

Description of Fiscal 2014-2015 Budget Process

City of McDonough, Georgia

Fiscal
Year
2014-
2015


Description of Fiscal 2014-2015 Budget Process

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MEMORANDUM

TO: Department Directors

FROM: Fredrick Gardiner, City Administrator 

DATE: February 5, 2014

SUBJECT: Fiscal Year 2014-2015 Budget Preparation

As we have entered 2014, the process of preparing the spending plan for the upcoming fiscal year will be linked very closely with the priorities, and performance goals of the Mayor and City Council. This packet of information has been assembled to assist with steps in the process. The City Council adopted the Budget Calendar on December 5th, of last year, and is scheduled to adopt the final budget during their meeting of June 16th, 2014.

This year's process will include the use of Zero Based Budgeting concept, and electronic data entry and storage of all expenditure information furnished by the Departments (Incode). The implementation of the two strategies will enhance transparency of cost information, and maximize the efficiency of deliberations and approvals. As was done last year, each Director will justify their line item requests in a series of Executive Review sessions with Jestin Johnson, Finance, the HR Director, and me. These sessions will focus on expenditure estimates, and data directly viewed from Incode, as previously entered by your Department.

Incode has developed customized information platforms, thereby reducing the need to create spreadsheets and charts during the reviews. It will also be used to the maximum extent possible to generate reports to the Mayor and Council. The Budget Analyst will conduct all training for data entry into the Incode Budget Maintenance platform. At the same time, he will also be available to directly assist you as expenditure data requests are being entered. Where any questions may arise during the process, my recommendation is for the respective Department staffs to maintain consultations with the Analyst and the Finance Director.

The new fiscal year will no doubt pose challenges as we move forward, but it is with confidence that operational successes for our Citizens in FY 2014-2015 will be achieved.

Thank you.

MEMORANDUM

To: Departmental Directors

From: Bronaugh Bridges III *BAB*

RE: Fiscal Year 2014-15 Budget Preparation Introduction

Date: February 5, 2014

CC: Fredrick Gardiner, City Administrator

Lolita Grant, Finance Director

The process of preparing the fiscal 2014-15 budget began with the City Council's adoption of the Budget Calendar at the December 5th meeting. In order to assist each department, this packet is being sent to your attention. It includes:

- a. Phases of FY2014-2015 Budget Development
- b. Roles and Responsibilities
- c. Incode Data Entry Guide/Training Visual
- d. Basis for Budgeting
- e. Data Format for the Final Budget Book
- f. Adopted Budget Calendar

This package is an outline of revisions being made this year, and acts as a guide to the entire process. The City will employ review sessions to include elements from Zero Based Budgeting as precepts, and used to justify programmatic costs in 2014-15. This is also outlined herein.

The physical preparation of the 2015 budget request will involve electronic preparation of the required documents. Each department will also receive direct training in the steps to enter each budget request into the system. You have received copies of FY 2014-2015 Incode Budget worksheets, allowing for handwritten information as estimates are being developed. Included are four-year histories of expenditures, and revenues. These sheets can be used as back-up and supporting documentation to expenditure data to be entered electronically. All the data entry and review documentation will be considered directly from Incode financial system data downloads.

The approach to preparing the FY 2014-15 budget requests is designed to afford increased efficiencies, and collaboration, during the continuing phases of review and approvals. This by design will reduce the amount of paperwork used in the past, and thus create electronic storage and reference nodes for critical costs, and data going forward. Should you have any questions regarding the materials being sent to you, please call me at (770) 957-3916 ext. 2100.

Thank you.

Process

The preparation of the Fiscal Budget for the City of McDonough represents an inventory of service needs, whereby the operating departments legally documents for the Governing Body the fiscal plans to meet service goals and needs through cost assessments, and expenditures. The draft spending plan undergoes review by the City Administrator who acts to insure the recommended fiscal budget is balanced, and reflective of the legislated priorities established by the Mayor and City Council. Acting in collaboration, the Finance and operating departments prepare a draft fiscal budget document detailing work to be accomplished in the New Year, and how the new budget services identified deficiencies, and provides new levels of attainment.

The 2014-2015 Fiscal Year Budget will begin to utilize Zero Based Budgeting to guide the stages of development. Emphasis will be placed upon program justifications and projected levels of service operations during FY 2014-2015. These will be examined for close alignment within the legislated preferences and goals of the Governing Body. While in past years consideration was giving toward prior year's levels of expense. The 2015 Budget will employ a Zero Based concept in order to focus upon planned operations, and their effectiveness toward achieving, or exceeding the legislated goals.

Phases of Development

The process of preparing the fiscal year budget is a progression through seven phases for development, including needs assessment, policy/strategy, expenses, hearings, adoption, implementation, and the capital budget.

- Needs Assessment- No cost assumptions will be made based upon prior year's level of expense. Cost justifications will be driven strictly by cohesion with performance objectives and legislative policies adopted by the Mayor and City Council.
- Policy/Strategy Development Phase- Identification of goals and objectives for upcoming fiscal year at City Council retreats. Mayor and City Council review financial data, policies, economic trends, Federal and State regulations, and the current state of the City.
- Budget Development Phase- Operational and Capital Needs are re-evaluated and adjusted.
- Review and Modification- the City Administrator conducts hearings with each department director. Revenue projections and adjustments are made.
- Adoption Phase- In order to fulfill charter requirement, the proposed fiscal year budget must be submitted to the Mayor and City Council in a draft format of ordinances of appropriations at least six weeks prior to the start of the new fiscal year.
- Implementation Phase- Finance and Operational department staff maintains responsibility for budget and expense controls throughout the fiscal year.
- Capital Budget- The development of a five year plan of expenses/purchases for buildings, rolling stock, and park acreage.

The City Council adopted a schedule for the production of the FY 2014-15 Budget. A copy is furnished with the packet of information provided herewith. The critical dates for Department directors are illustrated. The fiscal year 2014-15 budget request must be completed by February 21st, 2013.

Roles and Responsibilities

The respective Department Directors will have completed cost estimates for small equipment requests, and large capital items before **December 31st, 2013**. On **January 10th, 2014**, the Department Directors will finalize all projected revenues due to the City. The Mayor and City Council will begin deliberations over the fiscal year 2014-2015 budget during meeting of **January 21st, 2014**. The City Administrator and the Finance Director will submit a General fund Revenue Projections Report for the coming new fiscal year during that session. All department expense requests are to be completed no later than **February 20th, 2014**. As a new process of data entry and zero based budgeting by the departments is being implemented, the budget analyst will work directly with the Directors and staff to insure for accurate transitions, and submissions.

Other Date Specific Budget Development Milestones:

2/21/14	FY2014-2015 Departmental Budget Requests is due to the Finance Department.
2/28/14	Expenditure and Revenue Justification meeting with the City Council (City Administrator and Finance Director.)
3/17/14	Draft General Fund Budget Presentation to City Council-Expenditures and Revenues (City Administrator and Finance Director.)
3/28/14	Special Revenue Projections (Finance)
4/3/14	Draft Special Fund Budget Presentation –Expenditures and Revenues (City Administrator and Finance Director)

During May and June of 2014, the draft FY 2014-2015 recommended will undergo final presentations, legal advertisements, and required readings before adoption by the Mayor and City Council on June 16th, 2014.

Basis for Budgeting

The City of McDonough will implement Zero Based Budgeting as the basis for the review and recommendation of the Fiscal Year 2014-2015 budget. In so doing, several elements are revised and redesigned to provide more in depth information as to factors that drive the cost of providing services. With the preparation of the fiscal budget, each department will be requested to start at \$0, and to justify each line item quantitatively, and in a narrative format. The newly revised Incode department request module provides ample spaces for both. The City will gain advantages by being able to store this vital source of data electronically for present and future use. Prior year's funding levels will no longer have any purpose in the amount of funding received in 2015 and beyond; except as a reference for the cost of providing the existing levels of service. The Zero Based concept instead will place emphasis, and make funding recommendations based primarily upon cost justifications described in the narratives and cost estimates, and the actual cost of meeting and or exceeding performance objectives submitted by each department. Completing this information may be considered a more tedious task, but will better inform decision and policy makers as to how their priorities coalesce within daily operations.

Greater transparency into how line items are arrived at will also be a positive result. Implementing this concept at first will require closer coordination with mid-level managers and staff in order to properly drill-down on accurate costs.

Data Format for FY 20215 Budget Book

Please submit all data for FY 2015 as a Word Document to bbridges@mcDonough-ga.gov and copy lgrant@mcDonough-ga.gov. Documents submitted for the budget book shall include the following information.

1. All documents must be submitted in Word format.
2. A separate title page to include the following:
 - a. Department Name
 - b. Department Head
 - c. Contact information to include telephone number and email address
 - d. Flowchart of positions within your department. (Please note that you may use the one include in last year's budget book if there no changes. Please include the names of the employee and the position.) This must be a separate work sheet.
3. Vision Statement
4. Mission Statement
5. Department Overview
6. Goals and objectives for FY 2015
7. Performance Measures
 - a. What are performance measures:
Performance measurement is how organizations, public and private, measure the quality of their activities and services.
 - b. Examples:
 1. Timely Reporting
 2. Improvement in Response time.
 3. New programs implemented
 4. Compliance with State and Federal Agencies
 5. Number of cases resolved
 6. Improvement in Operations (i.e. Elimination of duplicated services)
 7. Cost saving
 8. Any measurement that relates to your department's activities
8. Prior year's accomplishments. (Please refer back to the goals listed for FY 2014).

Please contact us with any questions. Also, if you have a special photo that highlights the City, please forward it to us for consideration to be included in the budget book.

CITY OF MCDONOUGH FY 2014-2015 BUDGET SCHEDULE

Date	Day	Description	Responsible Party (IES)
12-05-2013	Thursday	Present Budget Calendar to Mayor and Council	City Administrator
12-20-2013	Friday	Small Tools and Equipment Requests due	Department Heads
12-31-2013	Tuesday	Large Capital Items Request due	Department Heads
1-10-2014	Friday	Projected Revenues due	Department Heads
1-20-2014	Monday	Budget Meeting with Mayor and Council	
		General Fund Revenue Projection	City Admin/ Finance
2-21-2014	Friday	Projected Expenditures due	Department Heads
2-27-2014	Thursday	Expenditure and Revenue Justification	City Admin/Finance
		Sessions	Department Heads
3-20-2014	Thursday	Draft General Fund Budget Presentation-	
		Expenditures and Revenues	City Administrator
3-28-2014	Friday	Special Fund Revenue Projection due	Finance
4-04-2014	Friday	Draft Special Fund Budget Presentation-	
		Expenditures and Revenues	City Administrator
5-01-2014	Thursday	Draft Budget Presentation to Mayor and	City Administrator
		And Council #1	Finance
5-19-2014	Monday	Final Draft Budget Presentation to	City Administrator
		Mayor and Council #2	Finance
5-20-2014	Tuesday	Legal Advertisement of City Budget	City Clerk/Finance
6-05-2014	Thursday	First Reading of City Budget	Mayor, City Council
			City Admin/Finance
6-16-2014	Monday	Second and Final Reading of City Budget	Mayor, City Council
			City Admin/Finance