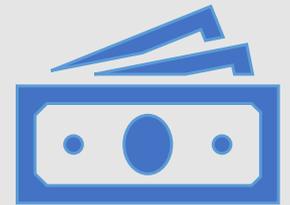


# THE BUDGET PROCESS



# What is the purpose of a budget?



- **FORECAST** revenue (income) and expense
  - A financial framework for how to provide services and programs
- A tool for **DECISION MAKING**
  - Is there money for (fill-in-the-blank)
- A means to **MONITOR PERFORMANCE**
  - Actual versus budget

# What is the goal of our budget process?

- To produce a balanced budget that ***aligns with commissioner goals and guidance***, demonstrates that staff has ***anticipated questions and alternatives***, and ***does not blind-side us*** with large and costly unanticipated issues and problems that could have been considered with due diligence.

# ONGOING BUDGET CYCLE



# ONGOING BUDGET CYCLE



# ONGOING BUDGET CYCLE



Reminder:  
CIP  
precedes  
budget

- ***Capital Improvements Program/Plan***
- The county's **long-term plan** for important improvements
- ***Precedes*** the operating budget process
  - *WHY?*
- The operating effects of the Approved CIP will inform the budget process
- The **required debt service** contribution will be set
- The **required capital reserve** contribution will be set

# ONGOING BUDGET CYCLE



# Heads Up

- Opportunity to hear from Departments
  - Issue that will impact the budget or that commissioners need to know about
  - Collaborative approach to problem-solving
  - Some issues - but not all - will lead to expansion requests

# ONGOING BUDGET CYCLE



# Retreat

- Sets the parameters and guidance for the budget
- Review current year actuals compared to budget
- Look at financial and demographic trends
- Review issues of importance
- Economic forecasts
- Known continuation increases
- Potential expansion items
- Preliminary look at the bottom line
- Guidance from commissioners
  - Revenue
  - Priorities

# ONGOING BUDGET CYCLE



# Estimating and projecting expense

- Work with departments to look at year-to-date actual spending and estimate the year-end actual
  - Try to hit the mark as close to actual as possible
- Expense for coming year in two categories
  - Continuation
    - What will it cost us to continue to offer the same level of service we offer today?
    - Employee pay/benefits
  - Expansion
    - What new levels of service or new programs are needed?

# Estimating and projecting revenue

- Track major revenues on a monthly basis
- Several years worth of data are kept to do modeling and compare current to prior years
- Projections are conservative but realistic
  - This is more art than science
  - Don't want to highball revenue projection but don't want to sandbag
- We don't budget revenue for grants or other what-if possibilities

# Operating Budget



FOLLOW YOUR BLISS

"Work is love made visible." – Khalil Gibran

- Depends on guidance given at the retreat
- Projected Continuation Revenue – Projected Expense = \$\$ for expansions
  - Frequently a negative number
- Continuation budgets are scrutinized
  - *Why?*
- Expansions requests are scored and prioritized
  - *Why?*

Criteria	Explanation
Goals and Objectives	What is the impact of the request on the comp plan goals? How well will the project move the county forward to achieve a goal? This would combine prior goals & objectives, economic impact, and community support
Collaboration	Is the request collaborative? Is the collaboration necessary to the success of the project? Will it change the way departments communicate, share information, or work together?
Safety	Does the request eliminate an immediate safety hazard for County citizens or employees? ("Immediate safety hazard" means an imminent, obviously hazardous situation, not a remote possibility.)
Mandate	Does the request enable the county to provide a new or existing state or federal mandate? Mandate means an item imposed on the county by federal or state government, not a locally imposed requirement.
Timing/ Linkages	What is the impact of delaying the request? Is it related to a completed project or previously approved program or related to other priority projects?
Improve Quality of Service	Will quality of service be improved?
Additional service	Will a new high-priority service be provided?
Maintain service	If the request is not recommended what will be the impact on current level of service? Is it necessary to continue service?
Budget Impact	What is the net impact on the operating budget? Are there other revenue sources, besides the general fund, to pay for the request? Will we be taking on a lot of ongoing increased operating expense? Low impact and/or other source of revenue like fees or grants = high score
Efficiencies	Will the request save the county money or resources (e.g. time, staffing, etc.)
Alternatives	Are there alternatives that could address the problem in the event that the expansion can not be recommended?
Equity	Does this request prioritize low income and/or people and communities of color? Does it advance equity in Chatham County government or community? Does it create jobs for low income people and/or people of color? Does it increase access to services with language specific resource/materials?

# ONGOING BUDGET CYCLE



## Summary – A Few Key Takeaways

- Good stewardship is our overarching goal
- We use the budget: To **forecast** revenue and expense; As a tool for **decision making**; As a way to **measure performance**
- Chatham's approach emphasizes collaborative problem solving
- Budgeting is a year-long process.
- Best case scenario: We're all on the same team and share in the outcomes and decisions
- Worst case scenario: Staff presents a budget that does not meet the goals/priorities of the BOC