BHCA Budgeting Process - Approved

March 21, 2016

Budget Committee:

Lynne Beefelt, Chair

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BHCA Budgeting Process

Agenda:

- Purpose
- Timeline
- Budget Request Types
- Committee input
- Request Submission
- Board Review
- Community Review and Voting

BHCA Budgeting Process - Purpose

► **Objective:** Align Budget Request to actual spending to improve forecasting of budget requirements and reporting of BHCA expenditures.

► **Mission:** Provide accurate and transparent budget oversight while complying with Anne Arundel County's budget preparation and submission requirements for Special Community Benefits Districts.

BHCA Budgeting Process - Timeline

▶ The schedule below shows ample time for BHCA committees to plan projects with associated costs.

ID		Task Mode	Task Name	Duration	Start	Finish	ID	Predecessors
1			**Annual Budget Process**	**257 days**	**Mon 2/1/16**	**Mon 1/23/17**		
2	▦		Committee Project Planning	109 days	Mon 2/1/16	Thu 6/30/16		
3			Board Review of Proposed Projects	44 days	Fri 7/1/16	Wed 8/31/16	2	
4			Committee Chair Submits Budget Request Forms/documentation	23 days	Thu 9/1/16	Mon 10/3/16	3	
5			Budget Committee Prepares Budget Package	20 days	Tue 10/4/16	Mon 10/31/16	4	
6			Board Review and Approval of Proposed Budget	23 days	Tue 11/1/16	Thu 12/1/16	5	
7	▦		Community Budget Meeting	1 day	Sat 12/10/16	Sat 12/10/16		
8	▦		Submit Approved Budget to AACO	1 day	Mon 1/23/17	Mon 1/23/17		

BHCA Budgeting Process – Budget Requests

▶ This process assigns budget requests into one of two categories – Fixed Expenditures and One-time budget expenditures:

  ▶ Fixed expenditures – these are line items of the budget that are planned for annually or bi-annually such as maintenance funds, fees, and annual expenses.

  ▶ One-time requests – these are projects to maintain, enhance or build new community assets.

BHCA Budgeting Process – Budget Requests

- **Fixed Expenditures:**

  - The Committee Chair is responsible for submitting a Budget Request form for CFY+1 planned expenditures. This amount is the "CFY+1 Request" for the upcoming fiscal year.

  - The "CFY+1 Budget" amount is a calculated figure. Because the budget is submitted to the county during the current fiscal year, a two year cycle is used for calculating the CFY+1 Budget amount.

  Formula - The CFY+1 Budget = CFY+1 Request – (CFY-1 Budget – CFY-1 Actual).

  Example: (CFY = FY17; FY18 Budget = FY18 Request – (FY16 Budget – FY16 Actual))

EXPENDITURES	FY16 Budget	FY16 Actuals	FY17 Budget	FY18 Request	FY18 Budget
1.0 ROADS & STORM DRAINS MAINTENANCE					$4,950
1.1 Capital Maintenance & Repair	$13,000		$13,000	$13,500	$4,500
a. Road Paving & Patching	5,000	1,000	5,000	5,000	$1,000
b. Stormwater Maintenance & Improvements	5000	0	5000	5000	$0
c. Snow Removal	3000	3000	3000	3500	$3,500
d.					$0
1.2 Contingency	$1,300		$1,300	$1,350	$450

The outcome is that the taxable budget amount is reduced to the delta between the funds requested and funds on hand.

BHCA Budgeting Process – Budget Requests

▶ **One-time Requests:**

  ▶ The Committee Chair is responsible for submitting a Budget Request form for CFY+1 project planned expenses. This amount is the "CFY+1 Request" for the upcoming fiscal year. The Budget Request form should be accompanied by the preliminary quote(s), a draft project scope statement, community / stakeholder input and a draft project plan.

  ▶ A one-time request could appear in multiple budget years if additional funds are projected for the project.

  ▶ If a project comes in under budget, the board should make a recommendation to the community if the unused project funds should be applied to another approved project or held for future use in the general fund or for road repaving.

BHCA Budgeting Process – Budget Requests

In the example below after additional analysis and planning the fire ramp requires additional funds and the dummy project was completed under budget.

EXPENDITURES	FY16 Budget	FY16 Actuals	FY17 Budget	FY18 Request	FY18 Budget
2.2 Parks & Amenities	**$25,000**	**$15,000**	**$34,000**	**$15,000**	**$5,000**
a. Fire Ramp Repair / Improvement	0		$29,000	$15,000	$15,000
b. Augusta Park Feasibility Study	0		$5,000	$0	$0
c. Dummy Improvement Project	25,000.00	15,000.00	-	-	(10,000.00)

In this example the Board has decided to repurpose Dummy Improvement Project funds to the Fire Ramp, so only $5,000 in additional funds is required from tax revenue.

EXPENDITURES	FY16 Budget	FY16 Actuals	FY17 Budget	FY18 Request	FY18 Budget
2.2 Parks & Amenities	**$25,000**	**$15,000**	**$34,000**	**$25,000**	**$15,000**
a. Fire Ramp Repair / Improvement	0		$29,000	$15,000	$15,000
b. Augusta Park Feasibility Study	0		$5,000	$0	$0
c. Dummy Improvement Project	25,000.00	15,000.00	-	-	(10,000.00)
d. Retain Dummy Project Funds for Road Repaving			-	10,000.00	10,000.00

In this example the Board is recommending to retain underspent funds for future use, so in order to complete the fire ramp project the entire $15,000 is required from tax revenue.

BHCA Budgeting Process – Committee Input

▶ The Committee Chair should be seeking preliminary Board approval prior to submitting a request for budget. (per the Timeline on slide 4 this is to happen between July 1st and August 31st, or anytime prior).

▶ Committees should plan to provide the project documentation (preliminary quote(s), a draft project scope statement, community / stakeholder input and a draft project plan draft project plan) before submitting a Budget Request. This will help to transition projects from notional to planned before taxing the community.

▶ If the Board has questions or needs additional information they have ample time for discussion prior to the Committee Chair submitting a Budget Request and Budget Package review.

BHCA Budgeting Process – Request Submission

▶ Budget Requests are to be submitted by Committee Chairs.

▶ Per the Timeline on slide 4, this is to occur in September (or anytime before) to allow the Budget Committee time to prepare the Budget Package for community and Board Review.

▶ If a Budget Request is not received by the deadline for a Fixed Expenditure the budget line item shall remain flat.

▶ If a Budget Request is not received for a project, it is up to the Board to decide if the project should be funded from community funds held for future use. The Committee Chair is still responsible for providing the Board with the required documentation for project planning (preliminary quote(s), a draft project scope statement, community / stakeholder input and a draft project plan).

BHCA Budgeting Process – Board Review

▶ Prior to reviewing the Budget Package, the Board should already be familiar with any proposed projects.

▶ The review focuses on the planned budget and tax rate in comparison to prior years.

BHCA Budgeting Process – Community Review and Voting

▶ November

    ▶ Conduct Community Meeting to present Draft Budget and solicit input. Board to consider input and adopt Proposed Budget.

    ▶ The Board considers community feedback on proposed budget and votes on a final budget for the community to approve.

▶ December

    ▶ Conduct Annual Community Budget Meeting to vote on Proposed Budget.

▶ Before January 31st

    ▶ Submit Approved Budget to County.