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Budgeting documents

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Budgeting documents

- Budget documents are the final product of the preparation phase of budgeting and contain the decisions reached during budget requests and executive reviews.
- Budget documents are a proposal—a set of recommended policies and a program plan set forth by the chief executive.
- At this point, the budget documents may be called the “proposed budget,” “executive budget,” or “preliminary budget.”
- They are then ready for legislative review; after that, they will be called the “approved budget” or “enacted budget.”
- The size, volumes, and formats of budget documents vary considerably by government and jurisdiction.
- Reading budget documents can be an effective way to understand a government’s overall activities and plans.

Citizens budget

- To make budget documents more user-friendly and easier for citizens without specialized knowledge to understand, many governments prepare a document intended for the general public.
- These documents are shorter, avoid jargon, and include explanations of key terms.
- This document may be called a budget-in-brief, citizens' budget, or citizens' guide to the budget, etc.
- Local governments may produce a simple, brochure-style budget and share it with residents before town meetings.

A typical budget document

- The budget message
  - What are the main priorities in this message?
  - How is competition for scarce resources and trade-offs structured?
  - What are the problems with revenue sources?
  - How can revenue be increased?
  - What are the major challenges in the budget?
  - What are the significant service, program, and staffing changes?
- Overview of the budget
  - Revenues and expenditures
  - What happened last year, and what are the estimates for next year?
  - Out-year estimates (e.g., next 2-3 years)

A typical budget document

- Detailed tables/schedules
  - By department: revenues, expenditures, and staffing
  - By function: public health, environmental protection, public safety, transportation, public works, etc.
  - By spending item: salaries, benefits, etc.
  - By fund: general fund, sewer fund, etc.
  - Performance indicators
- Supporting documents
  - Economic conditions report
  - Citizens' guides
  - Capital budget / capital plan

Revenues display

- Coverage of revenues (receipts) is usually less extensive than coverage of expenditures.
- Budgets show revenue from taxes (property taxes, sales taxes, individual income taxes, etc.), user charges (fees, etc.), and other governments (federal aid, state aid).
- Budgets also include proposed changes to tax rates.
  - For example, local governments may include a proposed property tax that, if passed, will determine the property tax rate for the upcoming year.

Expenditures display

- Expenditures make up the main bulk of the budget document.
- Most often, expenditures are classified by organizational unit.
- For each organizational unit, a description of the unit's responsibilities and functions is presented, followed by the unit's budget requests and justifications.
- Expenditures are also reported by object of spending, such as personnel, equipment, travel, etc.
- Program information (performance measurements) can also be included in this section.

Personnel expenditures display

- FTE (Full-Time Equivalent): Shows proposed staffing levels; often compares current vs. proposed year (adds, cuts, reclassifications).
- Personnel spending: Salaries/wages, overtime, and benefits (pensions, health insurance, payroll taxes); may include a reserve for raises.
- Vacancies: Lists unfilled positions and plans to fill, hold, or repurpose them
- Additional hires: Explains new positions, where they will be placed, timing (partial-year vs. full-year cost), and expected service impacts.
- Justifications: Provide reasons for changes (cost increases, mandates, service demands) and links to performance measures when available.

Multi-year display

- A budget table often shows the past year, the current year, the upcoming year (which the budget will cover), and even the next 2–3 years.
  - Past-year and current-year budgets are shown as the baseline (current services) for comparison. This indicates what resources would be required to continue current services if no changes are made.
  - The upcoming year is what the budget is for.
  - Future years show what revenues and expenditures would be if the proposed budget continues into future years.
- Future-year (out-year) budgets can show whether there would be anticipated budgetary gaps and what governments need to do now to address that foreseeable budget gap.
  - Some fixed costs (such as pension and health insurance costs, bond interest, and debt service payments) can be known for the next several years.
  - Some revenue declines (such as the end of a grant period and tax limits) can also be foreseen in the next several years. Showing future years can help governments plan for the near future and take action in the current budget.

Example – multi year display

FY 2027 EXECUTIVE BUDGET FINANCIAL PLAN GENERAL FUND REVISIONS SAVINGS/(COSTS) (millions of dollars)	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected
BASELINE SURPLUS/(GAP) ESTIMATE	**2,476**	**(3,789)**	**(6,778)**	**(9,470)**
Receipts	**(2,611)**	**1,540**	**1,817**	**1,168**
Tax Receipts	1,364	1,591	1,906	1,312
PTET Flexibility (Financial Plan Neutral)	(4,000)	0	0	0
Debt Service	(22)	(49)	(86)	(141)
Miscellaneous/Federal Receipts	47	(2)	(3)	(2)
Transfers from Other Funds	0	0	0	(1)
Disbursements	**(3,865)**	**(3,796)**	**(4,058)**	**(4,151)**
Assistance and Grants	(2,298)	(2,684)	(3,026)	(3,129)
Agency Operations	(278)	(191)	(158)	(114)
Transfers to Other Funds	(1,289)	(921)	(874)	(908)
Use of/(Deposit to) Reserves	**4,000**	**0**	**0**	**0**
Rainy Day Reserve	0	0	0	0
Tax Stabilization Reserve	0	0	0	0
Contingency Reserve	0	0	0	0
Community Projects Reserve	0	0	0	0
Other Reserves	4,000	0	0	0
EXECUTIVE BUDGET SURPLUS/(GAP) ESTIMATE	**0**	**(6,045)**	**(9,019)**	**(12,453)**