

Budget Development Guidelines

The following represents Council policy directions for development of a sustainable 2011-2012 biennial budget:

1. **Service Levels** - The Council requests the Administration, in conjunction with Elected Officials and Department Heads, to prioritize services consistent with a strategic direction recommended by the Executive. Services mandated by state statute and county code should be evaluated for the appropriate level of service in our community given the County's limited resources. The cost of any proposal for a new or expanded service must be offset by a corresponding reduction or elimination of lower priority services so there is no additional financial impact on the General Fund.
2. **Staffing** - The Council recognizes projected General Fund revenues cannot sustain the current number of employees because wages and benefits comprise 66% of the General Fund budget and are increasing.
 - The Council requests the Administration to develop a budget that identifies appropriate staffing based on:
 - > Evaluation of mandates
 - > Available funding
 - > Changed activity levels
 - > Enhanced efficiencies
 - The Council requests the Administration to:
 - > Evaluate the elimination of vacant positions realized during 2009 – 2010
 - > Work with Department Heads to continue to create savings and reduce staffing levels through attrition in the next biennium
 - > Engage labor representatives on cost saving measures
 - > Review use and cost effectiveness of part-time staff
3. **Structure of Functions and Services** - The Council encourages the Administration and all Elected Officials and Department Heads to consolidate similar or compatible functions, discontinue or restructure activities to improve operational efficiency consistent with the cost offsets in paragraph one and provide more effective public access to county services while focusing on the core mission and function of the County. Special consideration in these efforts should include:
 - Evaluate the efficiencies of contracting with the private sector when possible
 - Efficiencies involving Court operations
 - Integration of permitting activities performed by Planning and Development Services, Health, and Public Works
 - Scrutiny of all non-departmental expenditures and activities
 - Savings which can be accomplished in internal administrative functions
 - Reduce building space needs in all County government operations and sell surplus property as appropriate
 - Review of non-mandated services including but not limited to: Parks and Recreation, Health, Public Works, and Law and Justice operations
 - Additionally, provide a written analysis of costs and benefits of the use of any County funds for non-mandated services awarded on a non-competitive basis
4. **Revenues** - The Council encourages the Administration to:
 - Structure fees and negotiate grants to recover the total cost, including

Budget Development Guidelines continued

- administrative overhead, of the associated service
 - Review Whatcom County taxes, levies, and fees, and propose as appropriate revenue neutral adjustments to fund high priority services
 - Charge all eligible costs to grants and other funding sources prior to spending undedicated General Fund resources
 - Recommend undedicated General Fund and Road Fund subsidy levels for areas where fees for service do not cover the full costs, including but not limited to Health, Planning and Development Services, Parks and Recreation, District Court Probation, and Public Works.
 - When appropriate use interest income from dedicated fund sources to supplement general fund balance
5. **Efficiencies** - The Council encourages the Administration and all Elected Officials and Department Heads to make every effort to reduce costs, capture savings, improve efficiency, and provide for more effective use of County resources through:
- Energy conservation
 - Maximizing our current investments in technology
 - Cross training of staff
 - Evaluate consolidation of County departments
 - Information management
6. **Ending Fund Balance and Reserves** - The Council requests the Administration to develop a sustainable budget which identifies and provides sufficient reserves in all funds for:
- Adequate fund balances to meet cash flow to fund operations without borrowing
 - Projected long-term capital expenditure needs
 - Preservation of favorable bond rating
 - Declared emergencies
 - Consideration of future deficits
 - Maintain an adequate reserve in the Flood Fund to respond to emergencies
7. **Other Cost Savings** - The Council requests the Administration to consider and recommend other cost-saving measures, including across-the-board and/or targeted reductions as well as more aggressive oversight of expenditures, in order to achieve a sustainable budget for 2011 and 2012.

Acronyms

ABCD	Access to Baby and Child Dentistry
ADA	Americans with Disabilities Act
ART	Aggression Replacement Training
AS	Administrative Services
BARS	Budgeting, Accounting & Reporting System
BLA	Boundary Line Adjustment
BR&R	Building Repair & Replacement
CAPA	County Arterial Preservation Accounts
CDBG	Community Development Block Grant
CDDA	Chemical Dependency Disposition Alternative
CE	Current Expense Fund (aka General Fund)
CEA	County Executives of America
CERB	Community Economic Revitalization Board
CERT	Community Emergency Response Team
CFF	Conservation Futures Fund
CHINS	Children in Need of Services
CJAA	Community Justice Accountability Act
CJS	Consolidated Juvenile Services
COG	Council of Governments
CRAB	County Road Administration Board
CUP	Conditional Use Permit
DEM	Department of Emergency Management
DNR	Department of Natural Resources
DOE	Department of Ecology
DOL	Department of Licensing
DSHS	Department of Social and Health Services
DTF	Drug Task Force
DUI	Driving Under the Influence
DVSAS	Domestic Violence/Sexual Assault Services
EDI	Economic Development Investments
EHD	Electronic Home Detention/Monitoring
EOC	Emergency Operations Center
ER&R	Equipment Rental & Revolving
FCZD	Flood Control Zone District
FCSD	Flood Control Subzone District
FEMA	Federal Emergency Management Agency
FFT	Family Functional Therapy
FTE	Full-time Equivalent
GAL	Guardian Ad Litem

Acronyms continued

GFOA	Government Finance Officers Association
GIS	Geographical Information Systems
GMA	Growth Management Act
GO Bond	General Obligation Bond
GPS	Global Positioning System
HIDTA	High Intensity Drug Trafficking Areas
HVAC	Heating Ventilation and Air Conditioning
IFPTE	International Federation of Professional and Technical Engineers
IT	Information Technology (a division of Administrative Services)
JRA	Juvenile Rehabilitation Administration
LAMIRD	Local Area of More Intense Rural Development
LEOFF	Law Enforcement Officers and Fire Fighters
LOS	Levels of Service
LRID	Local Road Improvement District
NACO	National Association of County Officials
NCU	Non Conforming Use
NPDES	National Pollution Discharge Elimination System
NSMHA	North Sound Mental Health Association
NWCAA	Northwest Clean Air Agency
NWRC	Northwest Regional Council
O&M	Operations & Maintenance
PA	Prosecuting Attorney
PDS	Planning and Development Services
RCW	Revised Code of Washington
REET	Real Estate Excise Tax
RFP	Request for Proposal
SEPA	State Environmental Policy Act
SFR	Single Family Residence
SSODA	Special Sex Offender Disposition Alternative
STD	Sexually Transmitted Disease
STOP	Services Training Officers Prosecutors
STP	Surface Transportation Program
TB	Tuberculosis
TR&R	Technology Repair & Replacement
UGA	Urban Growth Area
US	United States
WAC	Washington Administrative Code
WACO	Washington Association of County Officials
WC	Whatcom County

Acronyms continued

WIC	Women, Infant and Children Program
WRIA	Water Resource Inventory Area
WSAC	Washington State Association of Counties
WWU	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.

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.

Terms continued

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 - 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.

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.

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

Terms continued

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.

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.

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.

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.