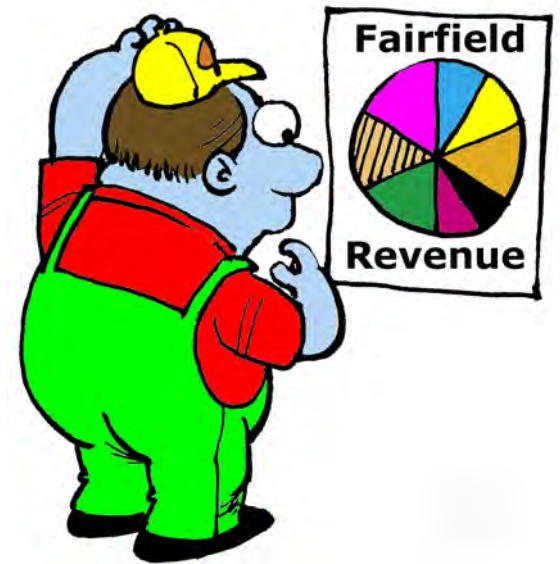


Municipal Government Budget Training



Why are we here talking about this?



A major responsibility of local elected officials, especially town or city council members, is to “appropriate funds” – in other words, to adopt and maintain a budget.

(UCA 10-3-1210)

To Do List –

- ✓ **What is a budget and what do those ridiculous words used mean?**
- ✓ **What is the budget process?**
- ✓ **Questions to consider about the budget.**
- ✓ **Things to know about budgets, revenue and expenditures.**
- ✓ **Amending the budget.**
- ✓ **Questions to consider about budget amendments.**
- ✓ **Thoughts about capital projects.**
- ✓ **What major obstacles face local budgets?**

Exactly, what is a Budget?

More than a mere
accounting of revenue
and expenses

A reflection of policy priorities
of elected officials.



A financial operating plan

*A tool for communicating with the public
about how their money is spent.*

Budget Terms

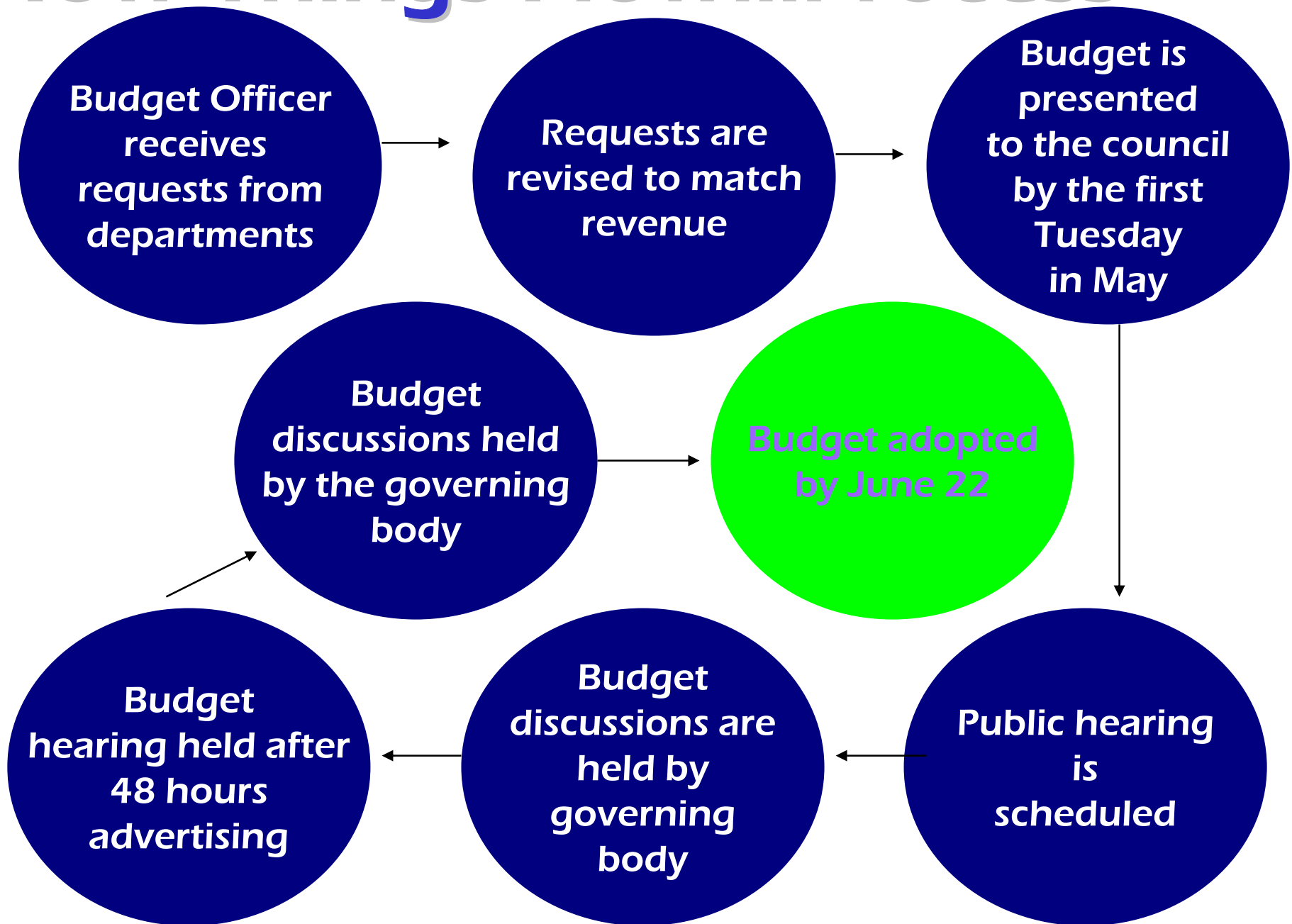


- Budget Officer
- Fiscal Year
- Budget Year
- Governing Body

- General Fund
- Enterprise Funds
- Special Revenue Funds
- Capital Improvement Funds

- Capital Project
- Capital Outlay

How Things Flow...Process



Dates and Durations

- Budget must be adopted prior to **June 22**.
- If budget involves a property tax increase, a public hearing on the increase must be held prior to **August 17**.
- Budget hearing must be advertised **7 days in advance in cities and 48 hours in advance in towns**.

Important Stuff to Know

Why are expenses and/or revenue increasing and/or decreasing?

Are revenue estimates realistic?

How is one-time money used in the budget?

Do fees cover the costs of services?

Have alternative service delivery options been evaluated?

Other Important Stuff to Know

- Expenses must equal revenue, except in enterprise funds where you can have a profit and/or a loss.

- All unexpended funds, except capital improvement funds, lapse to respective fund balances on June 30.
- One-time money should only be spent on one-time expenditures.

- A town's fund balance cannot exceed 75% of projected revenue
- A city's fund balance cannot exceed 18% of projected revenue

Ahhh...Revenue

Projecting Revenue is:

Part Science

Part Art

Part Philosophy

Part Luck

GOAL: Some revenue sources exceed projections by similar amounts that other revenue sources lag behind projections.

Basic Local Government Revenue in Utah

Sales Tax

Property Tax

Franchise Tax

Other Taxes

Fees

Things that sway revenue

The economy

The weather

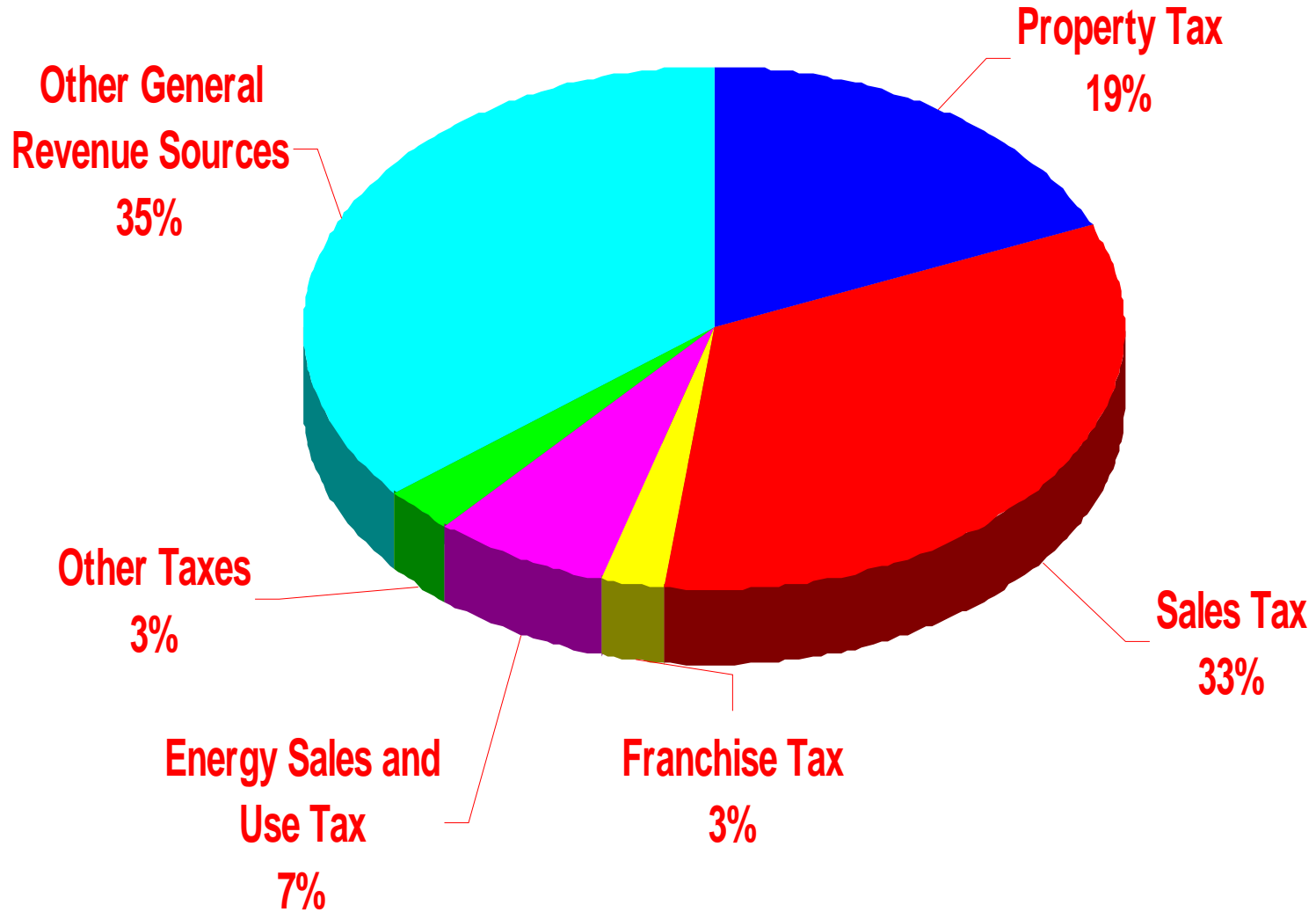
**Utility rate
changes**

**County
Reappraisals**

Politics



Revenue Challenges...



And Now, Expenditures

Often much
easier than
projecting
revenue

Largest area of
expenditure in
local
government is
often personnel
services

*Over expenditure can be
difficult to correct unless
identified early*

Things that sway expenses

Legal judgments

Infrastructure failure

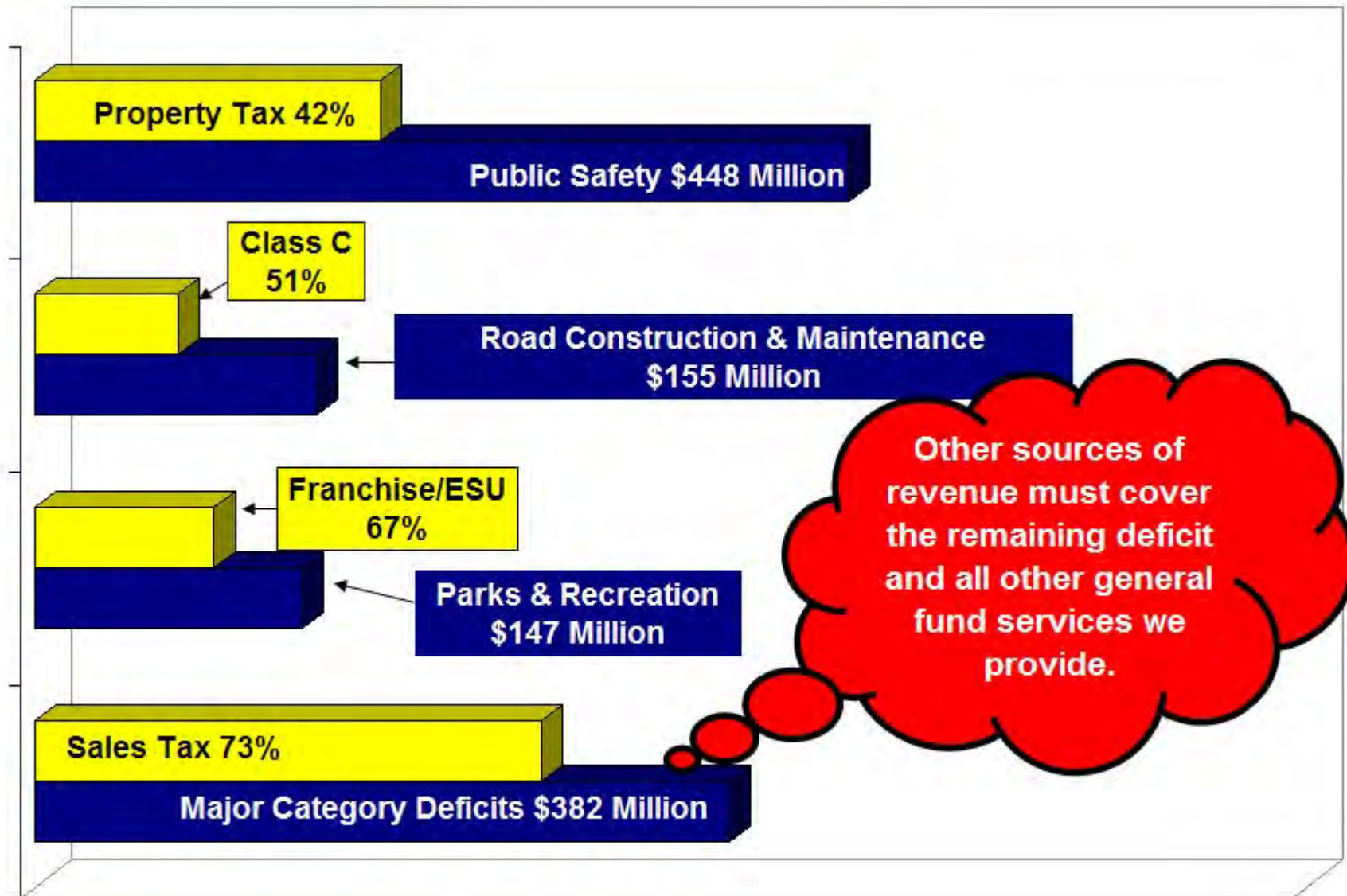
Unique opportunities

Natural disasters

Federal or state mandates



Expenditure Challenges...



Can We Change It?

Council Amendments

- Between appropriation levels
- department to department
- fund to fund
- increase overall expenditures
- increase overall revenue
- new capital project
- allocation of new staff

Administrative Amendments

- Within appropriation levels
- Within a department
- Within a fund
- increase/decrease budget for a capital project

Yes, we can.

How Do We Change It?

Council Amendments

- **Advertise for 48 hours in towns and 7 days in cities**
- **Hold a public hearing**
- **Make the changes**
- **Update accounting system**

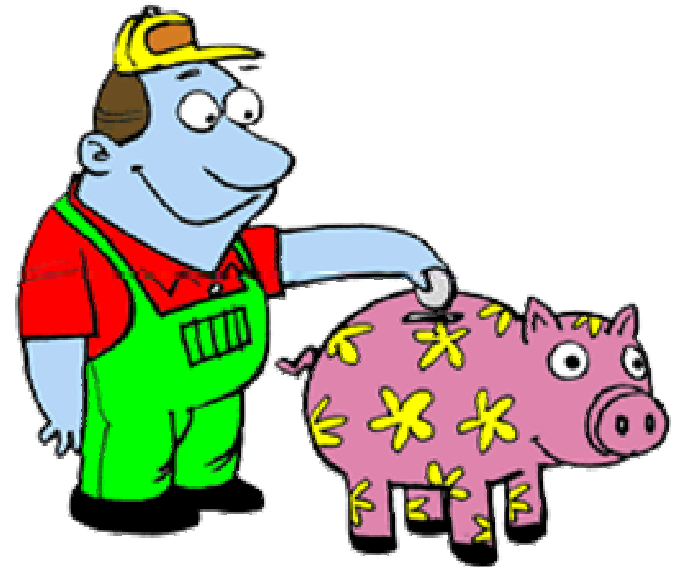
Administrative Amendments

- **Make the decision**
- **Update the accounting system**

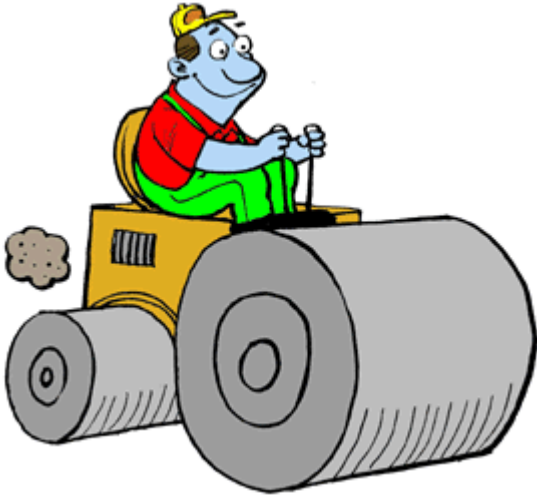
Budget Amendment

Questions?

- Is the requested amendment consistent with the policy direction set forth in the budget?
- What is the downside of not amending the budget, but rather, making the adjustment in the next budget cycle?



Capital Project Thoughts...



**New projects
must be
approved by
the
governing
body.**

**Ask for periodic
updates of
actual versus
projected
expenditures
for capital
projects.**

Conclusion

**Don't approve
what you don't
understand**

**Budget actions
should make logical
sense**

**Call
For
help**