

Overview of City Budget



City of Red Wing, Minnesota

Pillars of Red Wing's Financial Strength

- **Sound Governance**
- **Financial Planning**
- **Community Input**
- **Debt Management**
- **Investment Protection**
- **Good Business Practices**
- **Innovation & Good Business Practices**
- **Transparency**

How A City Budget Works

Money comes in from:

From Local Residents

Property Taxes

Total collected through taxes is the LEVY amount

User Fees

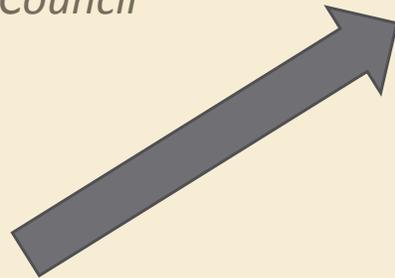
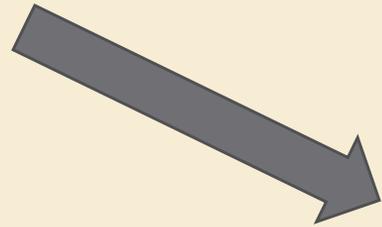
Utilities. Both are recommended by staff; Approved annually by Council

Other Ways

State & Federal Aid

Other Grants

Bonding



Money goes out to:

Operations

Keeping government running: staff salaries, benefits, technology

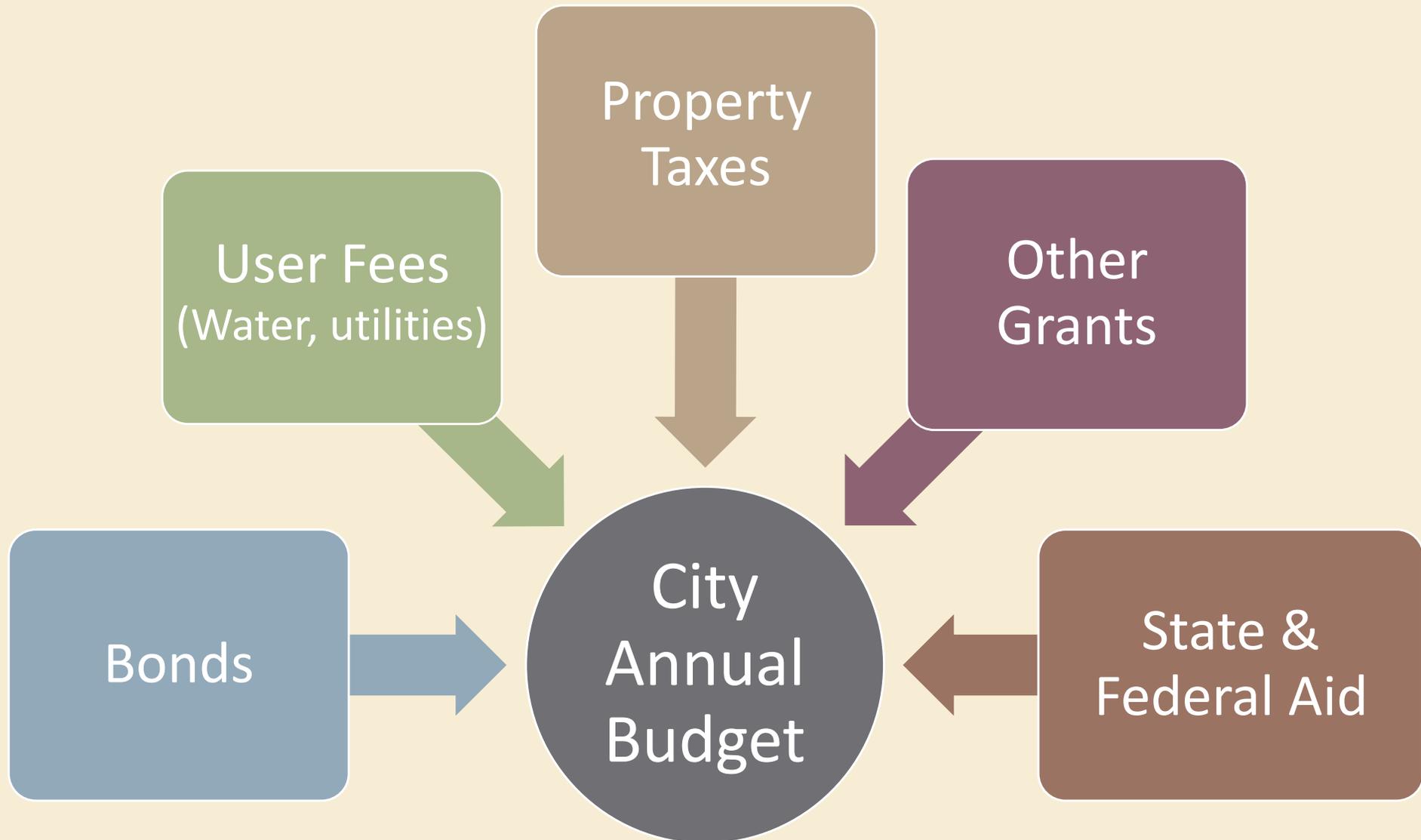


Capital

Buildings, equipment, maintenance, projects, debt



Where the Money Comes From



What is Fund Accounting?

A method to divide resources into categories (*funds*) to identify both the source of funds and how we use the funds.

The system emphasizes accountability rather than profitability

Fund Accounting

We separate dollars into separate funds and track them.

Governmental Funds

Used to account for activities primarily supported by taxes, grants, and similar sources

- General Fund
- Special Revenue
- Capital Project
- Debt Service
- Permanent Funds

Proprietary Funds

Used to account for activities primarily supported by resident user fees and charges

- Enterprise
- Internal Service

Governmental Fund Types

General fund	All financial resources except for those accounted for in another fund. Includes transactions for general governmental services.
Special revenue fund	Proceeds of specific revenue sources that are restricted for specified purposes.
Capital projects fund	Financial resources for the acquisition or construction of major capital facilities that benefit many citizens, such as parks and municipal buildings.
Debt service fund	Accumulation of resources for, and the payment of, general long-term debt principal and interest.
Permanent fund	Restricted resources such that only <i>earnings</i> (not principal) may be used in support of governmental programs that benefit the government or its citizenry.

Proprietary Fund Types

Enterprise fund

Operations of government units that charge for services provided to the general public.

Internal service fund

Accounts for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit. Services are offered only to governmental agencies.

How To Track What's Happening

- Monthly, Quarterly, Semi-Annual Reports
- Balance Sheets
- Operating Statements
- Cash Flows
- Budget Reports
- Budget Tracking

How We Make Budget Priorities and Decisions

- Get input and feedback from the Council and community
- Identify departmental budget priorities
- Place budget priorities in context of competing demands
- Staff recommends how to build budget within priorities
- Gather more community feedback
- Council decides
- Inform residents

Budget Planning and Management

What Council gets to help them make budget decisions

- Strategic Plan and Community Survey
- Background on new projects and initiatives
- Market growth
- Services
- Operations
- Capital improvements
- Levy information
- Other – based on national and local factors

General Fund Revenues

Where the money comes from

- Taxes
- Intergovernmental Revenue
- Licenses and Permits
- Charges for Services
- Fines and Forfeits
- Miscellaneous

General Fund Expenses

Where the money goes

- General Government
- Public Safety
- Public Works
- Culture and Recreation
- Economic Development
- Capital
- Debt Service
- Other

Balancing the Budget

Revenue	Amount
Property Tax	????
Building Permits	\$100,000
Licenses and Fees	\$50,000
Local Government Aid?	\$200,000
Total – Without Property Tax	\$350,000

Expenses	Amount
General Government	\$350,000
Planning and Building	\$200,000
Public Works	\$800,000
Public Safety	\$550,000
Total	\$1,900,000

Balancing the Budget

Revenue	Amount
Property Tax	\$1,550,000
Building Permits	\$100,000
Licenses and Fees	\$50,000
Local Government Aid?	\$200,000
Total	\$1,900,000

Expenses	Amount
General Government	\$350,000
Planning and Building	\$200,000
Public Works	\$800,000
Public Safety	\$550,000
Total	\$1,900,000

Planning the Capital Improvement Program

Capital Improvement Program (CIP) is a
Five- to Ten-Year Plan for Capital Expenditures

- **How do we create the CIP?**
 - Consider community priorities
 - Prepare capital requests from departments
 - Formulate and recommend plan to elected officials
 - Get Council approval
- **Other considerations**
 - Assess project feasibility
 - Review project financing

Creating the Long-Range Financial Plan

Long-range financial plan is a multi-year fiscal plan for all tax-supported funds in five- to ten-year projections

Long-Range Plan integrates the following:

- Existing Debt
- Future Debt
- Capital Improvement Programs
- Tax Base Growth
- Future Operating Expenses

Why Build a Long Range Financial Plan?

- We need a comprehensive fiscal plan for the future
- Allows us to evaluate budget priorities
- Maintains assets and provides schedules for replacements
- Stabilizes property tax levies (and avoids spikes)
- Avoids “Kicking the Can Down the Road”
- Gives Council comfort they can afford capital investments over the long term

Finance Calendar

