City of Mesa

Budget Estimate Modification Process
FY 2014/15 Examples
April 2, 2015

Presented by the Office of Management and Budget
Overview of Process

- Adopted budget sets the maximum that the city can spend during the fiscal year
  - FY 14/15 maximum is $1.34 billion
- The city tracks revenues and expenses using various codes such as Department, Activity, Unit, Fund/Subfund, Object . . .
- At the time of adoption, estimated resources needed to provide services are allocated to the various codes
- Actual expenses can vary from the original estimate
Better Management Tools

• The process for budget modification has not changed but the tools available have significantly improved

• New financial system allows for better day-to-day management of allocated resources

• Estimates are able to be updated in real time, usually same day, without losing the original allocation amounts

• OMB uses the year-to-date actual expenditures and the revised budget estimates to project year-end expenditures
Authorization to Spend

- Modifications to budget estimates do not change the authority needed to expend the funds.
- Changes to positions or additions of fleet vehicles must be approved by the City Manager’s Office.
- Purchases and contracts must follow City/State policy and be approved by the City Council.
- The adopted budget sets the annual maximum expenditure amount that can be spent by the City.
Budget Amendments/Modifications

• All requested modifications are reviewed for funding availability, alignment with City Council strategic initiatives and the needs of the City

• Some requests must be reviewed by OMB and approved by the City Manager’s Office: budget adjustments between departments or between funds, additional positions or vehicles, increase in needed resources

• Regardless of the reason for the modification, the net estimated expense budget must remain at or below the expense budget adopted by the City Council.
Examples of Modification Types

1) A department needs to move funding between different units, activities or object type within their department.

2) A department needs to move funding between an operating fund and a capital fund or change the funding source of an item.

3) A department needs to move funding from their department to a different department because roles/responsibilities have changed.

4) The budget estimate includes carryover funding for items that ended up being received in the prior year. The carryover funding is removed from the department.
Examples of Modification Types

5) The budget estimate includes a grant that is not awarded or an intergovernmental agreement that is not entered into. The funding is removed from the department. A department receives a grant that was not anticipated. Funding is added to the department.

6) A department experiences unexpected costs and cannot cover them within their budget allocation.

7) A department experiences or anticipates higher activity that results in both increased revenues and increased expenses. A department submits a business plan for increasing activities/expenses and funding the increase with an anticipated increase in revenue.
Example of Modification types

8) An error occurred during the initial budget allocation and needs to be corrected.

9) The annual allocation for a Capital Improvement Program (CIP) or Lifecycle project needs to be modified.

10) The method of allocating costs or tracking of expenditures is modified during the fiscal year.

Attachment 1 contains a listing of the budget estimate modifications that have been reviewed by OMB and approved in FY 14/15. Modifications that move funding within a department or between departments are not included.

A summary report is distributed to the City Manager’s Office each month.