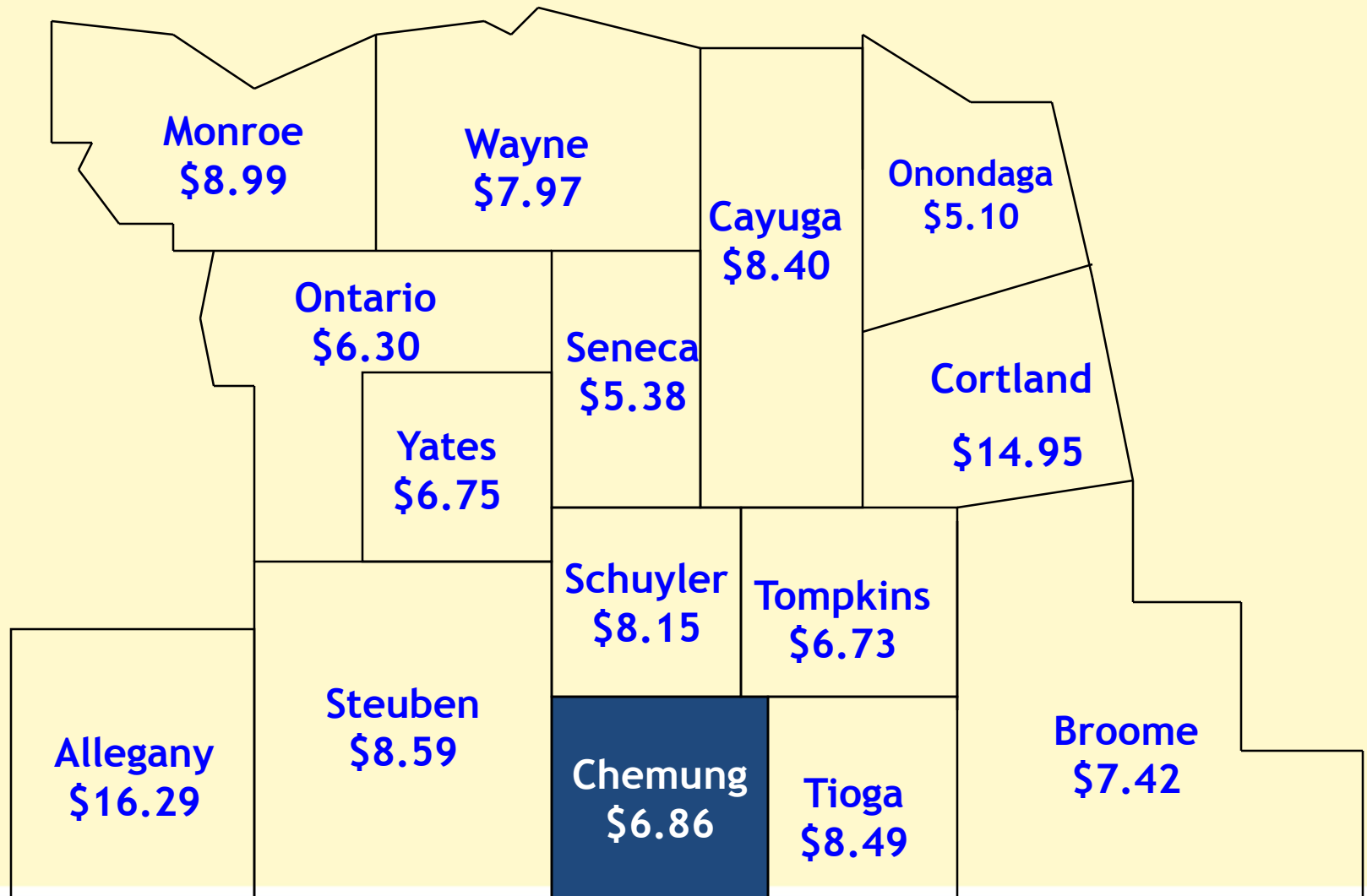
Chemung County Full Value Tax Rate



Chemung County Full Value Growth

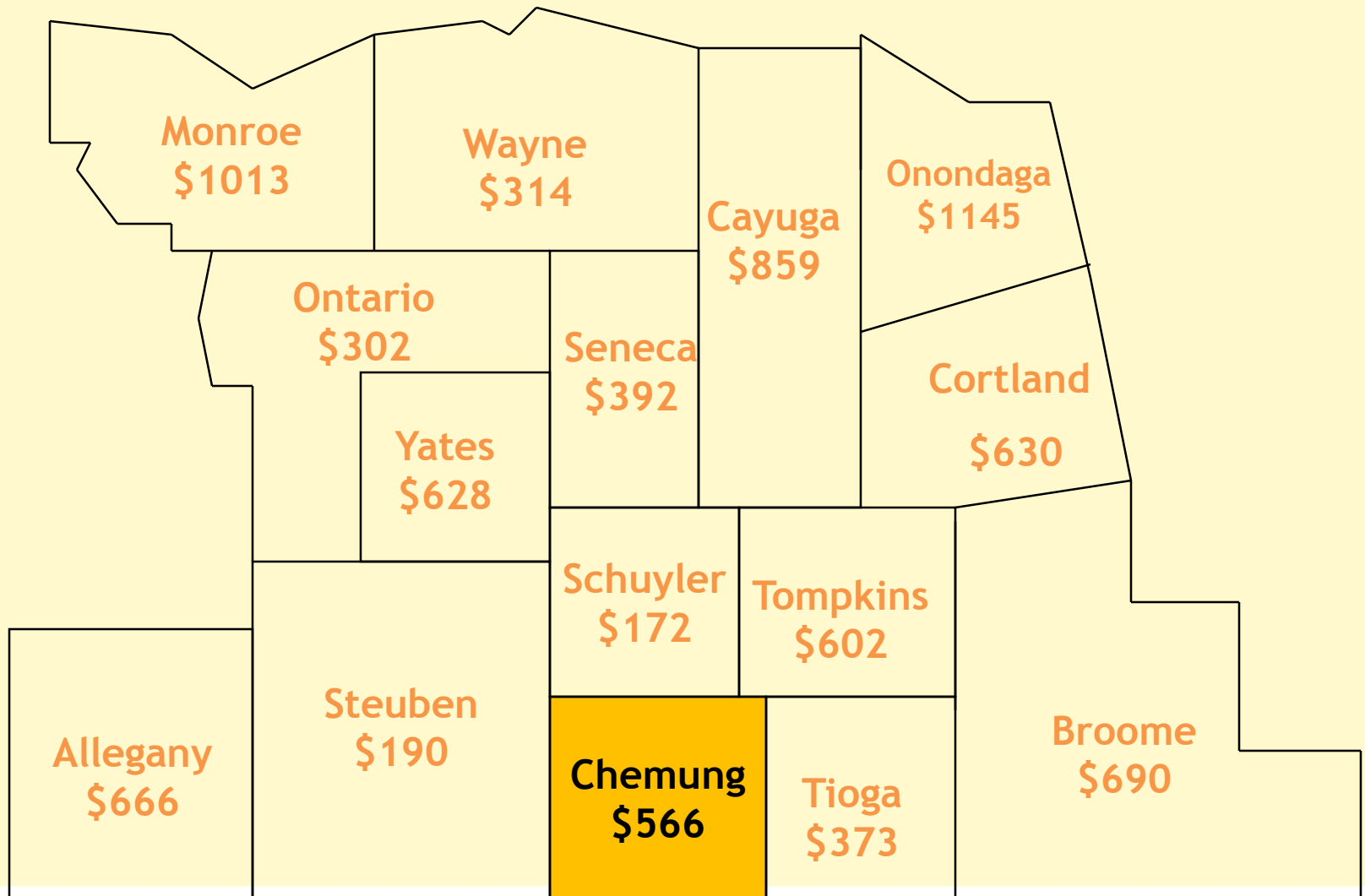


2016 Regional Full Value Tax Rates



15 County Average \$8.42

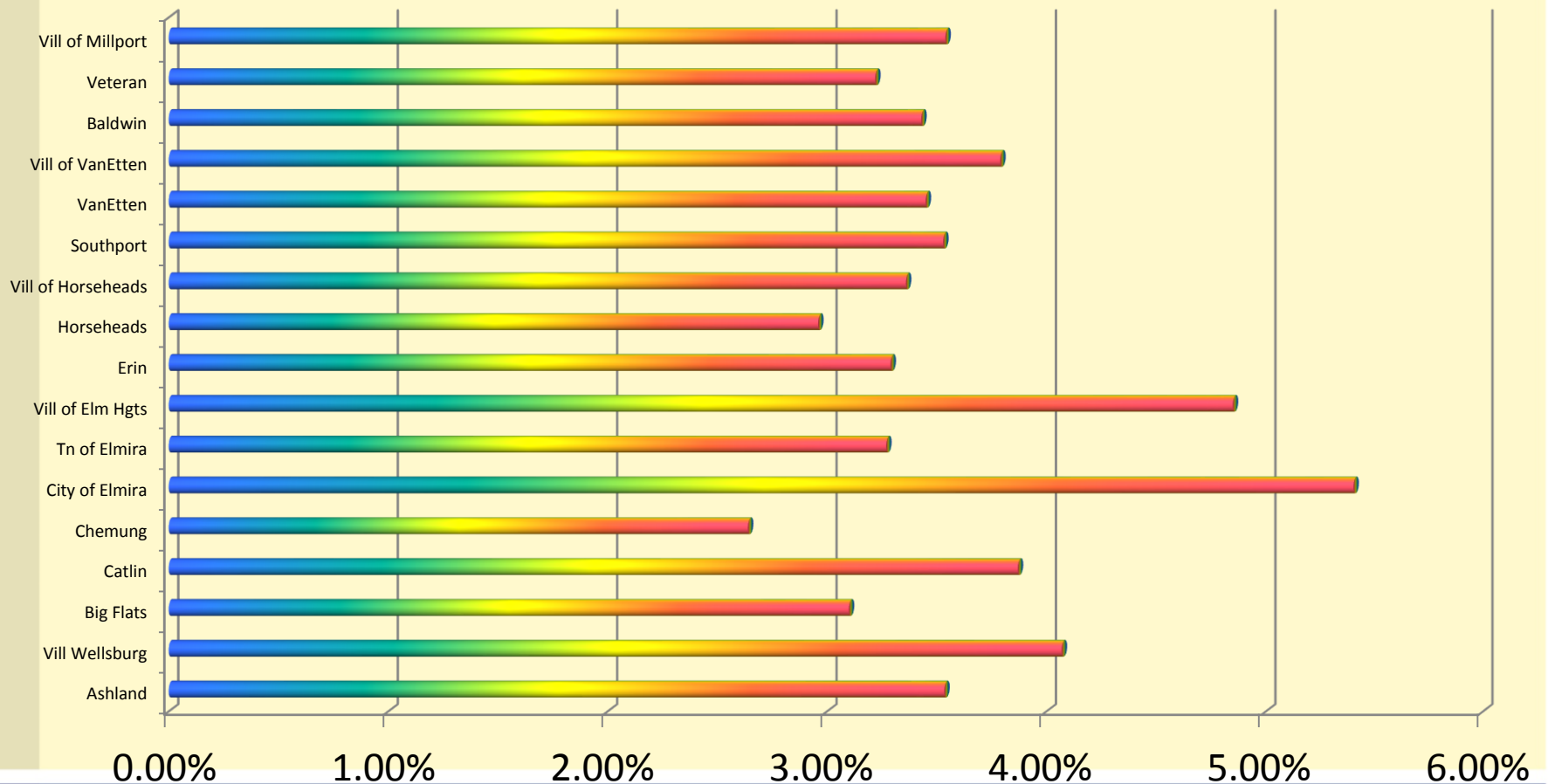
Debt Per Resident



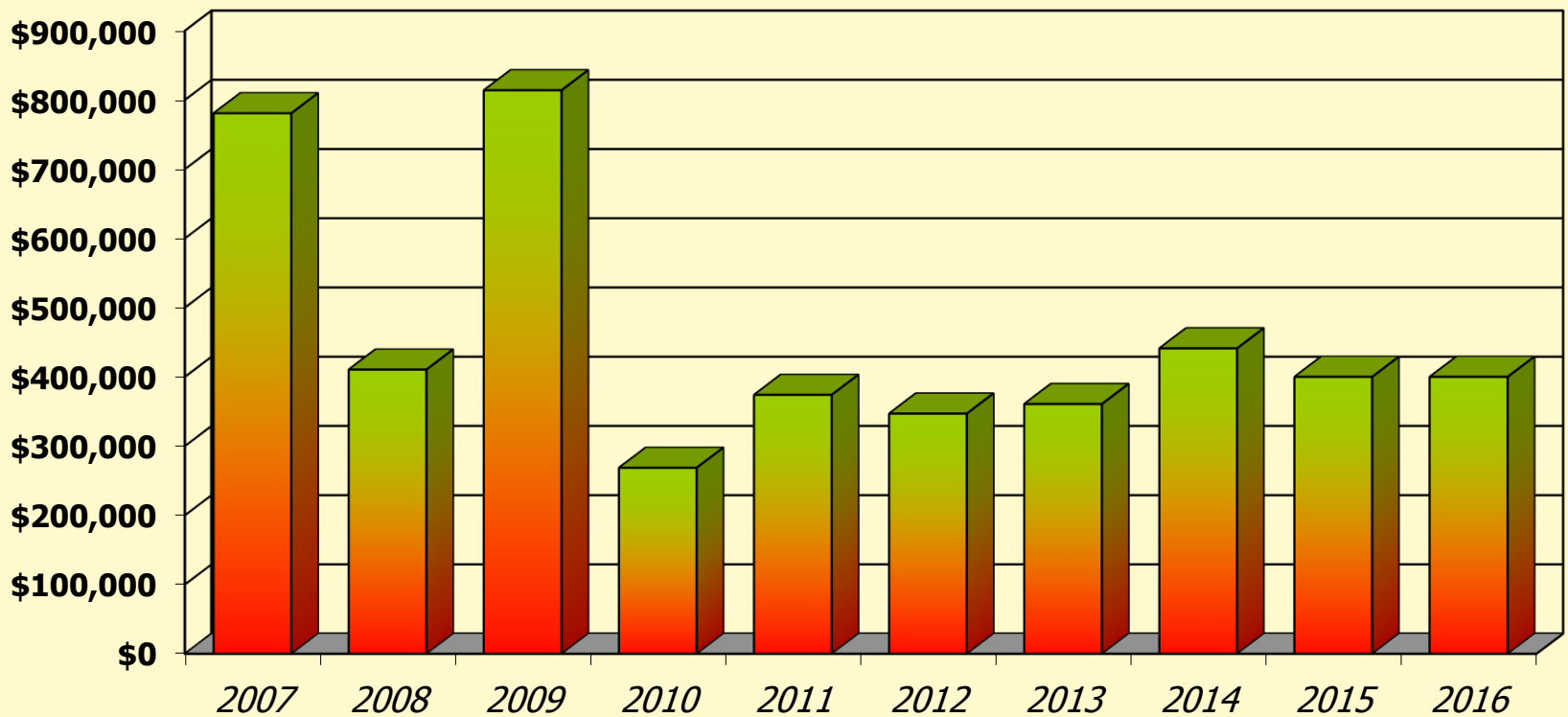
15 County Average \$570

Chemung County Municipal Tax Burden

Effective Tax Rate

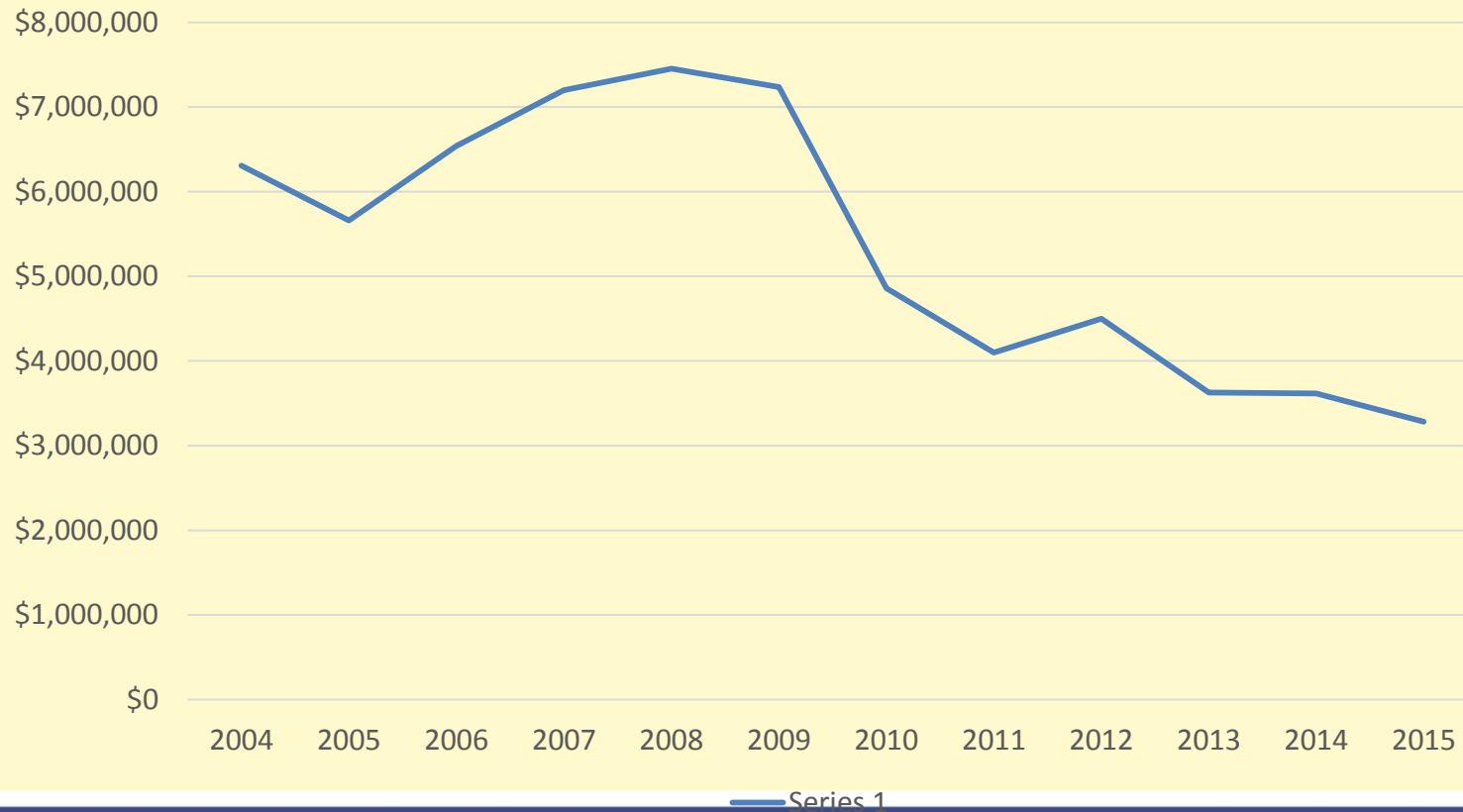


Chemung County Detention



 **In County**

Foster Care Cost



Our Weaknesses

- Closing our books takes too long.
- Quarterly Reporting Actual vs Budget
- Budgeting DSS Local Share Accurately
- Staffing of the financial function at Airport.
- Above average borrowing
- What is status of City of Elmira?

Headline from Albany Times Union

- **DiNapoli: Executive Budget short on answers for multi-year funding**

By [Matthew Hamilton](#) on February 24, 2016

How will the NY Pay for marquee multiyear projects?

Cannot count on extraordinary one time windfalls.

Headline from Forbes.com

May 29, 2015

- **With Only 76 Jobs Created Cuomo's Start-Up NY Is A Bust -- With The Cost Of \$697,368 Per Job**

“Move here, expand here, or start a new business here and pay no taxes for 10 years.”

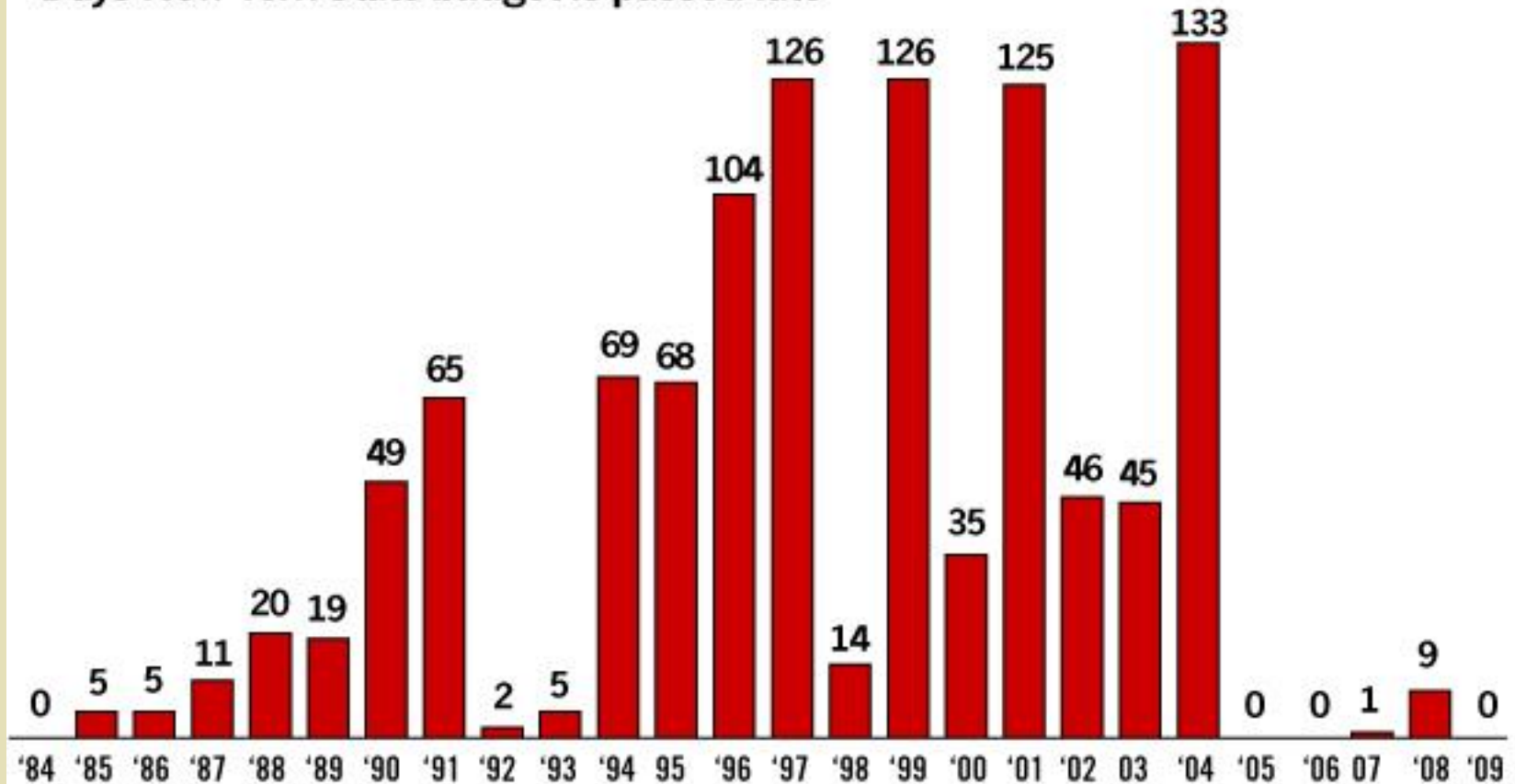
[http://www.nytimes.com/
N.Y. / Region](http://www.nytimes.com/N.Y. / Region)

- U. S. Attorney Criticizes Albany's 'Three Men in a Room' Culture.

By [MARC SANTORA](#) JAN. 23, 2015

Tardiness of NY State Budget

Days New York State budget is passed late



1984

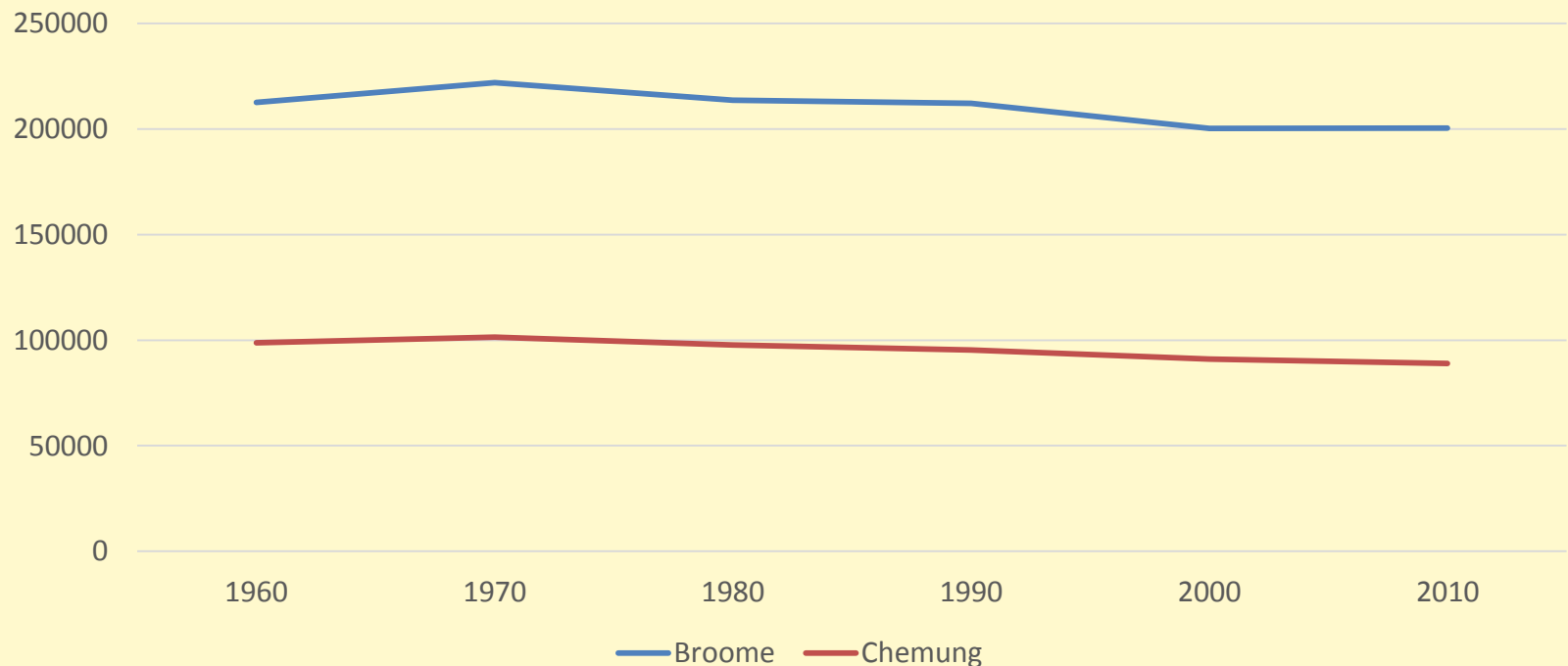
2009

Walking into The Wind

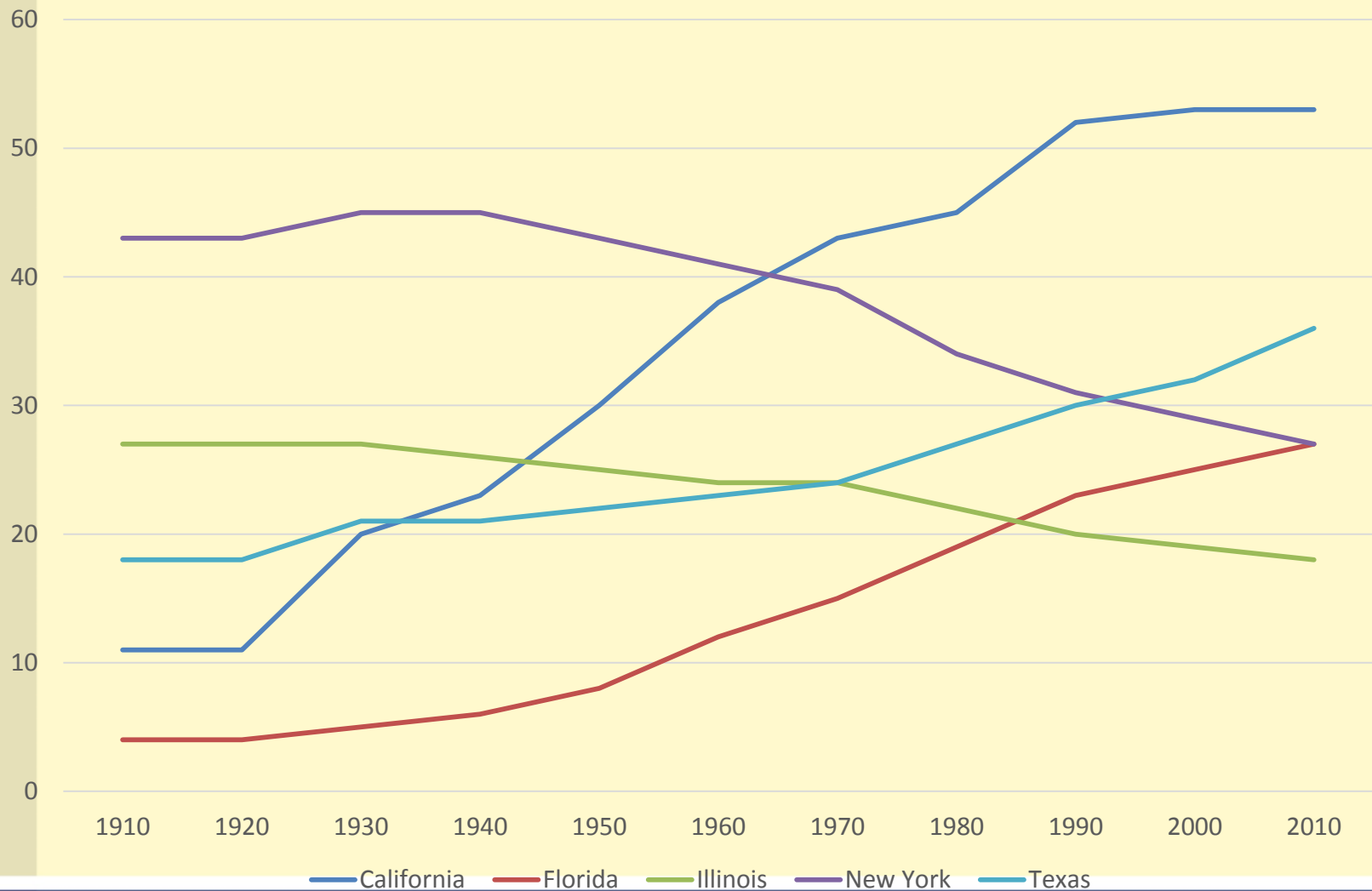


Population at Risk

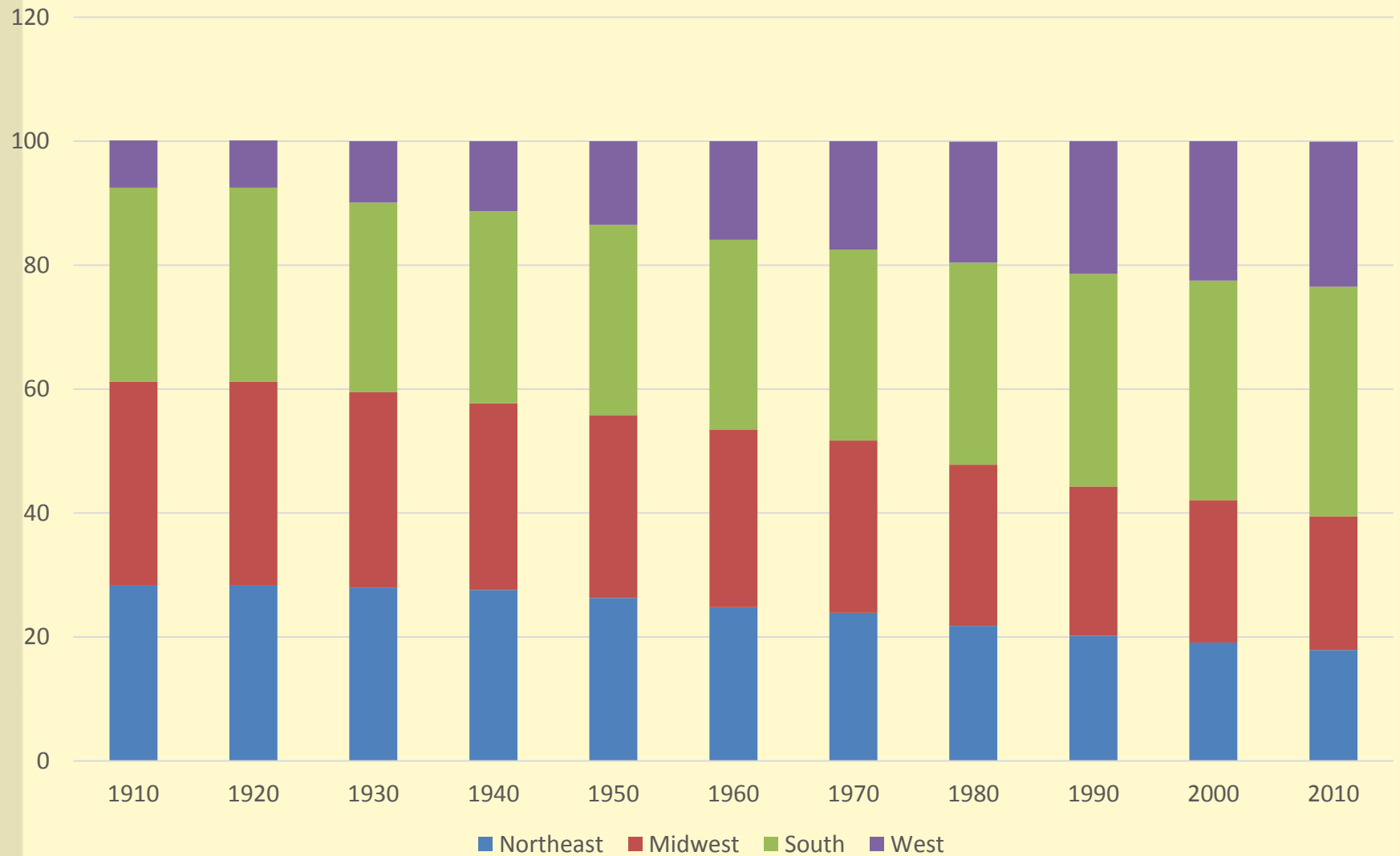
Broome and Chemung County Population



Number of Seats in US House of Representatives: 1910 to 2010



% Distribution of Seats House of Representatives by Region



**New York's Southern Tier,
Once a Home for Big
Business, Is Struggling**
By [SUSANNE CRAIG](#), NY
Times, SEPT. 29, 2015

<http://www.nytimes.com/2015/09/30/nyregion/new-yorks-southern-tier-once-a-home-for-big-business-is-struggling.html>

COUNTY BUDGET CYCLE

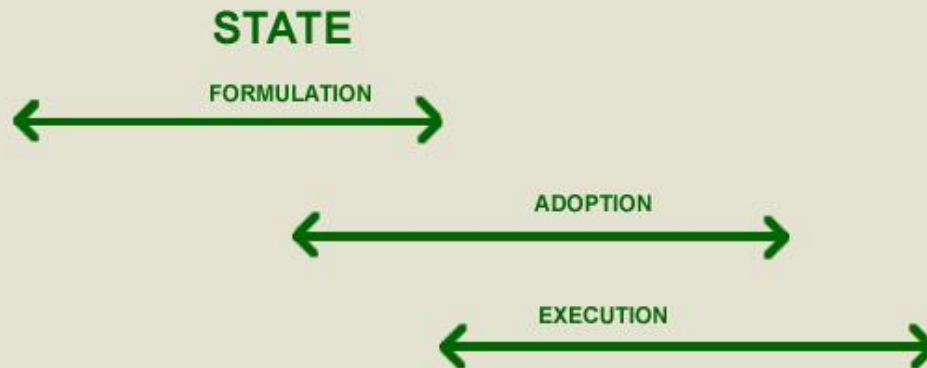
JAN '11 JULY '11 SEPT '11 DEC '11/JAN '12 APR '12 SEPT '12 DEC '12

County

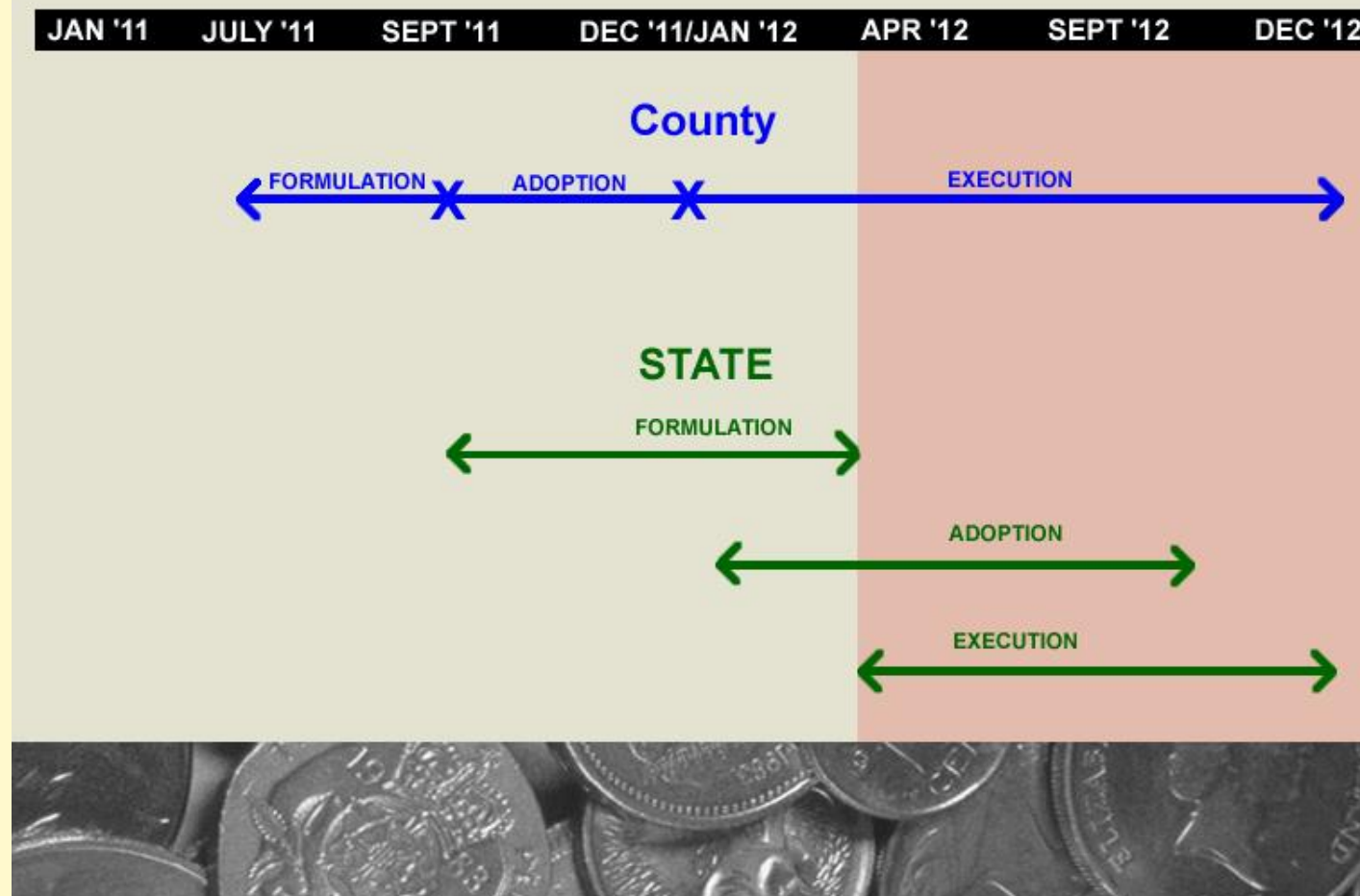


STATE BUDGET CYCLE

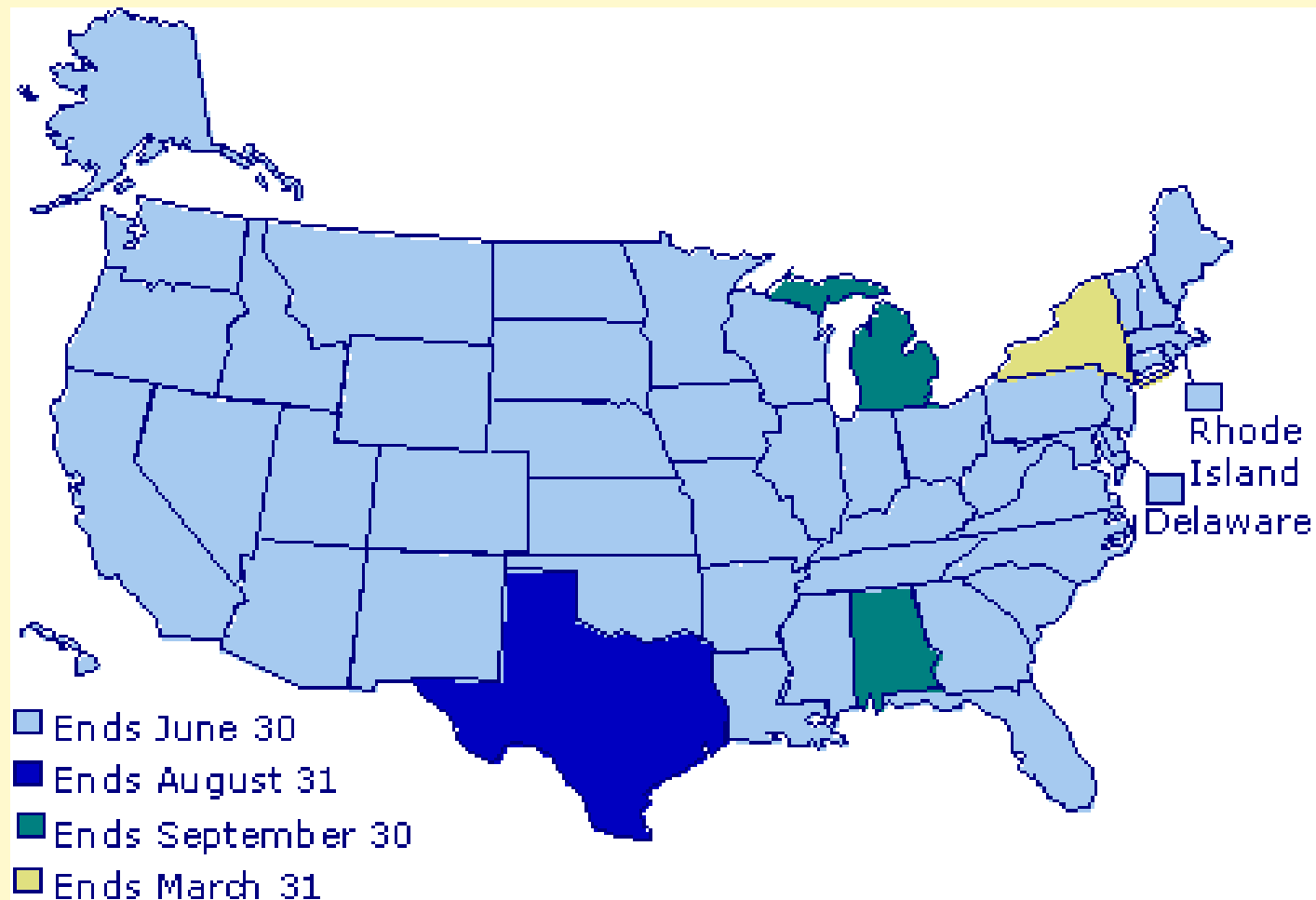
JAN '11 JULY '11 SEPT '11 DEC '11/JAN '12 APR '12 SEPT '12 DEC '12



COUNTY / STATE BUDGET CYCLE



State Fiscal Years



Thomas E. Dewey

Three Term Governor of NY State



Basics

Sample Budget Summary Document –

What are you Paying For?

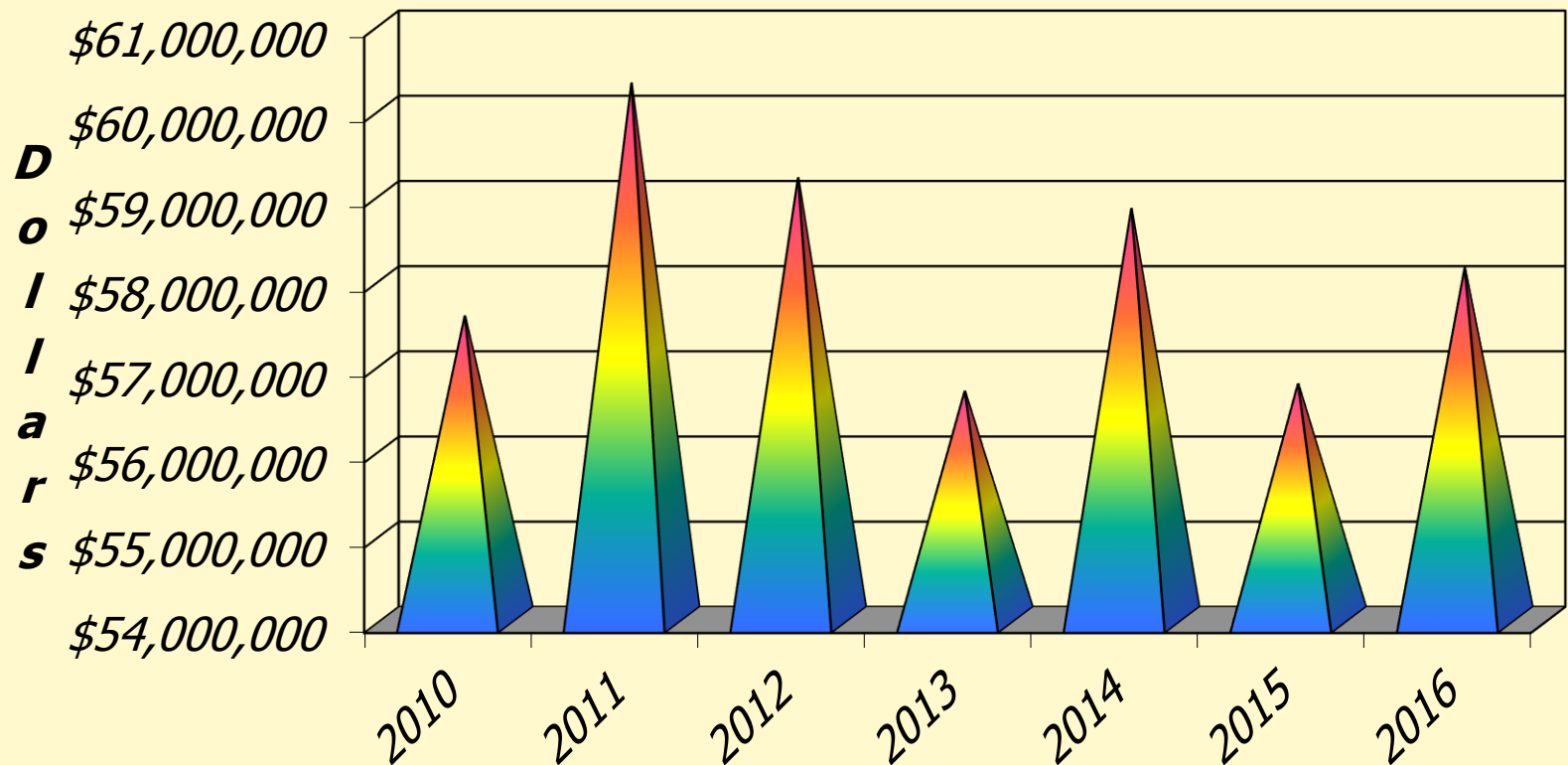
	2016	2016	2016	2016	2015	
Fund	<u>Appropriation</u>	<u>Revenue</u>	<u>App. Fund Balance</u>	<u>Tax Levy</u>	<u>Tax Levy</u>	
General-Operations	158,601,900	128,035,318	1,818,146	28,748,436	28,628,363	
Public Works	9,391,976	9,391,976				
Sewer Districts	5,302,297	2,842,700	408,082	2,051,515	2,051,515	
Solid Waste	1,559,299	1,559,299				
Worker						
Compensation	1,981,530	1,981,530				
Medical						
Insurance	20,018,382	20,018,382				
Nursing Facility	22,721,905	22,721,905				
Airport	5,123,410	5,123,410				
Total	224,700,699	191,674,520	2,226,228	30,799,951	30,679,878	

Revenues – How Are You Paying For it?

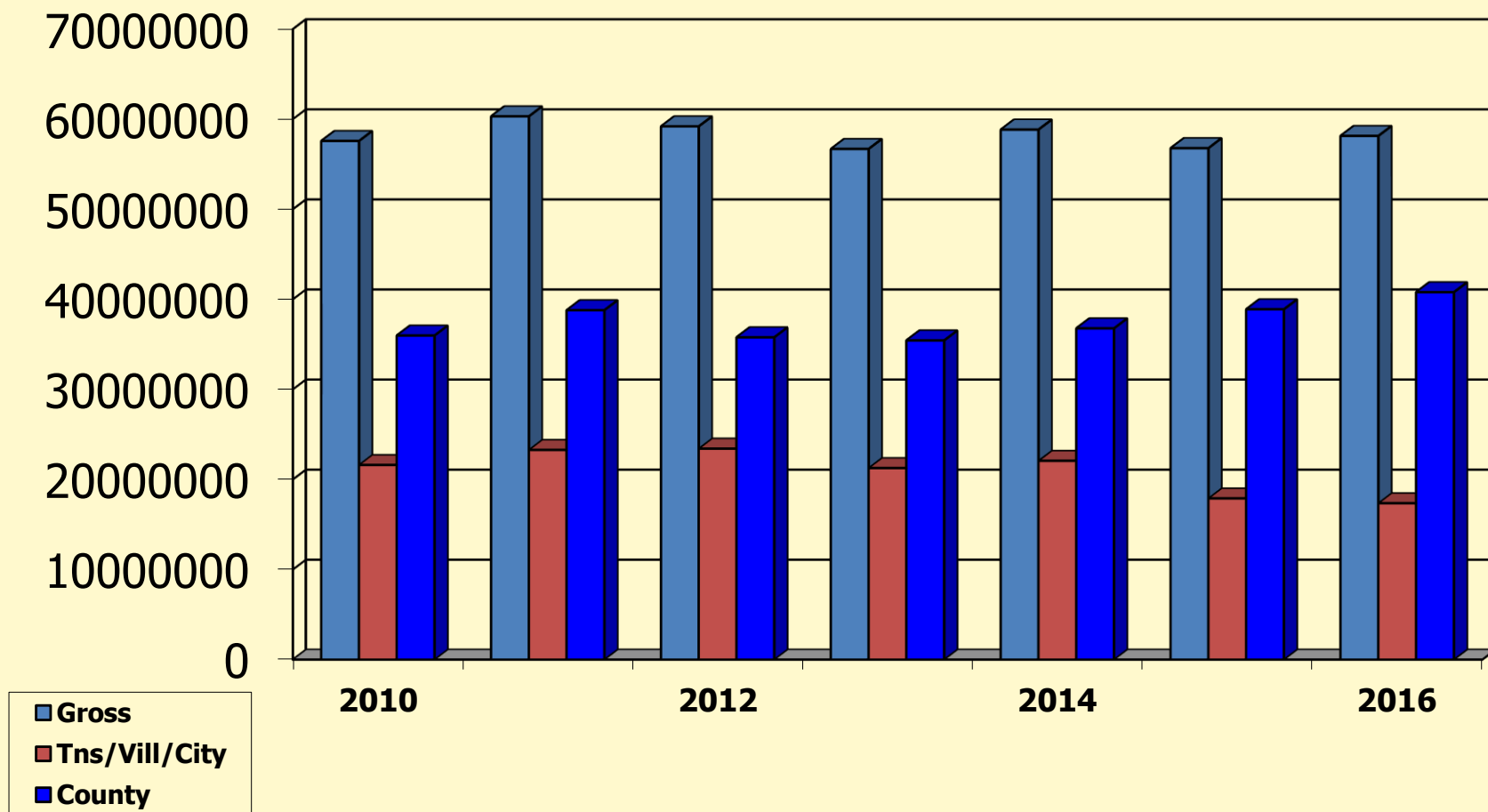
- Sales Taxes
- Fees for services (Clerks Fees, Parks)
- Charges to other governments (City of Elmira)
- State reimbursement
- Federal reimbursement
- Debt
- Reserves/Fund Balance (i.e., One-time sources)
- Property Taxes

Chemung County Sales Tax

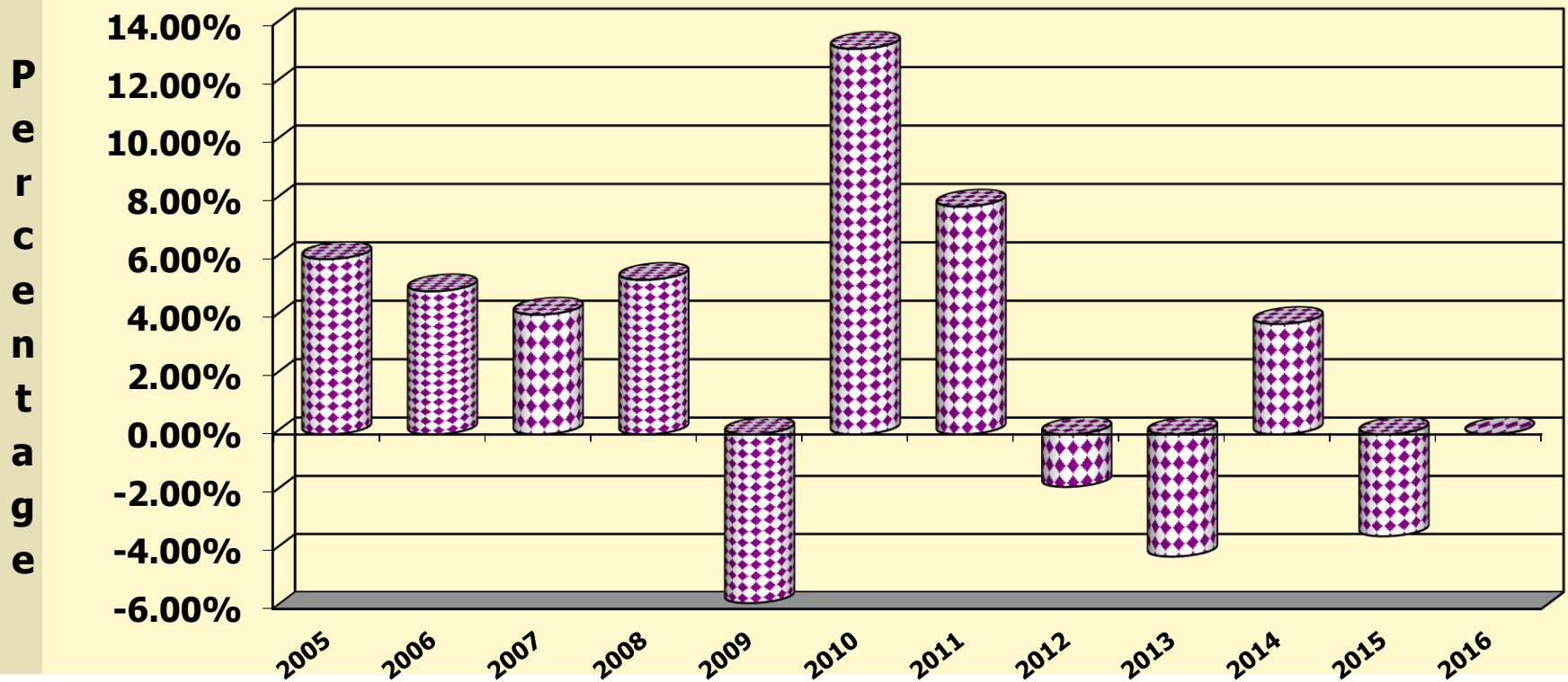
County Wide Gross Collections (4 Pennies)



Chemung County Sales Tax Revenue



Chemung County Sales Tax % Increase/Decrease

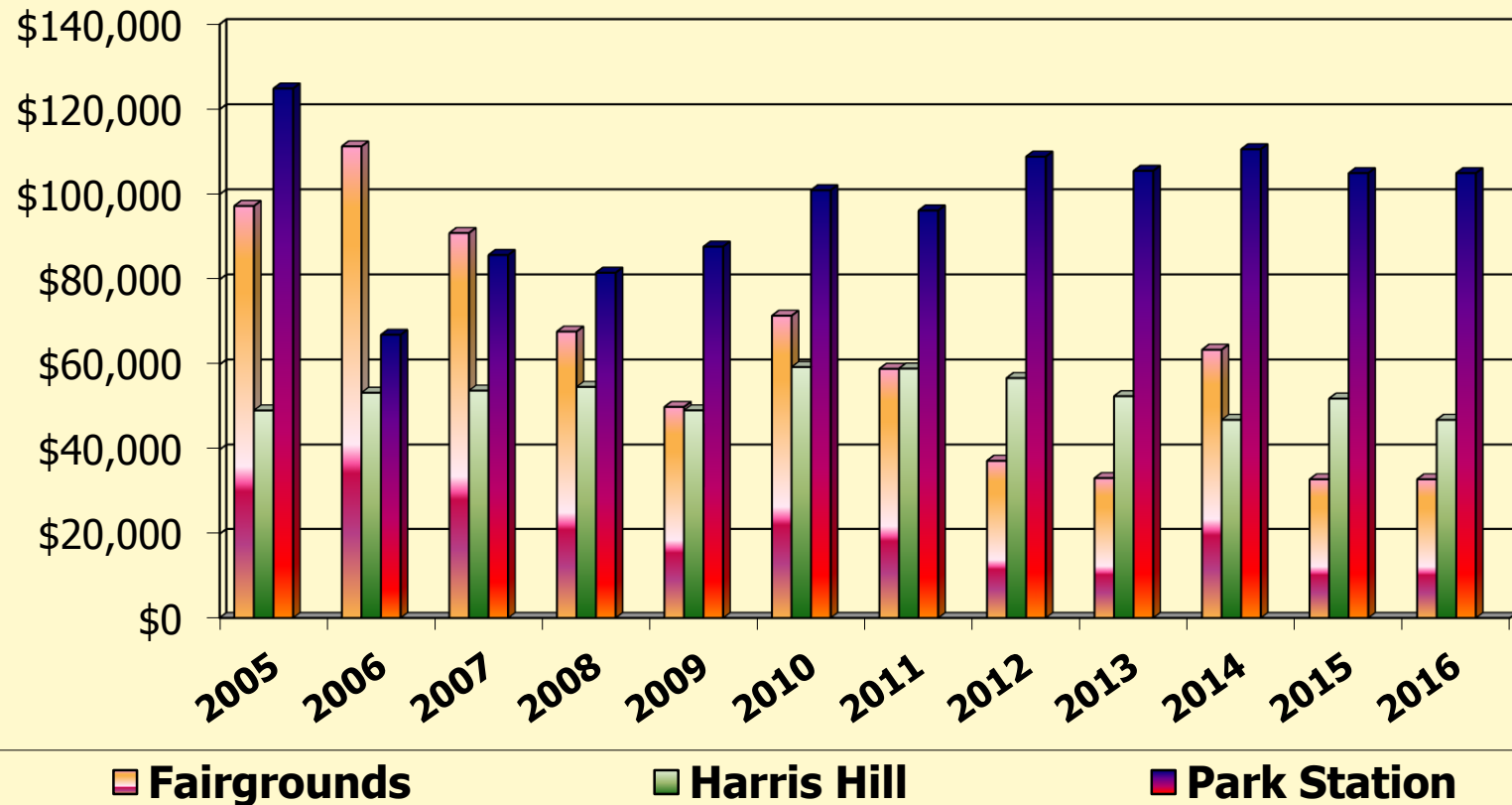


Sales Tax Can Be Volatile

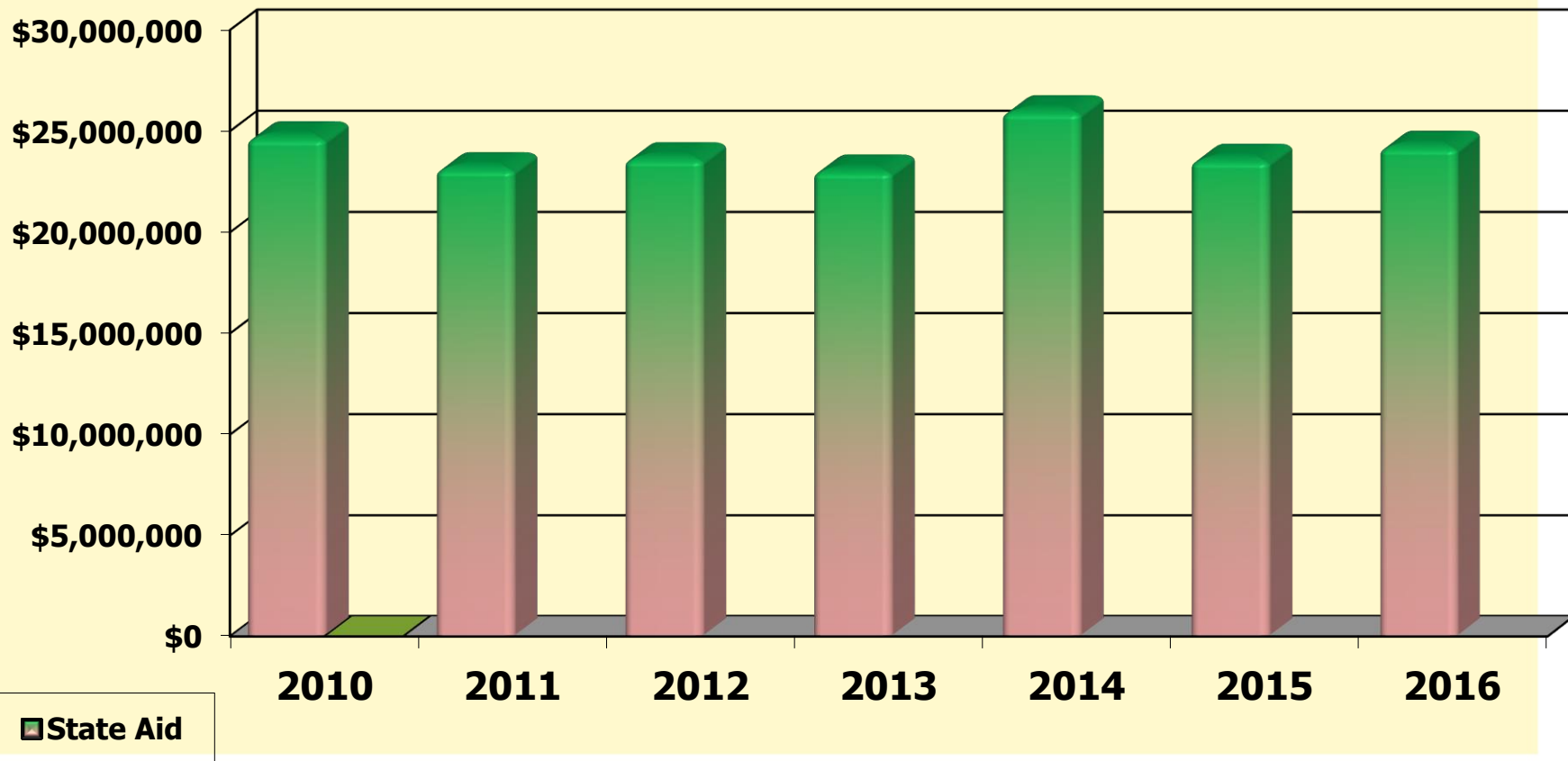
- Be cautious
- Do not fall into the trap of “hoping” sales tax revenues might come in higher so you can spend more or not pursue certain budget savings actions
- In 2015 more than half of the counties saw their sales tax collections drop from the prior year (30). The breadth and depth in the fall of energy prices took a lot of people by surprise. Every county, except one, taxes gasoline on the price per gallon, many also tax residential energy as well

Fee for Service

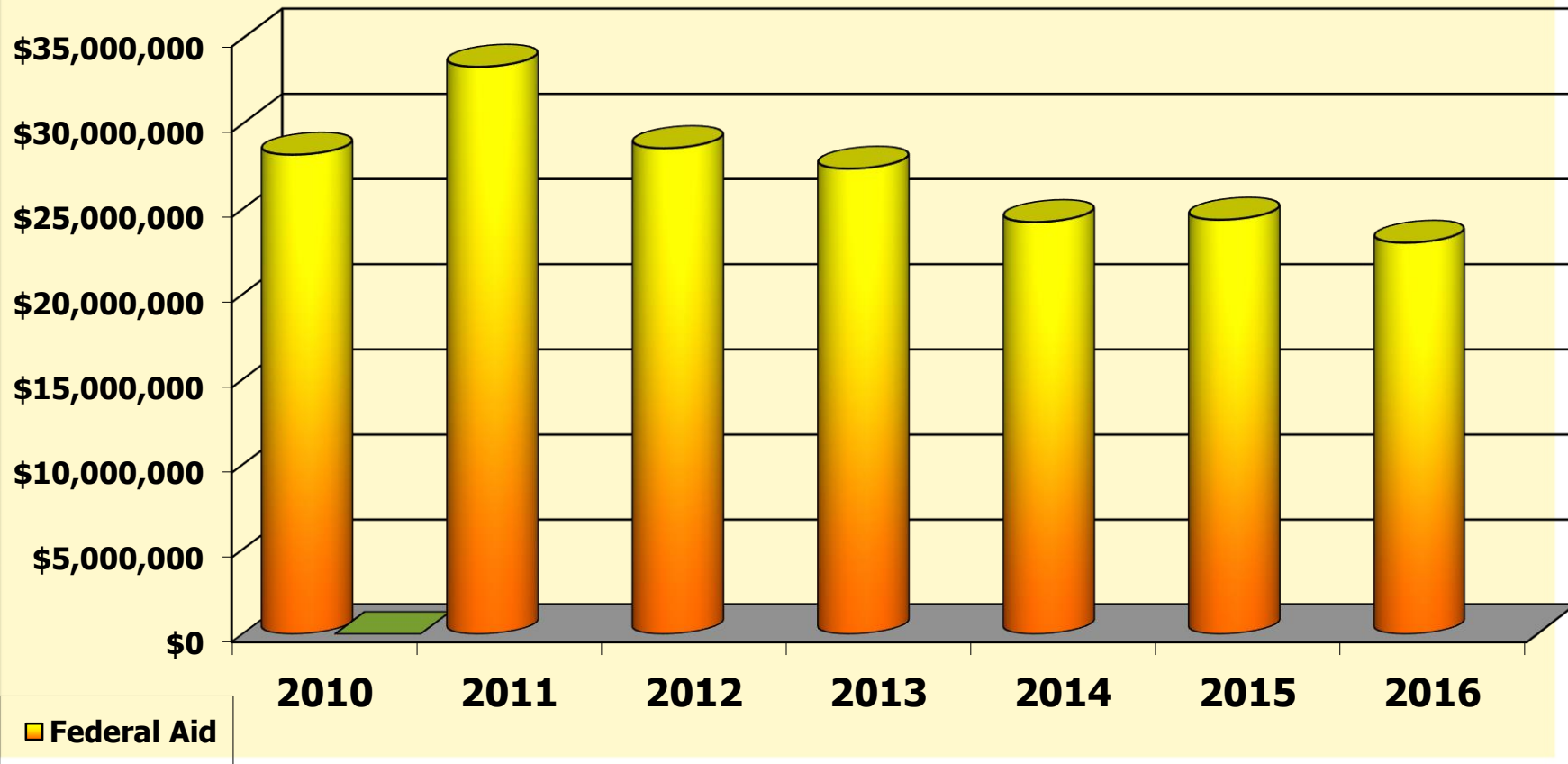
Chemung County - Parks Revenue Report



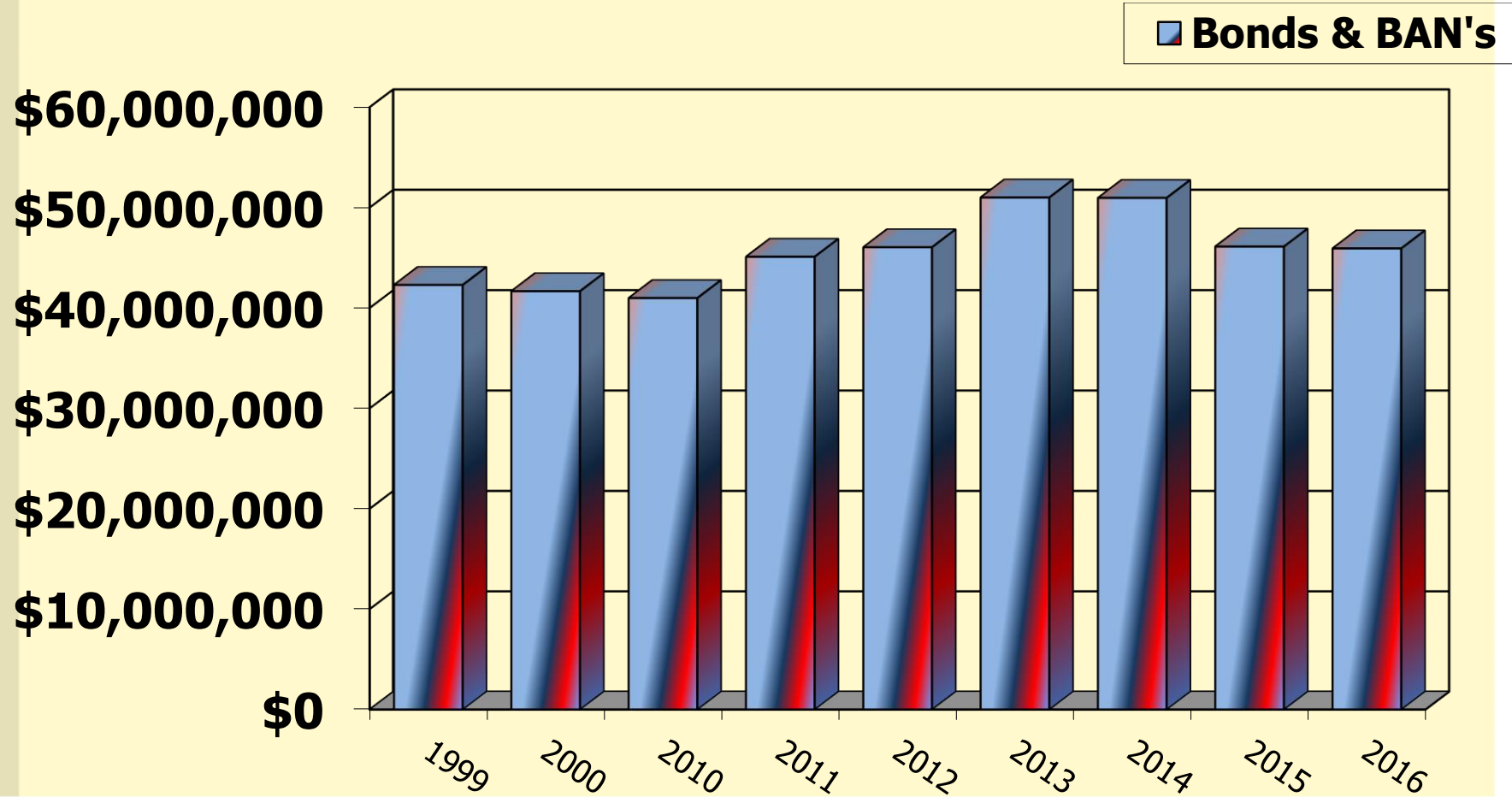
Chemung County State Reimbursement



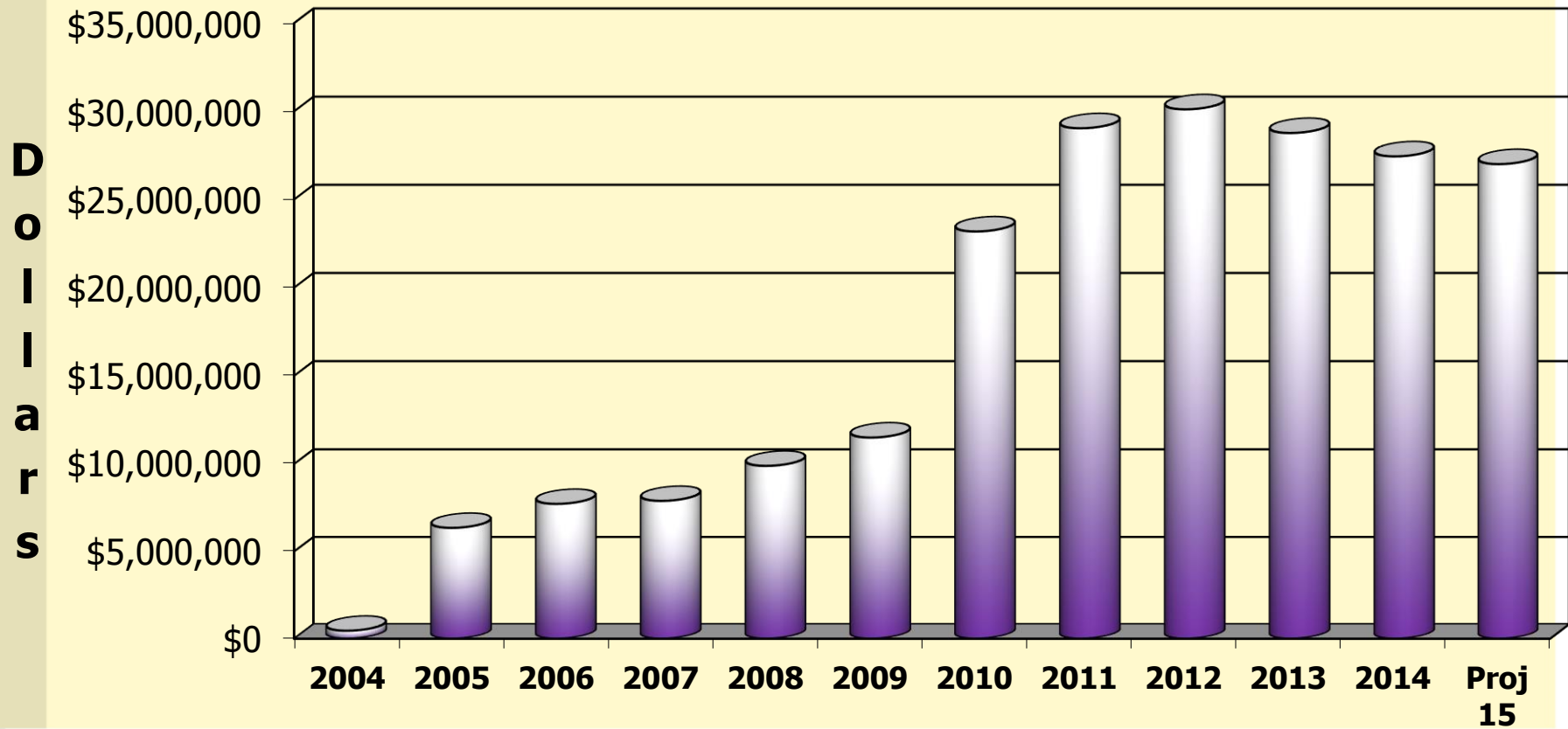
Chemung County Federal Reimbursement



Chemung County Total Debt



Chemung County General Fund Fund Balance



Fund Balance

What is it?

Reserved - Represents assets set aside for specific purposes (such as snow removal equipment replacement and other specific capital expenditures) that are unavailable for any other use.

Unreserved - The amount left over after subtracting the reserved fund balance is the unreserved fund balance.

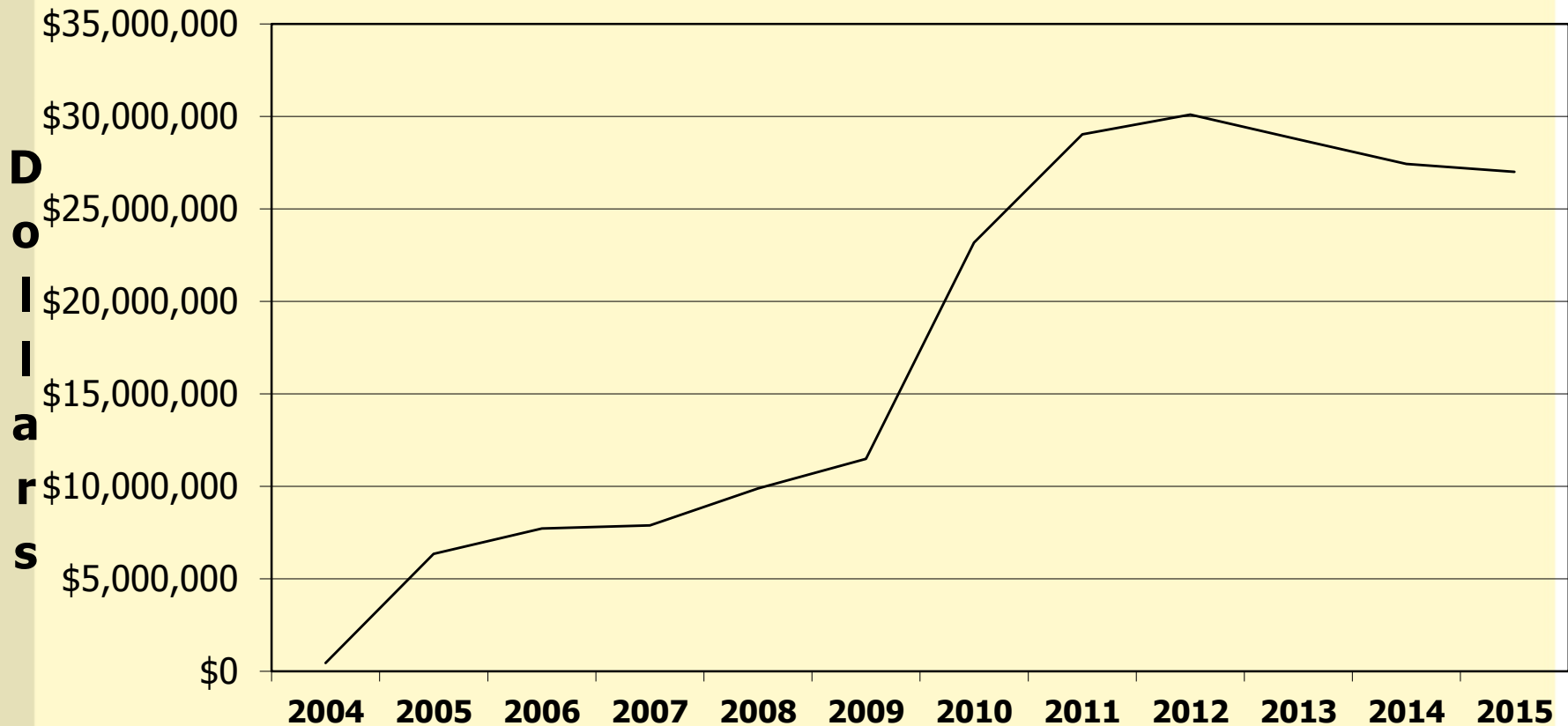
Why is it important?

Fund balance is the bottom-line indicator of fiscal health: *if it dips below zero for any year, that means you do not have enough unreserved fund balance to cover all necessary expenses – even if your fund equity (including dedicated reserves) for that year is still positive.*

What is appropriate percent/number to have?

The New York State Government Finance Officers' Association recommends that municipalities maintain an unreserved fund balance of at least two months of annual total expenditures as insurance against unanticipated expenditures or revenue shortfalls.

Chemung County General Fund Fund Balance



2015 & 2016 Year-End Surplus Estimates

General Fund

Unappropriated - 01/01/2015	\$27,438,939
Estimated Fund Balance 12/31/2015	\$26,672,662
Appropriations From Fund Balance 2016 Budget	-\$1,652,663
Estimated Fund Balance 12/31/2016	\$25,019,999

The “Kitchen Table Math” Behind the County Property Tax Levy

The County Budget is:

The amount necessary to operate county government, including the total cost of locally defined services, plus those mandated by the State and Federal government

Minus all revenues collected by the county including state and federal reimbursements (or direct aid), local fees, mortgage and sales tax, etc.

This Equals the **TAX LEVY**, the amount that will be collected by property taxes largely to make up the shortfall in other revenue sources, including reimbursement from the State/Federal government

Property Tax Cap Calculation

Tax Cap Calculation — Section 3 (c) (i through vii)

Ascertain total property taxes levied for the prior fiscal year (a), multiplied by

x Tax base growth factor (quantity change factor)(b)

= *Total Prior Year Tax with Economic Growth (TPYG) = (a + b), then add*

+ PILOT payments receivable in prior fiscal year (c), then subtract

— Amount of court orders/judgments in excess of 5 percent of the total tax levied in the prior year (d)

= *Tax base before inflation (TPYG + c – d), multiplied by*

x 1.02 (Allowable levy growth factor for 2012)

= *Total Prior Year Tax with Inflation (TPYI), then subtract*

— PILOT payments receivable in coming year (f), then add

+ Available Carryover, if any (g)

= ***TAX LEVY LIMITATION FOR THE COMING YEAR (TPYI – f + g)***

Inflation Factors and Allowable Levy Growth Factors by Fiscal Year

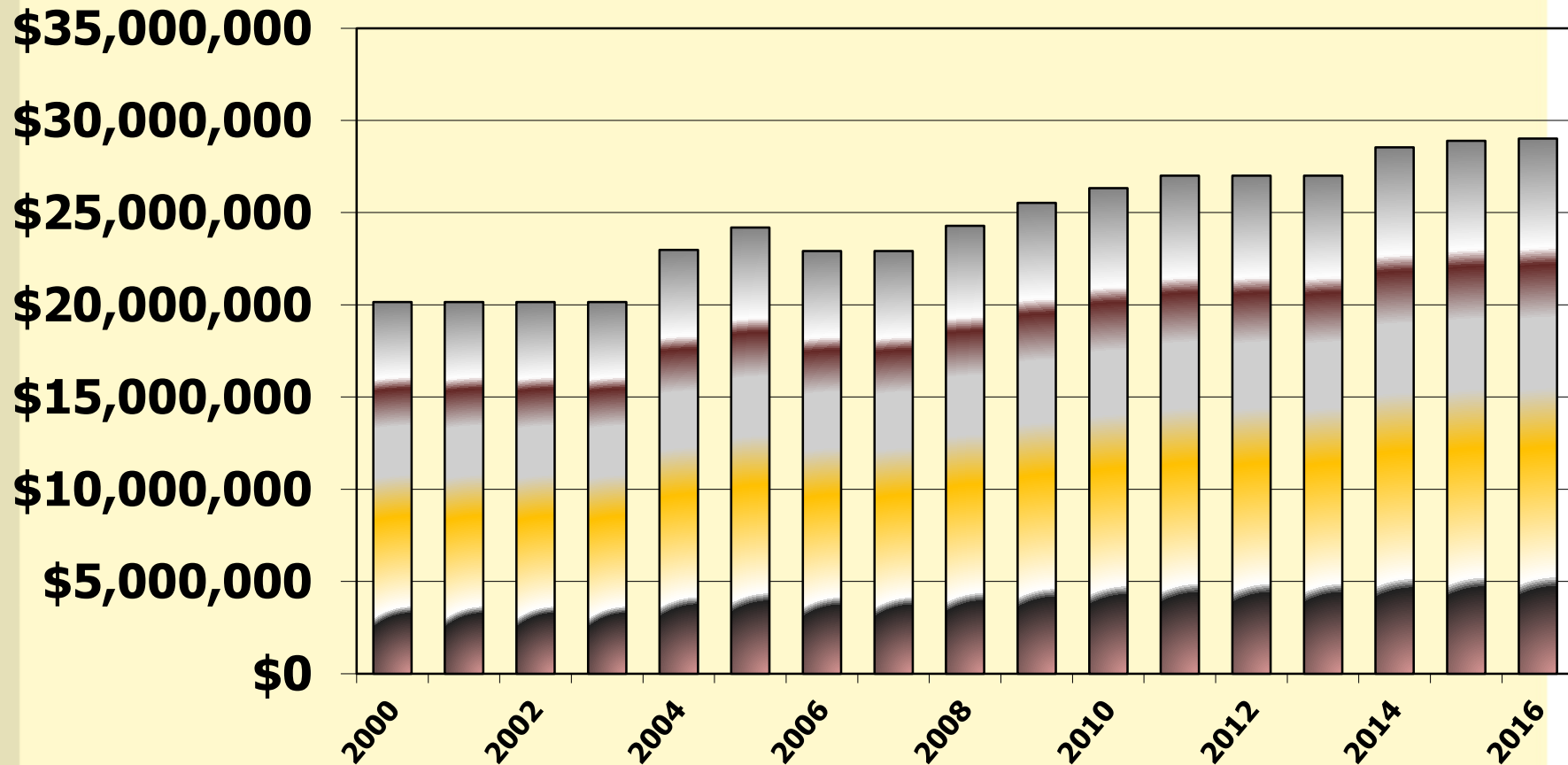
Fiscal Year	Fiscal Years Beginning									
	2012		2013		2014		2015		2016	
	Inflation Factor	Allowable Levy Growth Factor	Inflation Factor	Allowable Levy Growth Factor	Inflation Factor	Allowable Levy Growth Factor	Inflation Factor	Allowable Levy Growth Factor	Inflation Factor	Allowable Levy Growth Factor
Jan 1 - Dec 31	2.01%	1.0200	2.93%	1.0200	1.66%	1.0166	1.56%	1.0156	0.73%	1.0073
Mar 1- Feb 28	2.43%	1.0200	2.57%	1.0200	1.70%	1.0170	1.58%	1.0158	0.45%	1.0045
Apr 1 - Mar 31	2.65%	1.0200	2.42%	1.0200	1.63%	1.0163	1.62%	1.0162	0.31%	1.0031
Jun 1 - May 31	3.04%	1.0200	2.17%	1.0200	1.48%	1.0148	1.68%	1.0168	0.12%	1.0012
Jul 1 - Jun 30	3.16%	1.0200	2.07%	1.0200	1.46%	1.0146	1.62%	1.0162	0.12%	1.0012
Aug 1 - Jul 31	3.26%	1.0200	1.96%	1.0196	1.46%	1.0146	1.48%	1.0148		
Oct 1 - Sep 30	3.32%	1.0200	1.79%	1.0179	1.40%	1.0140	1.25%	1.0125		

NYSAC projects the Tax Cap for counties in 2017 will be in the range of .2% to .5%

Chemung County Tax Cap Calculation

2015 Real Property Tax Levy			\$34,709,253
Tax Base Growth Factor		1.0068%	
Modified Levy			34,945,276
Add: Prior year PILOTS		\$800,935	
Adjusted Levy			\$35,746,211
Allowable Levy Growth Factor		1.0073	
Modified Levy			\$36,007,158
Subtract: current year Pilots		-\$804,682	
Add: Carryover prior yr.		\$0	
2016 Total Levy Limit after Adjustments			\$35,202,476
2016 Tax Levy		\$31,131,832	
2016 Community College Levy		\$3,800,000	
2016 Adjustments		\$0	
2016 Actual Tax Levy			\$34,931,832
Amount of Levy below the Limit			\$270,644
% of Limit/Cap Exhausted			99.2%

Chemung County Property Tax Levy



How Counties Have Responded to The Tax Cap

County Property Taxes Since the Great Recession*		
Year	County Adopted Property Tax Levy**	Percent Change
2009	\$4.437B	2.97%
2010	\$4.517B	1.80%
2011	\$4.529B	0.27%
2012 (Revenue Cap Begins)	\$4.637B	2.41%
2013	\$4.702B	1.39%
2014	\$4.745B	0.86%
2015	\$4.833B	1.89%
Ave. Annual Change Last 7 Years -->		1.66%

*The Great Recession began in December of 2007 and lasted through June of 2009.

Mandates and the County Budget

- There was a time when locally raised revenues were used for local purposes
- This is not true today
- Much of the county budget is set by State law requirements
 - Beyond direct program mandates counties must adhere to state and federal labor laws, environmental laws, procurements rules, etc.

Defining the term... "Mandate"

- A mandate occurs when the State or Federal government directs a county to:
 - Implement a program or provide a service (Medicaid, welfare, child support collections, etc.) created and defined by the State/Federal,
 - Meet an environmental or labor standard,
 - Construct/upgrade a facility (courthouse, jail, etc.) subject to prevailing wage and Wick's Law requirements,
 - Provide a tax break or exemption, etc. In a typical county anywhere from 15% to 30% of the value of all property is exempt from property taxes.
- A mandate usually requires a county to strictly adhere to rules set by the Federal/State government that defines the scope, eligibility, frequency of service, amount of benefit, etc. Counties have virtually no ability to control the costs of these mandates

Mandates Make us Slaves



Mandated Programs

- NYSAC's "9 for 90" campaign highlights mandated expenses as the major driver of county property taxes.
- In 2011, nine (9) select mandates made up over ninety percent (90%) of total county tax levies in NY.

Tax Levy Allocation



- In 2015, these same 9 mandates will equal about 99 percent of the statewide county property tax levy.

Impact of Mandates to 57 NY Counties

		9 for 90	9 for 99
	2010	2011	2015
Medicaid**	\$ 2,081,000,000	\$ 2,135,000,000	2,255,650,783
TANF - Family Assistance	\$ 92,000,000	\$ 91,000,000	-
Safety Net/TANF	\$ 204,000,000	\$ 215,000,000	373,294,006
Child Welfare	\$ 270,000,000	\$ 270,000,000	291,832,200
Special Education Pre-K²	\$ 193,900,000	\$ 207,240,882	250,744,099
Early Intervention¹	\$ 60,000,000	\$ 64,600,000	75,708,792
Indigent Defense	\$ 125,000,000	\$ 131,900,000	157,100,400
Probation	\$ 116,000,000	\$ 123,200,000	156,668,359
Youth Detention	\$ 29,000,000	\$ 31,000,000	38,581,897
Pensions*	\$ 461,978,835	\$ 687,481,228	1,162,903,116
9 for 90 Estimated Costs	\$ 3,632,878,835	\$ 3,956,422,110	4,762,483,652
Statewide Levy (w/o NYC)***	\$ 4,516,741,102	\$ 4,528,799,053	\$4,832,672,795
9 for 90 %	80%	87%	99%

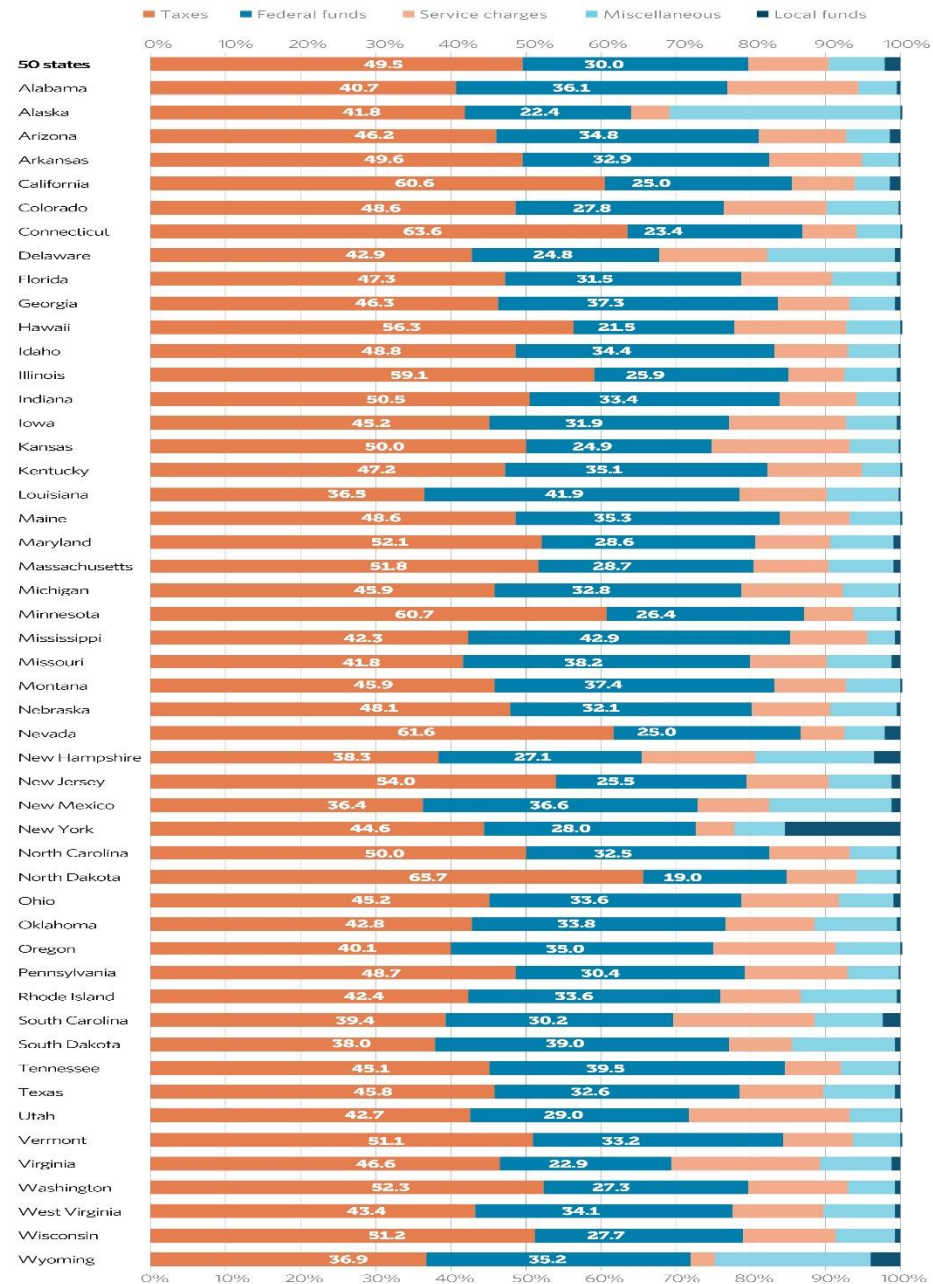
* There are more than 40 State programs Counties are mandated to provide and fund.

* Table does not include NYC costs or tax levy data. Does not “net-out impact of ACA federal savings.

How Mandates Impact Chemung County

Program	
Medicaid	\$19,873,095
Welfare (TANF/Safety Net)	\$1,917,000
Child Welfare	\$3,385,016
Special Education (Pre K)	\$844,425
Early Intervention	\$87,500
Indigent Defense	\$1,872,604
Probation	\$1,877,497
Youth Detention	\$300,000
Pension	\$7,725,468
Total Cost of 9 Mandates	\$37,882,605
County Levy Revenue \$29,012,588	-\$29,012,588
County Sales Tax Revenue	-\$8,870,017

Percent of State Revenue by Source, FY 2013



Source: The Pew Charitable Trusts. Analysis based on the U.S. Census Bureau's 2013 Annual Survey of State Government Finances
© 2015 The Pew Charitable Trusts

We're Being Squeezed



"Tax cap and mandates put counties between a rock and a hard place." (John De Rosier)

New York State Counties with Sales Tax Increases from 2002-2005

One & Cattaraugus Counties included a sales tax rate increase in their 2005 budgets, but have rejected the increase at this time. Other Counties are expected to have sales tax rate increases in 2005.

County	Sales Tax Increase (%)
Albany	79.1%
Albion	68.2%
Cattaraugus	10.2%
Cayuga	22.2%
Columbia	38.8%
Dutchess	38.8%
Fulton	28.2%
Herkimer	22.8%
Madison	21.2%
Montgomery	20.7%
Nassau	19.2%
Orangetown	20.2%
Rensselaer	20.2%
Saratoga	20.2%
Schoharie	20.2%
Tioga	27.4%
Ulster	20.2%
Westchester	22.7%
Yates	20.2%

 NYSAC®

Maine Ends Dependence On Food Stamps: How Did It Happen?



County Supervisor/ Legislator's Role in the Budget Process

The Legislator's Role Varies, but often involved in:

- Big picture policy plans (with budget implications).
- Goal setting and strategic planning (with budget implications).
- Macroeconomic review of financial data.
- Review and comment on the budget officer's submitted, unified (all-funds) budget.
- Committee meeting input.
- Conducting of budget workshop(s).
- Amending, approving and adopting of the budget.
- Oversight/audit process during the year of budget execution.

Budgeting in Tough Times

State Comptroller Recommendations to Broome County

- Adopt budgets that include financing recurring expenditures with recurring revenues and not rely on one-time revenue sources.

State Comptroller Recommendations to Sullivan County

- The Legislature should develop a comprehensive multi-year financial plan to establish objectives for funding long-term needs.

State Comptroller Recommendation to Franklin County

- Adopt budgets for the general fund that include realistic estimates for revenues and expenditures and that are structurally balanced.

State Comptroller recommendation to Rockland County

- Pass a local law overriding the tax levy limit before adopting the proposed budget.

Important Questions

- Will there be state/local impact of continued Federal budget cutbacks?
- Will unemployment decrease/stabilize?
- Will DSS caseloads stabilize?
- What will NYS do in SFY 2016-17?
- What is long-term impact of property tax cap?
- Will we see more cost-shifts and unfunded mandates?
- What is real impact of Medicaid related Executive budget proposals?
- Will sales tax collections continue to show improvement, lack thereof?
- When will counties receive NYS authorization for “home rule” revenues?
- What are retirement and health insurance trends?

Fiscal Futures/Sample Action Plan

- NYS budget gaps?
- How is the State Economy?
- Your regional economy?
- Continued fiscal uncertainty?
- A responsible action plan to this fiscal uncertainty includes:
 - “Don’t spend the allocated Fund Balance”
 - Commit to in-year budget oversight and containment
 - Press strongly for Home Rule approval
 - Look ahead to next year & beyond / Multi-year budgeting
 - Adequately fund priority economic development efforts
 - Contain health insurance expenses

How to Get a Grip on the Problem

- Develop a credible forecast of revenues both short and long term.
- Develop a credible forecast of current expenses both short and long term.
- Determine whether revenues will be adequate to meet forecasted expenses in the long term (3-5 Year Financial Plan).

Get a Grip on the Problem

- How you address your budget problem depends on how you define it – Long vs. Short term.
- Decide whether your budget problem is short term or long term i.e. debt service.
- Using one-time money to balance next years' budget only postpones the reckoning and likely makes things worse. “Give me three threes instead of a nine”.

Short Term “Fixes”

- Use unspent funds (surpluses) to balance next years' budget.
- Fund wage settlements from State and Federal funds (FMAP/Stimulus).
- Use money from the sale of an asset (building/equipment) for ongoing expenses.
- Delay equipment purchases.
- Cut the maintenance budget.
- Cut the office supply budget.

What problems may these actions cause in the future?

Budget Balancing Actions

Long Term

Cut Spending Permanently

Increase Revenue Permanently

Short Term

Use Surplus Funds

Delay Spending

Accelerate Revenue

Capitalize Operating Costs

Use Reserves

Temporarily Cut Costs

Temporarily Increase Revenue

Practical Applications

Guarding The Public Checkbook or Budgeting “Best Practices”

- Raising taxes or fees when necessary.
- Protecting the agency’s investment in its equipment and infrastructure.
- Building adequate fund balances.
- Using debt prudently.
- Evaluating issues on a cost-benefit basis.
- Rejecting popular yet unaffordable programs.
- Avoiding giving away the farm.
- Educating the public about fiscal issues.

Seven Deadly Financial Sins

- Fail to develop meaningful goals
- Fail to evaluate programs and results
- Accept grants that are not affordable
- Spend surpluses and one-time monies for ongoing programs
- Tip-toe around powerful departments
- Fail to ask questions & demand clear answers
- Micro-manage departments

More Deadly Financial Sins

- Fail to meaningfully involve and educate the public
- Accept the CPI as an indicator of costs
- Fail to determine the impact of salary and benefit increases
- Spend a disproportionate amount of time on trivial items
- Fail to develop and enforce financial policies
- Fail to budget the operating expense increase for major capital improvements

Cutback Pitfalls

- Deplete reserves
- Freeze vacant positions (not always)
- Launch blue ribbon committees without parameters
- Direct staff where to cut
- Cut across the board
- Defer equipment purchases
- Eliminate training expenditures
- Revert to detailed line item control
- Ignore blue ribbon committee recommendations
- Defer maintenance of capital assets

Doing the Dance – Powerful Departments

- Diverting attention to inconsequential items.
- Using rhetorical questions or questions that flatter the department.
- Being reluctant to ask penetrating questions.
- Failing to press when a satisfactory answer is not obtained.
- Accepting bold, unsubstantiated statements.
- Being obviously supportive in contrast to the treatment of other departments.

Plain English Budget Terminology

Budget

Plan for projected income and expenditures, estimate of future costs and plan for the use of employees, supplies, and related resources.

Budget Officer

The individual or office responsible for preparing the proposed budget, including development of revenue and expenditure estimates and role varies in accordance with county organizational structure.

Budget Cycle

Routine steps in the budget process involving the preparation, adoption, execution and post-audit of the budget.

Budget Process

Governmental decisions on spending needs and how to pay for them.

Expenses

Outflows of cash, the using up of assets, or incurrence of liabilities from the delivering or producing goods, rendering services, or carrying out other activities that make up the governments major or central operations.

Debt Service

The annual payments of principal and interest on borrowed funds. Usually for long term capital projects or cash flow purposes.

Revenues

The income of a governmental organization. Revenues take the form of taxes, fees and charges for services, state and federal aid, refunds and reimbursements, interest income, etc.

Operating Deficit

When the amount of money a government spends in a given fiscal year exceeds what it collects from all revenue sources in the same period.

Operating Surplus

The amount of money a government retains in a given fiscal year above what it spends from all revenue sources in the same period.

Fund Balance

The amount of annual budgetary outcomes, either surplus or deficits, carried forward from fiscal year to fiscal year.

Appropriated Fund Balance

The amount of fund balance used for a particular purpose, most often to offset or reduce the property tax levy.

Reserves

Budget appropriations made or set aside for specific purposes, i.e. capital projects, tax stabilization, future debt service, etc.

Mandates/Entitlements

Legal obligation created through legislation that requires the payment of benefits to any person or unit or government that meets eligibility requirements set in law OR Financial, programmatic and/or regulatory requirement of a local government imposed by state or federal law, the courts or regulatory agency.

Encumbrances

Commitments related to unperformed or unpaid contracts for goods and services. In budgeting, encumbrances represent the estimated amount of expenditures ultimately to result from unperformed contracts in process of being completed.

Accrued Revenues

The recording of revenues in the time period of which they're earned, rather than only in the period in which cash is received or paid.

Question & Answer