

Budgeting Overview

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Government

Legal Requirements

- Sec. 21-35-7, Miss. Code Annotated
 - Must be prepared on forms prescribed by the State Auditor
- Sec. 21-35-5, Miss. Code Annotated
 - Must be adopted on the board/council's minutes by Sept. 15.
- Sec. 21-35-9, Miss. Code Annotated
 - No expenditures after Oct. 1 without final budget approval.

Other Legal Issues

- Sec. 21-35-13, Miss. Code Annotated
 - Monthly line item expenditures to be reported by the clerk each month showing amounts unencumbered, revenues, etc.
- Sec. 21-35-15, Miss. Code Annotated
 - Must be prepared on forms prescribed by the State Auditor
- Sec. 21-35-17, Miss. Code Annotated
 - Officials are **personally liable** for **twice the amount** of expenditures exceeding the budget.

Budget Schedule

According to the State Auditor's Mississippi Municipal Audit and Accounting Guide (p. I-B3), the following "Proposed Budget Calendar" establishes a common-sense schedule to complete the budget process and comply with legal requirements.

Proposed Budget Calendar

Date	Process
• May Board Meeting	Formulate budget policy (governing authorities)
• May – Presentation to the Governing Authorities	Develop financial forecast (budget officer)
• June Board Meeting	Distribute departmental request forms and notify of due date (budget officer)
• July Board Meeting	Deadline for return of departmental request
• August Board Meeting	Act on request of departmental budgets (governing authorities)
• August Board Meeting	Publish notices of public budget hearing and of availability of the budget for inspection before hearing
• August (15-30)	Hold public hearing on budget
• August (15-30)	Review the anticipated tax levy to determine whether public notice is required on any levy
• September (1-15)	Adopt budget no later than September 15
• September (1-15)	Set tax levies necessary to support the adopted budget
• September (1-30)	Publish budget at least one time, or post in three public places, if less than 1,500 inhabitants
• September (15-30)	Write-up and reproduce budget as adopted (budget officer)
• September (15-30)	File budget with the municipal clerk
• September (15-30)	Give public notice of availability of budget for inspection (budget officer)

What a budget is:

- A forecast of expected revenues;
- An authorization to spend public funds;
- A plan to implement public services;
- A framework for making allocations among departments and purposes.

What a budget is NOT

- Cash!
- A guarantee that funds will be available;
- A guarantee of expenditures;
- A personnel policy;
- A one-time event;
- A 12-month projection.

Common Budget Mistakes

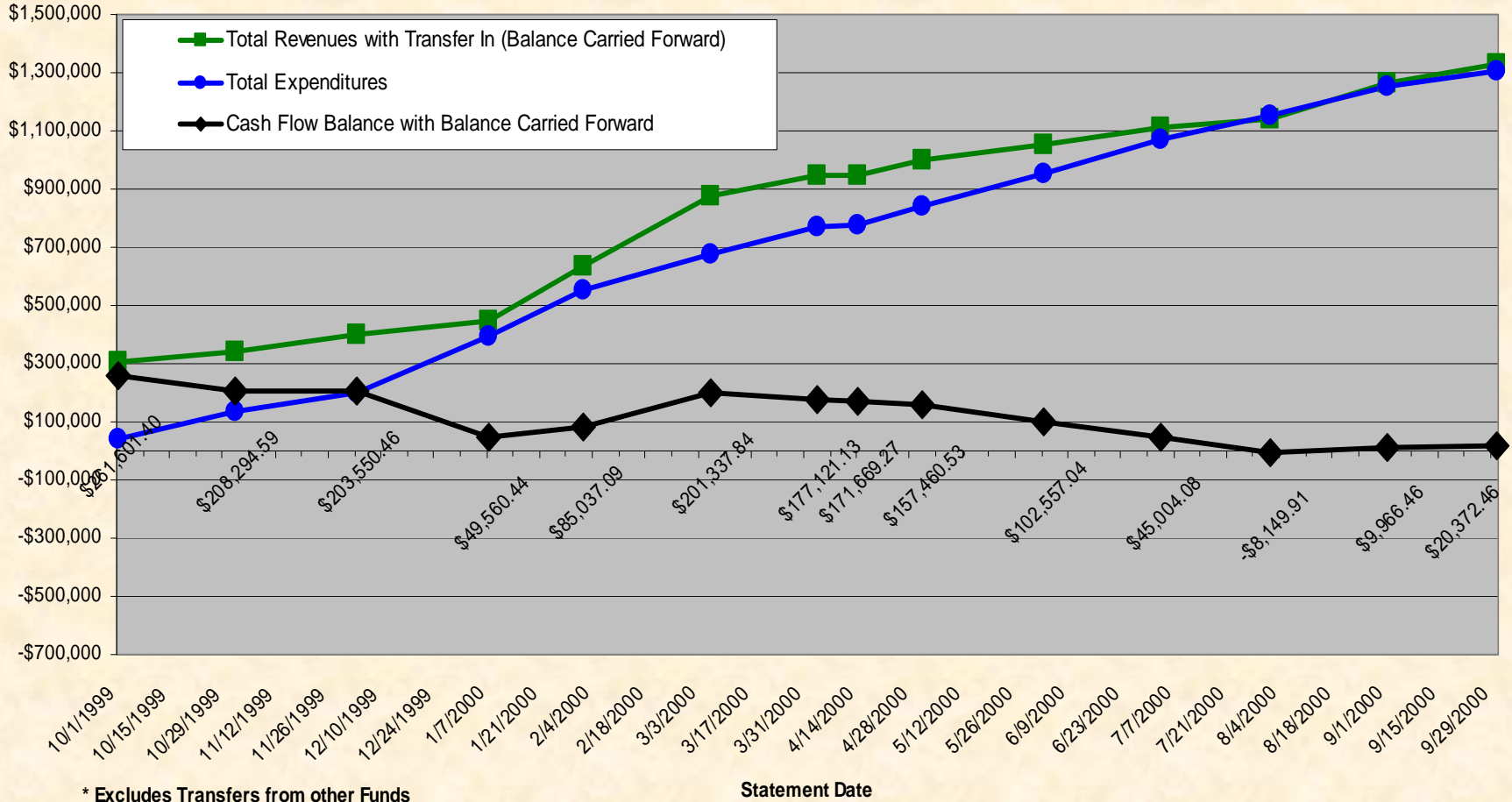
- **Not monitoring the budget **AFTER** it is approved.**
- Failing to amend the budget when new funds or projects make it necessary to do so.
- Confusing budget policy with personnel policy.
- Failing to recognize cash flow issues when spending funds.
- Confusing budgeted amounts with cash amounts.
- Failing to leave a positive ending balance sufficient to fund operations until revenues are realized in the subsequent year.

Why Leave a Balance?

- The budget is really a 15 month projection.
- Cash flow requires having a reserve for periods when expenditures exceed revenue collections (e.g. First Quarter).
- It is good fiscal policy.

Fiscal Year 2000 Cash Flow

CITY OF RULEVILLE -- CASH FLOW -- ACTUAL*
Fiscal Year 2000 with Beginning Balance of \$304,305



* Excludes Transfers from other Funds

Statement Date

What Happens Without a Positive End-of-Year Balance?

CITY OF RULEVILLE -- CASH FLOW -- ACTUAL
Fiscal Year 2000 Without Including the Beginning Balance

