

Budget Time



Teri Osterman, MRWA Financial Services Planner

Here we are again in the year, that October-December time frame, and it is BUDGET time. As we all know, the operating budget is probably a municipality's most important work project. The budget serves a number of functions;

1. At the basic level it is a legal document that gives local government officials the authority to incur obligations and pay expenses.
2. It allocates resources among city departments.
3. Reflects the legislative body's priorities and policies.
4. Controls how much each city department may spend.

Mission statements, goals, and objectives convey how budget decisions relate to a wider vision for the future. A budget can also be an evaluation tool, comparing commitments made in previous year's budget with actual accomplishments.



"The operating budget is probably a municipality's most important work project."

In Minnesota, the preliminary/proposed budget needs to be to the counties in September, with the final being approved in December and then sent to the county. The process for most cities starts with the clerk which may also be called clerk-treasurer or finance director.

The budget process begins when the clerk requests all department heads in the municipality to prepare detailed estimates of the probable revenues and expenditures required by their departments for the next fiscal year. The estimates are then compiled and presented or submitted to the city council. This allows the legislative body/council to set the amount needed for Ad Valorem Taxes.

The legislative body/council must keep in mind that the amount they approve for the preliminary/proposed budget cannot be raised or increased during the remaining budget process until they set the final budget numbers in December. The legislative body/council may lower the preliminary/proposed down to zero increase by December, but may not raise it. Cities' that are required by size must hold Truth N' Taxation hearings prior to final approval of the budget in the state of Minnesota. Truth N' Taxation is a public hearing dur-

ing which the council/city can explain the budget to the residents and the need for increased or lower Ad Valorem Taxes.

Some cities choose to set enterprise fund budgets at the same time and some cities due to time constraints and limited staff chooses to do it at a different time. Either way, budget time is a great time to look at their fee schedules and their enterprise rates such as water and sewer rates.

MRWA has a great tool on their website for getting approximate or preliminary numbers for water and sewer rates. If you are a new clerk and need some help for the first time, MRWA can help through clerk training. If you are a pro and just need the rate sheet it can be found at Minnesota Rural Water's website at www.mrwa.com. MRWA also offers rate studies to cities on a fee base. So if you are looking for some help in preliminary numbers or a full blown rate study or just need some questions answered please contact Teri Osterman at teri.osterman@mrwa.com or 320-304-3135 or MRWA's office at 800-367-6792.

Culligan®

MARK DELEBO
SALES ENGINEER

CULLIGAN WATER CONDITIONING

6030 Culligan Way • Minnetonka, MN 55345 • Direct Line (952) 912-7348
Cell (612) 328-0551 • Fax (952) 933-5049
Customer Service (952) 933-7200 • E-Mail mark.delebo@culliganwater.com