The Aikido Budget Manual

The Budget Process Developed by the City of Sandy, Oregon

Background

The budget and financial management systems used by most governments have built-in rules that lead to behaviors that managers and policy makers don't like. From the perspective of a city council, the traditional budget methods

- are too time-consuming
- drive out discussions on long-range issues
- focus on number crunching and budget details that obscure the "big picture"

Most traditional processes also build in inflationary and population growth factors (e.g., a "current services" budget), so the process focuses on difficult "cuts" even when revenues increase.

From the perspective of the city manager, traditional budget methods encourage

- A "spend it or lose it" mentality
- Line item padding
- Fictional revenue projections

The Aikido budget process avoids these pitfalls through a combination of several techniques:

- Multi-year (biennial) budgeting
- Managing program (or departmental) bottom line rather than line items
- Carry-over savings
- Use of departmental contingency accounts
- Allocating revenues, where possible, to departments or programs

> "Aikido focuses not on punching or kicking opponents, but rather on using their own energy to gain control of them or to throw them away from you. It is not a static art, but places great emphasis on motion and the dynamics of movement."

While we have found that these techniques work best in combination, it is possible to use any of them alone.

After two decades refining these procedures, the results are:

- Strong incentive for savings
- Revenue doesn't get lost in the "general fund black hole"
- Departments watch the bottom line
- Departmental contingency accounts for emergencies, one-time needs
- Time becomes available for policy issues during the "off year"--
  - Forecasts
  - Capital Improvement Planning
  - Program Priorities & Effectiveness

- The city is forced to match ongoing costs with ongoing revenues: cash carryover is not available to offset the second year costs.

This manual is intended to provide sufficient details about the Aikido Budgeting Method to allow it to be implemented in any city or professionally-managed county.

CONTENTS

A. Two-Year Budget

Some states (e.g., Oregon, Washington) allow true biennial budgets, where the fiscal period is made up of 24 months. In this case, it is a simple matter to budget for the full biennium (i.e., a single 24-month period). But where annual budgets and appropriations are required, you can get most of the benefits of a two year budget by approving two one-year budgets **at the same time.** Even if state law requires a separate appropriation process for the second year, this can be done as a routine agenda item, bypassing the blood, sweat, and tears of a full-blown budget-setting process.

Pick your cycle. In the State of Oregon, government fiscal years begin on July 1. The City of Sandy's charter specifies that Council members are elected in November of **even-numbered** years for (staggered) four year terms that begin on January 1. Therefore, our biennium begins on July 1 of the odd-numbered years: this gives newly-elected Council members around six months to get up to speed with city issues, while still allowing them to use the budget to implement policy initiatives. Here is a typical cycle (for Sandy):

November 2006	Three (of six) Council Members plus Mayor are elected
January 1, 2007	Mayor and new Council Members take office
January or February	Council retreat to review/set policies and set 2007-09 goals
January-March	Staff prepares Proposed Budget
April-May	Council reviews budget; makes final changes
June 2007	Council adopts budget for the period July 1 2007-June 30 2009
Spring 2008	Big Picture Financial Planning: forecasts, Capital Improvement Plans, Program Reviews, Benchmarking, etc.
June 2008	Budget amendments (fine-tuning) if necessary

Conversion. For a two-year budget (i.e., adoption of two 12-month budgets), all you need to do is add one more column to your budgeting worksheets (i.e., the twelve months beyond the period you normally budget for).

For a true biennial budget, the process is more complicated. Here you need to aggregate your historical one-year data into 24-month periods. In most cases this can be done by importing data from your financial (general ledger) system into a spreadsheet or database.

While this takes some effort, the payoff is a longer look at the budget, both forward and backward. For example:

	Columns Used in Budget Worksheets/Document			
Before Conversion	2003-04 Actual	2004-05 Actual	Current (2005-06) Budget	2006-07 Budget
After Conversion	2001-03 Actual	2003-05 Actual	Current (2005-07) Budget	2007-09 Budget

The biennial budget gives your managers and policy-makers an eight-year view of your government's finances (in this example, from 2001 to 2009) rather than a four-year view.

Why Do It? A two year (or biennial) budget strengthens your financial planning by forcing you to account for longer range issues. For example, short-term grants that may fund parts of your operation (e.g., the "COPS Fast" program) may reduce or disappear, forcing you to find other means of support for the program. Adding a new position mid-way through a year may make the cost appear less in the first year, but you have to reckon with the full cost the second year.

By the same token, re-lamping your city hall (an investment in the first year) will show savings in the second year. Increasing business license fees mid-way through the first year will give you a full twelve months of additional revenue the second year.

But the primary reason for going to a two-year budget is the time it saves. **Most local government line items don't change much from year to year**. State-imposed limits on revenue often make revenue projections simple (in a sick way). Union contracts can be negotiated to line up with the budget period, and personnel costs are relatively easy to project. There is no point pretending that local budgets are "zero-based" when they are, in reality, very incremental.

You may suffer from some large but erratic revenue sources (e.g., sales tax that excludes groceries in the base), or be hit with some completely unexpected expenses. There are two options here:

1. Stabilize your revenue side by basing the next biennium's revenue estimate on **what you actually collected** in the past biennium. Then if revenues actually come in higher than the estimate, you can—in the next budget cycle—allocate this "surplus" to increased fund balance (reserves), capital improvements, or investments in increased efficiency. Similarly, you can budget a general fund contingency account to cover most unexpected expenses.

2. Amend the budget at the one-year point (you will find this is rarely necessary). Even here, you will only need to deal with a few problem programs or funds.

B. Departmentalized Revenues

Identify the revenues. Most are easy. Recreation fees should be allocated to the recreation department (or program). Building fees go to the building department. Police report fees go to the police department. Library fines go to the library.

Some are more complicated. If you operate both a municipal court and a police department, who gets to "keep" the traffic fines? We tried splitting it (in half) between the two programs, but this became a book-keeping headache. Since the court budget is very stable, we just applied it all to the police department. What about fund transfers to cover indirect costs—do you split these up and apply them as "revenue" to the finance, administration, legal departments? You can, but again we decided not to bother with it and just lump them in

with other "non-departmental" revenues; the operating managers really don't have much control over these transfers.

The number of un-allocated general fund revenue line items will shrink, but many of the larger revenue sources will remain unallocated: taxes (e.g., property, sales tax), franchise fees (you can allocate your cable TV franchise fee to your cable production/administration department, if you have one), miscellaneous revenue, some state-shared revenues.

<u>Conversion</u>. We initially used a conversion table in a database program to "re-number" our revenue accounts in the budget preparation database. For example, the table converted account 110-000-436100 (recreation user fees) to 110-033-436100, where "033" is the department number for the recreation program . But most governments have few enough revenue line items that you can do the conversion by hand in a spreadsheet.

<u>Budget Math</u>. We show both revenues and expenditures as positive numbers. When you look at the bottom line in all funds **except** the general fund, expenditures **subtract** from revenues. Therefore, if the water fund brings in more revenue than it spends, the result is a positive number. Makes sense.

But we do the opposite in the general fund: revenues subtract from expenditures. Why? Few if any of the general fund programs are self-supporting. In other words, their departmental revenues don't cover their full cost. Most people have a hard time understanding negative numbers, and we didn't want the bottom line to confuse people. (There have been cases where—in high growth years—the building department takes more in than it spends, and the net actual bottom line goes negative. But this is rare.)

When revenues subtract from expenditures in general fund programs, the bottom line (positive) is simply the amount of general taxes (and other unallocated revenue) that it takes to keep the department whole.

(When our database calculates the bottom line, we convert revenues to negative numbers so that the totals work out…but we don't show the line item detail as negative numbers. This would confuse people: if revenue changes from $ -150,000 this year to $ -180,000 next year, does this mean we got more or less revenue? Even if you use a spreadsheet for your budget preparation, you can use a bottom line formula like: Net Total = sum(column of expenditures) – sum(column of revenues) to avoid showing anything good as a negative number).

<u>Why Do It?</u> Simply put, it makes your operating managers watch their revenues as closely as they watch their expenditures. In traditional budgeting, the police chief can sell the Council on an additional traffic enforcement officer based on increased fine revenue. But when the revenue goes into the General Fund Black Hole, she doesn't really care if the fine revenue materializes. The same is true of grants: if any departmental costs are covered by grants, the manager's financial reports will look very bad if the grants don't come in as projected.

C. Bottom-Line Budget Management

Once you've added associated revenues to the department's budget worksheets, it's a simple matter to calculate the bottom line: total expenditures less total revenues (as noted above).

The Conversion Process. You need to have your database or spreadsheet make the calculation for past years or biennia. It's worth it: the results may surprise you. This shows not only how much each program relies on general revenues in the current budget, but actual experience in past years.

Why Do It? The manager of the local pool (operated by the school district) couldn't replace his stock of swim goggles, even though he made money selling them. Why? He was approaching his total appropriation and wasn't allowed to spend any more on that line item. This is ridiculous, but happens often under the traditional bureaucratic budget philosophy.

Conversely, if you manage to the bottom line (taking into account departmental revenues) your operating managers are empowered to make sensible decisions. Suppose the building department is falling behind on plan reviews because of a jump in workload. At the same time, permit and plan check fees are coming in well above the estimated amount. With a bottom line management philosophy, the Building Official can hire outside contractors (plan reviewers or inspectors) to keep up with the workload, as long as the cost is offset by the additional revenue.

Under the traditional approach, the following would have to occur: 1) builders complain to the City Council about the slow turnaround; 2) the Council tells the city manager to fix it; 3) the city manager asks the Building Official what the problem is; 4) the building official says the department is stretched thin with the existing authorized staff, and suggests a budget amendment to allow him to hire contractors; 5) the city manager asks the finance director to prepare a budget amendment resolution for the city council; 6) the city council approves the amendment, four months after the complaint from the builders.

State law may require a formal appropriation amendment, even if you follow a bottom-line approach. If so, lump any appropriation changes together near the end of the fiscal year and amend the budget as a housekeeping measure (on the Consent Agenda, if possible).

What About Line Items? You still need to use line items to allow operating managers to do detailed budget planning, and to track trends in expenditures. But you should allow operating managers to transfer unilaterally appropriations between line items (typically through a memo or e-mail to the finance department).

We encourage operating managers to do this when it helps their budget management (for example, when they know that they will under-spend one line item, and shift the appropriation to another line item so they won't have to worry about it). But in practice, most simply allow some line items to be over-spent, since they focus on the bottom line just like the manager and council do.

POLICE DEPARTMENT			
	CURRENT BUDGET	YEAR-END ESTIMATE	NEXT YEAR
EXPENSE			
Salaries & Benefits	$ 600,000	$ 610,000	$ 635,000
Supplies	$ 20,000	$ 15,000	$ 20,000
Training	$ 15,000	$ 10,000	$ 15,000
Net Budget = Expenses - Revenues		0,000	$ 45,000
Vehicles	$ 80,000	$ 85,000	$ 90,000
Other Expenses	$ 60,000	$ 65,000	$ 70,000
Contingency	$ 15,000	$ -	$ -
TOTAL EXPENSE	$ 830,000	$ 825,000	$ 875,000
REVENUE			
Beginning Balance	$ 15,000	$ 10,000	$ 10,000
Grants	$ 35,000	$ 40,000	$ 35,000
Traffic Fines	$ 150,000	$ 160,000	$ 170,000
Miscellaneous	$ 25,000	$ 20,000	$ 20,000
TOTAL REVENUE	$ 225,000	$ 230,000	$ 235,000
NET	$ 605,000	$ 595,000	$ 640,000
CARRYOVER		$ 10,000	

D. Carryover Savings

This is a critical element of the Aikido Budget philosophy. If you do nothing else, do this!

The Conversion Process. Here you only have to worry about the current fiscal period, not past years. Follow these steps:

1. Ask your operating managers to estimate **actual** year-end estimates for their department's expenditures **and** revenues. This yields the estimated actual net expenditures (i.e., gross expenditures net of revenues).

2. Subtract this number from the **net budget** (budgeted expenditures less revenues) for the current fiscal period. This is the net savings. It should be a positive number; if not, the department is estimating they will exceed their bottom line budget and you may have a management problem.

3. NOTE: do this calculation based on the originally adopted budget, not on an amended budget, especially if you have had to make a clean-up amendment to satisfy state law. In the building official's example above, you may have to increase the

appropriation for contract services (knowing that revenue is coming in higher); if you use the original budget numbers for the carryover calculation, both the additional expense and the related fee revenue will net themselves out.

4. Carry this forward as a resource in the department's budget for the next period. To do this, add another departmental revenue line item for Beginning Working Capital (or whatever you call this in your accounting system).

5. When the dust settles at the end of your fiscal year (usually when the year end closing and audit adjustments are done), re-calculate the carryover savings based on **actual** expenditures and revenues. Enter this in the accounting system as actual Beginning Working Capital. If it is more than the budgeted amount, then the operating manager was conservative in his estimates. If it is less, then the manager is starting the biennium in the hole, and may need to adjust spending patterns.

6. During the budget process, ask the operating managers to show where they are allocating this beginning working capital. **Restrict it to one-time expenditures** (since you can't count on it from year to year). Use if for equipment and other capital expenditures, special consultant studies, or even special training.

Departmental Contingecy Accounts A good "use" of carryover savings is to fund departmental contingency accounts. This means that, for the first time, your managers won't have to pad line items. They can instead estimate line items as accurately as possible, knowing that if they guess wrong, they have contingency to fall back on.

You should create a contingency account in every department. It can have a budget, but should never have actual expenditures (that would screw up your expenditure tracking). To actually spend it, the operating manager has to transfer the appropriation to a real expenditure line item.

In practice, we allow operating managers to overspend regular operating line items (utilities, health insurance, supplies) without bothering to transfer the appropriation: the contingency account simply keeps their bottom line in balance. We do, however, require city council approval of any equipment or capital items over $2,500 that haven't been specifically approved in the budget. This is an incentive for operating managers to identify these items up-front as part of the budget process. Emergency expenses, such as replacement of a heat pump at the police station, don't require Council approval (but are reported to the Council as soon as possible).

Do they get to keep it all? Over the past two decades I have experimented with allowing departments to keep some fraction of the carryover (e.g., 50%) and leaving the rest "available" to the Council for appropriation in other areas. Based on this experience, I strongly recommend allowing departments to carry over **all** of the expenditure savings and all of the increase in revenues over the estimated amounts. Why?

1. Anything less than 100% still leads to a "spend it or lose it mentality."

2. Do you trust your operating managers, or not? If you do, let them "have" the carryover **because they will spend it on exactly the kinds of things that the Council wants to see**. If you follow a Council goal-setting process early in the preparation of the budget, your operating managers will know the Council priorities. If they are doing their job, the operating managers will pay attention and prepare a budget that carries out Council policy. Our planning director used it for consultants for long range planning (and to plant trees!) to help meet Council goals; our police chief used it to buy new radios to be able to communicate with other police and fire agencies during emergencies.

3. The Council can **always** get at all of the contingency: they ultimately control the whole city budget anyway. If they do that often, it will create bad budget behavior again (spend it or lose it, or hiding revenues). In a few cases, when departmental contingency accounts have grown fairly large, the operating manager and I have actually proposed shifting some of the carryover to "general" revenues (to allow it to be spent in another department). In other cases, the Council has proposed that the department spend some of their contingency for a specific purpose; their staff are usually glad to spend the money.

POLICE DEPARTMENT			
	CURRENT BUDGET	YEAR-END ESTIMATE	NEXT YEAR
EXPENSE			
Salaries & Benefits	$ 600,000	$ 610,000	$ 635,000
Supplies	$ 20,000	$ 15,000	$ 20,000
Training	$ 15,000	$ 10,000	$ 15,000
Dispatch			
Vehicle			
Other E			
Contingency	$ 15,000	$ -	$ -
TOTAL EXPENSE	**$ 830,000**	**$ 825,000**	**$ 875,000**
REVENUE			
Beginning Balance	$ 15,000	$ 10,000	$ 10,000
Grants	$ 35,000	$ 40,000	$ 35,000
Traffic Fines	$ 150,000	$ 160,000	$ 170,000
Miscellaneous	$ 25,000	$ 20,000	$ 20,000
TOTAL REVENUE	**$ 225,000**	**$ 230,000**	**$ 235,000**
NET	**$ 605,000**	**$ 595,000**	**$ 640,000**
CARRYOVER		**$ 10,000**	

CARRYOVER SAVINGS = Next year's beginning balance

E. Budgeting the Bottom Line

This section is saved for last because it is the only one that requires any skill or thought on the part of the budget officer.

Many governments begin the budget process with the following direction to operating managers:

A. Prepare a budget for your department, estimating what you will need to maintain current service levels.

OR

B. Prepare a budget where total appropriations do not exceed the combined increase in population and the consumer price index.

These instructions virtually guarantee that the budget process will focus on "cuts" to the departments' proposed budgets, because total revenues rarely increase A) as much as departments would like to spend or B) by the combined total of inflation and population growth.

This leads to the following behavior:

- Operating managers pad line items that are unlikely to be cut (because the budget reviewers have no way of independently estimating them) or pet programs of the Council or manager.

- Operating managers put their energy into defending their (inflated) budgets so that the cuts will occur in someone else's budget.

The Aikido Budget Method gives operating managers **spending targets** for their departments, and leaves it up to them to calculate line-item and program budgets that will meet these targets. NOTE: the spending targets are **net** of departmental revenues, so they can automatically give themselves a spending increase if they can increase revenues.

The process assumes that there will be no tinkering with these spending targets by the city manager or city council, so there is no incentive for padding or budget games. In actual experience with it, city councils are reluctant to "un-balance" a balanced budget that is presented to them, so they accept these targets.

The targets assume current service levels and current staffing levels. Operating managers can request additional resources to add staff or expand services, but only if they can't accommodate the addition within their target (and thus they know that additional requests will shine a spotlight on the assumptions they have made in meeting their budget target).

And of course, discussions about additional staff and resources are only relevant if there is sufficient general revenue to fund them.

How Do You Do It? Michael Dyal, City Manager of Medford, OR, uses a formula that is the **average** of the increase in inflation and population. For example, if the **bottom line** amount for the current biennium budget is $100,000 and the increase in the CPI is 4% and the increase in population is 6%, then the **net** spending target for the next biennium is a 5% increase, or $105,000. This formula recognizes that general revenue in Oregon never increases at the rate of inflation **plus** population growth, but it does acknowledge that increases in both areas put pressure on the budget.

For more than a decade, the City of Sandy has used this formula:

1. **No** increase in the net budget, excluding personnel costs. That is, any increases in non-personnel (supplies & services) line items are offset by increases in departmental revenues, or decreases in other line items.

2. **Plus** increases in salary and benefit costs for **existing staff** based on council-approved compensation increases.

The logic behind this is that operating managers don't have much influence over compensation policies (overall COLAs, health care premium increases, retirement cost increases).

An exception to this is for general fund programs that are expected to be either self-supporting (e.g., the building department) or that receive a fixed dollar amount in general revenue support (e.g., a library that is mostly funded through a countywide levy). In this case, personnel costs must be absorbed by revenue increases or decreases in other line items.

But I haven't used this formula blindly. In a few cases, I have tweaked it to add dollars to the target when the department is faced with an unusual jump in costs (e.g., a large increase in the amount charged by the county for police dispatch services), or when the operating budget has been squeezed to the point where the manager has run out of options.

This is where the skill comes in. If you could prepare a recommended budget for your governing board by simply relying on a mathematical formula, then a computer could do your job. The fact is, if you pay attention, you know which departments have some budget fat and which ones don't. One of our department heads noted: "you know their budget is doing OK when the staff start wearing polo shirts with the department logo embroidered on them!"

To set good spending targets, you need to know enough about your departments to judge whether they can operate within the target you give them, or not.

The Conversion Process

I recommend starting with the formula noted above; i.e., increase the net budget target for increases in personnel costs only. Watch how the budgets do for the first cycle (biennium, ideally). Then in the next cycle, consider adding or subtracting from the formula amount if necessary. Keep in mind, though, that your operating managers will ask you how you arrived at the spending target. They will accept your "tweaks" if they know they are legitimate (e.g., don't add to the fire department formula until their embroidered polo shirts are getting threadbare).

Why Do It? One good reason is that holding operating managers to their spending targets eliminates a lot of the heartache of the budget process (fighting over cuts, etc., as noted above). You may still have spirited debates about program **additions** (if you can afford them), but that is more pleasant if the operating managers have control over their base budgets.

Another good reason is that **you can balance the general fund budget at the beginning of the process**. To balance the budget, all you need is:
1. The **net** targets for all the departments.
2. Estimates of personnel cost increases (you probably already use a huge spreadsheet or some other forecasting model for projecting personnel costs).
3. Estimates of non-departmental expenditures (e.g., general liability insurance, etc.)
4. Estimates of non-departmental revenue (property tax, state shared revenue, etc.)

Of course, if you start the process six or nine months before the beginning of the fiscal year (biennium), you will have to refine these estimates as the process continues. But you can quickly get a feel for how hard or easy the balancing process is going to be.

While you are doing the "big picture" budget balancing, the departments are doing all the work on the specific line items and all their departmental revenues. You don't have to worry about them at all, as long as the departments stay within their targets.

Since balancing is relatively easy, you should probably do a back-of-the-envelope balance before releasing the departmental budget targets. But don't necessarily abandon your targets (e.g., don't make your "targets" be an across-the-board flat percentage decrease; again, a computer could do that). Since our general funds are typically driven by personnel costs, if you see a budget gap looming, it would be better to keep the targets, but start working on strategies like freezing vacant positions, or having Council prioritize services.

POLICE DEPARTMENT			
	CURRENT BUDGET	YEAR-END ESTIMATE	NEXT YEAR
EXPENSE			
Salaries & Benefits	$ 600,000	$ 610,000	$ 635,000
Supplies	$ 20,000	$ 15,000	$ 20,000
Training	$ 15,000	$ 10,000	$ 15,000
Dispatch	$ 40,000	$ 40,000	$ 45,000
Vehicles	$ 80,000	$ 85,000	$ 90,000
Other Expenses	$ 60,000	$ 65,000	$ 70,000
Contingency	$ 15,000	$ -	$ -
TOTAL EXPENSE	$ 830,000	$ 825,000	$ 875,000
REVENUE			
Beginning Balance	$ 15,000	$ 10,000	$ 10,000
Gra			000
Traf			000
Mis			000
TOTAL REVENUE	$ 225,000	$ 230,000	$ 235,000
NET	$ 605,000	$ 595,000	$ 640,000
CARRYOVER		$ 10,000	

TARGET = Current year net budget + Salary/Benefit increase

F. Tracking Financial Performance during the Year

Municipal financial systems are rarely set up to track net bottom line performance by departments within the general fund. But it isn't hard to use the financial system to do it. You will probably discover that:

1. The financial system allows you to classify revenues by department number. In our case, all general fund revenues were previously coded to "department" 000, our "revenue" department. Our finance director wasn't sure we could do it, but it turned out that the system didn't care if we coded revenues to dept. number 030 (police) or 037 (building). We left the nondepartmental revenues in account 000.

2. The financial system allows you to code both beginning working capital (fund balance) and contingency accounts to department numbers. In Oregon, beginning balances are treated like revenues. So we just code the cash carryover by department to the appropriate departments (e.g., the account code for police carryover savings is 110-030-401100, and nondepartmental beginning balance is 110-000-401100). We can easily calculate total general

fund beginning balance by adding all the 401100 accounts across the fund. Same way with contingency accounts (coded in our system as 110-xxx-951000).

The financial system may not be able to calculate the bottom line (expenditures net of departmental revenues) for general fund departments. We simply link our live financial system database to a Microsoft Access database, and use Access to produce reports. Since we have converted our budgeting and financial reporting systems to the web, we use the database reporting features of MS FrontPage to display the database summaries on our web site. This allows the city council, operating managers, and the public to "drill down" to increasing detail. It is especially useful as a way to monitor the bottom line performance of each department (see below).

Department Summary

| Home | City Home Page | Budget Message | The Numbers | Staffing | More Information |

General Fund Departmental Summary. To view more detail, click on the link under "Department Name'

Dept Name	Budget	Expense	%	Rev. Est.	Revenue	%	Net Budget	Net Actual
Revenue	$0	$0	0%	$5,709,464	$60,912	1%	-$5,709,464	-$60,912
Mayor and City Council	$49,780	$2,431	5%	$18,863	$0	0%	$30,917	$2,431
Administration	$348,573	$28,230	8%	$12,006	$0	0%	$336,567	$28,230
Legal	$130,000	$0	0%	$0	$0	0%	$130,000	$0
Municipal Court	$157,075	$9,390	6%	$29,772	$0	0%	$127,303	$9,390
Finance	$329,219	$27,117	8%	$7,742	$0	0%	$321,477	$27,117
Library	$1,032,645	$71,637	7%	$792,645	$7,313	1%	$240,000	$64,324
Police	$2,496,168	$212,395	9%	$439,798	$48,210	11%	$2,056,370	$164,186
Animal Control/Code Enforcemnt	$155,130	$9,653	6%	$0	$0	0%	$155,130	$9,653
Recreation	$466,942	$51,973	11%	$175,737	$4,001	2%	$291,205	$47,972
Seniors	$660,515	$45,786	7%	$309,272	$16,988	5%	$351,243	$28,798
Parks Maintenance	$384,411	$28,928	8%	$63,815	$0	0%	$320,596	$28,928
Planning	$686,184	$25,652	4%	$629,837	$36,943	6%	$56,347	-$11,292
Building	$838,027	$31,520	4%	$888,027	$52,364	6%	-$50,000	-$20,844
Non-Departmental	$1,342,310	$78,237	6%	$0		0%	$1,342,310	$78,237

*Note: in the above example, the building department has a net bottom line budget for **the biennium** of negative $50,000 to reflect an estimated $25,000 per year in other general fund costs that support the building department. Negative numbers in the "Net Actual" column mean that revenues are outpacing expenditures. "Revenue" for some overhead departments such as Administration consist of only beginning balances, and final carryover calculations are awaiting the year-end audit (and actual revenues are showing as $0). The Non-Departmental budget includes $650,000 in non-designated contingency (on top of department contingency accounts) and $250,000 in capital outlay.*

G. Additional Resources:

City of Sandy on-line budget: http://www.ci.sandy.or.us/finance/
Sandy Financial reports: http://www.ci.sandy.or.us/finance/fund.asp

Contact:
Scott Lazenby, City Manager
City of Sandy
39250 Pioneer Blvd.
Sandy OR 97055
(503) 668-6927
slazenby@ci.sandy.or.us