



LOCAL GOVERNMENT COMMISSION
STATE AND LOCAL GOVERNMENT FINANCE DIVISION
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Best Practices for Creating a Budget

- It is vitally important that governing boards play a major role in the budget preparation process such as giving guidance to the budget officer for the tax rate, staff additions, staff pay raises, and priorities.
- Units should start the budget process in January with several budget workshops (see budget calendar below) to set priorities and estimate available resources.
- The budget process should incorporate long-term planning that includes vision and goals for the unit.
- Estimate budget numbers for next fiscal year's budget by reviewing prior year and current year actual revenues and expenditures. Revenue estimates must be realistic and conservative.
- Create a conservative budget by underestimating revenues and overestimating expenses.
- Do not use funds from enterprise funds to subsidize general fund budget or general fund budget to subsidize enterprise funds. Each fund should be self-supporting.
- Governing boards should remember the appropriation of fund balance, or savings, should be a one-time use for special circumstances and not routinely used to balance the operating budget or for recurring expenditures.

Key Facts

- Budget must be balanced.
- Monies cannot be spent unless included in the budget.
- Budget covers the period of July 1 to June 30.
- Tax rate for the coming fiscal year is set in the budget.
- A public hearing on the budget must be held.
- Budget must pass by a simple majority.

Budget Calendar

April 30- Department heads submit requests to budget officer

June 1- Budget must be presented to governing board

July 1- Budget must be adopted