



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT Division of Community and Regional Affairs

Best Practices: Budgets

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Introduction: Topics Covered

Division of Community and Regional Affairs
(DCRA)

What is a Budget?

Adopting a Budget

Revenues & Expenses



The Constitution of the State of Alaska



Article 10, Section 14:

“An agency shall be established by law in the executive branch of state government to advise and assist local governments. It shall review their activities, collect and publish local government information, and perform other duties prescribed by law.”

That's DCRA!



Division of Community and Regional Affairs



DCCED Mission: Promote a healthy economy, strong communities, and protect consumers in Alaska.

DCRA Mission: Helping Alaska's communities build sustainable economies and a means of self-governance.



Division of Community and Regional Affairs

Grants & Funding

Bulk Fuel Revolving
Loan Program

Serve Alaska

Floodplain
Management

Community
Resilience &
Climate Adaptation
Programs

Alaska Native
Language
Preservation

Alaska Regional
Development
Organizations

Office of the State
Assessor

ANCSA Municipal
Land Trust

Local Boundary
Commission

Made in Alaska

Research and
Analysis

Mapping & GIS

Local Government
Assistance

Rural Utility
Business Advisors



Best Practices: Budget

What is a budget?

Why budget?

Common Questions

When to start a budget?

How to adopt a balanced budget?



Best Practices: Budget

What is a Budget ?

- Financial Plan
- Appropriations
- Non-code Ordinance
- Revenues & Expenditures
- Fiscal Years
 - State
 - Federal
 - Calendar





Best Practices: Budget

Why budget?

- AS 29.20.640(a)(4) requires municipalities in Alaska to have an annual budget.
- It gives a realistic look at annual needs and how those needs will be met.
- It allows you to plan, and make changes as needed.

Draft Budget

	GENERAL FUND	UTILITY FUND	SANITARY FUND	MUNICIPAL ADV. FUND	CUMULATIVE FUND	PERPETUAL CARE
Estimated Revenues:						
Operating Revenues:	4,709,119	1,067,352		160,914	69,000	5,000
Tax Revenue	142,272					
Licenses & Fees	3,203,718					
Intergovernmental Revenues	90,899					
Fines & Forfeits	27,750					
Intergovernmental Revenues	803,499					
DR	391,175				162,100	
Miscellaneous Revenue	1,095,546	120		1,200	444	8,700
Non-Operating Revenue						
TOTAL REVENUES	5,358,243	8,806,665	1,067,472	162,114	231,544	13,700
Appropriations:						
General Government	1,290,737					
Police	1,848,608					
Fire	62,207					
Public Services	810,414					
Community Services	241,545					
Municipal Utilities	2,358,827					
Solidation		913,205				
Economic Development						
Municipal Aid/Severance					58,000	
Municipal Cemetery						188,164
Debt Service	283,472	1,543,290				
Capital Outlay	272,972	936,160				
TOTAL APPROPRIATIONS	5,304,739	4,036,277	913,205	58,000	188,164	-
EXCESS RESOURCES						
Over/Under						
Appropriations	153,504	970,388	154,267	104,114	43,380	13,700
REVENUE	153,504	970,388	154,267	104,114	43,380	13,700
TRANSFERS OUT						
CHANGE IN FUND BALANCE	184	29,479	4,267	116	(6,426)	5,000



Best Practices: Budget

What to consider:

- All revenues & expenses must be included
 - Look at past budgets
 - Get input from staff
 - Plan for repair & replacement
- Make sure the budget is balanced
- Make sure the budget is realistic

Draft Budget

	GENERAL FUND	UTILITY FUND	SANITARY FUND	MUNICIPAL AID FUND	CEM FUND	PERPETUAL CARE
Estimated Revenues:						
Operating Revenues:	4,709,119	1,067,352		160,916	69,000	5,000
Tax Revenue	142,272					
Licenses & Fees	3,203,718					
Intergovernmental Revenues	90,899					
Fees & Forfeits	27,750					
Intergovernmental Revenues						
DR	803,499				162,100	
Non-Operating Revenues	391,175	1,099,546	120	1,200	444	8,700
TOTAL REVENUES	5,388,243	8,866,665	1,067,472	162,116	231,444	13,700
Appropriations:						
General Government	1,290,737					
Police	1,848,608					
Fire	162,207					
Public Services	803,418					
Community Services	243,245					
Municipal Utilities		2,358,827				
Solidation			913,205			
Economic Development						
Municipal Aid/Severance				58,000		
Municipal Cemetery					188,164	
Delinquency	283,472	1,543,290				
Capital Outlay	272,972	936,160				
TOTAL APPROPRIATIONS	5,384,739	4,838,277	913,205	58,000	188,164	-
EXCESS RESOURCES						
Over/Under						
Appropriations	153,504	970,388	154,267	104,116	43,280	13,700
REVENUE	153,480	970,388	154,267	104,116	43,280	13,700
TRANSFERS OUT						
CHANGE IN FUND BALANCE	184	29,679	4,267	116	(6,426)	5,000



Best Practices: Budget

What is the difference?

Balanced

VS

Unbalanced

Realistic

VS

Unrealistic



Best Practices: Budget

When to prepare a budget?





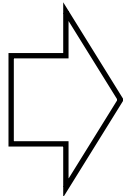
Best Practices: Budget

Budget adoption process:

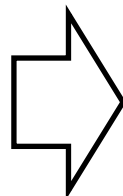
Draft Budget

	GENERAL FUND	UTILITY FUND	SANITARY FUND	MUNICIPAL AUXILIARY FUND	CUMULATIVE FUND	PERPETUAL CARE FUND
Estimated Revenues:						
Operating Revenues:	4,709,119	1,067,352	160,914	69,000	5,000	
Tax Revenue	142,272					
Licenses & Fees	3,203,718					
Intergovernmental Revenues	80,899					
Fines & Forfeits	27,750					
Intergovernmental Revenues						
DR	803,499			162,100		
Miscellaneous Revenue	391,175	1,099,546	120	1,200	444	8,700
Non-Operating Revenue						
TOTAL REVENUES	5,358,243	8,806,665	1,067,472	162,114	231,244	13,700
Appropriations:						
General Government	1,290,737					
Police	1,848,008					
Fire	162,207					
Public Services	803,414					
Community Services	243,245					
Municipal Utilities		2,358,827				
Solidation		913,205				
Economic Development				58,000		
Municipal Aid/Severance					188,164	
Municipal Cemetery						
Debt Service	283,472	1,543,290				
Capital Outlay	272,972	936,160				
TOTAL APPROPRIATIONS	5,304,759	4,836,277	913,205	58,000	188,164	-
EXCESS RESOURCES						
Over/Under						
Appropriations	153,504	970,388	154,267	104,114	43,380	13,700
RESERVE	153,504	970,388	154,267	104,000	50,000	8,700
TRANSFERS OUT						
CHANGE IN FUND BALANCE	104	29,479	4,267	116	(6,426)	5,000

Introduce ordinance



Post notices



Hold public hearing



Adopt

ADOPTED



Best Practices: Budget

Budget Schedule

1. Work session

90 days

2. Draft a budget

60 days

3. Introduce

4. Set hearing date

5. Post notices

30 days

6. Public hearing

Send copy
to DCRA

7. Adoption



Best Practices: Budget

Budget adoption process:

- Adopted via non-code ordinance.
- Staff involvement.
- Public input.
- Transparency.

Draft Budget

	GENERAL FUND	UTILITY FUND	SANITARY FUND	MUNICIPAL AID FUND	CUMULATIVE FUND	PERPETUAL CARE FUND
Estimated Revenues:						
Operating Revenues:	4,709,119	1,067,352		160,914	69,000	5,000
Tax Revenue	342,272					
Licenses & Fees	3,363,778					
Intergovernmental Revenues	80,899					
Fines & Forfeits	27,750					
Intergovernmental Revenues						
DR	803,499			162,100		
Miscellaneous Revenue	391,175	1,099,546	120	1,200	444	8,700
Non-Operating Revenue						
TOTAL REVENUES	5,388,243	8,806,665	1,067,472	162,114	231,244	13,700
Appropriations:						
General Government	1,290,737					
Police	1,848,008					
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Public Services	803,414					
Community Services	243,245					
Municipal Utilities		2,358,827				
Solidation			913,205			
Economic Development				58,000		
Municipal Aid/Severance					188,164	
Municipal Cemetery						
Debt Service	283,472	1,543,290				
Capital Outlay	272,972	936,160				
TOTAL APPROPRIATIONS	5,304,759	4,808,277	913,205	58,000	188,164	-
EXCESS RESOURCES						
Over/Under						
Appropriations	153,504	978,388	154,267	104,114	43,380	13,700
REVENUE	153,480	978,409	154,267	104,000	50,000	8,700
TRANSFERS OUT						
CHANGE IN FUND BALANCE	104	29,479	4,267	116	(6,420)	5,000



Estimating Revenues

- **Sources**
 - Local Revenue Sources
 - Non-Local Revenue
 - Capital Fund Revenue
- **Amounts**
 - Fixed amounts
 - Estimates
- **Carryover Cash**
- **Restricted Funds**





Best Practices: Budget

Estimating Expenses



- Departments
- Accounts
- Wages and taxes
 - Every position
 - FICA/Med/ESC



Estimating Expenses

- **Other expenses**
 - Communications
 - Electricity
 - Heating
 - Insurance
 - Supplies
- **Repair/Replacement**
 - 10 years
 - $\text{Cost} \div \text{life expectancy}$
 - More than 10 years
 - $\text{Cost} \div \text{life expectancy} \times 10$



Best Practices: Budget

After Adoption

Match budget/accounting system

Monthly Financial Report

Change as needed - Amending

End of year report



Best Practices: Budget

☒ **Do you have an adopted budget which has all of the following components:**

- ☒ Are all revenues and expenses included?
- ☒ Is it balanced?
- ☒ Is it realistic?
- ☒ Was it appropriately adopted?



Best Practices: Budget

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