Best Practices:
Budgets

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Division of Community and Regional Affairs (DCRA)

What is a Budget?

Adopting a Budget

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

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
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Common Questions

What is a budget?

Why budget?

When to start a budget?

How to adopt a balanced budget?
What is a Budget?

- Financial Plan
- Appropriations
- Non-code Ordinance
- Revenues & Expenditures
- Fiscal Years
  - State
  - Federal
  - Calendar
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.
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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
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What is the difference?

Balanced vs Unbalanced

Realistic vs Unrealistic
When to prepare a budget?

- Start early!
- Get input from staff
- Evaluate data
- Provide estimates

Make sure it is BALANCED!
Budget adoption process:

1. Introduce ordinance
2. Post notices
3. Hold public hearing
4. Adopt
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Budget Schedule

1. Work session
2. Draft a budget
3. Introduce
4. Set hearing date
5. Post notices
6. Public hearing
7. Adoption

- Send copy to DCRA
- 90 days
- 60 days
- 30 days
Budget adoption process:

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

• Sources
  • Local Revenue Sources
  • Non-Local Revenue
  • Capital Fund Revenue

• Amounts
  • Fixed amounts
  • Estimates

• Carryover Cash
• Restricted Funds
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
    • Cost ÷ life expectancy
  – More than 10 years
    • Cost ÷ life expectancy x 0.10
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After Adoption

- Match budget/accounting system
- Monthly Financial Report
- Change as needed - Amending
- End of year report
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?
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