Budget Preparation & Management
Standard Operating Procedures
# City of San Angelo

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City of San Angelo
Budget Goals

The goal of this budgeting standard operating procedure is to acquaint new employees and further inform veteran employees of the City of San Angelo of the implementation and management of a department budget.

Further, the Budget Division has set the following goals as a philosophy in budgeting:

• Spend within our means;
• Establish and maintain reserves;
• Budget costs with all due transparency; and,
• Incorporate Council’s top priorities into the budget.
City of San Angelo
Annual Budget Preparation Process

The City of San Angelo’s annual budgetary process is outlined below with general dates of completion. For each budget season, refer to the budget calendar on the extranet for precise due dates.

**Step 1: Budget Manual**

The Budget Division prepares a budget manual annually to distribute to directors and managers. The manual includes specific instructions, forms, and deadlines as a tool to complete the budget process. The manual is distributed to directors and managers in March.

**Step 2: Kickoff and Training**

Directors and managers attend budget kickoff which presents key economic data, local trends, and any changes in the budget preparation process. Budget kickoff is usually held in conjunction with agenda staff meeting.

In addition, budget staff hosts annual training to educate new staff on the budget process in April. Training is a presentation of budget policies and procedures with the opportunity for dialog on your specific department.

**Step 3: Revenue Estimates**

The Budget Division distributes revenue instructions to divisions in April. The packet’s instructions and previous fiscal year data aid divisions in calculating their revenue estimates for the new fiscal year. Revenue projections are based on trend analysis, economic forecasting and changes in regulations for the new fiscal year. Divisions provide detailed justification for each revenue account. For the General Fund, marginal revenue increases are identified by budget staff and held to aid in funding City Manager’s and City Council’s goals for the coming budget year unless restricted by a higher authority for a specific purpose.

Revenue estimates are important to determine each funds’ expenditure target. To calculate how much revenue will be generated by a particular service, consider the last 5-6 years of
historical data and the year-to-date (YTD) receipts in that account code including known trends or changes. Be sure to consider any increased revenue estimates resulting from the annual fee review.

Keep in mind, some revenue is only collected at certain times of year so your YTD data may not be as relevant as the historic year-end figures. Examples include (1) property taxes that are primarily paid in January and (2) Recreation fees received later in the fiscal year for summer activities.

**Step 4: Personnel Request**

If your division is requesting additional personnel or a change in pay grade, you must complete the Personnel Request Form. This form is due with revenue estimates.

**Step 5: Compensation Plan**

The Human Resources and Budget Divisions prepare a compensation plan for the new budget year in April in the form of a bench report listing each division’s employees. Depending on the economic condition, raises may be calculated by the Budget Division.

Each year, budget and Human Resources staff will budget your full-time salaries including benefits (group insurance, FICA, retirement, and workers compensation). You will be notified in your expense packet when this information is available for your review. Since the majority of the budget is payroll, it is incredibly important that you confirm the payroll benchmark is accurate and complete. If you identify an error, please contact the Budget Coordinator immediately.

Department directors and managers are responsible for budgeting overtime, incentive pay, allowances, part-time positions, and associated benefits. If you desire assistance calculating these amounts, please contact budget or human resources staff.

**Step 6: Meeting Your Expenditure Target**
You must balance your expenditure accounts to the target set for your division. Since full-time salaries will be budgeted in HTE for you, you will only review the salary budget. Managers will receive the expense budget information via email and interoffice mail. Both data entry and all forms are due in May.

You may allocate your department’s target however you deem appropriate in any of your account codes as long as it balances to this total target. Do this by providing detailed justification for each line item, then save your entry by selecting “F7” in HTE or “Update” in Naviline for each account.

**Step 7: Target Increase Requests**

As your division’s services change, you may need to increase funds for operations or capital. Budget addresses this issue in the budget preparation process by providing a Target Increase Request (TIR) form in your expenditure packet. Provide a detailed list of your needs. TIRs are due to the Budget Coordinator in May and will be approved or denied after City Council budget discussions.

In fiscal years where economic conditions are unhealthy, TIRs will only be considered in the most extreme circumstances. Department directors and managers should communicate what, if any, items cannot be postponed.

**Step 8: Completing Budget Book Sheets**

Along with your expenditure target packet, Budget will provide budget book sheets for you to complete. Budget Book sheets communicate your department’s core functions and services to San Angelo. You will need to (1) review your mission statement and change as needed, (2) complete the personnel summary by stating actual full-time and part time employees for the prior fiscal year and the budgeted number for the current fiscal year and budget year ahead, and (3) update your performance measures by stating actual results for the prior fiscal year and the budgeted results for the current fiscal year and budget year ahead.

This data is published in the annual budget report (more commonly referred to as the “budget book”) which is then reviewed by the Government Finance Officers Association and is available for public viewing. The budget book is useful to budget, city management, division managers, and the public for reference throughout the year.
This year budget book sheets were due in earlier in the year to give you more time to focus on your expense budget in May.

**Step 9: Presenting Your Department’s Budget**

City manager reviews are scheduled in June to discuss your budget. Be prepared to present your justifications for revenue, expenditures, target increase requests, and any other financial issues. A formal presentation (i.e. PowerPoint) is not required. Refer to the budget calendar for specific dates.

**Step 10: Council Budget Communications**

Council budget communications begin in June with routine items conveyed via Friday Memos and we continue with discussions at each Council meeting until September. Budget staff will prepare background memos and presentations, but we may need directors on hand for additional information.
City of San Angelo

Timeframe

- **Mar.**
  - Budget Manuals distributed
  - Budget Training

- **Apr.**
  - Revenue Projections
  - Compensation Plan

- **May**
  - Expenditure Projection

- **June**
  - CMO Budget Reviews
  - City Council Memos in Friday Packets

- **July**
  - Receive certified property tax roll
  - Propose Budget to Council

- **Aug.**
  - Council work sessions as needed
  - Council meetings with public hearings

- **Sept.**
  - Tax rate adoption
  - Budget Adoption
City of San Angelo
Managing Your Budget

Budget Controls

Budget staff annually provides the Council, City Manager, department directors, and division managers with adequate background so that division managers may prepare a budget that maintains its current performance level. Therefore, the division manager is ultimately responsible for making sure his/her division does not exceed budgeted expenditures. The division manager should work with supervisors and budget staff to address unplanned events.

Budget Amendments

Accounts in your budget can be amended throughout the fiscal year. Division managers are allowed to request amendments to the budget to improve efficiency and productivity or due to unforeseen circumstances. Try as you may to plan activity in advance, operations in your division can change. For example, when you replace an employee who leaves unexpectedly, you may need to submit a budget amendment moving funds to Travel & Lodging and Conventions & Schools accounts to properly train the new employee.

A budget amendment must be approved prior to the occurrence of the expenditure. Budget amendment requests shall include an explanation from the division, approval by the Finance Director and a recommendation from the Budget Coordinator. The explanation must be clear and provide sufficient detail.
Internal Budget Amendment

When an adjustment is necessary, you will submit an internal budget amendment, this sheet provides the detailed information budget staff needs to process your request. Please only use the budget amendment form (shown on page 11) located on the budget extranet page.

Approval Levels

Internal Budget Amendment:
Within a division – Finance Director
Among like divisions – Finance Director
Between divisions – City Manager’s Office
Utility accounts (electricity, natural gas, water, wastewater, stormwater, gasoline) – City Manager’s Office
Salary accounts – City Manager’s Office
Reducing expenses only – City Manager’s Office
Reducing both revenue and expenditures by the same amount – City Manager’s Office

Budget Amendment Memo

If your department has a need for increased funds, you may submit a Budget Amendment Memo (shown on page 12). Budget Amendment Memos are used to increase your budget or transfer money between funds. This is the document that City Council will be provided, it should summarize your request without using particular account numbers.

Approval Levels

Reducing revenue only – City Council
Between funds – City Council
Increasing expense or revenue – City Council

Both types of budget amendments should be submitted to the Budget Coordinator.
## City of San Angelo
### Budget Amendment Request Form

<table>
<thead>
<tr>
<th>Account Number</th>
<th>Account Title</th>
<th>Current Budget</th>
<th>Requested Change</th>
<th>Amended Budget</th>
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**Total** 0 0 0 0

Briefly explain purpose of amendment:

Submitted By (Print): __________________________

Signature: __________________________

### APPROVED BY:
- Budget Coordinator: __________________________
- Finance Director: __________________________
- City Manager’s Office: __________________________
- City Council (Date of Approval): __________________________
# Budget Amendment Memo

**From:**

**Date:**

**Re:** Budget Amendment Request

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**Purpose of Budget Amendment Request:**

**Source of Funding:**

**Funding previously approved? If so, by City Manager or City Council and when?**

<table>
<thead>
<tr>
<th>Project/Budget to be amended</th>
<th>Current Budget</th>
<th>Proposed Change</th>
<th>Proposed Revised Budget</th>
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**Additional Comments:**

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Budget Carryovers

A budget carryover is a budgeting function that provides for the continuation of budgeted projects, from one fiscal year to the next for grants or special projects where the activity is not completed in one fiscal year.

The Budget Coordinator will e-mail all departments in October with specific instructions to request your carry-over. A budget amendment allowing these funds to be carried over will be submitted for approval in December. Carryovers of restricted funds (grants, donations, encumbered) may be approved by the City Manager. All other carryovers require City Council approval via an amendment to the budget ordinance (two readings). Please note in your carryover request if the funds are restricted.

Approval Levels

Restricted Funds – City Manager’s Office
Encumbered Funds – City Manager’s Office
Obligated Funds – City Manager’s Office
All other requests – City Council
# City of San Angelo Carryover Request
**FY 2017-18**

Provide account number, purchase order number, and description for each carryover request.

<table>
<thead>
<tr>
<th>Account #:</th>
<th>PO #:</th>
<th>Description</th>
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<td>Fund/Division/Activity/Obj./El.</td>
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**Total Amount of Request:** $0
Monthly Reports

Your department has access to two types of monthly reports – a .pdf blue book (see screen shot below) and the Revenue & Expenditures Report.

Blue Book

The blue books are published in .pdf format on the extranet under Accounting. They are usually published 10-12 days after month’s end.

Revenue & Expenditures Report

The revenue & expenditure reports are published in .pdf format on the extranet under Accounting. They are usually published 3-5 days after the month ends.

Over Budget Reports

Over budget reports, also known as budget variance reports, are published in .pdf format on the extranet under Budget. They are usually published 10-12 days after month’s end. Any account which exceeds budget is reported in this list. Directors will also receive an email if an account is more than $1,000 over budget as these accounts need to be corrected by the month’s end.
City of San Angelo
Chart of Accounts

Below is a partial chart of accounts to assist you with the budget process. The structure that was created may not fully represent your division any longer. If this is the case, to add an account to your division’s budget, submit a memo to the Accounting Manager. Once your request is processed, you may complete a budget amendment to, for example, move $100 budgeted in 06-10 Office Supplies for keyboards into 06-17 Computer Supplies. This is not a directive for you to overhaul your budget, but is meant as a tool to assist you with allocating and managing your budget.

Note: This is not a complete list as some account codes are so specialized they should only be used in the division they were created.

Payroll

01-10 Full-Time Salaries
01-20 Part-time & Seasonal – for wages of part-time and/or seasonal employees
01-30 Overtime
01-40 Leave Payoffs – no amount is budgeted but employee’s leave payoffs are processed here upon separation

Benefits

02-10 Group Insurance
02-20 FICA
02-30 Retirement
02-35 PARS – pre-tax withholding in place of a social security contribution for temporary employees
02-60 Workers Comp Insurance

Professional & Technical

03-20 Professional Services – to pay architects, engineers, etc.
03-32 Software Maintenance – for software upgrades, extended license agreements, etc.
03-33 Computer Maintenance – hardware upgrades, technical support, maintenance agreements
03-40 Technical Services – installation of specialized equipment, lab services
03-50 Special Services – services rendered that are neither technical nor under contract
03-60 Contract Services – services provided under a contract between the City and the vendor
Purchased Services

04-11 Water/Sewer Utilities
04-12 Natural Gas
04-13 Electricity
04-23 Custodial – custodial supplies and service
04-30 General Maintenance – repairs
04-31 Bldg & Grounds Maint – supplies and services necessary to maintain city-owned facilities
04-32 Equipment Maintenance – repairs to refrigeration, office equipment
04-33 Vehicle Maintenance – fleet charges and additional maintenance
04-35 System Maintenance – radio repairs
04-42 Rent of Equipment – lease of copiers, portable toilets, security equipment and other machinery
05-30 Communication – phone service, long distance charges, pager service
05-31 Cellular Phone
05-40 Advertising – ads published for bids, public notices
05-50 Printing & Copying – copy paper, annual reports
05-65 – 05-78 Special Projects “A” – “N” – as assigned to your specific purpose
05-80 Travel & Lodging – hotel, per diem, transportation
05-90 Conventions & Schools – registration charges
05-91 Prof Dues & Subscriptions

Supplies

06-09 Cash Over/Short – nothing is budgeted here, departments that handle cash will have this account in the event cash drawers do not balance
06-10 Office Supplies
06-11 Forms – printed or custom ordered forms
06-12 Minor Apparatus & Tools
06-13 Uniforms
06-14 Postage & Shipping – U.S. Postal Service, FedEx, UPS, DHS expenses
06-16 General Supplies
06-17 Computer Supplies – any computer accessories or equipment not categorized as capital
06-40 Books & Periodicals – professional publications necessary for reference and continued education
06-50 Chemical & Medical – supplies necessary to provide department services
Property

07-xx accounts should be used for capital purchases only
07-20 Buildings
07-30 Improvements Not Bldg
07-41 Machinery – heavy equipment both stationary and mobile
07-42 Vehicles
07-43 Furniture & Fixtures
07-44 Technology Capital
City of San Angelo 
Glossary

ACCOUNT CODE: Account number referenced in Naviline, sometimes referred to as a ‘budget code’.

ACCOUNTING PERIOD: A month in a fiscal year.

BALANCED BUDGET: A budget with current revenues equaling current expenditures.

BUDGET: A financial plan that forecasts revenues and expenditures for a specified period of time.

BUDGET AMENDMENT: A modification to the adopted budget that replaces the original terms.

BUDGET CALENDAR: A schedule of particular tasks that must be completed in time for City Council to adopt the budget before the start of the new fiscal year.

CAPITAL EXPENDITURE: Purchase or acquisition of any asset that has a cost of $5,000 or more and a useful life of at least two years.

CITY COUNCIL: The current elected officials of the City as set forth in the City’s charter.

DEPARTMENT: A major unit of the City that manages and is responsible for multiple divisions of related operations or service.

DIVISION: An operational or administrative unit within a department.

ENCUMBRANCE: Obligations in the form of purchase orders that are reserved until the obligations are fulfilled.

EXPENDITURE: Monies spent on goods or services in accordance with budget appropriations.

FISCAL YEAR (FY): A period of twelve months used for the recording of financial transactions. The City of San Angelo’s fiscal year begins October 1 and ends September 30.

FUND: An independent fiscal and accounting entity with a self-balancing set of trial balance accounts recording cash and/or other assets together with all related liabilities for the purpose of conducting specific activities or attaining certain objectives.

FUND BALANCE: The difference between a fund’s current assets and its current liabilities.

GENERAL FUND: The General Fund accounts for all financial activities except those required to be assigned to another fund.
GRANT: An award of funding or materials by the federal government, state government or other organization for a specific activity with no expectation of repayment.

MONTHLY REVENUES AND EXPENDITURES REPORT: A report published by the City of San Angelo’s accounting department on a monthly basis. This report is commonly referred to as the “Blue Book” due to its blue cover sheet.

NAVILINE: An application system developed by the Superion Corporation designed to aid accounting, budgeting, purchasing, and other departments in database management and job processes.

OPERATING EXPENSE: Expenditures such as custodial service, office supplies and travel made as a result of daily operations.

ORDINANCE: A formal legislative enactment by the City Council of a municipality. If it is not in conflict with any higher form of law, such as a state statute or constitutional provision, it has the full force and effect of law within the boundaries of the municipality to which it applies.

PERFORMANCE MEASURES: Statistical data that quantifies the results of programs and activities and provides target goals for the upcoming year. Measures can be one of the following types: productivity, results or efficiency.

REVENUE: Income received.

TARGET: The total dollar amount to which a department’s expenditure budget must balance.

TREND ANALYSIS: A comparative analysis of individual revenue performance over time.

WORKERS’ COMPENSATION (WC): A form of insurance that provides wage compensation and medical benefits to employees injured in the course of employment (on-the-job injuries).