

MAINE STATE LEGISLATURE

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STATE OF MAINE
LEGISLATIVE RESEARCH COMMITTEE

REPORT ON
UNIFORM COUNTY BUDGETING
PROCEDURES
to
SECOND SPECIAL SESSION
of the
ONE HUNDRED AND THIRD LEGISLATURE

JANUARY, 1968

Legislative Research Committee
Publication 103-14

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LETTER OF TRANSMITTAL

January, 1968

To the Members of the Second Special Session of the 103rd Legislature:

I have the honor to transmit herewith a report on uniform county budgeting procedures.

This report, designated as Committee Publication 103-14, proposes An Act Relating to County Estimates and Finances, a study and report of which the Committee undertook upon its own motion. The findings and recommendations relative to county salaries assigned to the Committee, by action of the Legislature, will appear in a subsequent report to the 104th Legislature.

The Committee sincerely hopes that the information contained herein will prove of benefit to the members of the Legislature and the people of the State of Maine.

Respectfully submitted,



HORACE A. HILDRETH, JR., Chairman
Legislative Research Committee

CONTENTS

	Page
Legislative Research Committee Membership	ii
Subcommittee on County Government	iii
Letter of Transmittal	iv
Table of Contents	v
Legislative Research Committee Report	1
An Act Relating to County Estimates and Finances	3
Proposed Forms for Reporting to the State Department of Audit	6

In an effort to bring about uniform budgeting procedures within the several counties of Maine, the Legislative Research Committee of the 103rd Legislature, upon its own motion proposed a legislative draft which would place all counties on a line budgeting system similar to that presently in use by the State of Maine.

“Line item” budgeting can perhaps best be defined as an object classification which establishes a tight control over expenditures and sharply limits the discretion of government officials. Classification for budget expenditures, based on objects, is a form of budgeting used in almost every state government in this country and in a vast majority of local governments. The object classification centers attention on the accounting aspect of governmental operations in terms of things bought. Since departments and agencies within government, and among governments, tend to buy the same things - personal services of specific grades, laundry soap, brooms, filing cabinets, and the likes - it is possible to set up a system of accounts that is uniform throughout the whole of a government. Further, with little modification, the system of accounts used in one government can be used in another government.*

In applying this theory towards county budgets, it was recognized that some counties were already favorably under unofficial line budgeting, while others were not. The committee assigned itself to the task of preparing a satisfactory working draft which would provide standardization in the budgeting methods of the sixteen Maine counties and held numerous executive sessions with the State Bureau of the Budget and Department of Audit to accomplish its purpose.

Upon completion of the proposal a series of public hearings were held on the following dates: September 21, 1967; November 22, 1967 and December 6, 1967, to determine if the best interests of the counties and State would be served by enactment of such legislation. As a result of the public hearings, which were well attended by county commissioners and sheriffs representing a sizable majority of the counties, unanimous agreement was reached on the acceptability of the proposed draft of An Act Relating to County Estimates and Finances, with specific amendments in the following areas.

That portion of the bill, section 252, relating to the size of the contingent fund which formerly read not to exceed \$30,000 was felt to be an inadequate cushion for the larger

* Jesse Burkhead, Government Budgeting (New York: John Wiley & Sons, Inc., 1956)
PP - 127 - 132

counties and should be raised to \$50,000.

Under section 252, of the original draft, provision was made for fine and imprisonment for violation of the act in the same terms as the general law of the State. This was agreed to be too harsh and did not take into account "honest mistakes." It was indicated that by inserting the word "willful" that the bill would be far more acceptable.

The earlier draft made no provision for lapsing of unexpended balances of control expenditures and it was recommended that this be provided for in section 408 with a statement to the effect that such expenditures shall not lapse but shall be carried forward into the next year for the same purposes.

An unencumbered surplus fund of \$30,000 was allowed in previous drafts but in order to adjust the amount of surplus needed in relation to the size of individual counties, a percentage of the amount to be raised by taxation each year to reduce the tax levy was strongly recommended. Based upon this recommendation, 10% was generally agreed upon and inserted in section 408.

CONCLUSION

The Legislative Research Committee of the 103rd Legislature in presenting the following Act relating to county estimates and finances, for your earnest consideration, respectfully wishes to express their wholehearted support of this particular bill, for it has been the subject of much deliberation and will serve as a major step in the development of sound fiscal policies at the county level which cannot help but to improve a legislative image and lead to a restoration of faith or public confidence in the financial administration of county government.

AN ACT Relating to County Estimates and Finances:

Be it enacted by the People of the State of Maine, as follows:

Sec. 1. R. S., T. 30, § 252, repealed and replaced. Section 252 of Title 30 of the Revised Statutes, as amended by chapters 299 and 426, both of the Public Laws of 1967, is repealed and the following enacted in place thereof:

§252. Annual estimates for county taxes; penalty

In order to assess a county tax, county commissioners, at their regular session next before the first day of each January in which the Legislature meets, shall prepare estimates of the sums necessary to defray the expenses which have accrued or may probably accrue for one year from said day, including the building and repairing of jails, courthouses and appurtenances, with the debts owed by their counties and like estimates for the succeeding year, and after newspaper notice, written notices of which shall be transmitted by registered or certified mail with return receipt requested to the clerk of each municipality in said county and to each member of the Legislature of said county, hold a public hearing thereon in the county, and the county tax for both said years shall be granted by the Legislature separately at the same session.

Such estimates shall be drawn so as to authorize the appropriations to be made to each department or agency of the county government for each year of the biennium. Such estimates shall provide specific amounts for personal services, contractual services, commodities, debt service and capital expenditures. Said estimates shall be made on such forms and in such manner as shall be approved by the State Department of Audit.

A copy of such forms shall be transmitted to the county commissioners of each county by the chairman of the legislative delegation of such county. The originals of such forms shall be on file in the office of the Secretary of State.

Whenever any specific appropriation of a department or agency of county government shall prove insufficient to pay the required expenditures for the statutory purposes for which

such appropriation was made, the county commissioners may, upon the written request of such department or agency, transfer from any other specific line appropriation of the same department or agency an amount as required to meet such expenditure, provided that such request shall bear the written approval of the county commissioners.

There is established a contingent account in each county in an amount not to exceed \$50,000. Such funds as are available to each county may be used for this purpose. This fund shall be used for emergency purposes only at the discretion of the county commissioners. At the end of each fiscal year there shall be transferred from unencumbered county funds an amount sufficient to restore the established county contingent account.

Any transfers between specific line categories or from the contingent account shall be certified by the county commissioners within 30 days to the State Department of Audit.

Any agent or officer who shall willfully violate this section shall be punished by a fine of not more than \$500 or by imprisonment for not more than 6 months, or by both.

Sec. 2. R. S., T. 30, § 401, repealed and replaced. Section 401 of Title 30 of the Revised Statutes is repealed and the following enacted in place thereof:

§ 401 County audit

Every county shall have an audit made of its accounts annually covering the last complete fiscal year by the State Department of Audit.

Sec. 3. R. S., T. 30, § 402, repealed. Section 402 of Title 30 of the Revised Statutes is repealed, as follows:

~~§ 402. - Androscoggin County contingent account-~~

~~There is established a contingent account for Androscoggin County. - The county commissioners of Androscoggin County, after public hearing, may allocate from such contingent account amounts not to exceed in total the sum of \$15,000 in any fiscal year. - Such allocations may be made to meet any expense necessarily incurred under any requirement of~~

~~law. Said county commissioners shall determine the necessity for such allocations. At the close of each fiscal year there shall be transferred from county funds an amount sufficient to restore the county contingent account to \$15,000.~~

Sec. 4. R. S., T. 30, § 403, repealed. Section 403 of Title 30 of the Revised Statutes is repealed, as follows:

~~§ 403. Capital reserve accounts~~

~~Section 5201, subsections 1 and 2, and section 5202, which contain the capital reserve account provisions for municipalities, apply equally to counties. The county commissioners have the powers and duties of municipal officers.~~

Sec. 5. R. S., T. 30, § 408, amended. Section 408 of Title 30 of the Revised Statutes, as repealed and replaced by chapter 415 of the public laws of 1967, is amended to read as follows:

§ 408. Surplus funds

The county commissioners of any county shall use the unexpended balances and the actual revenue in excess of estimates from the previous fiscal year to reduce the tax levy in the ensuing year and restore the contingent account to the limit as set by the county commissioners.

Any unexpended balance of capital expenditures shall not lapse but shall be carried forward into the next year to be expended for the same purposes.

As of January 1, 1969 and each January 1st thereafter, the county commissioners of any county shall use unencumbered surplus funds in excess of 10% of the amount to be raised by taxation each year to reduce the tax levy.

EQUIPMENT

Item of Equipment	No. of Units	Estimated Cost of Equipment					
		Unit Cost	Est. Useful Life	New	Replacement	New	Replacement
TOTAL							

SUPPORTING INFORMATION
Give reasons for any increase or decrease

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