

MEMORANDUM



Finance Department

DATE: September 7th, 2022
TO: **Management Team**
CC: Gene Brazel, City Administrator
Brett Gailey, Mayor
FROM: Barb Stevens, Finance Director
SUBJECT: **2023 Budget Instructions**

Good afternoon! I have put together the initial budget for 2023 based on current economic conditions, and anticipated revenues. This budget includes the current staffing levels, current programs, and current levels of service only.

This year the budget will be slightly different than in prior years. At the direction of Council, we will begin budgeting on a Department level. You will still need to include a line-item budget for entry into our financial budgeting system, but you will be held only to the budget within your entire Department. This means, if you intend to spend more in some line items, but less in others, as long as you don't go over you total Department amount, you will not be considered over budget, and you will not need to request an amendment from Council, only an adjustment to be completed by Finance.

Exceptions to the department budget rule include but are not limited to the following:

- a) Salaries
- b) Benefits
- c) Liability Insurance
- d) Debt
- e) Capital Contributions

These budgets are set by Finance and may not be considered as part of your overall budget compliance.

Salaries and Benefits will also be treated differently this year. Each Department will have a budgeted number of positions (FTEs) and a set dollar amount for your staffing based on 2022 budgeted levels (adding COLA, etc). All requests must include the number of additional FTEs and an estimated budget. Once the 2023 budget is approved, Departments may, with some limitations, perform reorganizations or reclassifications within the Department, without additional Council approval **IF** the number of FTEs does not increase **AND** the change will not cause the Salary and/or Benefit line items to go over budget. If either of those does increase, Council must approve the change in FTE and/or the budget increase.

An exception to this flexibility is "field staff." Council has agreed that any positions that work in the field should not be "traded" for office/administrative positions. These would include, but not limited to:

- a) Police Officers

- b) Public Works Crew
- c) Parks Field Crew
- d) Inspectors
- e) Code Enforcement

Additionally, there may be limitations based on effects on future forecasts. An example might be, any changes that will cause a 5% increase or more in the following year's base department budget, must be approved by Council. Council will be making decisions on these limitations as we move through the process.

This year, the City is performing a salary study for all non-represented staff (non-union). Depending on the results of the study, along with the uncommonly large increase in the CPI-W (Consumer Price Index – Workers) used to calculate cost of living adjustments (COLA), the Council may have extremely difficult decisions to make regarding where to put the City's limited resources.

In anticipation of this, I would recommend we all take a hard look at our expenditure budgets and estimates for the current year and consider the needs and priorities of the City and the Council as we move through this process.

I have attached the budgeting workbook with the base "status-quo" budget amounts. *Please note I will be updating the salary, benefit, and insurance costs once those calculations are complete.*

As in past years, this workbook includes ALL funds and accounts, not just yours. If you need help determining which belong to your department, please ask. All the funds within the spreadsheet are currently collapsed for a simplified view. To view your department's detailed line items for current 2022 actual expenditures, this year's ending estimates, and the 2023 base budget, please expand your department information by clicking the "+" sign next to your department or fund.

You may view the revenues and expenditures of all funds and departments if you choose, but keeping the spreadsheet collapsed should help to keep the information from becoming too overwhelming.

Please use the forms for your prioritized items and personnel requests.

- 1) Review the current 2022 budget versus actual amounts and detail expenditures prior to making 2023 requests. Discuss any anticipated variances between budget and actuals with Finance ***including estimated ending balances*** as these will affect next year's available resources
- 2) Review the 2023 Initial Budget and plan your requests as usual.

The "2023 Base Budget" column is based on the 2022 budget and estimated expenses and may have been reduced by the amounts specific to 2022 requests. Please review **each line item (2022 estimated ending and base 2023 amounts)** to determine if you agree with the amounts or if your request is going to be different from the initial budget. Either way please make note of that as you will have the opportunity to include that in your request.

- 3) Department Requests (Must do both)
 - 1) Compile your **list** of all specific items/projects/programs/personnel being requested with their priority, cost, reason, potential future costs, and the

estimated timing of the expense in the REQUEST LIST tab in the budget workbook.

Please include all requests in the LIST. If they are not in the list, I cannot ensure they will be included in the budget documents.

Requests will be separated by account code later in this process as I will determine coding and enter the budget request into the spreadsheet/system based on State accounting requirements.

- 2) Complete new item and/or personnel forms for all new requests as these will be referenced and reviewed by the Mayor and Council for decision making. Please be sure to include *ongoing* and/or *related* costs and a correlating request number that you have included in the spreadsheet. These forms need be submitted to Finance with your budget request spreadsheet.

- 4) Update your equipment replacement schedules and notify Troy of any updated ongoing software maintenance costs, as those will also be used to determine budget and contribution amounts. These will also be submitted to Finance by the due date. ***Council is expecting to see a replacement schedule for all equipment early in the budget process.***

If you have any questions on any of the expenditures or need assistance accessing the detail information in the accounting system, please contact Barb (x410).

The budget spreadsheet, summary list of requests, all request forms, and updated replacement schedules, are due back to me by **September 23rd**.

The estimated revenues and preliminary budget including requests will be compiled and presented to Gene and the Mayor by October 1st.

You have from now until the due date of September 23rd to prepare your request, discuss staffing with HR, software needs with IT, and present and discuss your requests with Gene and the Mayor. Please be sure to do this prior to submitting your budgets to me.

The first presentation to Council on estimated Revenues and the base budget will be made at the Council meeting on September 13th to present preliminary revenue and expenditure information. Budget sessions will be scheduled throughout October to discuss department requests, recommendations, and capital project budgets.

Thank you and please let me know if you have questions.

Barb

If you need assistance running reports in Springbrook, please contact Matthew Heist. He can grant you access to the software and give you a short tutorial on how to run reports. If necessary, he can run reports for you, but this is not the preferred method.