Date: November 9, 2016

To: County Point of Contacts
Regional Directors

From: Robert E. Dodds
Assistant Vice President, ISU Extension and Outreach

RE: FY18 County Extension Budget Procedures

The annual process for preparing the county budget takes attention to detail in creating a planning document for the next fiscal year. A number of individuals in each county have a role in successfully completing the process. The County Extension Staff, Regional Director, Program Specialists and the County Extension Council are key players in developing the budget, and need to be in close communication to ensure a quality product is developed.

March 15 is the deadline established by Iowa law when the final completed budget forms must be filed with the County Auditor. This letter is to help guide Councils and staff through the entire budgeting process in conjunction with Iowa Department of Management (IDOM) instructions. Extension Districts are legally defined as subdivisions of state government and are under the budgetary management of IDOM. IDOM provides a centralized database and website application which directs the counties to prepare and certify budgets and submit other financial reports online. Their recently updated website is www.dom.state.ia.us. Ag Extension Districts can be found under Other Authorities. The goal is to make state, county and local budgets and annual financial reports information easily available to all citizens in a timely manner.

Begin your process soon by closely reading this entire letter. You can use this letter as a procedure check list and mark the blank line before the action item to indicate completed. Please make this letter procedure list available to all office staff and interested council members. You may wish to circulate this in your county office, and file it in your official FY18 permanent financial book for anyone to access through the year.

Four short video modules have been prepared to provide an orientation to budgeting. They can be found at: http://www.extension.iastate.edu/content/county-council-training-academy

Your Regional Director will provide leadership and guidance in using the Budget Planning Worksheet, generated from the accounting software. This worksheet is the tool to develop budget details, which ultimately roll-up to be used to fill out the official IDOM budget forms.

The majority of your budget detail planning will take place in the Budget Planning sheet, so you can compare next year’s planned income and expenses with the actuals of the past years. Remember to also look closely at each line of expenditures and income on the monthly Detailed Revenue & Expense report, and alter next year’s budget accordingly.
Your Regional Director has access to the on-line IDOM database for your county. Check with her/him as to who in your County Extension office has been given access to IDOM instructions and who will be responsible for inputting data into the official forms.

Read the IDOM instructions, tentatively to be released in mid-November of 2016. **NOTE:** the OFFICIAL instructions are only kept on the IDOM secure website, and accessible only to approved staff, who are required to log in to view.

Program/Field Specialist and County Extension Educators/Associate Extension Educators in some counties can provide significant impact on county budgets. Some handle programs that generate significant amounts of fee revenue with offsetting expenses. Others are very involved in developing and administering grants and contracts. NOW is a great time to contact them about how their program efforts might affect the FY18 County Budgets. This is an important conversation.

**Official Budget Forms**
The FY 2018 official County Extension IDOM forms will be the same as FY17. These forms are only available on the IDOM website, and are NOT to be reproduced nor duplicated into an Excel spreadsheet. IDOM has been very specific with Extension about not creating or duplicating their forms. Please respect their decision.

On the IDOM web-site, there are five forms which include:

1. A674 (Notice of Public Hearing)
2. DATAENTRY
3. A678 (Adopted Budget and Certification Taxes)
4. A674_Att_1 (Supplemental Detail)
5. CERT

These forms are used for all three potential funds: the County Agricultural Extension Education Fund, the Unemployment Compensation Fund, and the Tort Liability Fund.

Be sure to start with DATAENTRY as you set up the FY18 forms. On the forms, the pink boxes require entries. Blue boxes are auto-generated from your input. All the IDOM forms are linked with information flowing automatically to the appropriate form(s) as needed.

**Legal Maximum Limit**
Be sure to note the legal maximum allowed for your district as you budget. The FY18 limits for your county situation is in the official IDOM instructions. There are two ways that you reach the legal maximum Education Fund taxation for your District:

1. Dollar amount limit.
2. Levy rate limit.

Form A678 is where these maximum limits must be considered. The levied dollar amount is Column AW by Row 1. The levy rate is Column CW by Row 1. The maximum levy rate applies only to the Education Fund and does not limit additional levies for Tort Liability and/or Unemployment Compensation. Levies for those two additional funds are allowed beyond both maximum limits for the County Agricultural Extension Education Fund, *if eligible*. Read IDOM instructions for more information on the latter two funds.
**Consistent Application of County Accounting Categories to Supplemental Detail**

So we have consistent and comparable data across the state, there are specific requirements on how the Supplemental Detail or form A674_Att_1, is to be filled out. The rows noted below are the row numbers on that IDOM form. Adjacent to the right is the category terminology used in our County Accounting System.

**Revenues:**
Row 1 Property Taxes Levied: Will equal the total in category “Property Tax”

Row 3 Other Taxes (Excluding Credits): Will be all “Other Taxes” except the Utility Replacement Excise Tax

Row 5 Interest/Rental/Lease: Will be combination of those specific income items

Rows 2, 6, 7, 8, 9 & 10: Straightforward income from each category in our accounting system

**Expenditures:**

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<td>Rows 14, 15, 16, 17 &amp; 18 Program Expenditures in our five program areas:</td>
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<td>There are three categories of expenditures that will need to be broken out by program area and then combined. Use your actuals from fiscal year 2016 Program Area Summary Report as a guide, this is an accounting software generated report.</td>
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<td>b. Grants &amp; Contracts Expenditures</td>
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<td>c. Non-Fee Project Activities Expenditures</td>
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<td>In other words, Row 14 will only include Agriculture and Natural Resource expenditures from Program Fees, Grants and Contracts and Non-Fee Project Activities categories. Repeat the same addition of items for the other 4 program areas. <strong>This step will require some extra time to break-out and calculate these expenditures by Program Area.</strong></td>
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Row 19 Personnel: Will be combination of Salaries/Wages, Benefits, Professional & Consulting Fees, Transportation/Mileage, Non-tax meals, Taxable Meals and Other Travel.

Row 20 Facility/Rent/Mortgage/Util/Repairs: This will equal the Facility category.

Row 22 Shared Support Services: This will equal the Partnership Share category.

Row 23 Resale Materials and Goods Purchased: This will equal Resale Expenditures.

Row 24 Other General Expenditures: This will be from the category “Other Expenditures”. This amount should be minimal and only used for special exceptions.

Which leaves Row 21, Office/Communications/Legal/Insurance: This final category will be **all** expenditure categories left, which should be Telecommunications, Postage, Supplies, Printing & Duplication, Marketing, Advertising/Legal Notices, Meeting Expenses, Equipment, Insurance/Bond, Membership/Dues & Subscriptions.
Unemployment Compensation Fund –and- the Tort Liability Fund (if used)

_____ Fill out cells based on categories listed. Please read the IDOM instructions closely. **SPECIAL NOTE:** Except in instructions as noted by IDOM, counties can only spend up to the amount of expense budgeted in these respective funds (just like as is with the County Agricultural Extension Education Fund) UNLESS an amendment is approved before the expense is paid.

**Budgeting Worksheet from GP**

Your Regional Director, along with your bookkeeper, will facilitate the GP Budgeting Worksheet process.

There are three revised items to mention from previous years:

1. The budget sheet now as three years of actual data to help planners with longer term thinking.
2. The year to date actuals column has been eliminated from this worksheet. The data is available in every detailed Revenue and Expense monthly statement.
3. There is a new feature being rolled out with bookkeepers in November to give a unique accounting number identifier for each employee. This will allow for line item budgeting and tracking on reports. For small offices, with one employee per category, this may have limited use unless there is employee turnover. For larger offices with more than one employee per category, this change will improve the process over the next two years.

**Council Approval Process Timeline and Steps**

_____ Preferably in January, early February at the latest, the Chair of Budget/Finance Committee should present the proposed FY18 budget estimates at a Council meeting. This is also known as a “work budget”. A key piece of data is the total amount of budgeted expenditures, which is the maximum that can be spent during the year regardless of the amount of receipts that are available. The County Extension Council reviews the budget/finance committee report. A quorum of the council is necessary.

The Council approves the budget estimate and directs the publication of the budget hearing notice by motion. The following motion(s) can be used and recorded in the minutes:

"______ moved that the FY18 Extension Education Operating Budget estimate be approved for $_____ in expenditures with a total tax request of $____, with $____ from property tax and $____ from utility excise tax, and that the Council Secretary or designee be directed to officially publish the FY18 Budget Public Hearing for (date), at (time) at (place), in (address, city, zip). Motion seconded by ______. Motion carried by a vote of _____ to ______.” If unanimous, write ‘motion passed unanimously. However, if there are any “no” votes or “abstains”, list the names of council members voting yes, the names of those voting no, and the names of those abstaining.

Note: The amount for expenditures comes from IDOM Form A678, Column C by Row 1. The amount for total tax request comes from IDOM Form A678, Column AW by Row 1, with property tax in Column EW and utility excise tax in Column FW.
NOTE: If your county levies and/or plans to expend funds for either the Unemployment Compensation Fund and/or the Tort Liability fund, a motion is needed. The information comes from Rows 2 and 3 respectively on form A678, using the same detail procedure as above. Note: All three funds are covered by publishing one IDOM Form A674.

The Council secretary completes the necessary information on Form A674. Staff may prepare this form ahead of time if there is reasonable expectation of budget approval. **No signature is required on this form in order for the A674 to be published.**

Following the Council meeting, file the original of Form A674 with the FY18 fiscal book or FY18 budget/fiscal file, depending upon office filing procedures. Send one copy of Form A674 and A674_Att_1 to your Regional Director for review prior to sending it to the newspaper for publication.

The publication notice (Form A674) is to be published in **ONE** newspaper of general circulation in the county.

**BE SURE TO CHECK ON PUBLICATION DEADLINES A MONTH IN ADVANCE, AND ALLOW EXTRA DAYS FOR CONTINGENCY,** and note that deadline here:______________

The notice must be published not less than 10 nor more than 20 calendar days before the date set for the hearing, and do not include the day of the hearing in your calculation. A good **practice** is to think not less than 12 nor more than 18 days. Carefully follow IDOM instructions on this step.

If you send the notice electronically, call the newspaper to ensure they have received it soon after sending and that the quality is acceptable for their needs.

Double check by calling the newspaper two days before their publishing deadline to ensure they have the form, and what specific date it will be published. **Do not leave this step** to chance without firm receipt and acknowledgement.

Send a letter to the newspaper documenting your specific publication date need. Additionally, request two copies of the newspaper publication with affidavits of publication signed by the publisher and by what day you need to have these copies back to you. One copy is filed with the County Auditor along with Form A678 and one copy is filed with the FY18 budget book/file in your Extension office.

Conduct the public hearing at an Extension Council meeting ideally in your February meeting and absolutely **before March 15.**

A. **The hearing needs to begin at the time stated in the official notice.**
B. **The required quorum is a majority of the Council (5 members or more).**
C. **The hearing may be conducted as a part of the regular monthly meeting rather than as a separate meeting. Regular Council business may be conducted before and/or after the hearing. Technically, the regular meeting ought to be recessed, the budget hearing opened, the budget hearing closed, and the regular meeting resumed. You may also begin the meeting with the public hearing at the appointed time.** The proposed meeting minutes below reflect this series of actions.
D. The purpose of the hearing is to provide an opportunity for citizens to comment on the budget. Details become important, thus, any citizen who attends the meeting and comments must share their name and address and their comments need to be accurately recorded in the minutes. Do not start a public hearing before the posted time.

E. Any budget figure may be changed following the hearing; however, neither the amount of the total expenditures nor the amount of the tax request can exceed the amounts published in the hearing notice. These figures can only be reduced.

This is a proposed agenda and script for the Public Hearing portion of a regular Council meeting:

A. Open Council meeting. (Or you may start with point D, and open council meeting afterwards). Do NOT start a Public hearing before the published time.

B. Business as usually conducted

C. Motion to recess regular Council meeting at or after the time designated in published hearing notice.

D. Suggested Public Hearing Script:

Chair: "This is the time and place set for a public hearing on the ________ County Extension Education Operating budget (plus Tort and/or Unemployment budget)."

Chair: "The notice of the public hearing did appear in the __________________ newspaper on ________ as required by law."

Chair: "Are there any objections or comments concerning the budget?"

1. If comments have been received by the Extension office, staff and/or council members ahead of this hearing, it is appropriate to share these now. Likewise, if no comments have been received, note that fact too in the minutes.

2. If comments are received, they need to be accurately recorded in the minutes with the person's name and address.

3. If no one asks to speak, the Chair instructs the secretary to note that fact in the minutes.

4. Chair requests a motion to close the public hearing. "I move to close this public hearing." Motion seconded, and the vote completely recorded.

E. Chair - reopens recessed meeting ---or ---- opens the regular meeting.

Chair requests a motion to approve budget request(s) (Ensure this item is on the regular agenda):

"______ move that the FY 2018 Extension Education Operating Budget be approved for $______ in expenditures with a total tax request of $_______. with $______ from property tax and $______ from utility excise tax. Motion seconded by ______. Motion carried by a vote of ______ to ______." With this motion, it is a good practice to list individually all council members' votes, whether yes, no, or abstain.
Separate motions may be made and approved using same format as above if your county levies for Unemployment Compensation and/or Tort Liability - OR—they may be made as part of the overall motion with details listed for each fund.

Proceed with other items on the agenda.

Following the hearing, the secretary needs to see that the necessary information is included on Form A678 which included checking the box that budget has been approved. Do not do this ahead of the public meeting approval in the database, as any changes may cause you to start the process over. Obtain appropriate signatures.

The distribution of completed forms is as follows:

Two copies of IDOM Form A678 and one copy each of A674, A674_Att_1 and affidavit of publication delivered to the County Auditor on or prior to March 15.

A copy of IDOM Form A678, A674, A674_Attachment_1 to the Regional Director.

Original IDOM Forms A674, A674_Att_1, A678, affidavit of publication filed with the FY2016 budget book/file.

VALUATION CHANGES MIDSTREAM

Occasionally, property valuations change in the middle of the budgeting process in January & February. Those with IDOM access will receive an automatic message, and sometimes the county Auditor’s office will also notify the office. When valuation change happens, follow the IDOM instructions, and contact the County Services Accountant if you have questions.

Addendum – Best Practices & Ideas

Beyond the above procedures, there are several best practices and tools to help counties in budget preparations, such as:

1. Begin your budgeting in November. Some counties may begin budget decisions earlier so they can incorporate new innovative and regional programming ideas.

2. Consider specific program budgeting which will help your staff, your bookkeeper and council monitor specific programming through the year.

3. Please allow plenty of time to allow for publishing, holding public hearings and contingency for poor weather. Most counties will approve a work budget and direct official publishing in their January meeting for a February public hearing.

4. A best practice is to aim to have the budget published 17-20 days before the hearing. Why? If for any reason the newspaper does not get the notice published, you will catch this when the newspaper comes out, and can have one more chance to get it right in this week’s paper without calling a special council meeting to set the hearing data again, and thus backing up the whole process again.
5. Along with your budget worksheet, use the right column as budget narrative with notes and explanations of calculations. The notes can easily be inserted in the lines adjacent to the figures, and copied and pasted into future year’s budget worksheet. Information such as lease terms, lease maturity, copier summary costs, staff data, and so forth can be summarized there.

6. Remember that expenditures budgets can be amended as described in the IDOM instructions. However, the maximum tax asking for a year cannot be changed once the budget has been published and approved.

7. Check and double check all your figures. It is a good practice to have more than one person review forms thoroughly, checking back on last year’s official budget, correct beginning balances and such. And last, in working with mathematics, always show your calculations.