

# Financial Management Series Number 2

## LOCAL GOVERNMENT BUDGETS

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# Local Government Budgets

- **Section 65.90 of Wisconsin Statutes REQUIRES local governments to produce a budget**
- **Some other states allow the passage of an appropriation ordinance in lieu of a budget but this is not allowed in Wisconsin**

# Local Government Budgets

**Local Government Budgets are normally organized according to Governmental Accounting Standards Board (GASB) recommendations.**

[www.gasb.org](http://www.gasb.org)

# Local Government Budgets

**Budgets, like all aspects of the government finance and accounting system, should also comply with Generally Accepted Accounting Principles (GAAP)**

# Local Government Budgets

- **Generally comprised of several separate sections:**
  1. **Overview**
  2. **Summary**
  3. **Revenues**
  4. **General Fund**
  5. **Special Revenue Funds**
  6. **Debt Service Fund**
  7. **Capital Fund**
  8. **Proprietary/Enterprise Funds**
  9. **Fiduciary Funds**

## OVERVIEW

**Narrative used to give the reader an idea of what the budget hopes to accomplish, what is different from last year's budget, and any pertinent information not obvious in the budget.**

## SUMMARY

- **Wisconsin Statutes REQUIRE the summary to show the percentage difference between the current budget and proposed budget for:**
  1. **General Property Taxes**
  2. **Total Revenues**
  3. **Total Expenditures**

# REVENUES

**Where the budget shows your projected income for the coming fiscal year**

**Includes all anticipated incoming money**

**Don't receive them all at beginning of the year, funds come in incrementally**



# REVENUES

## Includes:

- **Property tax revenue**
- **State Shared Revenues**
- **Fees for Services**
- **Sales tax revenue (where applicable)**
- **Anticipated grants, loans, etc.**

**REVENUES**

**FY 07/08**

**Code 010**

Description	FY06 Budget	FY06 Actual	FY07 Budget	FY07 Projected	FY008 Budget	Comments
<b>011</b> Property Taxes	\$1,463,450	\$1,461,320	\$1,513,880	\$152,420	\$1,609,210	<i>New subdivision complete in 2006</i>
<b>012</b> State Shared Revenues						
<i>General aids</i>	\$1,187,204	\$1,185,647	\$1,199,250	\$1,197,521	\$2,014,415	<i>Down 3% from FY 04/05</i>
<i>Transportation aids</i>	\$162,500	\$165,770	\$171,400	\$169,340	\$202,500	
<b>Total</b>	\$1,349,704	\$1,351,417	\$1,370,650	\$1,366,861	\$2,216,915	
<b>013</b> Sales Taxes	\$750,000	\$694,230	\$750,000	\$751,892	\$1,250,000	<i>New big box in 2006</i>

**014  
Fines/Fees/Misc.**

<i>Police Fines</i>	\$147,000	\$189,655	\$160,000	\$231,400	\$200,000	
<i>Building Permits</i>	\$245,000	\$244,124	\$250,000	\$251,250	\$260,000	<i>New Deer Haven subdivision construction starts</i>
<i>Parking Permits</i>	\$55,000	\$53,200	\$55,000	\$54,150	\$55,000	
<i>Inspection Fees</i>	\$85,000	\$83,400	\$85,000	\$87,240	\$90,000	
<b>TOTAL</b>	<b>\$532,000</b>	<b>\$570,379</b>	<b>\$550,000</b>	<b>\$624,040</b>	<b>\$605,000</b>	

**015  
Grants**

<i>EDA Grant</i>	\$0	\$0	\$0	\$0	\$250,000	<i>For industrial Park infrastructure</i>
<i>Meth Abatement</i>	\$0	\$0	\$0	\$0	\$100,000	<i>From Homeland Security; Drug Task Force</i>
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$350,000</b>	

<b>Grand Total</b>	<b>\$4,095,154</b>	<b>\$4,077,346</b>	<b>\$4,184,530</b>	<b>\$2,895,213</b>	<b>\$6,031,125</b>	
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# COMPUTING THE PROPOSED TAX LEVY

- Total Proposed Operating Expenditures and Reserves
- (Minus) Total Proposed Non-Property Tax Revenues =
  - Proposed 2006 Operating Tax Levy

**EXAMPLE:** County X proposed expenditures -- \$50 Mill.  
- Non-Tax Revenues (State /Local) --38 Mill.

**Proposed Tax Levy = \$12 million**

# Funds

- **General Fund**
- **Special Revenue**
- **Capital Project**
- **Debt Service**
- **Proprietary Funds**
- **Fiduciary Funds**

# General Fund

**This is where your day to day operations are budgeted**

**Payroll**

**Benefits**

**Office Supplies**

**Fuel**

**Small IT purchases**

**Electricity**

**Vehicle repairs**

**GENERAL FUND**

**FY 05708**

**100  
Administration**

**Dept 100**

Description	FY04 Budget	FY04 Actual	FY05 Budget	FY05 Projected	FY06 Budget	Comments
<b>101 Wages &amp; Salaries</b>	<b>\$1,463,450</b>	<b>\$1,461,320</b>	<b>\$1,513,880</b>	<b>\$1,512,420</b>	<b>\$1,609,210</b>	
<b>101-1 County Administrator</b>	<b>\$62,000</b>	<b>\$62,000</b>	<b>\$64,525</b>	<b>\$64,525</b>	<b>\$65,000</b>	Board directed increase
<b>101-2 Office Staff</b>	<b>\$46,000</b>	<b>\$46,293</b>	<b>\$47,000</b>	<b>\$47,442</b>	<b>\$49,816</b>	Increase per labor contract
<i>Secretary</i>		<i>\$12.75 per hour</i>	<b>\$26,520</b>			
<i>Insurance clerk</i>		<i>\$11.20 per hour</i>	<b>\$23,296</b>			
<b>Total</b>			<b>\$49,816</b>			
<b>Total</b>	<b>\$108,000</b>	<b>\$108,293</b>	<b>\$111,525</b>	<b>\$111,967</b>	<b>\$114,816</b>	

**102  
Benefits**

**102-1  
Medical Insurance**

**\$26,500**

**\$28,941**

**\$30,000**

**\$30,190**

**\$32,880**

Family	2x\$1,100 per month	\$26,400
Single	1x\$540 per month	\$6,480
<b>Total</b>		<b>\$32,880</b>

**102-3 FICA**

**\$7,750**

*6.75% of total wages*

**102-4  
Retirement**

**\$4,019**

*3.5% of total wages*

**TOTAL**

**\$26,500**

**\$28,941**

**\$95,760**

**\$30,190**

**\$44,649**



<b>TOTAL PERSONNEL COSTS</b>	<b>\$134,500</b>	<b>\$137,234</b>	<b>\$207,285</b>	<b>\$142,157</b>	<b>\$159,465</b>
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<b>Description</b>	<b>FY04 Budget</b>	<b>FY04 Actual</b>	<b>FY05 Budget</b>	<b>FY05 Projected</b>	<b>FY06 Budget</b>	<b>Comments</b>
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<b>104-1 Office Supplies</b>	<b>\$2,000</b>	<b>\$2,198</b>	<b>\$2,000</b>	<b>\$2,318</b>	<b>\$2,000</b>	
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<b>105-1 Copier Maint. Contract</b>	<b>\$3,800</b>	<b>\$3,800</b>	<b>\$4,000</b>	<b>\$4,000</b>	<b>\$4,200</b>	
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<b>107-1 Fuel Oil (Courthouse)</b>	<b>\$21,000</b>	<b>\$21,420</b>	<b>\$22,000</b>	<b>\$23,120</b>	<b>\$22,000</b>	<i>Thermostat will be reduced to 66 degrees</i>
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<b>TOTAL</b>	<b>\$26,800</b>	<b>\$27,418</b>	<b>\$28,000</b>	<b>\$29,438</b>	<b>\$28,200</b>	
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<b>Grand Total</b>	<b>\$161,300</b>	<b>\$164,652</b>	<b>\$235,285</b>	<b>\$171,595</b>	<b>\$187,665</b>	
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# Special Revenue Funds

## “Insulated Departments”

- **Library Systems -- Special Tax & Charges**
- **Public Health Dept. -- Special Tax & State grants**
- **Highway Commission -- State Road Aids**

## Capital Budget/Fund

**The Capital Budget is where major purchases and projects are planned and budgeted for.**

**A common guideline is that any program or purchase of a non-expendable piece of equipment valued at over \$10,000 should be listed as a capital budget item**

# Capital Budget/Fund

**The Capital Budget is as much about planning as budgeting.**

**Commonly, Capital Budgets cover five year periods and relate directly to the government's strategic plan.**

NOWHERE COUNTY

CAPITAL PROJECTS

FY 07/08 - FY 11/12

CODE 1000

DESCRIPTION	FY07/08	FY08/09	FY09/010	FY10/11	FY11/12	FUNDING SOURCE	COMMENTS
<b>1001</b> <b>Administration</b>							
<b>1001-1</b> <b>Courthouse Annex</b>			<b>\$2,200,000</b>			<i>General Revenue Bond</i>	
<b>1001-2</b> <b>New</b> <b>Clerk Copier</b> <b>System</b>		<b>\$12,000</b>				<i>General Revenue</i>	
<b>TOTAL</b>	<b>\$0</b>	<b>\$12,000</b>	<b>\$2,200,000</b>	<b>\$0</b>	<b>\$0</b>		

**1002  
Highway  
Department**

**1002-1  
Replace snow  
plow truck &  
blade**

**\$63,000**

**\$65,000**

**\$67,500**

**General  
Revenue**

Replace one truck  
and blade each year

**1002-2  
New roof for  
garage**

**\$17,000**

**TOTAL**

**\$63,000**

**\$17,000**

**\$65,000**

**\$0**

**\$67,500**

**1003 Sheriff's  
Department**

**1003-1  
Patrol cars**

**\$23,000**

**\$47,000**

**\$24,000**

**\$49,000**

**\$25,000**

**General  
Revenue &  
Grants**

1 car first year, 2  
cars second year, in  
sequence

**TOTAL**

**\$23,000**

**\$47,000**

**\$24,000**

**\$49,000**

**\$25,000**

# Debt Service

**The Debt Service portion of a government budget includes the payments of principal, interest, and fees on loans, bonds, and any other government debt.**

**Proper accountability of debt service is essential for future borrowing.**

**DEBT SERVICE**

**FY 07/08**

**Code 500**

Description	FY05 Budget	FY05 Actual	FY06 Budget	FY06 Projected	FY07 Budget	Comments
<b>501</b> <b>2004</b> <b>General Revenue</b> <b>Bond</b>	<b>\$203,750</b>	<b>\$203,748</b>	<b>\$201,800</b>	<b>\$201,801</b>	<b>\$200,050</b>	<i>For County Courthouse addition</i>
<b>501-1</b> <b>Principal</b>	<b>\$180,000</b>	<b>\$180,000</b>	<b>\$180,000</b>	<b>\$180,000</b>	<b>\$180,000</b>	
<b>501-2</b> <b>Interest</b>	<b>\$23,450</b>	<b>\$23,448</b>	<b>\$21,500</b>	<b>\$21,501</b>	<b>\$19,750</b>	
<b>501-3 Fees</b>	<b>\$300</b>	<b>\$300</b>	<b>\$300</b>	<b>\$300</b>	<b>\$300</b>	
<b>502</b> <b>1998</b> <b>Alternative Revenue</b> <b>Bond</b>	<b>\$95,250</b>	<b>\$95,247</b>	<b>\$94,650</b>	<b>\$94,562</b>	<b>\$93,000</b>	<i>Sewer Plant I &amp; I Project</i>
<b>502-1</b> <b>Principal</b>	<b>\$87,500</b>	<b>\$87,500</b>	<b>\$87,500</b>	<b>\$87,500</b>	<b>\$87,500</b>	<i>Note: Paid off in 2006</i>
<b>502-2</b> <b>Interest</b>	<b>\$7,400</b>	<b>\$7,397</b>	<b>\$6,800</b>	<b>\$6,712</b>	<b>\$5,000</b>	
<b>502-3</b> <b>Fees</b>	<b>\$350</b>	<b>\$350</b>	<b>\$350</b>	<b>\$350</b>	<b>\$500</b>	<i>Higher fee for bond closure</i>
<b>Grand Total</b>	<b>\$203,750</b>	<b>\$203,748</b>	<b>\$201,800</b>	<b>\$201,801</b>	<b>\$200,050</b>	



# Proprietary Funds

- **Enterprise Funds**
- **Internal Service Funds**

## Enterprise Funds

**The portion of a budget supporting an enterprise, such as a water & sewer utility, a government owned electric utility, or other specialized, restricted use funds such pension funds**

# Internal Service Funds

- **Motor Pool Equipment**
- **Health Insurance**

## Fiduciary Funds

- **Public Pension Trusts**
- **Investment Trusts**
- **Private Purpose Trusts**
- **Agency Funds**

## Managing the Budget

- **Monthly budget reports**
- **Monthly expenditures should relate directly to what proportion of the year has passed**
- **Major purchases made when planned and cash flow allows**
- **Monitor cash flow closely**
- **Mid-Year review**

## Managing the Budget

- **Manage debt, plan for borrowing**
- **Investment plan**
- **Following the Capital Plan essential**

[www.uwex.edu/lgc](http://www.uwex.edu/lgc)