

Post-Adoption Budget Changes

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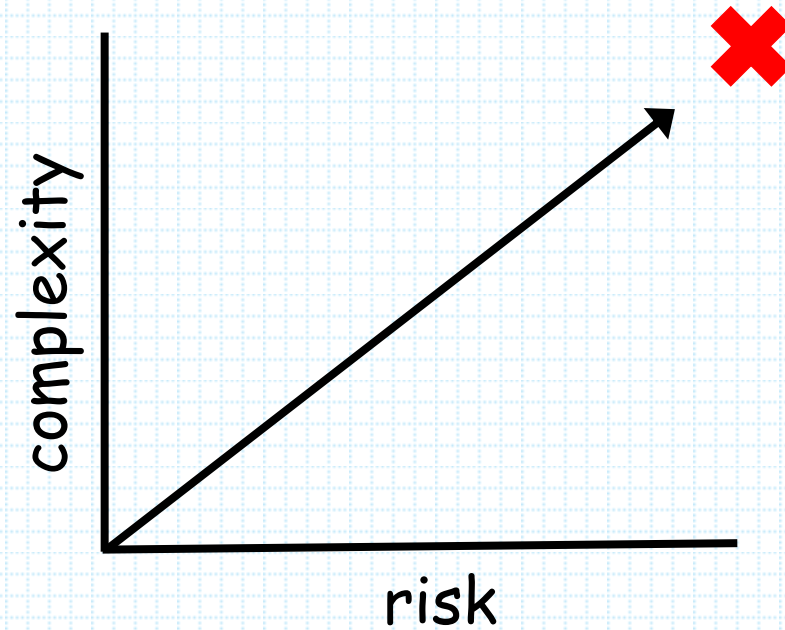
Executive Director

Tax Supervising and Conservation Commission

What I'll cover

- Four methods of changing appropriations
- When and how to use each
- Examples

Why it matters



introduction



introduction



introduction

Quick review

- Object Classifications
- Expenditures
- Appropriations
- Allocations

Line items roll up to *Object Classifications*

| Object Classifications |
|-------------------------------|
| Personnel Services |
| Materials and Services |
| Capital Outlay |
| Debt Service |
| Special Payments |
| Transfers out |
| Contingency |
| Ending Fund Balance |

Expenditures: cash leaving the organization to pay for liabilities

| Expenditures | |
|---------------------|------------------------|
| Expenditures | Personnel Services |
| | Materials and Services |
| | Capital Outlay |
| | Debt Service |
| | Special Payments |
| Non-Expenditures | Transfers out |
| | Contingency |
| | Ending Fund Balance |

Appropriations: authority to spend money

| Appropriations | |
|-----------------------|------------------------|
| Appropriations | Personnel Services |
| | Materials and Services |
| | Capital Outlay |
| | Debt Service |
| | Special Payments |
| | Transfers out |
| | Contingency |
| Un-Appropriated | Ending Fund Balance |

Allocations: organizing some expenditures into organizational units or programs

| Allocations | |
|--------------------|------------------------|
| Allocated | Personnel Services |
| | Materials and Services |
| | Capital Outlay |
| Unallocated | Debt Service |
| | Special Payments |
| | Transfers out |
| | Contingency |
| | Ending Fund Balance |

General Government Requirements

| | | | |
|-----------------|---------------------|------------------------|-----------------------------|
| Appropriations | Expenditures | Personnel Services | Allocated (to Org Units) |
| | | Materials and Services | |
| | | Capital Outlay | |
| | Non-Expenditures | Debt Service | Not Allocated |
| | | Special Payments | |
| Transfers out | | | |
| Un-Appropriated | Contingency | | |
| | Ending Fund Balance | | |

Four methods to change appropriations after budget adoption

- Appropriation Resolution
- Transfer Resolution
- Supplemental Budget
- Supplemental Budget with Hearing

four methods

Post Adoption Budget Changes
Connecting Increased Financial Impact to Public Participation

| | Appropriation Resolution | Transfer Resolution | Supplemental Budget | Supplemental Budget with Hearing | |
|-------------------|--|----------------------------|----------------------------|---|--|
| Hearing | | | | Required | Increased Public Participation -----> |
| Notice | | | Required | Required | |
| Resolution | Required | Required | Required | Required | |
| | Increased Financial Impact -----> | | | | |

accountability

Use an appropriation resolution to:

- Create an appropriation for an unanticipated donation or grant that was given for a specific purpose
- Increase appropriations for unanticipated expenditures funded by unanticipated non-tax revenue

appropriation resolution

Create appropriations for a specific purpose donation

**Recognize receipt of a \$500,000 donation
"for the purpose of building a swimming pool"**

| <u>General Fund</u> | <u>Existing</u> | <u>Change</u> | <u>Adjusted</u> |
|-----------------------------|-----------------|---------------|-----------------|
| Resources: | | | |
| Donations | \$- | \$500 | \$500 |
| Requirements: | | | |
| Administration | \$400 | \$- | \$400 |
| Police | 1,900 | - | 1,900 |
| Library | 400 | - | 400 |
| Recreation | 120 | 500 | 620 |
| Transfer Out | 50 | - | 50 |
| Contingency | <u>500</u> | <u>-</u> | <u>500</u> |
| Total Appropriations | \$3,370 | \$500 | \$3,870 |

appropriation resolution

Increase appropriations using non-tax revenues

Recognize \$200,000 in non-tax revenue to fund unanticipated expenditures

| | <u>Existing</u> | <u>Change</u> | <u>Adjusted</u> |
|-----------------------------|-----------------|---------------|-----------------|
| Total Resources: | \$2,000 | \$200 | \$2,200 |
| Requirements: | | | |
| Administration | \$400 | \$- | \$400 |
| Police | 1,200 | 200 | 1,400 |
| Transfers Out | 100 | - | 100 |
| Contingency | <u>300</u> | <u>-</u> | <u>300</u> |
| Total Appropriations | \$2,000 | \$200 | \$2,200 |

appropriation resolution

Use a transfer resolution to:

- Move existing appropriations between existing categories
- Move contingency of less than 15% of appropriations
- To transfer appropriations to another fund
- To close out a fund and transfer balances

transfer resolution

Move appropriations between existing categories

| Increase Police appropriations by transferring \$100,000 from Administration appropriations | | | |
|--|-----------------|----------------|-----------------|
| <u>General Fund</u> | <u>Existing</u> | <u>Change</u> | <u>Adjusted</u> |
| Administration | \$400 | \$(100) | \$300 |
| Police | 1,900 | 100 | 2,000 |
| Library | 400 | - | 400 |
| Transfer Out | 50 | - | 50 |
| Contingency | <u>500</u> | <u>-</u> | <u>500</u> |
| Total Appropriations | \$3,250 | \$- | \$3,250 |

transfer resolution

Move contingency of less than 15% of appropriations

Increase Library appropriations by transferring \$50,000 out of Contingency

| <u>General Fund</u> | <u>Adopted</u> | <u>Change</u> | <u>Adjusted</u> |
|-----------------------------|-------------------|--------------------|-------------------|
| Administration | \$400 | \$- | \$400 |
| Police | 1,900 | - | 1,900 |
| Library | 400 | 50 | 450 |
| Transfer Out | 50 | - | 50 |
| Contingency | <u>500</u> | <u>(50)</u> | <u>450</u> |
| Total Appropriations | \$3,250 | \$- | \$3,250 |

Contingency transfer as a % of adopted appropriations

1.5%

transfer resolution

Transfer appropriations to another fund

Transfer \$200,000 of appropriations from the General Fund to the Water Fund

| <u>General Fund</u> | <u>Existing</u> | <u>Change</u> | <u>Adjusted</u> |
|----------------------|-----------------|---------------|-----------------|
| Administration | \$2,000 | \$(200) | \$1,800 |
| Transfer Out* | - | <u>200</u> | <u>200</u> |
| Total Appropriations | \$2,000 | \$- | \$2,000 |

| <u>Water Fund</u> | <u>Existing</u> | <u>Change</u> | <u>Adjusted</u> |
|------------------------------|-----------------|---------------|-----------------|
| Resources: Transfer In | \$- | \$200 | \$200 |
| Requirements: Capital Outlay | \$300 | \$200 | \$500 |

*Transfers Out are the only appropriation category that can be created without a supplemental budget.

Close out a fund and transfer balances.

| Eliminate the GO Bond Debt Service Fund and transfer \$20,000 remnant to General Fund | | | |
|--|-----------------|---------------|-----------------|
| <u>GO Bond Debt Service Fund</u> | <u>Existing</u> | <u>Change</u> | <u>Adjusted</u> |
| Transfers Out | \$- | \$20 | \$20 |
| <hr/> | | | |
| <u>General Fund</u> | <u>Existing</u> | <u>Change</u> | <u>Adjusted</u> |
| Transfers In | \$- | \$20 | \$20 |
| Contingency | \$500 | \$20 | \$520 |

transfer resolution

Use a supplemental budget to:

- Create a new appropriation category
- Increase appropriations up to 10% of fund expenses
- Move contingency in excess of 15% of adopted budget appropriations

supplemental budget

Create new appropriation category

**Create new org unit and appropriations for it
by reducing Police appropriations by \$100,000**

| <u>General Fund</u> | <u>Existing</u> | <u>Change</u> | <u>Adjusted</u> |
|-----------------------------|-----------------|---------------|-----------------|
| Administration | \$400 | \$- | \$400 |
| Police | 1,900 | (100) | 1,800 |
| Library | 400 | - | 400 |
| Recreation | - | 100 | 100 |
| Transfer Out | 50 | - | 50 |
| Contingency | <u>500</u> | <u>-</u> | <u>500</u> |
| Total Appropriations | \$3,250 | \$- | \$3,250 |

supplemental budget

Increase appropriations up to 10%

**Recognize \$200,000 in unanticipated tax revenue
and increase appropriations**

| | <u>Existing</u> | <u>Change</u> | <u>Adjusted</u> |
|-----------------------------|-----------------|---------------|-----------------|
| Total Resources: | \$2,500 | \$200 | \$2,700 |
| Requirements: | | | |
| Administration | \$400 | \$- | \$400 |
| Police | 1,200 | 150 | 1,350 |
| Library | 500 | 50 | 550 |
| Transfers Out | 100 | - | 100 |
| Contingency | <u>300</u> | <u>-</u> | <u>300</u> |
| Total Appropriations | \$2,500 | \$200 | \$2,700 |
| Expenditure Increase | | 9.5% | |

supplemental budget

Move contingency in excess of 15% of adopted budget appropriations

| Increase Police Appropriations by transferring \$500,000 out of Contingency | | | |
|--|-------------------|---------------------|-----------------|
| <u>General Fund</u> | <u>Adopted</u> | <u>Change</u> | <u>Adjusted</u> |
| Administration | \$400 | \$- | \$400 |
| Police | 1,900 | 500 | 2,400 |
| Library | 400 | - | 400 |
| Transfer Out | 50 | - | 50 |
| Contingency | <u>500</u> | <u>(500)</u> | <u>-</u> |
| Total Appropriations | \$3,250 | \$- | \$3,250 |
| Contingency transfer as a % of Adopted Appropriations | | 15.4% | |

supplemental budget

Use a supplemental budget with hearing to:

- Create a new fund
- Increase or decrease appropriations by more than 10% of fund expenses

supplemental budget with hearing

Create a new fund

| Transfer \$200,000 from General Fund to create a new fund | | | |
|--|------------------------|----------------------|------------------------|
| <u>General Fund</u> | <u>Existing</u> | <u>Change</u> | <u>Adjusted</u> |
| Administration | \$2,000 | \$- | \$2,000 |
| Transfer Out | - | 200 | 200 |
| Contingency | <u>500</u> | <u>(200)</u> | <u>300</u> |
| Total Appropriations | \$2,500 | \$- | \$2,500 |
| <hr/> | | | |
| <u>Vehicle Replacement Fund</u> | <u>Existing</u> | <u>Change</u> | <u>Adjusted</u> |
| Resources: Transfer In | \$- | \$200 | \$200 |
| Requirements: Capital Outlay | \$- | \$200 | \$200 |

supplemental budget with hearing

Increase expenditures by more than 10%

**Recognize \$300,000 in unanticipated tax revenue
and increase appropriations for unforeseen occurrence.**

| <u>General Fund</u> | <u>Existing</u> | <u>Change</u> | <u>Adjusted</u> |
|-----------------------------|-----------------|---------------|-----------------|
| Total Resources: | \$2,500 | \$300 | \$2,800 |
| Requirements: | | | |
| Administration | \$400 | \$- | \$400 |
| Police | 1,200 | 250 | 1,450 |
| Library | 500 | 50 | 550 |
| Transfers Out | 100 | - | 100 |
| Contingency | <u>300</u> | <u>-</u> | <u>300</u> |
| Total Appropriations | \$2,500 | \$300 | \$2,800 |
| Expenditure Increase | | 14.3% | |

supplemental budget with hearing

Increase expenditures by more than 10%

**Recognize receipt of a \$300,000 donation
"for the City Council to use as it deems worthy"**

| <u>General Fund</u> | <u>Existing</u> | <u>Change</u> | <u>Adjusted</u> |
|-----------------------------|-----------------|---------------|-----------------|
| Resources: | | | |
| Donations | \$- | \$300 | \$300 |
| Requirements: | | | |
| Administration | \$400 | \$- | \$400 |
| Police | 1,900 | - | 1,900 |
| Library | 400 | - | 400 |
| Recreation | 120 | 300 | 420 |
| Transfer Out | 50 | - | 50 |
| Contingency | <u>500</u> | <u>-</u> | <u>500</u> |
| Total Appropriations | \$3,370 | \$300 | \$3,670 |
| Expenditure Increase | | 10.6% | |

supplemental budget with hearing

Each of the four methods come with prescribed accountability tools

accountability

Public Action (Resolution)



Notice

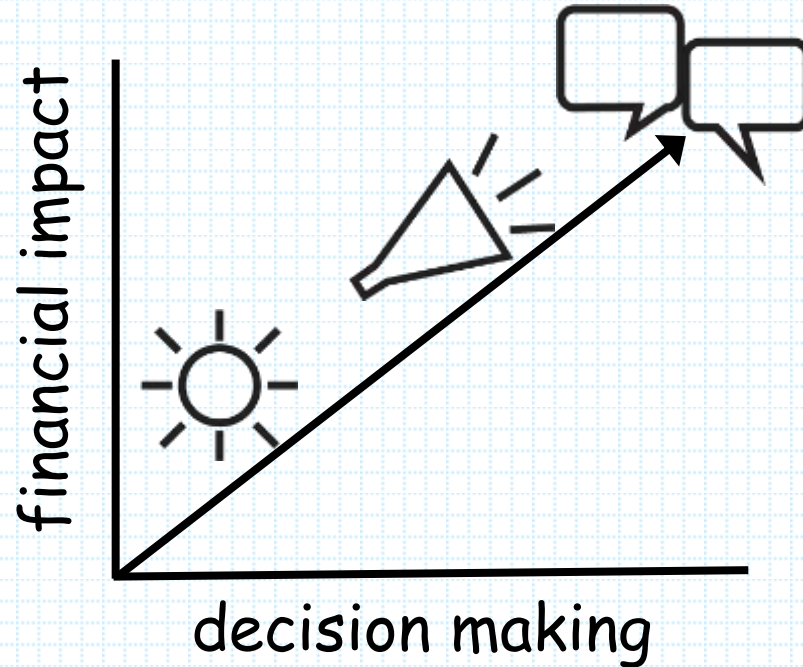


Public Hearing



accountability

Each of the four methods come with prescribed accountability tools



accountability

Post Adoption Budget Changes
Connecting Increased Financial Impact to Public Participation

| | Appropriation Resolution | Transfer Resolution | Supplemental Budget | Supplemental Budget with Hearing | |
|-------------------|--|----------------------------|----------------------------|---|--|
| Hearing | | | | Required | Increased Public Participation -----> |
| Notice | | | Required | Required | |
| Resolution | Required | Required | Required | Required | |
| | Increased Financial Impact -----> | | | | |

accountability

