

BUDGETING BASICS

Preparing a Budget for Small Governments

DAWN FITZCHARLES

PUBLIC SERVICE: ROLE OF BUDGET

- "Public service is both an honor and challenge"- Dave Yost, Auditor of State
- Increasing role in public service delivery
- Criteria by which services are monitored, measured and evaluated

01 BUDGET PURPOSE

- Itemized summary of probable expenditures and revenues for a given period
- Local Government budget means different things to different groups
- Taxpayers view budgets in terms of overall spending and increase in taxes
- Analysts evaluate historical data and develop charts to identify trends in revenues and expenses
- Local government administration (Fiscal Officer) utilizes the budget as a governing blueprint for the upcoming year

01 WHY IS A BUDGET IMPORTANT?



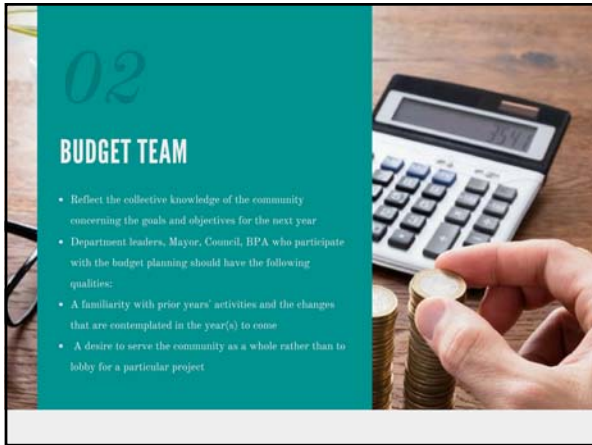
01
SMALL GOVERNMENTS

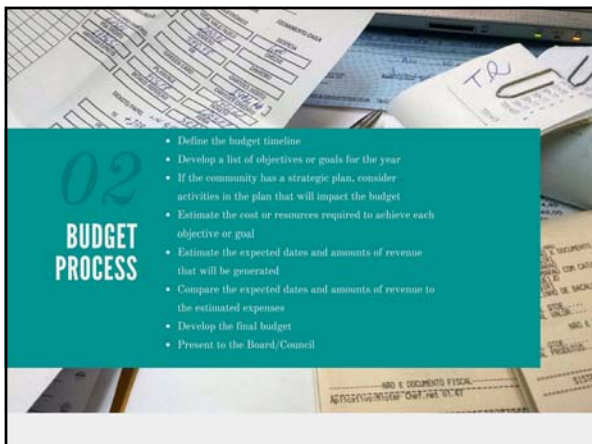
- Struggle continually with maintaining and improving their community operations, especially during today's uncertain economy
- A well-planned budget focus's on the primary goals and objectives of the community and provides financial and programmatic adaptability -- key ingredients to maximize community sustainability
- This presentation was written to present theories and practicalities of budgeting for the small government. It is hypothetical and assumptions are that the government has multiple fund types and revenue sources

HAVING A BUDGET CAN HELP YOU:

- Budget for Cash Flow
- Make long and short-term projections about your financial situation
- Avert a financial crisis
- Get the most from public funds
- Plan for major financial changes
- Achieve peace of mind
- Plan for capital expenditures
- Plan for changes
- Define assumptions and conclusions



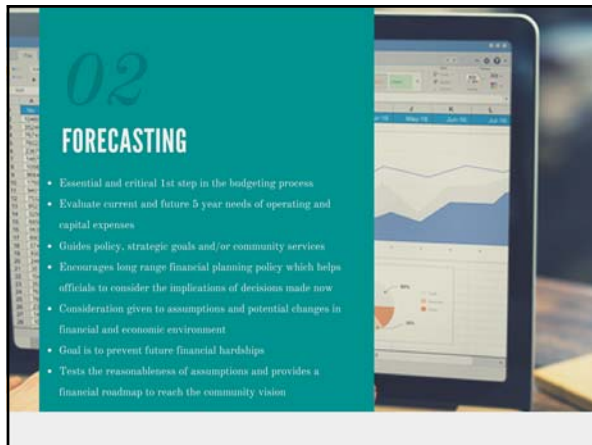






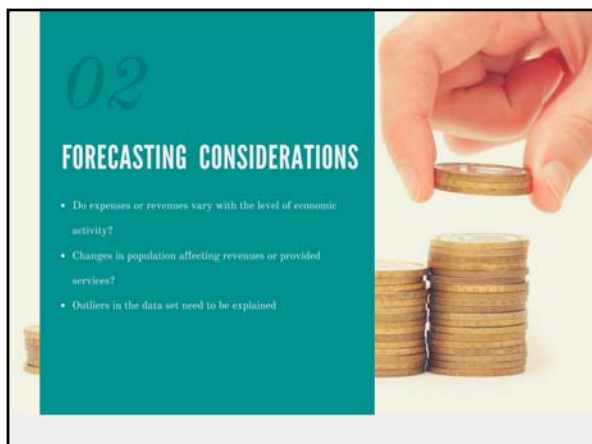
02 BUDGET PROCESS

- More than projecting receipts and disbursements!
- More than an annual report!
- The local government budget provides a financial plan for the officials and taxpayers that identifies operating information that is considered essential to the successful management and operation of the community- "make do with less"
- Continuity in process promotes the evaluation of priorities and future needs and the process must be constantly monitored.
- A statement of community goals and expectations- whether implied or expressly announced.
- The budget is the most important managerial tool available to local governments.



02 FORECASTING

- Essential and critical 1st step in the budgeting process.
- Evaluate current and future 5 year needs of operating and capital expenses.
- Guides policy, strategic goals and/or community services.
- Encourages long range financial planning policy which helps officials to consider the implications of decisions made now.
- Consideration given to assumptions and potential changes in financial and economic environment.
- Goal is to prevent future financial hardships.
- Tests the reasonableness of assumptions and provides a financial roadmap to reach the community vision.



02 FORECASTING CONSIDERATIONS

- Do expenses or revenues vary with the level of economic activity?
- Changes in population affecting revenues or provided services?
- Outliers in the data set need to be explained.

02 FORECASTING

Comparative Statements

Village of Eggert
Cash Summary 2018
General Fund

Line Code	Description	Actual		Actual		Actual		Actual		Estimate of		Estimate of	
		2014	2015	2016	2017	2018	Total	Change	2018	Percentage	2018	Percentage	
101-0000-00111	Road State	14,421.22	14,421.22	45,581.44	11,218.12		71,240.88		0%	60,000.00	84%	11,240.88	19%
101-0000-00112	Town Tax	815.00	800.00	1,000.00	1,000.00		3,615.00		0%	3,600.00	99%	15.00	0%
101-0000-00113	Vehicle Sales Tax	148,492.29	48,231.85	88,971.14	105,829.95		343,525.23		0%	340,000.00	99%	3,525.23	1%
101-0000-00114	Income Tax	495,926.26	754,474.80	898,731.99	902,829.25		3,052,822.30		0%	3,000,000.00	98%	52,822.30	2%
101-0000-00121	Local Government Fund	41,340.58	43,201.45	43,385.21	58,212.40		103,141.24		0%	98,000.00	95%	5,141.24	5%
101-0000-00122	Cigarette License	887.73	823.00	823.00	823.00		3,336.73		0%	3,300.00	99%	36.73	1%
101-0000-00123	Tax Levy Reimbursement	0.00	0.00	0.00	2,819.18		2,819.18		0%	0.00	0%	2,819.18	100%
101-0000-00124	Local and State Revenue	1,873.20	3,313.80	1,874.50	4,114.50		9,976.00		0%	10,000.00	100%	(23.00)	0%
101-0000-00125	Real Estate Personal Property	4,245.00	12,313.07	4,245.00	4,114.50		24,917.57		0%	24,900.00	99%	17.57	0%
101-0000-00147	Grant Community Grant	0.00	0.00	0.00	0.00		9,500.00		100%	0.00	0%	9,500.00	0%
101-0000-00151	Interest Expense	0.00	0.00	0.00	0.00		0.00		0%	0.00	0%	0.00	0%
101-0000-00152	Interest Revenue	38.00	38.00	18.00	0.00		9.00		125%	30.00	333%	(21.00)	(233%)
101-0000-00161	Fines and Penalties	8,832.00	4,263.00	3,379.12	4,817.00		21,281.12		0%	24,000.00	113%	(2,718.88)	-11%
101-0000-00171	Transfer Fees	18,187.75	18,188.00	18,192.00	18,192.00		72,761.75		0%	72,700.00	99%	61.75	0%
101-0000-00172	Building Permits	140.00	140.00	140.00	140.00		560.00		0%	550.00	98%	10.00	2%
101-0000-00181	Grant	4,188.00	2,800.00	4,188.00	4,176.00		16,752.00		0%	16,800.00	101%	(48.00)	-0%
101-0000-00182	Debt	4,276.20	3,430.00	3,292.00	4,800.00		15,798.20		0%	15,800.00	100%	(1.80)	0%
101-0000-00183	Interest Expense	1,164.27	1,219.87	9,822.00	4,291.25		16,497.39		0%	15,500.00	94%	997.39	6%
101-0000-00184	Contributions & Donations	12,800.00	7,800.00	800.00	80.00		21,480.00		0%	21,400.00	99%	80.00	0%
101-0000-00185	Refunds and Reimbursements	48,108.44	8,817.72	28,198.82	18,827.00		100,952.00		100%	0.00	0%	100,952.00	0%
101-0000-00191	Transfer In	0.00	0.00	0.00	384.00		384.00		100%	0.00	0%	384.00	0%

5 Year Future

02 CAPITAL PLANNING

By Department

Village of Eggert Proposed Plan
May 19, 2018
Funds by Department

Department	2018	2019	2020	2021	2022
Administration	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Police	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Fire	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Public Works	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Public Safety	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Public Works	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Public Safety	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Public Works	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Public Safety	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Public Works	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00

By Fund

03 ANNUAL APPROPRIATIONS

03 ANNUAL APPROPRIATIONS

- Legal Authority to spend money
- Set of decisions made by the governing board
- Matches the government's resources with needs

APPROPRIATION SPECIFICS

- Prepare with time to consider, question and change the budget
- Organized into fund accounts that separate receipts and expenditures by source, purpose, function and organizational unit
- Enacted on or about January 1 each year
- Three types- temporary, limitations, contingencies
- Appropriation ordinance can be amended or supplemented
- At year end, all unexpended balances revert to their respective funds, subject to future appropriations (carry over balances)

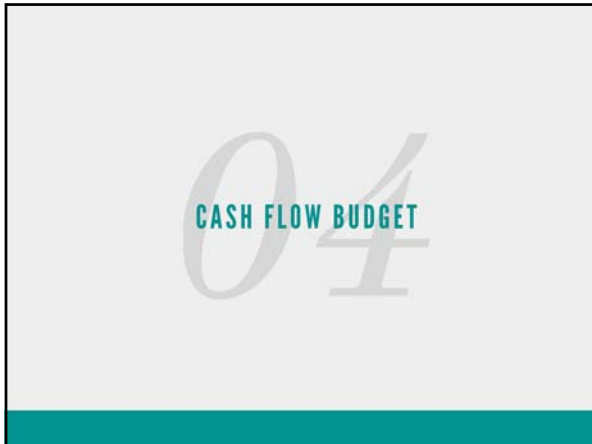
03 ANNUAL APPROPRIATIONS

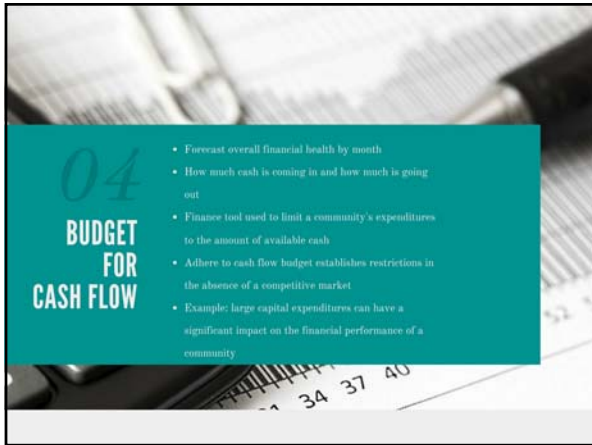
Statement of Operating Expenses

THE LAKE AND EDUCATION TRUST OF OHIO 2023 APPROPRIATIONS		Capital Expenditures for Permanent Improvements	
	Fund 2023		By Fund
Operating Expenses		By Major Fund	
Operating Expenses and Projects	200,000	2000	200,000
Personnel Services	100,000	2010	100,000
Professional Services	50,000	2020	50,000
Travel	20,000	2030	20,000
Contractual Services	30,000	2040	30,000
Miscellaneous	0	2050	0
Fund Transfer of Program and Project	0	2060	0
Public Works and Utilities	0	2070	0
Other	0	2080	0
Total	300,000	2090	300,000
Total	300,000	2100	300,000
Total	300,000	2110	300,000
Total	300,000	2120	300,000
Total	300,000	2130	300,000
Total	300,000	2140	300,000
Total	300,000	2150	300,000
Total	300,000	2160	300,000
Total	300,000	2170	300,000
Total	300,000	2180	300,000
Total	300,000	2190	300,000
Total	300,000	2200	300,000
Total	300,000	2210	300,000
Total	300,000	2220	300,000
Total	300,000	2230	300,000
Total	300,000	2240	300,000
Total	300,000	2250	300,000
Total	300,000	2260	300,000
Total	300,000	2270	300,000
Total	300,000	2280	300,000
Total	300,000	2290	300,000
Total	300,000	2300	300,000
Total	300,000	2310	300,000
Total	300,000	2320	300,000
Total	300,000	2330	300,000
Total	300,000	2340	300,000
Total	300,000	2350	300,000
Total	300,000	2360	300,000
Total	300,000	2370	300,000
Total	300,000	2380	300,000
Total	300,000	2390	300,000
Total	300,000	2400	300,000
Total	300,000	2410	300,000
Total	300,000	2420	300,000
Total	300,000	2430	300,000
Total	300,000	2440	300,000
Total	300,000	2450	300,000
Total	300,000	2460	300,000
Total	300,000	2470	300,000
Total	300,000	2480	300,000
Total	300,000	2490	300,000
Total	300,000	2500	300,000
Total	300,000	2510	300,000
Total	300,000	2520	300,000
Total	300,000	2530	300,000
Total	300,000	2540	300,000
Total	300,000	2550	300,000
Total	300,000	2560	300,000
Total	300,000	2570	300,000
Total	300,000	2580	300,000
Total	300,000	2590	300,000
Total	300,000	2600	300,000
Total	300,000	2610	300,000
Total	300,000	2620	300,000
Total	300,000	2630	300,000
Total	300,000	2640	300,000
Total	300,000	2650	300,000
Total	300,000	2660	300,000
Total	300,000	2670	300,000
Total	300,000	2680	300,000
Total	300,000	2690	300,000
Total	300,000	2700	300,000
Total	300,000	2710	300,000
Total	300,000	2720	300,000
Total	300,000	2730	300,000
Total	300,000	2740	300,000
Total	300,000	2750	300,000
Total	300,000	2760	300,000
Total	300,000	2770	300,000
Total	300,000	2780	300,000
Total	300,000	2790	300,000
Total	300,000	2800	300,000
Total	300,000	2810	300,000
Total	300,000	2820	300,000
Total	300,000	2830	300,000
Total	300,000	2840	300,000
Total	300,000	2850	300,000
Total	300,000	2860	300,000
Total	300,000	2870	300,000
Total	300,000	2880	300,000
Total	300,000	2890	300,000
Total	300,000	2900	300,000
Total	300,000	2910	300,000
Total	300,000	2920	300,000
Total	300,000	2930	300,000
Total	300,000	2940	300,000
Total	300,000	2950	300,000
Total	300,000	2960	300,000
Total	300,000	2970	300,000
Total	300,000	2980	300,000
Total	300,000	2990	300,000
Total	300,000	3000	300,000

By Department

Classified by Object





04
BUDGET
FOR
CASH FLOW

- Forecast overall financial health by month
- How much cash is coming in and how much is going out
- Finance tool used to limit a community's expenditures to the amount of available cash
- Adhere to cash flow budget establishes restrictions in the absence of a competitive market
- Example: large capital expenditures can have a significant impact on the financial performance of a community



CASH FLOW:
WHAT'S IN
IT FOR ME?

- Attention to comparison of Budgeted vs. Actual
- Provides a benchmark to progress
- Allows for effective decision making
- Maintaining cash flow budget determines whether cash balances remain sufficient to fulfill budgeted obligations and balances meet minimum requirements
- 6 month minimum fund balance

04 BUDGET FOR CASH FLOW

Budgeted
Amount vs.
Current Cash
Balance

By Fund

Village of Bremen Cash Flow Budget - 2016 General Fund	Actual	Actual	Actual	Actual	Estimate of	Estimate of
	Revised Expenditures	Revised Expenditures	Revised Total	Revised Total	Revised Expenditures	Revised Expenditures
New Codes Description	2015	2015	2016	2017	2016	2016
101-7000-0100 Income Tax Operating M & S	\$71.30	715.67	\$6.00	\$1.00	\$15.00	\$5.00
101-7000-0101 Income Tax Refunds	\$,477.13	\$,877.89	10,100.00	8,800.00	11,200.00	7%
101-7700-0210 US Govt Accounting & Legal Fees	0.00	0.00	1,200.00	1,440.00	2,000.00	0%
101-7700-0216 Auditing Fees	11,601.00	12,176.00	9,000.00	8,800.00	10,000.00	8%
101-7700-0217 Electrical Expenses	400.00	200.00	300.00	-	400.00	0%
101-7700-0218 Auditor and Treasurer Fees	2,741.30	1,888.00	1,378.18	1,814.02	2,000.00	2%
101-7800-0001 Fire Commissioner Other M & S	1.00	0.00	2,200.00	1,166.76	1,500.00	2%
101-8000-0202 Transfers	203,888.82	197,987.71	267,881.71	199,100.48	205,000.00	-80%
Total Expenditures	773,784.41	871,165.84	828,800.21	798,053.48	879,212.00	
Variance	\$,234.36	\$62,208.76	\$32,794.28	\$45,391.48	\$19,767.00	303,390.00
Estimated Beginning Fund Balance %1	1,030,898.30	1,088,820.71	\$3,878.01	\$61,038.42	\$68,447.89	1,054,214.89
Estimated Ending Fund Balance 12/31	1,031,132.66	\$2,077,641.42	\$7,776.01	\$112,076.90	\$137,214.89	1,066,651.89
Months of carry over	12	1	8	12	12	8

05 BUDGET REVISIONS

05 APPROPRIATION REVISIONS

- Annual Ordinance may be amended or supplemented
- Appropriation may not be reduced below the amount needed to cover outstanding obligations

