

## Budget Development Guidelines

The following represents the policy direction for county departments to follow in developing budget requests for the 2009-2010 budget:

1. **Service Levels** – The Council recognizes that projected General Fund revenues will likely remain stable in coming years. The Council also recognizes that total expenses are increasing due to wage and benefit costs as well as the rising costs of energy products. The Council requests that the Administration develop a budget that, wherever possible, maintains essential levels of service. **A proposal for new or expanded high priority services should be offset by a reduction or elimination of lower priority services funded by revenues to the General Fund or an increase in revenue.**
2. **Prioritize Services** – The Council requests the Administration, in conjunction with departments, to prioritize departmental services in light of the mission and mandate of the county and its departments. The Council requests that the Administration develop a prioritization of services currently offered, based on the feedback received from the Council in budget policy discussions to date, along with the Administration’s own prioritization.
3. **Staffing Levels** – The Council supports the Administration’s desire to avoid layoffs. The Council supports the use of attrition, retirement and voluntary separation as a preferred alternative to layoffs. The Council anticipates that no new positions from General Fund revenue will be considered unless they are an element of an additional service request (ASR) that is budget neutral or funded through internal cost savings. The Council will carefully analyze the social and economic impacts in the elimination of existing positions. Should the negative impacts of the loss of these positions be deemed too great, the Council will explore all funding options to maintain existing services.
4. **Consolidation of Functions and Services** – The Council encourages the Administration and all departments to, where appropriate, consolidate or integrate similar or compatible functions to improve operational efficiency and public access to county services.

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## Budget Development Guidelines continued

- 5. Revenues** - The Council encourages the Administration to review fees and propose fee changes wherever appropriate. Whenever possible, fees should be structured in order to recover the total cost of providing the associated service, including administrative overhead. Whenever possible, the Administration should seek to recover administrative overhead from grants and contracts. The Council encourages the administration to review all existing Whatcom County taxes, levies, and fees, and to propose increasing, decreasing, or maintaining these revenues to fund high priority General Fund expenditures, while supporting prudent policies for ending fund balances and reserves.
- 6. Efficiencies** – The Council encourages the Administration and all departments to make every reasonable effort to reduce costs, conserve energy, and carefully utilize public resources while providing the best possible service to the public.
- 7. Ending Fund Balance and Reserves** – The Council requests the Administration to develop the General Fund Budget so that it provides cash reserves of at least 10 percent of the projected General Fund budgeted expenditures. The Administration may utilize fund balance in excess of this limitation to:

  - a) Fund one-time capital purchases and one-time program expenditures;
  - b) Make provision for supplemental budgets; and
  - c) Maintain 2008 service levels in the proposed new budget.
- 8. Cooperative Business Operations** – The Council encourages the Administration to develop cooperative partnerships with governmental and private entities that provide quality services in an efficient and cost effective manner.

## Acronyms

<b>ABCD</b>	Access to Baby and Child Dentistry
<b>ADA</b>	Americans with Disabilities Act
<b>ADS</b>	Administrative Services (has been superceded, see also AS)
<b>AED</b>	Automated External Defibrillators
<b>AH</b>	Anti-Harassment
<b>ART</b>	Aggression Replacement Training
<b>ARY</b>	At-Risk Youth
<b>AS</b>	Administrative Services (current acronym, see also ADS)
<b>AS/400</b>	Central computer (mainframe) used by Whatcom County government
<b>BARS</b>	Budgeting, Accounting & Reporting System
<b>BMP</b>	Best Management Practices
<b>BR&amp;R</b>	Building Repair & Replacement
<b>CAO</b>	Critical Areas Ordinance
<b>CAPA</b>	County Arterial Preservation Accounts
<b>CDBG</b>	Community Development Block Grant
<b>CDDA</b>	Chemical Dependency Disposition Alternative
<b>CDL</b>	Clandestine Drug Lab
<b>CE</b>	Current Expense Fund (aka General Fund)
<b>CEA</b>	County Executives of America
<b>CEDS</b>	Community Economic Development Strategy
<b>CERB</b>	Community Economic Revitalization Board
<b>CERT</b>	Community Emergency Response Team
<b>CHINS</b>	Children in Need of Services
<b>CIP</b>	Capital Improvements Plan
<b>CJAA</b>	Community Justice Accountability Act
<b>CJS</b>	Consolidated Juvenile Services
<b>COG</b>	Council of Governments
<b>CPAL</b>	Conservation Program for Agricultural Lands
<b>CPG</b>	Comprehensive Procurement Guideline
<b>CRAB</b>	County Road Administration Board
<b>CRID</b>	County Road Improvement District
<b>CRP</b>	County Road Project
<b>CSHCN</b>	Children with Special Health Care Needs
<b>CTR</b>	Commute Trip Reduction

## Acronyms continued

<b>CZM</b>	Coastal Zone Management
<b>DCD</b>	Department of Community Development
<b>DEA</b>	Drug Enforcement Agency
<b>DEM</b>	Department of Emergency Management
<b>DNR</b>	Department of Natural Resources
<b>DOE</b>	Department of Ecology
<b>DOL</b>	Department of Licensing
<b>DOT</b>	Department of Transportation
<b>DNR</b>	Department of Natural Resources
<b>DSHS</b>	Department of Social and Health Services
<b>DTF</b>	Drug Task Force
<b>DUI</b>	Driving Under the Influence
<b>DV</b>	Domestic Violence
<b>DWLS</b>	Driving While License Suspended
<b>EDA</b>	Economic Development Act
<b>EDC</b>	Economic Development Council
<b>EDI</b>	Economic Development Investments
<b>EHD</b>	Electronic Home Detention/Monitoring
<b>EOC</b>	Emergency Operations Center
<b>EPA</b>	Environmental Protection Agency
<b>ER&amp;R</b>	Equipment Rental & Revolving
<b>ESA</b>	Endangered Species Act
<b>FCZD</b>	Flood Control Zone District
<b>FEMA</b>	Federal Emergency Management Agency
<b>FFT</b>	Family Functional Therapy
<b>FTA</b>	Failure to Appear
<b>FTE</b>	Full-time Equivalent
<b>GAL</b>	Guardian Ad Litem
<b>GFOA</b>	Government Finance Officers Association
<b>GIS</b>	Geographical Information Systems
<b>GMA</b>	Growth Management Act
<b>GO Bond</b>	General Obligation Bond
<b>GPS</b>	Global Positioning System
<b>HAVA</b>	Help America Vote Act

## Acronyms continued

<b>HD</b>	Health Department
<b>HHW</b>	Household Hazardous Waste
<b>HIDTA</b>	High Intensity Drug Trafficking Areas
<b>HIVA</b>	Hazard Identification and Vulnerability Analysis
<b>HR</b>	Human Resources (a division of Administrative Services)
<b>HVAC</b>	Heating Ventilation and Air Conditioning
<b>ICWC</b>	In Custody Work Crew
<b>IFPTE</b>	International Federation of Professional and Technical Engineers
<b>IPM</b>	Integrated Pest Management
<b>IT</b>	Information Technology (a division of Administrative Services, formally known as Information Services)
<b>J&amp;S</b>	Judgment & Sentencing Document
<b>JAIBG</b>	Juvenile Accountability Incentive Block Grant
<b>JIS</b>	Judicial Information System
<b>JRA</b>	Juvenile Rehabilitation Administration
<b>LEOFF</b>	Law Enforcement Officers and Fire Fighters
<b>LEPC</b>	Local Emergency Planning Committee
<b>LLEB</b>	Local Law Enforcement Block Grant
<b>LOS</b>	Levels of Service
<b>LRID</b>	Local Road Improvement District
<b>MIS</b>	Management Information Systems
<b>MMP/IBU</b>	Masters, Mates & Pilots/Inland Boatman Union
<b>NACO</b>	National Association of County Officials
<b>NEP</b>	Needle Exchange Program
<b>NFIP</b>	National Flood Insurance Program
<b>NPDES</b>	National Pollution Discharge Elimination System
<b>NSMHA</b>	North Sound Mental Health Association
<b>NWAPA</b>	Northwest Air Pollution Authority
<b>NWRC</b>	Northwest Regional Council
<b>O&amp;M</b>	Operations & Maintenance
<b>OFM</b>	Office of Financial Management (Washington State)
<b>PA</b>	Prosecuting Attorney
<b>PAWS</b>	Public Agricultural Weather System
<b>PC/LAN</b>	Personal Computers/Local Area Network

## Acronyms continued

<b>PDR</b>	Purchase Development Rights
<b>PDS</b>	Planning and Development Services
<b>PHIMS</b>	Public Health Issue Management System
<b>PWS</b>	Public Water System
<b>RCW</b>	Revised Code of Washington
<b>REET I</b>	Real Estate Excise Tax I
<b>REET II</b>	Real Estate Excise Tax II
<b>RFP</b>	Request for Proposal
<b>RFQ</b>	Request for Qualifications
<b>SARA</b>	Superfund Amendments and Reauthorization Act
<b>SEPA</b>	State Environmental Policy Act
<b>SMA</b>	Shoreline Management Act
<b>SSODA</b>	Special Sex Offender Disposition Alternative
<b>SSP</b>	Security Specialists Plus
<b>STD</b>	Sexually Transmitted Disease
<b>STOP</b>	Services Training Officers Prosecutors
<b>STP</b>	Surface Transportation Program
<b>TAP</b>	Teen Adventure Program
<b>TB</b>	Tuberculosis
<b>TDR</b>	Transfer Development Rights
<b>TPA</b>	Third Party Administrator
<b>TR&amp;R</b>	Technology Repair & Replacement
<b>TRO</b>	Temporary Restraining Orders
<b>UGA</b>	Urban Growth Area
<b>US</b>	United States
<b>VOA</b>	Volunteers of America
<b>WAC</b>	Washington Administrative Code
<b>WACO</b>	Washington Association of County Officials
<b>WAN</b>	Wide Area Network
<b>WC</b>	Whatcom County
<b>WCIP</b>	Whatcom County Investment Pool
<b>WERS</b>	Whatcom Emergency Radio System
<b>WIC</b>	Women, Infant and Children Program
<b>WRIA</b>	Water Resource Inventory Area

Acronyms continued

<b>WSAC</b>	Washington State Association of Counties
<b>WSDOE</b>	Washington State Department of Ecology
<b>WSDOH</b>	Washington State Department of Health
<b>WSU</b>	Washington State University
<b>WWU</b>	Western Washington University

## Terms

**Accounting Period** - A period at the end of which and for which financial statements are prepared.

**Accrual Basis** - The basis of accounting under which transactions are recognized when they occur, regardless of the timing of related cash receipts and disbursements.

**Appropriation** - A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in amount and as to the time when it may be used.

**Assessed Valuation** - A valuation set upon real assets or other property by a government as a basis for levying taxes.

**Assessment** - The process of making the official valuation of property for purposes of taxation.

**Assets** - Resources owned or held by a government which have monetary value.

**Biennial Budget** - A budget applicable to two fiscal years.

**Budget** - A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year. The term "budget" is used in two senses in practice. Sometimes it designates the financial plan presented to the appropriating body for adoption and sometimes the plan finally approved by that body. It is usually necessary to specify whether the budget under consideration is preliminary and tentative or whether it has been approved by the appropriating body.

**Budget Document** - The instrument used by the budget-making authority to present a comprehensive financial program to the appropriating body. The budget document usually consists of two parts. The first part contains a message from the budget-making authority, together with a summary of the proposed expenditures and the means of financing them. The second consists of schedules supporting the summary. These schedules show in detail the information as to the past years actual revenues, expenditures and other data used in making the estimates. In addition to the budget document, an appropriation ordinance or resolution and revenue and borrowing measures will be necessary to put the budget into effect.

**Budget Message** - A general discussion of the proposed budget as presented in writing by the budget-making authority to the legislative body. The budget message should contain an explanation of the principal budget items, an outline of the government experience during the past period and its financial status at the time of the message, and recommendations regarding the financial policy for the coming period.

**Budgetary Accounts** - Accounts used to enter the formally adopted annual operating budget into the general ledger as part of the management control technique of formal budgetary integration.

**Budgetary Control** - The control or management of a government or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of available appropriations and available revenues.

Terms continued

**Capital Budget** - A plan of proposed capital outlays and the means of financing them.

**Capital Program** - A plan for capital expenditures to be incurred each year over a fixed period of years to meet capital needs arising from the long-term work program or otherwise. It sets forth each project or other contemplated expenditure in which the government is to have a part and specifies the full resources estimated to be available to finance the projected expenditures.

**Capital Projects Fund** - A fund created to account for financial resources to be used for the acquisition or construction of major capital facilities.

**Capital Outlay** - Expenditures over \$5,000 that will be capitalized in a general fixed asset account group or accounted for as an infrastructure improvement. Examples include equipment, software, facilities, and roads.

**Cash Basis** - A basis of accounting under which transactions are recognized only when cash is received or disbursed.

**Concurrency** - Term used for a set of land use regulations counties are required by the State of Washington to adopt to ensure new development does not outpace the county's ability to handle it. Concurrency requires there be enough infrastructures in place to handle new development in areas such as roads, parks, sewer, water, drainage, storm water, solid waste, and transportation.

**Continuing Appropriations** - An appropriation which, once established, is automatically renewed without further legislative action, period after period, until altered, revoked or expended.

**Debt Limit** - The maximum amount of gross or net debt which is legally permitted.

**Debt Service Fund** - A fund established to account for the accumulation of resources for, and the payment of, general long-term principal and interest.

**Deficit** - The excess of expenditures over revenues during an accounting period.

**Double Entry** - A system of bookkeeping which requires an entry to the debit side of an account or accounts for the corresponding amount or amounts of the entry to the credit side of another account or accounts.

**Encumbrance** - Commitments for unperformed contracts for goods or services.

**Enterprise Fund** - A fund established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

## Terms continued

**Expenditures** - Decreases in net current assets.

Expenditures include debt service, capital outlays, and those current-operating costs which require the use of current assets. The difference between expenditure and an expense is a difference in what is being measured. Expenditures measure current outlays, while expenses measure total costs.

**Expenses** - Decreases in net total assets.

Expenses represent the total cost of operations during a period regardless of the timing of related expenditures.

**Fiscal Year** - A 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position and results of its operations. Whatcom County's fiscal year begins on January 1 and ends on December 31.

**Fixed Assets** - Assets which are intended to be held or used for a long term, such as land, buildings, improvements, machinery and equipment. In common usage, the term refers only to operating facilities and equipment, not to long-term investments and other non-current assets.

**Fund** - A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

**Fund Balance** - The difference between the assets and the liabilities of governmental funds and trust funds.

**General Fund** - The fund used to account for all financial resources except those required to be accounted for in another fund.

**Generally Accepted Accounting Principles (GAAP)** - Uniform minimum standards and guidelines for financial accounting and reporting. They govern the form and content of the financial statements of an entity. GAAP encompass the conventions, rules and procedures necessary to define accepted accounting practice at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. GAAP provide a standard by which to measure financial presentations. The primary authoritative body on the application of GAAP to state and local governments is the Governmental Accounting Standards Board.

**Governmental Accounting Standards Board** - The authoritative accounting and financial reporting standard-setting body for government entities.

**Governmental Fund Types** - Funds used to account for the acquisition, use and balances of expendable financial resources and the related current liabilities – except those accounted for in proprietary funds and fiduciary funds. The measurement focus in these fund types is on the determination of financial position rather than on net income determination. Under current GAAP, there are four governmental fund types: general, special revenue, debt service and capital projects.

Terms continued

**Grants** - External contributions or gifts of cash or other assets to be used or expended for a specified purpose, activity, or facility.

**Interfund Transfers** - Interfund transfers are a type of interfund transaction. There are two types of interfund transfers. Both types involve the permanent movement of resources between funds. For any one transaction, the transfer-in and the transfer-out must be classified in the same way, so that the total operating transfers-in for the entire county equal the total operating transfers-out and the total residual equity transfers-in equal the total residual equity transfers-out.

**Intergovernmental Revenues** - Revenues from other governments in the form of grants, entitlements, shared revenues, or payments in lieu of taxes.

**Internal Service Fund** - A fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost reimbursement basis.

**Liabilities** - Debt or other legal obligations arising out of transactions in the past which must be liquidated, renewed or refunded at some future date. This term does not include encumbrances.

**Long-Term Debt** - Debt with a maturity of more than one year after the date of issuance.

**Modified Accrual Basis** - The accrual basis of accounting adapted to the governmental fund type spending measurement focus. Under it, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recognized when the related fund liability is incurred except for: (1) prepaid insurance and similar items which need not be reported; (2) accumulated unpaid vacation, sick pay, and other employee benefit amounts which need not be recognized in the current period, but for which larger-than-normal accumulations must be disclosed in the notes to the financial statements; and (3) principal and interest on long-term debt which are generally recognized when due. All governmental funds and expendable trust funds are accounted for using the modified accrual basis of accounting.

**Operating Transfers** - All other interfund transfers are operating transfers. These transactions are often the interfund equivalent of operating subsidies. As such, their purpose is to support the normal level of operations in the recipient fund.

**Proprietary Fund Types** - Sometimes referred to as income determination or commercial-type funds, the classification is used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector.

**Residual Equity Transfers** - These transfers are the nonrecurring or non-routine transfers of equity between funds.

## Terms continued

**Revenues** - (1) Increases in governmental fund type net current assets other than expenditure refunds and residual equity transfers. (2) Increases in proprietary fund type net total assets from other than expense refunds, capital contributions, and residual equity transfers.

**Special Revenue Fund** - A fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

**Taxes** - Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessments. Neither does the term include charges for services rendered only to those who pay, for example, sewer service charges.

**Unencumbered Appropriation** - That portion of an appropriation not yet expended or encumbered.