



RURAL SERVICES

A Division of
FNSB Public Works

WHAT YOUR SERVICE AREA NEEDS TO DO TO PREPARE YOUR BUDGET

AN OVERVIEW OF THE BUDGETING PROCESS

Proposed FY 2010-2011 service area budgets will be mailed out the first week in February. This flyer will address some of the basics about what the budgeting process entails, but note that this information will be covered in much greater detail at the upcoming training session scheduled for January 25, 2010 (see notice below).

When you receive your budget you should note that your budgeted expenditures for this next fiscal year will always equal, never exceed, your budgeted revenues. In addition to the property tax revenue under your tax cap, your service area also earns income from the interest earned on your current year's operating account and on what your service area has accumulated in its fund balance (savings) over the years. When your commission receives your service area budget, it will reflect the amount of property taxes expected to be collected in the next fiscal year, as well as an estimate of the interest your operating and fund balance accounts may earn. The interest amount on your budget is only an estimated amount, as actual interest rates in the future cannot, obviously, be predicted.

Your proposed service area budget will also reflect your estimated expenditures; in particular, an expenditure called

"Borough Direct Cost". This represents the annual cost of operating the Rural Services office, and is allocated between all the service areas based on a flat \$500 base fee per service area, plus a prorated amount of the average of all service area operating expenditures over the previous five years. Therefore, your service area's operating expenditures, available for general maintenance of your roads, is the difference between your total budgeted revenues and this direct cost.

It is important that your commission share your proposed service area budget with your residents at a public meeting. Your commission can vote to approve the budget as is, or modify it to accommodate the needs of your service area. You can modify your budget and supplement your operating expenditures by transferring money from your fund balance. Or, if your service area needs to provide a 10% match to a grant-funded capital project or anticipates a costly future project, setting aside part of your budgeted tax revenue to make a contribution directly to your fund balance, or to a capital project account, might be a smart move.

Commissions will receive their budgets the first week of February. Budgets will be due back to Rural Services by

5:00PM on Friday, February 26, 2009. This in a short turn-around time, so it is imperative you know ahead of time the time constraint, and plan your service area meetings to discuss your budget accordingly.

MARK YOUR CALENDARS!

SERVICE AREA COMMISSIONER TRAINING ON **BUDGET PREPARATION AND SUBMITTAL**

All service area commissioners are encouraged to attend!

Monday, January 25, 2010
6:00 PM –7:30 PM

Borough Administration Center, FNSB Assembly Chambers

PREPARING FOR YOUR FIRST QUARTER MEETING

Your first quarter meeting should focus on budget planning. This does not preclude you from discussing other items as needed as your meeting. However, giving proper attention to budget considerations at this meeting will ensure both the present, and future, safety of your service area roads. Below are a couple of items to keep in mind as your commission prepares for this meeting.

First, your first quarter meeting should be scheduled between 2/8/2010 and 2/24/2010. Use the "Meeting Advertising Notice", located on our Rural Services website at <http://co.fairbanks.ak.us/RuralServices/Forms/>, and return to April to have your meeting properly advertised. The exception to the above timeframe is in the event your service area has been selected for a 90/10 grant, and been recently notified by letter, in which case, the letter you received explaining how to accept the grant also provides scheduling dates for your February meeting that are slightly different than otherwise. If your commission has not received a grant acceptance letter, continue to schedule your meeting between 2/8/10 and 2/24/10.

Secondly, Rural Services does not have meeting facilities, therefore do not plan on holding your service area meeting at our office. Coordinate your meeting early enough with your usual meeting place so you do not find yourself without a meeting place due to other service areas also scheduling meetings in the same time range. Competition for meeting space will become more fierce as the last week of February arrives. There are several conference rooms at the Borough Administrative Center, North Pole City Hall, and the Noel Wien Library. In addition, service area meetings have traditionally been held at various fire stations, churches, and other facilities in or near service areas.

Remember that a little pre-planning now will make this budget meeting a success.

BUDGET ISSUES TO BE DECIDED AT MEETING

Budgeting involves planning. By looking ahead to consider what your service area's needs will be, not only in the year ahead, but five and ten years down the road, your commission can make certain that funds are available to keep your roads in a safe condition for many years to come. As a commission, a long-term plan of maintenance and repair should be established as part of your annual budgeting. This long-term plan should be flexible, and adjusted as needed as time moves on, and future budget meetings occur annually. Part of this long-range focus of the budgeting process has to do with ensuring the availability of funds for future work. For several years, service area roads have been repaired from grant money coming from the State. Your commission should not assume that a steady stream of money from the State will continue indefinitely. Your commission should consider that your service area may need to finance its road work from its own tax revenues. Planning for future work may include considering future tax cap increases before the work will actually be needed. Borrowing funds from the Revolving Loan Fund may be an option some service areas might wish to look into as well. Unfortunately, by the time the budget cycle begins, deadlines to apply for both a tax cap election or the Revolving Loan Fund have passed. For next year, service areas can still maintain and repair their roads using tax revenues or their fund balance (savings). The upcoming training meeting on Monday, January 25, 2010, will go into detail how different funding options should be reflected on the proposed budget form your commission will receive soon.

**1st Quarter Service Area Meetings
should be scheduled between
February 8th and February 24, 2010**

Suggested 1st Qtr Meeting Topics:

- *Short-term Planning—Maintenance needs , Summer 2010*
- *Long-Term Planning —Summer 2011 (or later) capital projects*
- *Service Area Budget*

**FILL OUT A
"MEETING ADVERTISING NOTICE"
AND RETURN TO OUR OFFICE TO
SCHEDULE YOUR MEETING**

REMINDER

**UNTIL A COMMISSIONER
CONTACTS APRIL BARNES (459-1223)
TO AUTHORIZE PAYMENT
OF THE COMMISSION'S COPY OF AN INVOICE,
THE ORIGINAL INVOICE WILL NOT BE PROCESSED
AND ...**



YOUR CONTRACTOR WILL NOT BE PAID .

**APRIL'S RESPONSIBILITIES DO NOT
INCLUDE CONTACTING COMMISSIONERS
TO GET THIS AUTHORIZATION.**