

# City of Mesa

## Budget Estimate Modification Process FY 2014/15 Examples

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Presented by the Office of Management and Budget



# Overview of Process

- Adopted budget sets the maximum that the city can spend during the fiscal year
  - FY 14/15 maximum is \$1.34 billion
- The city tracks revenues and expenses using various codes such as Department, Activity, Unit, Fund/Subfund, Object . . .
- At the time of adoption, estimated resources needed to provide services are allocated to the various codes
- Actual expenses can vary from the original estimate

# Better Management Tools

- The process for budget modification has not changed but the tools available have significantly improved
- New financial system allows for better day-to-day management of allocated resources
- Estimates are able to be updated in real time, usually same day, without losing the original allocation amounts
- OMB uses the year-to-date actual expenditures and the revised budget estimates to project year-end expenditures

# Authorization to Spend

- Modifications to budget estimates do not change the authority needed to expend the funds
- Changes to positions or additions of fleet vehicles must be approved by the City Manager's Office
- Purchases and contracts must follow City/State policy and be approved by the City Council
- The adopted budget sets the annual maximum expenditure amount that can be spent by the City

# Budget Amendments/Modifications

- All requested modifications are reviewed for funding availability, alignment with City Council strategic initiatives and the needs of the City
- Some requests must be reviewed by OMB and approved by the City Manager's Office: budget adjustments between departments or between funds, additional positions or vehicles, increase in needed resources
- Regardless of the reason for the modification, the net estimated expense budget must remain at or below the expense budget adopted by the City Council.

# Examples of Modification Types

- 1) A department needs to move funding between different units, activities or object type within their department.
- 2) A department needs to move funding between an operating fund and a capital fund or change the funding source of an item.
- 3) A department needs to move funding from their department to a different department because roles/responsibilities have changed.
- 4) The budget estimate includes carryover funding for items that ended up being received in the prior year. The carryover funding is removed from the department.

# Examples of Modification Types

- 5) The budget estimate includes a grant that is not awarded or an intergovernmental agreement that is not entered into. The funding is removed from the department. A department receives a grant that was not anticipated. Funding is added to the department.
- 6) A department experiences unexpected costs and cannot cover them within their budget allocation.
- 7) A department experiences or anticipates higher activity that results in both increased revenues and increased expenses. A department submits a business plan for increasing activities/expenses and funding the increase with an anticipated increase in revenue.

# Example of Modification types

- 8) An error occurred during the initial budget allocation and needs to be corrected.
- 9) The annual allocation for a Capital Improvement Program (CIP) or Lifecycle project needs to be modified.
- 10) The method of allocating costs or tracking of expenditures is modified during the fiscal year.

Attachment 1 contains a listing of the budget estimate modifications that have been reviewed by OMB and approved in FY 14/15. Modifications that move funding within a department or between departments are not included.

A summary report is distributed to the City Manager's Office each month.



