

Kane County Budget Class

February 10, 2009



Agenda

- Comprehensive Annual Financial Report (CAFR) vs. Budget
- Governmental Accounting
- Fund Types
- Budget Process
- FY2009 Budget Layout
 - Review Budget Reports
- Questions

Comprehensive Annual Financial Report (CAFR) vs. Budget



- CAFR
 - Annual audit by independent CPAs required by State Statute
 - Audit must be completed six months after close of fiscal year (May 31)
 - Prepared by outside auditors and Finance Department
 - Format follows Government Accounting Standards Board (GASB) guidelines
 - Reflects what *has* occurred in the County's financial position during the previous fiscal year
 - Final copy available in June
- Budget
 - Budget to be passed by Nov. 30 per State Statute
 - Prepared by Finance Department
 - Very little direction from State Statute regarding content and format of budget
 - Plans what *will* occur in the County's financial position over the next fiscal year
 - Draft copy available in Sept/Oct
 - Final copy available in late Nov/early Dec

Governmental Accounting

- Refers to various accounting systems used by various public sector entities (federal, state, local government)
- County's accounting standards set forth by Governmental Accounting Standards Board (GASB)
- Difference between private sector accounting and governmental accounting
 - Government has different goals, as opposed to private sector entities' one main goal of gaining profit
 - Government entities have the responsibility of fiscal accountability and must demonstrate compliance in the use of citizens' resources
 - Government entities must comply with budget
 - Private sector uses the budget as a tool in financial planning and budget is not mandatory to comply with

Governmental Accounting

- Government accounting uses system of fund accounting
 - Method of segregating resources (i.e., funds) into specific categories to identify both the source of the funds and the use of the funds
 - Each fund is like an individual entity which has a self-balancing set of accounts/general ledger (assets, liabilities, fund balance, revenue, and expenditures)
 - Private sector- one general ledger
 - Government- many separate general ledgers
- CAFR reports dual-perspective financial information with both full accrual (statement of net assets, statement of activities) and fund-based modified accrual (fund reporting)
 - Governments utilize modified accrual fund reporting on a daily basis
 - Full accrual statements in CAFR allow users to get the "big picture" by combining all funds (GASB Statement #34)

Fund Types

(page vii in budget book)

- General Fund
- Special Revenue Funds
- Capital Projects Funds
- Debt Service Funds
- Enterprise & Other Funds

Fund Types – General Fund

- Accounts for cost of *general* County government
- Revenue primarily from:
 - General property tax
 - Other local and state shared taxes (sales, income, etc.)
 - Permits
 - Fees
 - Fines
 - State reimbursements
- County has only one General Fund

Fund Types - Special Revenue Funds

- Account for proceeds of *specific* revenue sources that are *legally restricted* to expenditures for specific purposes
- Revenue primarily from:
 - Property taxes
 - Other local and state shared taxes (motor fuel tax)
 - Fees
 - Federal and state grant funding
- County has over 50 Special Revenue Funds
 - Includes Highway and Health Departments, Riverboat, automation and grant funds

Fund Types – Capital Projects Funds

- Account for financial resources used for all major County construction projects
- Revenue primarily from:
 - Bond/debt proceeds
 - General Fund transfers
 - Fees (impact fees)
- County has 18 Capital Projects Funds

Fund Types – Debt Service Funds

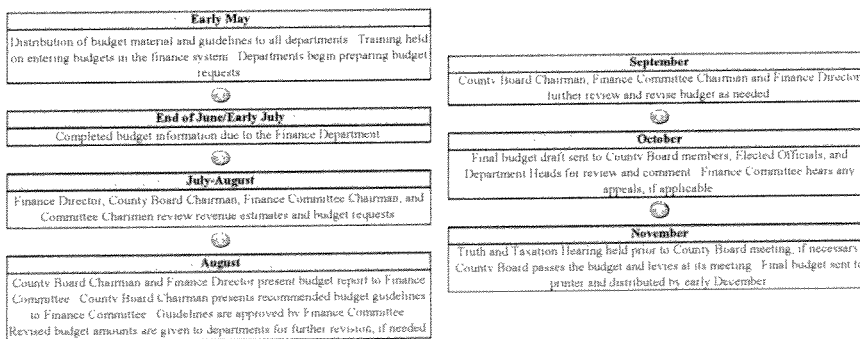
- Account for the accumulation of resources for and the payments of general obligation bond principal, interest, and related expenses
- Revenue primarily from:
 - Fund transfers from other County funds
 - Property tax
- County has 4 Debt Service Funds

Fund Types – Enterprise and Other Funds

- Enterprise Funds account for operations financed and operated in a manner similar to private sector
 - County set up 2 Enterprise Funds for operation of Settler's Hill and Woodland landfills
 - Revenue derived from landfill fees
 - Landfills now closed and County utilizes its interest collected and cash on hand to pay for current allowed expenses
- County has one Permanent Fund, Working Cash, with interest as its only revenue stream

Budget Process

(page 21 in budget book)



FY2009 Budget Layout

- “How to Read the Budget” Summary on pages iii-vii
 - General Table of Contents on pages 1-2
 - Detailed Table of Contents on the first page following every tab
- Executive summary, organization information, trends & demographics, financial policies, and financial summary information in the beginning of book separated by topic (grey tabs)
- General Fund detail separated by functional area (white tabs)
- Special Revenue and other funds detail separated by fund type (grey tabs following General Fund)
- Glossary at the end of the book (grey tab)

FY2009 Budget Layout

- Detail information presented for each department/sub-department (pages 89-518)
 - Department description
 - 2008 Project Recap
 - Key Performance Measures (2007 & 2008)
 - 2009 Goals & Objectives
 - Expenditure by classification bar graph (2007-2009)
 - Position Summary (2007-2009)
 - Expenditure by classification pie chart (2009 Adopted Budget)
 - Detail budget by account number (2007-2009)

Questions?