


Spring 2022 TML Budget Workshop 1


EXPENDITURES AND FINANCIAL REPORTING

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Types of Expenditure Budgets

- Expenditure budgets come in many forms
 - Incremental budget
 - Zero-based budget
 - Program or service-specific budget
- There is no wrong way
- Size doesn't matter
- Pick the appropriate one for your organization

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Horseshoes and Hand Grenades

- Budgets do not have to be 100% accurate
- The tolerance for inaccuracy depends upon a variety of things
 - Reserve levels within each fund
 - Governing body's acceptance of "errors"
 - Amendment process
- Concentrate on largest items and significant categories

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Personnel Costs

- Personnel costs make up 65% - 75% of most budgets
- Easy to predict with reasonable accuracy
- Create a personnel calculator that includes
 - Salaries / Wages
 - Overtime
 - Taxes
 - Retirement
 - Insurance

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Personnel Calculator

Position by Division	1010 Salary Wages	1070 Overtime	1210 Retirement/ TMRs	1220 F.I.C.A.	1230 Group Ins. Health/Dent	1240 Life AD&D EAP/Dent	1240 Workers Comp.	1250 T.W.C.	TOTAL
Police Officer	59,963	2,890	6,524	4,587	9,775	315	1,252	135	85,441
Police Officer	59,963	2,890	6,524	4,587	7,129	315	1,252	135	82,795
Police Officer	59,963	2,890	6,524	4,587	7,129	315	1,252	135	82,795
Police Officer	71,277	2,890	8,231	5,845	7,129	315	1,488	135	102,443
Police Officer	73,058	2,890	8,639	6,146	7,129	315	1,525	135	107,118
Police Officer	73,058	2,890	8,399	5,969	7,129	315	1,525	135	104,390
Police Officer	62,998	2,890	6,916	4,876	7,129	315	1,315	135	87,520
Police Officer	64,573	2,890	7,287	5,150	7,129	315	1,348	135	91,572
Police Officer	59,963	2,890	6,524	4,587	7,129	315	1,252	135	82,795
Police Officer	64,573	2,890	7,343	5,191	-	315	1,348	135	85,074
Police Officer	59,963	2,890	6,524	4,587	7,129	315	1,252	135	82,795
Police Officer	62,998	2,890	6,854	4,830	9,551	315	1,315	135	89,033
Police Officer	64,573	2,890	7,574	5,361	-	315	1,348	135	97,696
Police Officer	64,573	2,890	7,654	5,420	-	315	1,348	135	88,615
Police Officer	59,963	2,890	6,524	4,587	7,129	315	1,252	135	82,795
Police Officer	64,573	2,890	7,535	5,332	-	315	1,348	135	87,255
DIVISION TOTAL	1,814,636	72,250	203,901	144,747	154,209	7,875	37,890	3,315	2,616,965
Division FTE Total =	1,892,120	72,250	203,910	144,750	162,090	7,890	37,890	3,380	2,616,960

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Debt Service

- Debt service can be another substantial portion of the annual budget
- Payment schedules are created when bonds are sold
- Principal and interest should be included even in proprietary funds like utilities

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Debt Service

	Payment	Principal	Interest	Principal Balance
9/30/2021				\$ 10,233,400
FY 2022	1,172,657	831,675	340,982	9,401,725
FY 2023	1,188,169	875,387	312,792	8,526,338
FY 2024	1,197,049	914,100	282,949	7,612,238
FY 2025	1,198,571	947,812	250,759	6,664,426
FY 2026	1,198,555	981,525	217,030	5,682,901
FY 2027	1,199,424	1,015,238	184,186	4,667,663
FY 2028	1,152,674	1,002,663	150,011	3,665,000
FY 2029	1,044,400	930,000	114,400	2,735,000
FY 2030	1,037,050	955,000	82,050	1,780,000
FY 2031	588,400	535,000	53,400	1,245,000
FY 2032	587,350	550,000	37,350	695,000
FY 2033	585,850	565,000	20,850	130,000
FY 2034	68,900	65,000	3,900	65,000
FY 2035	66,950	65,000	1,950	-
Grand Total	\$ 12,285,999	\$ 10,233,400	\$ 2,052,599	\$ -

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Capital Replacement Plans

- GFOA recommends a written policy addressing capital asset reserves for the renewal and replacement of assets
- Annual contributions ensure funding is available when assets must be replaced in the future
- It also smooths the budgetary effect of acquisitions
- Don't forget to evaluate contributions regularly

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Tips for Budgeting Other Expenditures

- Use your general ledger to predict trends
 - Use averages to determine typical expenditure levels
 - Remove any one-time items
 - Adjust for seasonality if necessary
 - Determine historical growth rates
- Identify any large variances between years
 - What are the causes?
 - Will it continue or was it one-time?
- Avoid the “what-if” factor

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Supplies

- These accounts often have variable factors that determine the cost
- Examples include:
 - Fuel
 - Chemicals
 - Utilities
- Predict the variable factors using historical volume and updated costs per unit

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Maintenance

- Maintenance accounts can be difficult to predict due to the unknown nature of the expenditure (AKA “stuff happens”)
 - Streets, water, and sewer maintenance
 - Vehicle and building maintenance
- Budget typical expenditures for routine maintenance, amending the budget for unusual or substantial items

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		Budget		Actual		Current Year Actual (Year-to-Date) as a % of	Prior Year Actual
		Annual	Year-to-Date	Year-to-Date ¹	Current Quarter	Annual Budget	Year-to-Date
General Government							
City Council	\$	205,950	\$ 51,488	\$ 75,192	\$ 75,192	37%	\$ 25,775
City Manager's Office		1,199,440	299,860	127,266	127,266	11%	126,530
Public Information		60,500	15,140	13,120	13,120	22%	22,583
Retail Development		44,650	11,163	9,558	9,558	21%	8,239
Finance		378,810	94,703	83,138	83,138	22%	95,668
Human Resources		297,730	74,433	71,524	71,524	24%	52,066
Legal		238,900	59,740	40,865	40,865	20%	55,234
Other Costs		-	-	-	-	-	106,201
Total General Government		2,426,100	606,525	428,673	428,673	18%	491,344
Public Safety							
Police-Administration		373,780	93,445	73,865	73,865	20%	86,198
Police-Operations		3,090,620	772,655	735,648	735,648	24%	721,150
Police-Support Services		1,629,580	409,895	318,997	318,997	19%	253,800
Police-Accident Control		105,400	25,890	53,081	53,081	51%	54,409
Police-Civil Enforcement		80,960	20,240	16,085	16,085	20%	17,220
Fire Suppression		2,956,950	739,213	652,202	652,202	22%	622,455
Total Public Safety		8,245,190	2,041,298	1,849,878	1,849,878	22%	1,755,792

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Annual Financial Reporting

- Cities should strive to prepare an Annual Comprehensive Financial Report (ACFR)
- It provides accountability and stewardship
- It allows some comparability to other communities
- It may be required to meet continuing disclosure requirements for debt that has been issued
- However...
 - It must be completed timely
 - The audience is limited

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If Your City Doesn't Prepare an ACFR

- You should still prepare financial statements using GAAP
- Those financial statements should still be audited
- As an elected official, I would want to see
 - The auditor's opinion
 - Fund financial statements
 - Long-term debt schedules
- If your town's finances are not audited, I would demand on seeing check registers and current bank reconciliations

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Annual Reporting to Other Agencies

- Compliance report to MSRB/EMMA
- Debt report
- Hotel occupancy tax report
- Tax increment financing report
- Economic development corporation report
- Chapter 380/381 report
- Eminent domain report

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*“Live everyday like it was your last one
and one day you’re gonna be right”*


Live Every Day
by Willie Nelson / Buddy Cannon

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Any Questions?

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