

BUDGETING FOR LARGER ENTITIES

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Starting Point

- The Tax Budget (*Attachment 1*)
 - The Start point of the upcoming year's budget process
 - Done in July and submitted to the County (there are counties that wave this requirement)
 - Greater individual fund detail is required for the General fund, the Bond Retirement fund and any other funds that receive general property tax revenue.



Filling in the Tax Budget

- For the Funds receiving property taxes and are shown at a greater level of detail:
 - The City will fill in the actual for the immediate preceding calendar year. The estimate for the current calendar year and the estimate for the upcoming calendar year.
 - Revenues will have estimates for property taxes, local government and "Other"
 - The total estimated expenditures plus encumbrances then reduce the total estimated revenues to come up with an ending unencumbered fund balance as of the end of the following year.



Filling in the Tax Budget

- For all other funds (those not receiving local taxes):
 - Focuses just on the upcoming calendar year that is being forecasted.
 - All other funds are listed. Beginning estimated unencumbered fund balance (column 1) plus total estimated receipts (column 2) equals resources available for expenditure (column 3). The final column represents the estimated expenditures and encumbrances the entity anticipates for the upcoming calendar year. (*Attachment: Statement of Budget Analysis and Cash Summary By Fund*)



Certificate of Estimated Resources

- The Tax Budget allows the City Auditor to finish the request for an Official Certificate of Estimated Resources for the upcoming calendar year (usually in August or early September)
- Once this Certificate is received, this notifies the City of the anticipated revenues the home County has certified for the upcoming calendar year.
- This allows City Council to then begin the expense side of the budgeting process since they have a blue print for the anticipated revenues. (*Attachment: Original Certificate*)



Anticipating Revenues

- The City will look at different factors for anticipating revenues for the upcoming year to include:
 - Passage of new levies or tax increases
 - Changes in rates
 - The opening or closing of any businesses within City
 - Large shifts in population demographics
 - New revenue sources (impound lots, collection of bed taxes; ref: ORC 5739.08, VSP; ref: ORC 1332.21)
 - Grants for projects or to pay for safety services or to purchase vehicles.
 - Trend analysis either up or down.



2nd Phase of Budgeting

- Departmental Supervisors are asked to present a 5 year capital budget forecast. (*example: Police Department Forecast*)
- Every September, the City begins their initial discussions on the upcoming year's budget.
- The initial discussions are held with the following Administrative Personnel:
 - Mayor, Service Director, City Auditor, City Council and the Department Heads.
 - The Department Supervisors are assigned individual meeting times (Budget Hearings) for October to meet with City Council on a one-on-one basis. These are public meetings.



Time Study

- A major part of the Entity's upcoming budget deals with the assigning of employee costs to the areas where the employee works.
- This is accomplished through an annual time study (*attachment 2*) started in September and due to the City Auditor by October 1st.
- Criteria of importance have been determined for the different departments and is logged. Percentages are then determined for the split of the employees wages and benefits.



Budget Hearings

- In October, the budget hearings (initial) include the individual Department Head, Administration, City Auditor, & City Council.
- Department Heads voice their "Wish List" for the upcoming year to City Council.
- By the end of October, a second meeting is held with the Department Heads with the intention of trimming down the "Wish List", focusing more on needs than wants. (*Attachment: Police Capital Budgets*)
- The final budget hearings are then scheduled for the Department Heads for November.



Budget Hearings

- The final budget hearings taking place in November last anywhere from 15 minutes to 1.5 hours, per department, depending on the complexity of the department.
- Department Heads make their final push on their Wish List for the upcoming year with City Council then determining that Department's final Budget.
- The City Auditor then prepares the "Final Budget" document for presentation to City Council for passage either at the end of November or the beginning of December.



Getting the System Updated

- Now that the City has their estimated revenues and appropriations set, the City Auditor is charged with getting the accounting system updated for the upcoming calendar year.
- The System budget column for both the revenues and appropriations should match exactly to the officially received/passed documents (certificates of estimated resources and appropriations).




System Functionality

- Our accounting software allows all Department Supervisors have live access to their assigned budget at all times.
- Department Supervisors are responsible for tracking their spending and have the flexibility to make budget adjustments between objects to avoid violations. If any expenses in total are on pace to exceed appropriations, this will require action from City Council to make adjustments.
- The City Auditor is always alerted when adjustments are made or are needed



System Functionality

The following screen shots are intended to demonstrate how the system flow works for the City Administration and Department Heads





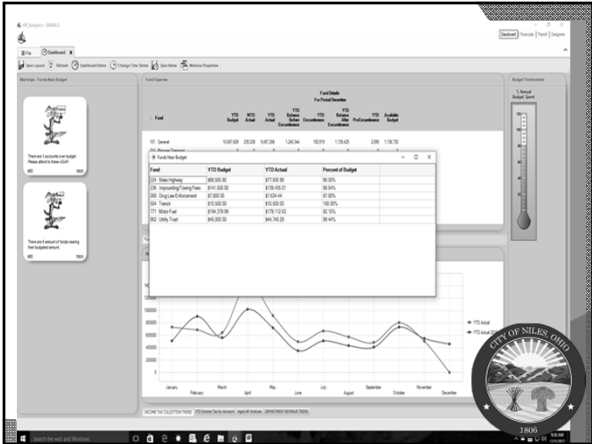


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