

## COUNTY BUDGET INSTRUCTIONS Fiscal Year 2008/2009

### READ THESE INSTRUCTIONS PRIOR TO INSTALLING THE SOFTWARE!!

#### IMPORTANT

It is very important that your budget data be submitted accurately. The budget data is used and relied upon by a variety of groups and individuals. Users include the legislative branch, the executive branch, ISAC, various interest groups, other county officials, and the general public.

Your budget must be filed with the Department of Management electronically using the state-supplied software. File your budget via E-mail, then follow up by sending an Adopted Budget Summary and a signed Certificate of Taxes (Forms 638-R, sheets 1 and 2).

#### **What's New:**

Legislation passed last year requires that the county budget include information on county-owned TIFS. Any county that has county-owned TIFS is required to complete this new form (Form 634 TIF). The tab for this form is located in the workbook after the MH section and in front of the Errors sheet.

#### **Software:**

The software can be found at <http://www.dom.state.ia.us/local/county/index.html>, the Department of Management website. The file, "County Budget FY09 Main.xls", can be downloaded from the website and saved on your computer. Right-click on the icon, select "Save Target as" and then indicate where on your computer you want to save the file. This instruction file, "County Budget FY09 Instructions", is available on the same website.

- The default location for saving your working budget file is the "My Documents" folder on your computer; the software will not create a directory on your C: drive as it has in the past. You can change this location when you save your file initially or at any time later. You should also periodically save your file to a location that is backed up on a regular basis.
- The Amendment form is now a separate file "County Budget Amendment Form". It is also on the same website.
- The Worksheets are no longer part of the package, if you need them, please contact Jim Nervig @ 515-242-5240 and they will be emailed to you.
- The program will allow you to generate an Excel file for both the budget and amendment forms containing only the Publish sheet. This file can be emailed or sent to your official newspapers for publishing, if they will accept it in this format.

#### **Loading the Software:**

- Click on the downloaded budget file named "County Budget FY09 Main.xls".
- A Security Warning box will appear, informing you that the file contains macros and requesting you to take an action.
- Click on "Enable Macros". **IF YOU DO NOT ENABLE MACROS, THE PROGRAM WILL NOT WORK PROPERLY!!**
- If you do not get the "Security Warning" box, please stop and close your file. Your macro security level is probably set at "High"; it must be reset to "Medium" to allow you to enable the macros. From the Excel Toolbar, select "Tools", then "Macro", then "Security". Set your Security Level to Medium and then re-open the file. If you have questions, please call Jim Nervig at 515-242-5240 for help with this procedure. **The macros must be enabled before you continue!**
- The "County Budget FY09 County Selection Menu" box will appear.
- Select your county from the drop down box, then click on "Go". Your file will be saved in the same folder as the "County Budget FY09 Main.xls" file, using the naming convention "xxCountyBudget09.xls" where "xx" represents your county number. This will now be your working file. I would suggest that you put it in a drive that is backed up frequently.

## **Using the software**

Each time you run the software, make sure you are starting with a “fresh” version of Excel; if you have been working on another application in Excel, close the application and Excel and then reopen Excel. When you are finished working on the Budget, close Excel and then reopen it if you want to work on another Excel application. **You may experience problems with Excel or this application if you don’t start with a fresh version of Excel before you open your budget file, if you open another file with the budget file open or if you don’t close Excel after working with your budget file.**

## **USER Functions**

The program no longer replaces your toolbars with a custom toolbar. Instead, the custom toolbar has been replaced with a sheet at the end of the workbook named “FUNCTIONS”. The regular Excel toolbars will remain. Below is a summary of the items on the “FUNCTIONS” sheet:

**E-Mail File to DOM** Using this command in conjunction with an active Internet connection sends your budget report file, attached to an e-mail message, to [Jim.Nervig@iowa.gov](mailto:Jim.Nervig@iowa.gov). When using this command make sure you are actively connected to the Internet when attempting to send your file. Some systems will not support this feature. If the feature will not work for you, then simply attach your budget (.xls) file to an e-mail message addressed to [Jim.Nervig@iowa.gov](mailto:Jim.Nervig@iowa.gov).

**Create Published File for Newspaper** will create an Excel spreadsheet containing the PUB SUM sheet. This file can be emailed to your local newspapers for publishing if the newspapers will accept it in this format; you will have to check with your newspapers.

**Show Zero Values/Do NOT Show Zero Values** allows formulas showing zeros to be turned off and on in the workbook.

**Print Color/Print Black & White** is for those connected to a printer that does not print the blue font (indicating formulas) in an acceptable manner. Many times you can make your printer ‘work’ by adjusting the printer settings under Print Setup, then Options, then Print Quality, but if that does not work, use this command and select “Print Black & White”: this will change the font on all worksheets to black. NOTE: Setting the print color to black will cause shaded areas in the workbook to appear blank when printed. Using this command and selecting “Color” will restore the print color. This command will not affect the screen display, it will still show color.

**Set Report Date** is for populating a report date in the upper right-hand corner of the forms. This should correspond with the date you complete the report. Click on ‘Set Report Date’ and a call-out box will appear for entering the date. Enter the date in the format of ‘02/25/2008’. **You must enter a report date to eliminate the 00/00/0000 on each page.** The default date is the current date.

**Set Amended Report** is for populating an “A” next to the report date to indicate that the report has been amended. Click on ‘Set Amended Report’ to populate the “A”. Click on ‘Set Amended Report’ again to remove the “A” flag.

**Exceed Levy Limits** will access the spreadsheet that allows you to increase the maximum General and/or Rural Basic levy limits. You do not need a password to do this. See the Appendix for more information.

**Administration** allows changes to the spreadsheets in consultation with the Department of Management.

**Close User Functions** closes the User Functions sheet.

## **Miscellaneous:**

**Be sure to check the ERRORS sheet (the last sheet), and correct any applicable errors before publishing and again before submittal to the Department of Management.** The program will give you a warning message if there are any errors on the ERRORS sheet when you try to save the workbook; you can then continue with saving the file.

Amounts from the eight-page Mental Health Supporting Detail pages automatically carry forward to the MH-DD Services Fund column on Service Area 4. All expenditures from the Mental Health fund should be reported in Service Area 4.

**DO NOT** type in cents or import cents. Use only whole dollars. **DO NOT** attempt to use formulas within a cell.

**OTHER FEATURES AND MISCELLANEOUS:**

Budget Basis on the TX sheet is a drop down box, select either CASH or GAAP, depending on your budget basis.

When entering a date use the XX/XX/XX format. Enter 03/13/08 not: March 13, 2008.

When entering telephone numbers use the format 555 555-5555

**IMPORTANT!**

Be sure to check the ERRORS sheet (and correct any errors) before publishing your budget and again before submittal to the Department of Management.

A date of 04/02/07 or later (or a blank date field) on the Long-Term Debt Schedule will not allow entry of debt service property tax dollars. The Long-Term Debt Schedule feeds the taxes to the Tax Certificate.

The MH-DD Services fund levy dollars entered on line 6M of the Tax Certification feeds the taxes to down to cell 6P.

Taxes entered on the Tax Certificate feed to the Taxes Levied on Property line on the Revenues Detail.

Utility Tax Replacement Excise Taxes are automatically computed and placed on the Revenues Detail. However, if you expect that your utility replacement revenue to be different than the calculated amount, the calculated numbers can be adjusted by entering the revised numbers in the appropriate cells. A warning message will appear before you overwrite the formulas. **This will erase the formulas in those cells; the only way to restore those formulas is to start over with the most recently saved (prior to overwriting the formulas) version of your file.**

Once valuation amounts are entered on the Tax Certification, the program actively cuts taxes that exceed levy rate limits. A call out box will inform you of any changes performed by the software.

The program performs many additional functions and warnings for which a call out box will appear.

There are certain areas that require passwords for entry of data. If you have a need to enter data in a protected area, call the Department of Management.

**Do not send a paper copy of your budget to the Department of Management.**

**UTILITY TAX REPLACEMENT**

Senate File 2416 (Iowa Code Chapter 437A), adopted during the 1998 legislative session, changed the way gas and electric utility companies are locally taxed. The bill replaced property taxes with excise taxes based upon energy delivered.

Since property taxation on gas & electric utilities will be directly replaced by excise taxes, it holds true that statutory maximum taxation levels will be funded in part by Utility Tax Replacement Excise Taxes. The legislation requires tax levy rates, and maximum taxation levels, to be calculated by dividing the sum of both anticipated replacement excise taxes and property taxes 'Gross Tax Askings' into the valuation *with* gas and electric utility valuation. The computed rates are then applied to the valuation *without* gas and electric utility valuation to arrive at the net property taxation amount. The difference between 'Gross Tax Askings' and the net property taxation amount will be the estimated utility tax replacement excise taxes. Since the "make-up" tax is no longer be in effect, it is quite likely that you will not receive the full amount of excise tax calculated; it is also possible that you may receive more excise tax than is calculated. The budget software will calculate an estimated excise tax amount, **it is recommended that you overwrite that calculation with your own numbers, based on prior history.**

**MARCH 17 BUDGET CERTIFICATION DATE**

The **budget certification date is Monday, March 17, 2008** (March 15 falls on Saturday this year.) Remember - taxes levied by a county whose budget is certified after March 17 shall be limited to the prior year's budget amount. The Director of the Department of Management may waive the penalty if the County demonstrates to the satisfaction of the Director that the March 17 deadline was missed because of circumstances beyond the control of the county.

### **MENTAL HEALTH PROPERTY TAX RELIEF**

The mental health property tax relief for FY2008/2009 will be the same as it was for FY2007/2008. Even though the distribution formula may produce a differing amount for your county, state law prohibits any county from receiving fewer relief dollars than received in the previous year. This provision, coupled with a stable pool of state property tax relief dollars, holds stable the individual county property tax relief amounts. The correct amount for your county is populated when you select your county's name in the electronic budget system. For your information, there is a listing of the amounts at the end of these instructions.

### **MENTAL HEALTH ALLOWED GROWTH PAYMENTS**

Once all counties have filed their FY2006/2007 GAAP annual financial reports, the Department of Human Services will send notification of the MH-DD Services Fund allowed growth factor amounts for FY2008/2009. Data from the annual reports is used in the computation of the growth factor payments. This is yet another reason why it is important to meet the December 1 annual filing deadline.

### **BUDGETING "BLENDED COMPONENT UNITS" PER GASB STATEMENT 14**

The financial activity of "Blended Component Units" for which the County Board of Supervisors is financially accountable should generally be budgeted. (However, drainage district operations are not required to be budgeted.)

### **FUND BALANCES**

Published Summary (form 630), Proposed Summary (form 634-R), Adopted Summary (form 638-R, sheet 1 of 2), Service Area 0 (form 634-B, sheet 8 of 8), and the Amendment forms.

- **Fund Balance – Reserved.** Represents fund balance not appropriable for expenditure or legally segregated for a specific future use. An example of fund balance not appropriable would be a reserve for inventories. Typically, this line would only be used by counties budgeting on a GAAP basis.
- **Fund Balance – Unreserved/Designated.** Represents fund balance unreserved, but officially designated for specific future use. In order to legitimately fit this designated classification **the specific future use for the designated fund balance must have been lawfully adopted into the minutes of the Board of Supervisors.** Such designations should follow only after thoughtful consideration and planning – with the full intention of the funds being used to fulfill the designation.

The proper fund to account for these designated funds is the fund that the moneys are being generated from – **the moneys should not be transferred to another fund, such as a capital projects fund, until the time an asset is to be acquired, or until the year a project is started.** In practice, most designations are applied to general fund balances.

- **Fund Balance – Unreserved/Undesignated.** Represents fund balance unreserved and not officially designated for specific use. (In the budget software, all fund balance defaults to this designation, unless amounts are entered as reserved or designated on Service Area 0.)

## **COUNTY PROPERTY TAX LEVIES**

The board of supervisors may certify four categories of property tax levies. (Section 331.422):

1. Taxes for general county services shall be levied upon all taxable property within the county. "General County Services" are broadly defined as those services which are primarily intended to benefit all residents of a county, excluding certain services financed by other statutory funds.

2. Taxes for rural county services may be levied upon all taxable property not within incorporated areas of the county. "Rural County Services" are broadly defined as services primarily intended to benefit persons residing in the county outside of incorporated areas, excluding certain services financed by other statutory funds.
3. Taxes in the amount necessary to pay for debt service shall be levied upon all taxable property (including TIF increment valuation), except where otherwise provided by state law.
4. Other taxes shall be levied as provided by state law.

### **BASIC PROPERTY TAX LEVIES**

The board may certify a basic property tax levy for general county services and a basic property tax levy for rural county services. The general county services basic levy is limited to \$3.5000 per thousand dollars of taxable valuation and is levied upon all taxable property within the county. The rural county services basic levy is limited to \$3.95000 per thousand dollars of taxable valuation and is levied on all taxable property outside of incorporated areas. (Section 331.423.) Limits on the basic property tax levies may be exceeded by following the procedures described in the appendix to these instructions.

### **SUPPLEMENTAL PROPERTY TAX LEVIES**

The board may, under certain conditions, certify supplemental tax levies for general and/or rural county services. However, unlike the basic levy, the applicable supplemental levy cannot be used for all general county services or for all rural county services. Instead, the supplemental levies can be used only for the specific purposes listed in section 331.424.

The general county services supplemental levy may be used for only the following: The costs of inpatient or outpatient substance abuse admission, commitment, transportation, care, and treatment at: a.) the alcoholic treatment center at Oakdale and/or b.) a state mental health institute, or a community-based public or private facility or service; care of children admitted or committed to the Iowa juvenile home at Toledo; certain services provided persons attending the Iowa braille and sight saving school, the Iowa school for the deaf, or the state hospital-school for severely handicapped children at Iowa City; foster care and related services provided under court order to a child who is under the jurisdiction of the juvenile court, including certain court-ordered costs for a guardian ad litem; elections and voter registration; FICA, IPERS, and unemployment compensation premiums associated with salaries for general county services; certain joint county and city building authorities; tort liability insurance, property insurance, and certain other insurance necessary in the operation of the county; certain costs for the maintenance and operations of the courts; certain court-ordered costs of conciliation procedures; establishment and maintenance of a joint county indigent defense fund under section 28E.19; and the maintenance and operation of a local emergency management agency established pursuant to chapter 29C.

The rural county services supplemental levy may be used for only the following: FICA, IPERS, and unemployment compensation premiums associated with salaries for rural county services; and the county contribution to an aviation authority under chapter 330A.

There is no statutory limit on the size of either of the supplemental levies. However, these levies cannot be made unless the associated basic levy is at its statutory maximum. For example, the general county services supplemental levy cannot be made unless the general basic tax levy is \$3.5000. (The general basic levy may be used for any general county services purpose, including general supplemental purposes. Similarly, the rural services basic levy may be used for any rural county services purpose, including rural supplemental purposes.)

### **DEBT SERVICE TAX LEVY**

A separate tax levy may also be certified for debt service. This levy may be used to pay principal and interest on general obligation bonds issued by the county, and to pay judgments against the county, except those authorized to be paid from other sources. The debt service fund may also be used under certain conditions for payments required under a lease or lease-purchase agreement. There is no specific rate limit for a debt service levy, although the cost of some projects financed by general obligation bonds is limited by statute. The size of the debt service levy is also effectively limited by the fact that most significant general obligation bond issuances must be approved by vote of the people. In addition, the amount of outstanding general obligation debt is constitutionally limited to 5 percent of assessed valuation. Remember that countywide debt service levies are spread over the sum of both the

regular and TIF valuations, which is the debt-service valuation to be placed on line 7, column Q, sheet 2 of 2, Form 638 - R, the Adoption of Budget & Certification of Taxes.

**MH-DD SERVICES FUND/TAX LEVY**

The legislature created this fund to capture all the revenues and expenditures for the support of the mentally ill.

The county shall certify a levy for payment of MH-DD services that does not exceed net base year expenditures as defined in section 331.438, less the amount of property tax relief to be received pursuant to section 426B.2. The county auditor and the board of supervisors shall reduce the amount of the MH-DD Services Fund levy by the amount of property tax relief to be received. Lines 1M through 6M on the tax certification form facilitate these computations. The amount populated on Line 1M can be verified on the sheet included at the end of these instructions. The amounts populated on Lines 2M and 5M can also be verified on the sheet included at the end of the instructions.

All revenues designated for mental health, mental retardation, and developmental disabilities services shall be credited to the MH-DD Services Fund of the county. The board shall make appropriations from the fund for payment of services provided under the MH, MR, & DD County Management Plan approved pursuant to section 331.439.

All expenditures from the mental health fund should be reported in Service Area 4.

On the tax list, the county auditor shall compute the amount of taxes due and payable on each parcel before and after the amounts received from the property tax relief fund are used to reduce the MH-DD Services Fund county levy. (Section 426B.3(1).) The amount of property tax dollars reduced on each parcel as a result of the moneys received from the property tax relief fund shall be noted on each tax statement. (Section 426B.3(2).)

Transfers in and out of the fund are prohibited except as provided for in section 331.477.

Services to Persons with Brain Injuries: If payments are made from the MH-DD Services Fund, show the expenditures using code 43XX, Service Area 4. If the payments are made from the General Fund, use code 5310, Service Area 5.

**PIONEER CEMETERY TAX LEVY**

The board may certify a levy not to exceed \$0.06750 per thousand dollars of taxable valuation to be used for repairing and maintaining pioneer cemeteries and for paying the expenses of a cemetery commission established in section 331.325. The law requires the levy to be deposited into, and the expenses to be paid from, the general (basic) fund. You will either want to use project codes for the cemetery expenditures, or create a subsidiary fund of the general basic fund, to track and make certain the pioneer cemetery taxes collected are being spent for pioneer cemetery purposes. A Pioneer Cemetery is defined as a cemetery where there have been six or fewer burials in the preceding fifty years. (Chapter 331.424B.)

**OTHER TAX LEVIES (including but not necessarily limited to)**

A unified law enforcement levy under chapter 28E of the *Code of Iowa*. The county levy is only on property outside of incorporated areas and is limited to \$1.50 per thousand dollars of taxable valuation. A vote of the people is required to establish this levy. (Section 28E.22.)

A flood and erosion control purposes levy, to be levied only against agricultural lands valuations. It is limited to \$0.0675 per thousand dollars of taxable valuation. (Section 161E.9.)

An emergency medical services levy for up to five years as approved at an election. A vote of the people is required to establish this levy. (Chapter 422D.)

An emergency services levy to provide fire protection services or emergency medical services to a township. (Chapter 331.385) Please contact Jim Nervig if you intend to use this levy.

**COUNTY BUDGET FORMS**

**LONG-TERM DEBT INFORMATION: FORMS 703 AND 703A**

Form 703 (the Long-Term Debt Schedule) requires the use of one line for each bond issue. Column H is for debt repayments using non-debt service levy funds and for repayments using debt service fund balance generated from debt service levies in prior years. Column I is for current-year debt service taxes and utility tax replacement excise taxes to be used for debt retirement. Debt service bond resolutions must be filed with the county auditor on or before April 1 for the levy to be valid for the ensuing budget year. (If a bond resolution is filed after your budget is certified, but on or before April 1, immediately notify the Department of Management.) You must complete all columns of the form.

Lines 1 through 20 are for countywide debt service levies that are automatically fed to column P, line 7 on the tax certification.

Lines 21 through 25 are for debt service levies to be applied only in portions of a county such as in special assessment debt service districts. The tax levy amounts for lines 21 through 25 are automatically fed to column P, line 21 on the tax certification. Call the Department of Management if you need to break this lock.

**SUPPLEMENTAL DETAILS: FORM 634 - A, FORM 634 - B, SHEETS 1 - 10, AND FORM 634 - C, SHEETS 1 - 8**

Supplemental details for revenue are presented on Form 634 - A. Revenues are listed by fund and source. The code numbers to the left of the particular source reference refer to a revenue source classification found in the County Finance Committee Uniform Chart of Accounts.

Supplemental details for expenditures are presented on Form 634 - B, sheets 1 through 8. Expenditures are listed by fund and activity function. Supporting details for Service Area 4 - MH-DD Services are presented on Form 634 - C, sheets 1 through 8. MH-DD services expenditures require supporting detail by activity function and in most instances also by object. The code numbers refer to a particular activity function or object classification found in the County Finance Committee Uniform Chart of Accounts.

Departmental worksheets must indicate proposed expenditures detailed down to the department and object level, and proposed revenues by department and source.

There are three totals columns on the supplemental detail forms. The first is the budgeted total of all funds for the budget year; the second is the re-estimated total of all funds for the current year; and the third is the actual total of all funds for the prior year. All three columns must be used.

The supplemental detail forms, except form 634 - C, specify major fund types, and in most cases specific funds within that type, which must be reported. The individual column headings include General Basic, General Supplemental, MH-DD Services, Rural Services Basic, Rural Services Supplemental, Secondary Roads, Other (special revenue), Capital Projects, Debt Service, and Permanent funds. Remember to record fund balances even if there is no financial activity.

There are no tax levies for the Secondary Roads, Capital Projects, or Permanent funds. Any tax levies for flood and erosion control, voted unified law enforcement, or voted emergency medical services should be reported in the "Other" column.

When "all" or "other" heads any column on the forms, it means a total of the funds for that type. There may be a need, for example, for more than a single "other special revenue fund." In that case, it is the county's responsibility to establish as many funds as needed, and then to total them together in the appropriate column. A fund type other than those listed on the forms should not be used.

A county may establish funds as necessary which are in accordance with generally accepted accounting principles. The county is responsible for setting up a sufficient number of funds to comply with legal, grant, contractual, trust, or other requirements.

**TAX INCREMENT FINANCING (TIF) BUDGET: FORM 634 TIF**

Form 634 - TIF must be completed by any county that has county-owned TIFs. The form should be self-explanatory. Outstanding TIF Indebtedness includes any TIF-financed agreements. Include the total amount for all remaining years of the agreement. Use best estimates where the actual amount for future years is unknown.

TIF Revenue received is automatically copied from Form 634-A Revenues Detail – Line 10. Other Revenue includes any other revenue related to the TIF that is not included in TIF Revenue. TIF Expenditures should include all expenditures made with TIF funds.

Any entity receiving payment from TIF funds must be identified separately in the bottom section of the form.

**NOTICE OF PUBLIC HEARING -- BUDGET ESTIMATE: FORM 630**

The published summary of the proposed budget (Form 630) required by section 331.434 subsection 3 must include the following information:

1. Amounts required for each of the major expenditure classes: Public Safety and Legal Services; Physical Health and Social Services; Mental Health, Mental Retardation, and Developmental Disabilities; County Environment and Education; Roads & Transportation; Governmental Services to Residents; Administration; Nonprogram Current Expenditures; Long-Term Debt Service; and Capital Projects.
2. Property Tax Levies; Estimated Uncollected Delinquent Taxes - Levy year; Estimated Credits To Taxpayers; Net Current Property Taxes; and Delinquent Property Taxes.
3. Amounts anticipated from each of the following sources of revenues: Penalties & Interest on Taxes; Other County Taxes/TIF Tax Revenues; Intergovernmental Revenues; Licenses & Permits; Charges for Service; Use of Money & Property; and Miscellaneous Revenues.
4. Beginning Fund Balances and Ending Fund Balances with the appropriate designations. Also any applicable Changes in Reserves – only for counties budgeting on a GAAP basis.
5. Other Financial Sources and Uses: Operating Transfers; Proceeds from the Issuance of General Long-Term Debt; and Proceeds from the Sales of Fixed Assets.
6. Comparisons of the above amounts with similar amounts for each of the two preceding years.
7. Meeting Date, Meeting Time, Meeting Location, and County Telephone Number. The average annual increase computed from the actual year to the budget year for: Taxes Levied on Property, Other County Taxes/TIF Tax Revenues, and for each of the Classes of Expenditures. The proposed Countywide Property Taxation, Rural Only Taxation, Special District Taxation, and amounts to be generated from TIF Tax Revenues and Utility Tax Replacement Excise Tax. The proposed tax rates per \$1,000 of taxable valuation for Urban Areas, Rural Areas, and the additional amounts for any Special Districts.

The **Average Annual % Change** is calculated using the following formula. Divide the Budget Column by the Actual Column, take the square root of the result and subtract 1. The Re-estimated column is not used in the calculation. This is the percent change over the three years reflected in the Budget. Example: Budget Column is \$3,203,958, Actual Column is \$2,402,844.  $\$3,203,958$  divided by  $\$2,402,844$  equals 1.33340. The square root of 1.3334 is 1.15473. Subtract 1, multiply by 100 to convert to a percent. The percent change is 15.47%. To verify, multiply  $\$2,402,844$  by 1.1547, then multiply that result by 1.1547 again. The final result is  $\$3,203,789$ , the Budget Column number (off slightly due to rounding).

**PROPOSED AND ADOPTED FULL BUDGET SUMMARIES: FORM 634 – R, AND FORM 638 – R (Sheet 1 of 2)**

Forms 634 - R and 638 - R (Sheet 1 of 2) report proposed expenditures and revenues by fund type. (These forms are not published, but must be made available upon request.) The General Fund is the sum of the general basic and general supplemental funds. The Special Revenue Fund is the sum of the MH-DD services, rural services basic, rural services supplemental, secondary roads, and all other special revenue funds. The columns for Capital Projects, Debt Service, and Expendable Trusts are simply the totals carried forward from the supplemental detail. Only the funds and fund types listed in the budget forms are to be used to send materials to the state.

**ADOPTION OF BUDGET & CERTIFICATION OF TAXES: Form 638 – R (Sheet 2 of 2)**

Form 638 – R (Sheet 2 of 2) reports county levy rates and dollars by levy and mental health maximum and actual levy amounts. The county must list the compensation schedule for elected officials for the budget year and the number and names of official county newspapers. The accounting basis for the budget (GAAP or CASH) should be

indicated at the top of the form. This form is signed by the Chairperson of the Board of Supervisors and the County Auditor and a paper copy of this form and Form 638 – R (Sheet 1 of 2) are to be submitted to the Department of Management.

## **THE COUNTY BUDGET PROCESS**

### **BUDGET OFFICIAL**

The board of supervisors may designate someone other than the county auditor to serve as budget official. In this section, the words "budget official" will be used to describe the duties that may be performed by someone other than the county auditor. The auditor will serve as the budget official, however, unless the board specifically designates someone else. (Section 331.433(1).)

### **DEPARTMENTAL BUDGET ESTIMATES**

On or before January 15, each county officer and department head must submit budget estimates to the budget official. The estimates must be itemized in the detail required by the board, and they must be consistent with existing county accounts. The estimates must show the proposed expenditures of the office or department for the next fiscal year, and must also include an estimate of the revenues, except property taxes, expected to be collected for the county by the office during the next fiscal year. (Section 331.433(1).)

### **COMPILATION OF EXPENDITURES**

The budget official must compile the budget estimates received from the departments and submit them to the board by January 20. (Section 331.433(2).)

The county's contribution to FICA and IPERS should be budgeted within the same activity as the associated salary.

If more than one department is proposing expenditures in a single activity, all departmental proposed expenditures for those single activities must be totaled together before being placed on the expenditures detail forms.

Once the amounts for all activities have been transferred and totaled into service areas and onto lines 13 through 22 of service area 0, Form 634 - B, you have the individual totals for the ten major classes of expenditures for county services.

Service Area 0, sheet 10 of Form 634 - B, contains three separate and distinct expenditure classes listed on the top of the form: Nonprogram Current Expenditures, Long-Term Debt Service, and Capital Projects.

Sheet 10 of Form 634 - B also provides a section for an expenditures summary. Here the totals, by fund, and by year for each of the ten expenditure classes are produced on lines 13-22. Total expenditures are produced on line 23.

Sheet 10 also provides lines for Operating Transfers Out, Refunded Debt/Payment to Escrow, Increases/Decreases in Reserves (GAAP budgeting only), and for produced Ending Fund Balances. (There are also lines for optionally entering Reserved and Unreserved – Designated fund balance distinctions.)

**Only counties budgeting on a GAAP basis can have entries on the line for increases or decreases in reserves.** The entries would be for applicable increases or decreases in inventories or pre-paid insurance.

The sum of: total expenditures (line 23), plus operating transfers out (line 28) and refunded debt/payments to escrow (line 29), minus any increases/decreases in reserves (line 30), plus ending fund balances (line 34) are produced on line 35, which are the Total Requirements. **Total Requirements are forced to equal Total Resources (line 35 of the Revenues Detail) for every fund and for every budget year.**

On the published, proposed, and adopted budget summary forms, use of all three totals columns is required.

### **COMPILATION OF REVENUE**

#### **GENERAL**

Revenues must be classified by fund and source. The revenues detail Form 634 - A indicates the funds and fund types which must be used. These are the same as for the expenditures detail forms. In addition, Form 634 - A shows the revenue source types which must be used.

Because the Secondary Roads fund is partially financed by operating transfers from the general basic and rural services basic funds, it is important to complete work on the Secondary Roads fund prior to completing work on the general basic and rural services basic funds.

(Note: road use taxes are to be deposited directly into the Secondary Roads fund.)

*One way to prepare the revenues detail for a fund like Secondary Roads, without a tax levy, is as follows:*

1. Determine the proposed expenditures and desired ending fund balance for the Secondary Roads fund. The total of these will be the Total Requirements for the fund.
2. Determine the beginning fund balance and sources of revenue, other than operating transfers in, for the Secondary Roads fund. The difference between the Total Requirements (as determined in item 1. directly above) and these resources (other than operating transfers in) will be the amount of operating transfers in needed.
3. Check to be sure that the amount of transfers in is within the statutory limitations on the size of those transfers per section 331.429. If the transfer limitations have been exceeded, it is likely that Total Requirements will have to be reduced.
4. The transfers into the Secondary Roads Fund are placed on lines 27 and/or 28, column F, Form 634 - A.
5. Transfers from the general basic and rural services basic funds to the Secondary Roads fund are placed on line 26, columns A and D, Form 634 - B, sheet 8 of 8.

*Completing the revenues detail form for a fund with a property tax levy requires a different procedure. One way is as follows:*

1. Determine the proposed expenditures and desired ending fund balance. The total of these will be the Total Requirements for the fund.
2. Determine the beginning fund balance and sources of revenue, other than current-year property taxation. This would include all the revenues from lines 4 through 32 on Form 634 - A. The difference between the Total Requirements (as determined in item 1. directly above) and these resources will be the property taxation required.
3. An amount for "Uncollected Delinquent Taxes Levy Year" may then be estimated and placed on line 2 on Form 634 - A. This amount should be the amount of property tax dollars that you do not expect to collect from taxpayers for a particular year's levy.
4. Taxes levied on property are computed by adding "Uncollected Delinquent Taxes Levy Year" to "Total Requirements" (as previously determined in item 1. above) and then subtracting "Total Resources Except Property Taxes" from that sum. Property taxes levied are placed on line 1.
5. Credits to taxpayers are then estimated using the most current information available and placed on line 3. These tax credits against levied taxes include Homestead, Elderly and Disabled, Disabled Veterans Homestead Tax Credit, Agricultural Land, and Family Farm.
6. Line 4, "Net Current Property Taxes" is computed by subtracting the sum of "Uncollected Delinquent Taxes Levy Year" (line 2) and "Credits to Taxpayers" (line 3) from "Taxes Levied on Property" (line 1).
7. Amounts entered on line 3 (Credits to Taxpayers) are subtracted from amounts on line 14 (State Replacements Against Levied Taxes). The loss on non replaced credits appears on Line 36.

Once these steps are completed, the revenues detail form is complete. For each fund, and for each budget year, **Total Resources are locked to match Total Requirements.**

The budget software sums together the individual amounts for the general basic and general supplemental funds to create the General Fund totals. The software also sums together the individual amounts for the MH-DD services, rural services basic, rural services supplemental, secondary roads, and "other" (special revenue) funds, to create the Special Revenue Fund totals. The columns on the summaries for Capital Projects, Debt Service, and Permanent Funds are simply the totals carried forward from the detail.

### **PROPOSED BUDGET**

From these estimates, the board must prepare its proposed budget. During this process, the board may consult with any officer or department, and may adjust the requests. After consideration, the board must set a time and place for a public hearing on the budget before the final certification date. Notice of the hearing must be published in **all** of the official county newspapers selected under chapter 349. **The budget hearing notices must be published once in each official county newspaper not less than 10 nor more than 20 days before the date of the public hearing.**

The proposed budget estimate must be included in the published notice. Use form 630 (Publish). Proof of publication from each newspaper must be filed with and approved by the auditor. (Section 331.434(3).)

The board must file the proposed budget with the auditor, allowing enough time for the budget to be lawfully published and certified. The auditor must make copies of the budget available to meet the requests of taxpayers and organizations, and have them available for distribution at the courthouse or other places designated by the board. (Section 331.434(2).)

At the hearing, taxpayers and residents of the county may present to the board their objections to, or arguments in favor of, any part of the budget. (Section 331.434(4).)

### **THE COST OF PUBLISHING THE PUBLIC NOTICE AND PROPOSED BUDGET**

Section 618.11 of the *Code of Iowa* states the legal notice advertising rate (for any newspaper) shall be established by the superintendent of printing pursuant to chapter 17A. The rate is based on a line of eight-point type two inches in length or its equivalent. Typesetting a notice in type smaller than eight-point type and/or on lines longer than two inches would cost more per line but would result in fewer lines. Conversely, typesetting a notice in type larger than eight-point type and/or on lines shorter than two inches would cost less per line but would result in more lines. In other words, the cost for any typeset notice should be the same regardless of the type size selected or the length of the line it is printed on.

The newspaper publishing this notice may choose to photograph it rather than typeset it. The Iowa Newspaper Association's position is that publication of matter which may be photographically reproduced for printing instead of typeset shall be compensated at a rate not to exceed the lowest available earned rate for any similar advertising matter. This means newspapers may charge their earned space rate or the public notice rate they would have charged had they typeset the notice -- whichever is less.

### **ADOPTED BUDGET – MUST BE ADOPTED BY MARCH 17**

After the hearing, the board must adopt, by resolution, a budget and certificate of taxes for the next fiscal year. The board cannot adopt a tax in excess of the published estimates except for a tax approved by vote of the people. Similarly, a tax greater than that adopted shall not be levied or collected. (Section 331.434(5).) (There are certain debt service levy exceptions to this rule.)

The board must then direct the auditor to properly certify and file (by March 17, 2008) the budget and certificate of taxes. Remember, that taxes levied by a county whose budget is certified after March 17 shall be limited to the prior year's budget amount. The penalty may be waived by the director of the Department of Management if the County demonstrates to the satisfaction of the Director that the March 17 deadline was missed because of circumstances beyond the control of the county.

Your budget must be filed with the Department of Management electronically using the state-supplied software. You file your budget via E-mail; then follow up by sending an Adopted Budget Summary and a signed Certificate of Taxes (Forms 638-R, sheets 1 and 2).

Email your budget file to [Jim.Nervig@iowa.gov](mailto:Jim.Nervig@iowa.gov). The mailing address is: Local Budget Division, Iowa Department of Management, State Capitol Building, Des Moines, Iowa 50319.

**Do not file proofs of publication.** You are required to compare and then file these with your records.

The adopted budget and certificate of taxes become effective on the first day of the following fiscal year. The county budget, as adopted, is subject to protest in accordance with chapter 24, *Code of Iowa*. The adopted budget and certificate of taxes do NOT need to be published.

### **APPROPRIATIONS**

In addition, the board must appropriate, by resolution, the amounts deemed necessary for each of the different county officers and departments during the ensuing fiscal year. This resolution is not the same as the adoption of the budget, although they are related to one another. Without an appropriation, expenditures are not authorized. Appropriations need not be made in any specific level of detail. It is unlawful for a county official to authorize an expenditure larger than the amount, which has been appropriated by the board of supervisors. (Section 331.437.)

### **BUDGET AMENDMENTS**

A budget amendment is required if there is to be any increase in the totals for any one of the 10 major classes of expenditures listed on the adopted budget summary. These 10 classes are: Public Safety and Legal Services; Physical Health and Social Services; Mental Health, Mental Retardation, and Developmental Disabilities; County Environment and Education; Roads & Transportation; Governmental Services to Residents; Administration; Nonprogram Current Expenditures; Long-Term Debt Service; and Capital Projects. The amounts of operating transfers can be increased without a budget amendment, although the board of supervisors must authorize operating transfers.

An amendment must be effective before exceeding expenditure class amounts on the adopted budget summary. A budget amendment is prepared and adopted in a similar manner as the original budget. The proposed amendment must be published not less than 10 nor more than 20 days, in all of the official county newspapers, prior to the hearing. Budget amendments are also subject to protest. An amendment of a budget after May 31, which is properly protested but without adequate time for hearing and decision on the protest, is void. (Section 331.435.)

The Amendment forms can be found at <http://www.dom.state.ia.us/local/county/index.html>, the IDOM Website. Enable the Macros and then select your county.

Form 653A-R, sheet 1, is to be published. The first column indicates the total budget as certified or last amended. This column, for the first amendment, is the same as column F on the budget summary. The second column is for amendments currently being proposed. The third column indicates amounts for the total budget after the current amendment.

Form 653A-R, sheet 2, must be used for adoption of the proposed budget amendment(s). After the budget is amended, certify and file Form 653A-R, sheet 2 with the Department of Management, County Budget Division.

### **CHANGING DEPARTMENTAL APPROPRIATIONS**

Increases or decreases in departmental appropriations do not require a budget amendment, as long as none of the 10 major classes of expenditures are to be increased. Instead, changes in departmental appropriations may be provided by resolution at any regular meeting of the board. Obviously, any increases in departmental appropriations will have to be offset by decreases in other departmental appropriations, so individual expenditure class amounts are not exceeded.

However, decreases in appropriations for an office or department of more than 10 percent or \$5,000, whichever is greater, are not effective until the board holds a public hearing on the proposed decrease, and publishes notice of the hearing not less than 10 nor more than 20 days prior to the hearing, in all of the county newspapers selected under chapter 349. (Section 331.434(6).)

Inquiries concerning budget procedures may be directed to Jim Nervig, Iowa Department of Management, Local Budget Division at (515) 242-5240.

## **APPENDIX**

The limits on the basic property tax levies can be exceeded by either of two ways:

- Passing a special levy election.
- If a county has certain "unusual circumstances" and includes certain additional information in the Notice of Public Hearing on the county budget.

NOTE: To enter basic rates that exceed statutory limits go to the "Functions" sheet and select Exceed Levy Limits. You do not need a password. Call the Department of Management for guidance with the sample ballot question for the first option, the official form to be used for the additional information required in the second option is can be found on the DOM website at <http://www.dom.state.ia.us/local/budgets/county/index.html>.

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A special levy election is subject to the provisions of section 331.425:

1. The board of supervisors must give notice to the county commissioner of elections by February 15 that the election is to be held.
2. The election shall be held on the second Tuesday in March.
3. The proposition shall be in substantially the following form:

Vote for only one of the following:

Shall the county of \_\_\_\_\_ levy an additional tax rate of \$\_\_\_\_\_ each year for \_\_\_\_\_ years beginning next July 1 in excess of the statutory limits otherwise applicable for the (general county services or rural county services) fund?

OR

The county of \_\_\_\_\_ shall continue the (general county services or rural county services fund) under the maximum rate of \$\_\_\_\_\_

4. Notice of the proposed special levy election shall be published at least twice in a newspaper as specified in section 331.305 prior to the date of the special levy election. The first notice shall appear as early as practicable after the board has decided to seek an additional levy.

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An addition to the basic levy may be certified if a county has "unusual circumstances" and includes the following additional information in the Notice of Public Hearing on the county budget for the applicable class(s) of services. (Section 331.426.)

1. A statement that the accompanying budget summary requires a proposed basic property tax rate exceeding the maximum rate established by the general assembly.
2. A comparison of the proposed basic tax rate with the maximum basic tax rate and the dollar amount of the difference between the proposed rate and the maximum rate.
3. A statement of the major reasons for the difference between the proposed basic tax rate and the maximum basic tax rate.

According to the County Finance Committee's administrative rules, the publication containing this information cannot appear on a page containing classified advertisements or other types of legal notices.

*The basis for justifying an addition to the basic levy under these procedures must be one or more of the following:*

1. An unusual increase in population as determined by the preceding certified federal census.

2. A natural disaster or other emergency.
3. Unusual problems relating to major new functions required by state law.
4. Unusual staffing problems.
5. Unusual need for additional monies to permit continuance of a program which provides substantial benefit to county residents.
6. Unusual need for a new program which will provide substantial benefit to county residents, if the county establishes the need and the amount of necessary increased cost.
7. A reduced or unusually low growth rate in the property tax base of the county.

Call Jim Nervig of the Local Budget Division of the Iowa Department of Management at (515) 242-5240 for guidance on any of the above matters.

FOR INFORMATION ONLY -- THIS DATA WILL BE AUTOMATICALLY POPULATED IN THE BUDGET SOFTWARE

#	County	MH-DD SERVICES FUND	PROPERTY TAX RELIEF
		BASE YEAR NET EXPENDITURES	FUND ALLOCATION FISCAL YEAR 2006/2007
1	Adair	603,175	294,109
2	Adams	363,597	172,315
3	Allamakee	1,279,497	492,722
4	Appanoose	988,187	380,536
5	Audubon	888,020	292,120
6	Benton	1,620,317	711,675
7	Black Hawk	9,219,972	3,440,135
8	Boone	1,611,985	733,009
9	Bremer	2,039,246	744,251
10	Buchanan	1,999,027	706,864
11	Buena Vista	1,283,980	614,468
12	Butler	830,736	440,837
13	Calhoun	838,077	406,517
14	Carroll	2,641,793	841,163
15	Cass	1,291,379	502,332
16	Cedar	1,603,926	635,280
17	Cerro Gordo	3,753,011	1,468,217
18	Cherokee	930,191	453,033
19	Chickasaw	995,396	423,146
20	Clarke	690,775	260,216
21	Clay	943,162	540,296
22	Clayton	1,463,042	594,247
23	Clinton	4,548,053	1,664,625
24	Crawford	1,590,089	577,632
25	Dallas	2,609,579	1,085,041
26	Davis	669,119	242,249
27	Decatur	542,761	220,903
28	Delaware	1,544,511	617,563
29	Des Moines	2,972,520	1,221,490
30	Dickinson	1,018,873	606,364
31	Dubuque	7,979,470	2,813,822
32	Emmet	1,224,178	403,278
33	Fayette	1,422,398	649,374
34	Floyd	1,103,693	493,629
35	Franklin	746,532	387,598
36	Fremont	789,810	327,617
37	Greene	1,037,500	410,342
38	Grundy	958,493	428,305
39	Guthrie	1,025,100	410,959
40	Hamilton	1,443,739	583,498
41	Hancock	1,102,863	473,642
42	Hardin	1,514,242	616,138
43	Harrison	1,454,100	533,541
44	Henry	1,420,716	574,335
45	Howard	675,799	311,598
46	Humboldt	849,508	375,977
47	Ida	590,547	289,658
48	Iowa	1,273,534	544,299
49	Jackson	1,373,905	586,760
50	Jasper	4,451,956	1,331,490
51	Jefferson	1,099,922	492,622
52	Johnson	6,074,641	2,936,246
53	Jones	1,482,990	599,969
54	Keokuk	873,917	383,842

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#	County	MH-DD SERVICES FUND	PROPERTY TAX RELIEF
		BASE YEAR	FUND ALLOCATION
		NET EXPENDITURES	FISCAL YEAR 2005/2006
55	Kossuth	1,882,530	741,750
56	Lee	3,350,762	1,186,042
57	Linn	13,919,826	5,724,685
58	Louisa	1,012,705	411,516
59	Lucas	710,130	268,269
60	Lyon	609,404	361,291
61	Madison	941,394	407,205
62	Mahaska	1,936,265	708,378
63	Marion	1,939,665	849,769
64	Marshall	3,342,660	1,227,260
65	Mills	1,052,420	442,639
66	Mitchell	993,974	383,759
67	Monona	723,507	347,514
68	Monroe	627,668	287,390
69	Montgomery	730,521	360,781
70	Muscatine	3,366,920	1,311,528
71	O'Brien	1,065,552	495,020
72	Osceola	438,261	243,036
73	Page	1,134,575	482,548
74	Palo Alto	1,093,121	404,945
75	Plymouth	1,079,771	716,000
76	Pocahontas	799,704	359,462
77	Polk	25,011,000	10,571,825
78	Pottawattamie	7,356,053	2,610,873
79	Poweshiek	992,355	548,128
80	Ringgold	537,739	195,657
81	Sac	1,005,980	426,765
82	Scott	7,490,201	4,182,169
83	Shelby	1,376,909	491,215
84	Sioux	1,950,543	923,155
85	Story	5,238,199	2,171,624
86	Tama	1,117,118	548,319
87	Taylor	326,614	186,268
88	Union	1,147,825	396,166
89	Van Buren	534,122	219,794
90	Wapello	3,580,830	1,133,097
91	Warren	2,073,620	989,609
92	Washington	1,400,546	619,405
93	Wayne	463,528	209,429
94	Webster	3,422,664	1,275,867
95	Winnebago	797,942	364,032
96	Winneshiek	2,150,416	721,660
97	Woodbury	6,329,391	2,765,305
98	Worth	730,264	288,752
99	Wright	1,053,171	498,204
Totals		118,838,365	50,058,105