PUBLIC
SERVICE:
ROLE
OF
BUDGET

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

BUDGET PURPOSE

- Biennial summary of probable expenditures and revenues for a given period
- Local government budgets mean different things to different groups
- Taxpayers view budgets in terms of overall spending and increase in taxes
- Analysis contains historical data and trend charts to identify trends in revenue and expenses
- Local government administrators (Fiscal Officer) utilize the budget as a governing blueprint for the operating year
01
WHY IS A BUDGET IMPORTANT?

01
SMALL GOVERNMENTS

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

02 BUDGET TEAM

- Reflect the objectives of the community
- Discuss the goals and objectives for the next year
- Department leaders, Mayor, Council, IPAs, who participate
- With the budget planning should have the following qualities:
  - A familiarity with prior year’s activities and changes that occurred in the previous year
  - A desire to serve the community as a whole rather than to benefit their particular project

02 BUDGET PROCESS

- Define the budget criteria
- Develop a list of objectives or goals for the year
- If the community has a strategic plan, consider activities in the plan that will impact the budget
- Estimate the cost or resources required to achieve each objective or goal
- Estimate the expected dates and amounts of revenue that will be received
- Compare the expected dates and amounts of revenue to the estimated expenses
- Develop the final budget
- Present to the Board/Council
02 BUDGET PROCESS
- More than projecting revenues and disbursements
- More than an annual report
- Real (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 "made to work".
- Continuity in process ensures the evaluation of priorities and future needs; and the process can be continually modified.
- A statement of community goals and expectations whether implied or expressly articulated.
- The budget is the most important managerial tool to local governments.

02 FORECASTING
- Essential and critical first step in the budgeting process
- Evaluate current and forecast 5 year trends of operating and capital expenses
- Guides policy, strategic goals and or community services
- Forecasts long-range financial planning policy which helps officials to consider the implications of decisions made now in the future
- Encourages growth management and prevent change in financial and economic environment
- Helps to prevent future financial hardships
- Helps the responsiveness of management and provides financial readiness to meet the community issues

02 FORECASTING CONSIDERATIONS
- Do expenses or revenues vary with the level of economic activity?
- Changes in population affecting revenues or provided services?
- Omissions in the data are noted to be explained.
APPROPRIATION SPECIFICS
• Prepare with time to consider, question and change the budget.
• Organised into fund accounts that separate receipts and expenditures by source, purpose, function and organizational unit.
• Exacted 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).
CASH FLOW BUDGET

- Forecast overall financial healthy status
- How much cash is coming in and how much is going out
- Planner tool used to limit a community’s expenditures to the amount of available cash
- Allows to ask if the budget maximizes revenue 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

By Fund

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Original Amount</th>
<th>Revised Amount</th>
<th>Variance</th>
<th>Variance %</th>
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</thead>
<tbody>
<tr>
<td>Fund A</td>
<td>$100,000</td>
<td>$105,000</td>
<td>$5,000</td>
<td>5%</td>
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<tr>
<td>Fund B</td>
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<td>($5,000)</td>
<td>-2.5%</td>
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<tr>
<td>Fund C</td>
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<td>$310,000</td>
<td>$10,000</td>
<td>3.3%</td>
</tr>
</tbody>
</table>

05
BUDGET REVISIONS

05
APPROPRIATION REVISIONS

- Annual Deficiency may be extended or supplemented
- Appropriation may not be reduced below the current level to cover outstanding obligations
"A budget is telling your money where to go instead of wondering where it went."

— JAY BUNSET

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BUDGET RESOURCES

- Oula Village Officer Handbook
- Oula Training Officer Handbook

THANKS SO MUCH!
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