

Village Council Agenda Item
Village of Yellow Springs, Ohio

Agenda Title:	Discussion of Budget Process
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Presenter:	Eric Swansen, Village Manager
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Problem/Issue Statement

Council has requested the 2007 budget be prepared in a timely manner, so that the voters have an opportunity to make an informed choice about the level of services the Village is able to provide in the future. Council decided to develop two budgets on May 6th, creating a "status quo" budget assuming no new revenues and a "enhanced" budget which assumes new revenues (which has since been determined to be voter approval of the 8.4 Mil property tax levy).

Financial Impact

The financial impacts will be determined as the budget is adopted.

Recommendation

Staff recommends Council discuss the process, timing and set specific dates for budget meetings, providing consensus to staff on how to proceed.

Background

Staff suggests that the following be discussed and consensus reached on the budget process.

- Timing – Set a date for adoption of the budget then work back from that point to set meeting dates, providing adequate time for review of materials as well.
- Process – In the past, staff has presented a format that examines the past actual expenditures for the previous 3 years, along with an average. Since the third year is still in progress, an estimate will need to be used for the 2006 levels. Staff is suggesting the format be expanded to improve readability and understanding to include the following:
 - A clear and concise layout of the various fund types and how they relate to each other. Staff will outline during this discussion a number of new funds that staff would like to create to simplify how the budget is prepared, and aim to minimize the impact of carrying fund balances for capital needs.
 - An overview of the function that each budget department has, including a description of the services, where the resources (revenues) come from for these services, and how they are spent.
 - An analysis of past year accomplishments, goals for the next year, challenges for future years.

- An analysis of change from the past year to the current proposed level.
- An overview of staffing levels and costs.

It would be good to get clarity on public involvement models, either building on the past by discussing what worked and what didn't and how it should change. Alternately, Council can seek a new model based on the attached reference material (see "Bringing Budgets Alive", attached) previously recommended to Council by Councilmember Hempfling. We could also use a more interactive model, updating spreadsheets as decisions are made to bring clarity to the impacts of the decisions. Staff would like to remind Council of the limited time we have to make this budget, and perhaps some ideas need to be set as goals for the next budget, if we lack the time to complete them this year.

- Dates – Establishing dates, times and places for work sessions.
- Setting Goals for the Budget – Staff is assuming that Council consensus is to accomplish the following in the budget:
 - Avoid Fiscal Watch/Warning by balancing the budget, to the extent that no unforeseen circumstances arise that might create this situation. There are no guarantees, given the slim margins we are working with.
 - Have current revenues balanced to current expenses. Since we are just starting to develop funds for capital improvements, current expenses will also include a large amount of capital needs, until such times as these needs are well capitalized.
 - Focus on mandated services first when developing the "Status quo" budget.
 - Capital projects will focus on those projects that present a threat to life, health and safety first, followed by those projects that avoid higher future outlays of additional costs.
 - Staff will budget resources to finish this years goals and provide an amount (based on Council consensus) for future goals.

Alternatives Analysis

Council can revise, create or eliminate any of the process concepts outlined above.

Recommendation

Staff recommends Council discuss the process, timing and set specific dates for budget meetings, providing consensus to staff on how to proceed.

Approved by:

Attachments:

“Bringing budgets alive – participatory budgeting in practice”
Community Pride Initiative / Oxfam UK Poverty Programme

“Citizen-Based Budgeting: The Redding, California Experiment”
Public Management Magazine, May 1997

“Citizen-Based Budgeting”
Public Management Magazine, November 2005