

# AFTER BUDGET ADOPTION

May 10<sup>TH</sup>, 2017

# AFTER BUDGET ADOPTION

- Budget Administration-as important as approving Budget
  - Reasons
    - Ensure Budget goals and objectives of governing body are met
    - Ensure sound financial condition of City
    - To comply with legal requirements
    - Maintain internal control within organization
  - Components of Budget administration
    - Oversight by Person responsible for Budget administration and Compliance

# AFTER BUDGET ADOPTION

- Good Financial Reporting system that includes Budget Controls
- Monthly Financial reports issued to each department for their review and action if required
- Periodic meetings with Departments to discuss their expenditures and possible changes to the Budgets
- Budget vs actual projections during year for Revenues and expenditures
  - Methods of projections
    - » Spreadsheets using historic trends
    - » Prior years expenditures
- Periodic reports to Governing Body on Status of Budget

# AFTER BUDGET ADOPTION

- PURPOSE OF A BUDGET
  - REQUIRED BY LAW(RSMO)
  - PROVIDES OPPORTUNITY FOR SHORT-TERM AND LONG-TERM PLANNING
  - PROVIDES CONTROLS FOR SPENDING
  - INSURES FINANCIAL STABILITY
  - TIES GOALS AND OBJECTIVES TO FINANCIAL PLANNING
  - GIVES SNAPSHOT OF CITY FINANCES

# AFTER BUDGET ADOPTION

- RELATES DOLLARS SPENT TO PERFORMANCE MEASURES
- PROVIDES PUBLIC INPUT OPPORTUNITY ON SPENDING PLAN
- ADOPTION OF BUDGET
  - CULMINATION OF MANY MONTHS OF EFFORTS
  - PROVIDES CITY STAFF WITH SPENDING PLAN FOR THE NEXT YEAR

# AFTER BUDGET ADOPTION

- PROVIDES PUBLIC WITH INFORMATION ON CITY WORK PLAN AND SPENDING FOR THE COMING YEAR
- PROVIDES A FINANCIAL SNAPSHOT OF THE CITIES CURRENT FINANCIAL CONDITION(DEFICIT/NO DEFICIT) TO INTERESTED PARTIES
- PROVIDES OPPORTUNITY TO EVALUATE EFFECTIVENESS AND EFFICIENCY OF PROVIDING SERVICES(PERFORMANCE MEASURES)

# AFTER BUDGET ADOPTION

- AFTER ADOPTION
  - PROVIDES CONTROLS TO ENSURE CITY LIVES WITHIN ITS "MEANS"
  - PROVIDES OPPORTUNITY TO ANALYZE EXPENDITURE AND REVENUE PATTERNS
  - PROVIDES A BASIS FOR LONG- RANGE FINANCIAL PROJECTIONS
  - PROVIDES OPPORTUNITY TO EVALUATE SUCCESS IN MEETING GOALS AND OBJECTIVES

# AFTER BUDGET ADOPTION

- PROVIDES PERFORMANCE MEASURES FROM WHICH CITY MAY JUDGE EFFICIENCY AND EFFECTIVENESS OF PROVIDING CITY SERVICES



# AFTER BUDGET ADOPTION

- CONTROLS

- BUDGET PROVIDES CONTROLS TO LIMIT EXPENDITURES WITHIN LEGALLY AUTHORIZED AMOUNTS

- DEPARTMENTS SHOULD RECEIVE MONTHLY EXPENDITURE AND TRANSACTION REPORTS
    - FINANCE STAFF SHOULD CHECK ACCOUNT BALANCES PRIOR TO APPROVING EXPENDITURES
    - FINANCE STAFF SHOULD CHECK PERSONNEL AUTHORIZATION PRIOR TO ADDING NEW PERSONNEL
    - ALL CAPITAL PURCHASES SHOULD BE CHECKED AGAINST THE BUDGET AMOUNTS

# AFTER BUDGET ADOPTION

- ACCOUNTING SYSTEM CAN ASSIST WITH CONTROLS
  - PROVIDES DEPARTMENTS WITH ACCESS TO DETERMINE AVAILABILITY OF FUNDS
  - ALLOWS DEPARTMENTS TO SUBMIT REQUISITIONS AND PURCHASE ORDERS ELECTRONICALLY
  - PROVIDES REAL TIME FEED BACK OF AVAILABILITY OF FUNDS
- BUDGET WORKSHEETS ASSIST WITH CONTROL DETAIL
- BUDGET SERVES AS IMPORTANT INTERNAL CONTROL

# AFTER BUDGET ADOPTION

- BUDGET AMENDMENTS
  - REQUIRED FOR UNFORSEEN AND UNANTICIPATED EXPENDITURES
  - REVENUES SHOULD BE ADJUSTED ALSO
  - SHOULD BE DONE AS OFTEN AS NEEDED
  - SHOULD BE DONE **PRIOR** TO OVER EXPENDITURE

# AFTER BUDGET ADOPTION

- BUDGET ANALYSIS OF REVENUE AND EXPENDITURE TRENDS
  - FINANCIAL STATEMENTS SHOULD BE REVIEWED AT LEAST MONTHLY WITH THE DEPARTMENTS. SIGNIFICANT VARIANCES AND OTHER TRENDS SHOULD BE COMMUNICATED.
  - FINANCIAL STATEMENTS SHOULD BE REVIEWED WITH THE CITY ADMINISTRATOR AND CITY COUNCIL QUARTERLY.
  - QUARTERLY RESULTS SHOULD BE COMMUNICATED TO THE CITIZENS VIA WEBSITE OR NEWSLETTER

# AFTER BUDGET ADOPTION

- MAJOR REVENUE SOURCES SHOULD BE ANALYZED MONTHLY TO IDENTIFY POTENTIAL VARIANCES THAT REQUIRE ADJUSTMENT(SPREADSHEETS)
- TRENDS IN BOTH REVENUES AND EXPENSES THAT SIGNIFICANTLY IMPACT THE BUDGET SHOULD BE ADDRESSED

	2005	2006	2007	2008	2009	TREND ANALYSIS		
<b>BUDGET</b>	1,400,000	1,377,000	2,025,000	2,300,000	2,430,000	MONTHLY	CUMM	
<b>Actual Revenues</b>								
JULY	152,440	204,703	250,195	247,482	204,361	10.02%	10.02%	1,059,180
AUGUST	166,448	276,979	273,490	290,472	274,123	12.13%	22.15%	1,281,512
SEPTEMBER	161,514	277,396	301,295	306,879	346,995	13.19%	35.35%	1,394,079
OCTOBER	142,782	244,274	244,786	271,022	246,508	10.88%	46.22%	1,149,373
NOVEMBER	120,955	152,890	147,810	165,394	159,368	7.06%	53.29%	746,416
DECEMBER	106,052	132,207	136,175	139,073	142,187	6.21%	59.49%	655,693
JANUARY	118,766	146,665	144,841	159,154	157,916	6.88%	66.38%	727,341
FEBRUARY	124,710	146,832	146,618	164,929	166,445	7.09%	73.47%	749,533
MARCH	116,043	134,257	156,932	161,346	158,271	6.88%	80.35%	726,848
APRIL	111,689	137,258	140,691	149,404	151,830	6.54%	86.89%	690,874
MAY	109,191	129,014	140,520	139,559	149,288	6.32%	93.21%	667,571
JUNE	100,689	125,749	164,845	153,984	172,476	6.79%	100.00%	717,741
<b>TOTAL</b>	<b>1,531,278</b>	<b>2,108,223</b>	<b>2,248,196</b>	<b>2,348,697</b>	<b>2,329,768</b>	<b>100.00%</b>		<b>10,566,162</b>
<b>Actual % Budget</b>	<b>109.38%</b>	<b>153.10%</b>	<b>111.02%</b>	<b>102.12%</b>	<b>95.88%</b>			

<b>CURRENT PROJECTIONS</b>	<b>2010 BUDGET</b>	<b>2010 ACTUAL</b>	<b>MONTHLY DIFF</b>	<b>CUMM DIFF</b>	<b>YEAR END PROJECTION</b>	<b>EXCESS (Shortfall)</b>
JULY	245,595	266,864	21,269	21,269	2,662,177	212,177
AUGUST	297,147	304,197	7,050	28,319	2,577,834	127,834
SEPTEMBER	323,248	280,785	-42,463	-14,144	2,409,984	-40,016
OCTOBER	266,508	256,003	-10,505	-24,649	2,396,675	-53,325
NOVEMBER	173,073	161,115	-11,958	-36,607	2,381,304	-68,696
DECEMBER	152,037	141,123	-10,914	-47,522	2,370,124	-79,876
JANUARY	168,650	159,293	-9,357	-56,879	2,364,311	-85,689
FEBRUARY	173,796	182,172	8,376	-48,502	2,383,985	-66,015
MARCH	168,536	182,723	14,187	-34,315	2,407,293	-42,707
APRIL	160,194		-160,194	-194,510	2,226,141	-223,859
MAY	154,791		-154,791	-349,301	2,075,243	-374,757
JUNE	166,424		-166,424	-515,725	1,934,275	-515,725
<b>TOTAL</b>	<b>2,450,000</b>	<b>1,934,275</b>	<b>-515,725</b>		<b>1,934,275</b>	

**YEAR END PROJECTION:**

<b>YTD + PR YEAR BALANCE</b>	<b>\$2,732,585</b>
<b>STATISTICAL ANALYSIS</b>	<b>\$2,364,311</b>
<b>2009 Projection</b>	<b>\$2,548,448</b>

# AFTER BUDGET ADOPTION

- ALLOWS OPPORTUNITIES TO REVIEW FEES AND CHARGES FOR APPROPRIATENESS
- USE BUDGET ANALYSIS AS BASIS FOR 5 YEAR PROJECTIONS OF REVENUES AND EXPENDITURES
  - ALLOWS LONG RANGE FINANCIAL PLANNING



# AFTER BUDGET ADOPTION

- ALLOWS FOR PROACTIVE RATHER THAN REACTIVE STRATEGY TO DEAL WITH FINANCIAL ISSUES
- HELPS PROVIDE FOR LONG –TERM FINANCIAL STABILITY

# AFTER BUDGET ADOPTION

- ALLOWS OPPORTUNITIES TO REVIEW PROGRESS IN ACHIEVING GOALS AND OBJECTIVES
  - REVIEW PROGRESS WITH DEPARTMENTS IN MEETING GOALS AND OBJECTIVES AT LEAST QUARTERLY
  - REPORT ON MEETING GOALS AND OBJECTIVES AT LEAST ANNUALLY TO CITY COUNCIL

# AFTER BUDGET ADOPTION

- CONSIDER ISSUING ANNUAL REPORT CARD TO CITIZENS
- DEVELOP METHOD OF RECEIVING INPUT ON CITY GOALS AND OBJECTIVES
- CITIZEN SURVEYS, CITY COMMITTEES, AND WARD MEETINGS CAN BE USEFUL

# AFTER BUDGET ADOPTION

- PROVIDES OPPORTUNITY TO EVALUATE EFFICIENCY AND EFFECTIVENESS OF PROVIDING CITY SERVICES THROUGH PERFORMANCE MEASURES
  - IMPLEMENT SYSTEM TO CONTINUOUSLY DEVELOP AND EVALUATE PERFORMANCE MEASURES
  - ENSURE RELEVANCY OF PERFORMANCE MEASURES
  - MONITOR COLLECTION OF PERFORMANCE DATA

# AFTER BUDGET ADOPTION

- Meet with departments at least quarterly to discuss performance measurement data
- Compare performance data to appropriate Benchmarks indicators
- Prepare an annual report on performance results for city council
- Make available performance reports to citizens through newsletter and/or or web-site

# After budget adoption

- Begin next year's budget preparation
  - Review prior year's process to determine any improvements or modifications required
  - Review prior years comments from GFOA budget reviews
  - Review budget best practices GFOA
  - Review other city's budgets

# AFTER BUDGET ADOPTION

- QUESTIONS?????