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- You will obtain full CEUs for this course, if you actively participate in the training activities and stay for the entire session. Evidence of this will be the sign out sheet.

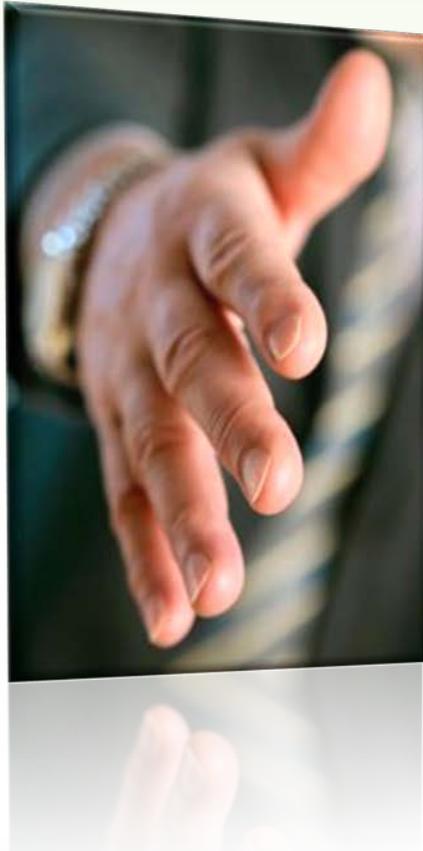


Pre-Test

- This short pre-test is designed to measure content areas covered in this class and will indicate what you already know about these areas.
- At the end of this class, you will be asked to take the test again in order to measure your learning.



Welcome



- Meet the instructor
- Participant introductions
- Why are you here?

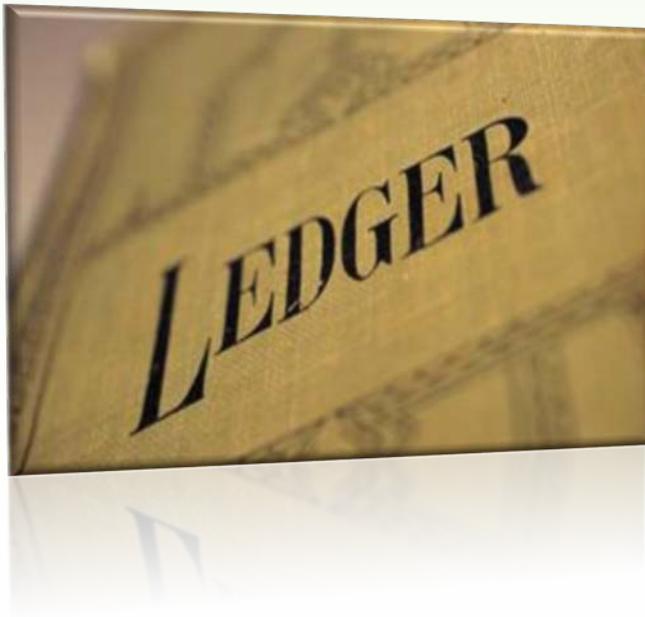
Let's get started!



Description

This seminar describes:

- Managing building department finances using budgets
- Cost and revenue control
- Reporting and records management
- Ways to improve and enhance financial and records management.



Goal



Participants will gain financial management skills to be more effective managers and propose better budget proposals.



Goal

The goal of this seminar is to have participants:

- Complete the budget process for their department more effectively through an increase understanding of the terminology and components of budgeting.
- Determine intradepartmental budgets and financing responsibilities that are consistent with the directives of the governing authorities.
- Determine procedure for generating and maintaining building department administrative records and reports.



Icons used in this seminar



Icons used in this seminar



The **ACTIVITY** icon represents activities included in the workbook that provide an opportunity for you to practice applying the information. The activities are designed to enhance your learning.



Icons used in this seminar



The **DISCUSSION** icon introduces discussion exercises. The questions in this exercise will help you to discuss the concepts in the section with your classmates and what they mean for you back at work.



Icons used in this seminar



The **FOR EXAMPLE** icon explains a procedure, demonstrates proper calculations, or provides an example of how to apply the information to specific situations.



Icons used in this seminar



The **KEY LEARNING** icon indicates information that is important to help you execute knowledge back at work.



Icons used in this seminar

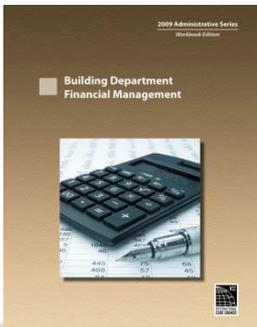


The **QUESTION & ANSWER** icon provides course specific questions with instructor answers and feedback.



Module 1

Introduction



Objectives

Upon completion of this seminar, participants will be better able to:

- Determine departmental budgets and financing responsibilities which are consistent with the directives of the governing authorities.
- Establish a system of management checks which allow verification of revenue generation consistent with budget projections and to ensure that the building official is notified promptly of major deviations from these projections.
- Determine procedures for generating and maintaining building department administrative records and reports.



Objectives

- Develop strategies to utilize current technology to increase office effectiveness and efficiency.
- Define financial and budgeting terms relevant to the building department budget.
- Read and explain budget forms.



Effectiveness of a Building Department

- Effectiveness may be measured by the department's ability to meet the needs of its community by assuring a safe built environment for all its citizens in an efficient, equitable, and cost effective manner.



Growing Needs & Demands

- Keep up with changing technology, techniques and processes
- Maintain technical, managerial, and administrative skills
- Marketability
- Serve needs of customers



Managing the Finances of the Building Department

Sound budgeting and financial management within the building department focuses on:

- Securing funding
- Spending that money in a responsible manner
- Tracking and accountability

The goal is to have the best possible use of financial resources.



Managing the Finances of the Building Department



Typically, the building official:

- Develops a budget
- Utilizes accounting system to track and account for the expenditure of funds throughout department
- Recommends a fee structure as part of *carefully* utilizing financial resources



Managing the Finances of the Building Department

Because the building department is part of a government entity, sound financial principles must be used.



This session focuses on:

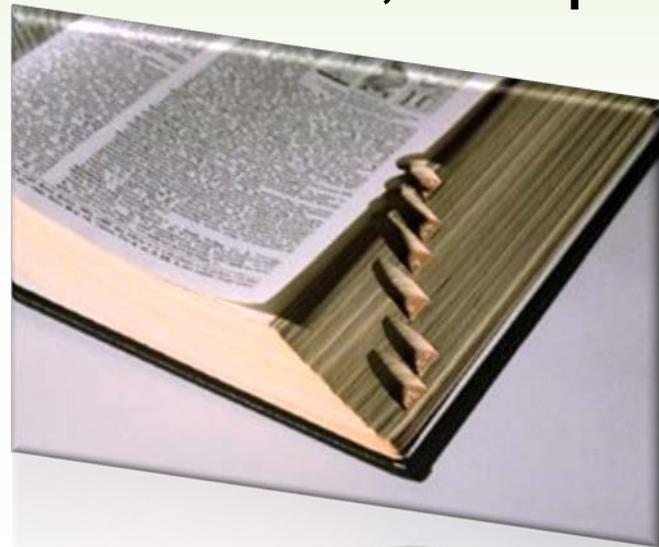
- Managing building department finances using budgets
- Cost and revenue control
- Reporting and records management.



Definitions

The language of financial management and budgeting is unique to its area. Once the terminology used is understood, the process is much clearer.

Let's take some time to go over the definitions in your workbook.



Terms and definitions are on pgs. 4 – 15 of your workbook





Definitions

The next few slides present terms from the definition section of your workbook. Give the correct definition of the terms presented

- **Ad Valorem Taxes?**

Commonly referred to as property taxes; are levied on both real and personal property according to the property's valuation and tax rate.

- **Asset?**

Resources owned or held by a government that have monetary value

- **Expenditure?**

The payment of cash on the transfer of property or services for the purpose of acquiring an asset, providing a service or settling a loss.



ALLOT

- To divide an appropriation into amounts which may be encumbered or expended during an allotment period.



ALLOT continued

Examples include:

\$48,000 for payroll total divided by
pay periods

$(\$48,000/26 = \$1846.15 \text{ per pay period})$



ANNUALIZED

- Taking changes that occurred during the year and calculating their cost for a full year, for the purpose of preparing an annual budget.



ANNUALIZED

- **Example:**
 - 1st Quarter Expenditure - \$250 Office Supplies
 - Annualized cost for office supplies would be $\$250 \times 4 = \1000



APPROPRIATION

A legal authorization to incur obligations and to make expenditures for specific purposes.



ATTRITION

- A method of achieving a reduction in personnel by not refilling the positions vacated through resignation, reassignment, transfer, retirement, or means other than layoffs.



BALANCE (Undesignated)

- Funds remaining from the prior year which are available for appropriation and expenditure in the current year.





Definitions

- **Budget**

A plan of financial activity for a specified period of time (fiscal year or biennium) indicating all planned revenues and expenses for the budget period.

- **Fund Balance**

The excess of the assets of a fund over its liabilities, reserves and carryover.

- **Line-item Budget**

A budget prepared along departmental lines that focuses on how funds are to be expended.



BASE BUDGET

- Cost of continuing the existing levels of service. The base budget includes all associated costs in the budget, i.e.,
 - Payroll
 - Office Supplies



BUDGETARY CONTROL

- The control or management of a government in accordance with the approved budget for the purpose of keeping expenditures within the limitations of available appropriations and resources.



CAPITAL ASSETS

- Assets of significant value and having a useful life of several years.
- Capital Assets are also called fixed assets.



CAPITAL RESERVE

- An account used to segregate a portion of the government's equity to be used for future capital program expenditures. The amount of capital reserve is roughly equal to the government's annual equipment depreciation and an amount identified as being needed for future capital acquisition.



CONTINGENCY

- A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted. Sometimes called rainy day funds or budgeted surplus.



CONTRACTUAL SERVICES

- Services rendered to a government by private firms, individuals, or other governmental agencies. Examples include utilities, rent, maintenance agreements, and professional consulting services.



DEFICIT

- The excess of an entity's liabilities over its assets or the excess of expenditures or expenses over revenues during a single accounting period.



Development-Related Fees

- Those fees and charges generated by building, development and growth in a community. Included are building and street permits, development review fees, and zoning, platting and subdivision fees.



ENCUMBRANCE

- The commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a specified future expenditure.



FISCAL POLICY

- A government's policies with respect to revenues, spending and debt management as these relate to government services, programs and capital investment.



FISCAL POLICY (continued)

- Fiscal policy provides an agreed-upon set of principles for the planning and programming of government budgets and their funding.



FIXED ASSETS

- Assets of long-term character that are intended to continue to be held or used, such as land, buildings, machinery, furniture, and other equipment



Full-Time Equivalent Position (FTE)

- A part-time position converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, part-time typist working for 20 hours per week would be equivalent to .5 of a full-time position.



Generally Accepted Accounting Principles (GAAP)

- Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules, and procedures that define accepted accounting principles.



INDIRECT COST

- A cost necessary for the functioning of the organization as a whole, but which cannot be directly assigned to one service.



VARIABLE COST

- A cost that increases/decreases with increases/decreases in the amount of service provided, such as the payment of a salary.





Definitions

- **Objective**

Something to be accomplished in specific, well defined and measurable terms, and that is achievable within a specific time frame to achieve a specified goal.

- **Purpose Statement**

A broad statement of the goals, in terms of meeting public service needs, that a department is organized to achieve.

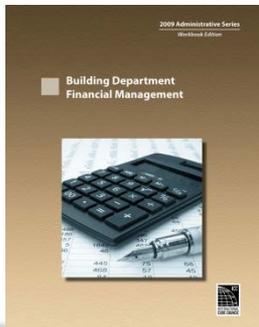
- **Unreserved Fund Balance**

The portion of a fund's balance that is not restricted for a specific purpose and is available for general appropriation.



Module 2

Budgeting



BUDGET

- A numerical plan for allocating resources to specific activities, used for control and planning



WHAT IS A BUDGET?

A written plan of goals & objectives.

Goals & objectives are supported by:

- PERSONNEL
- SUPPLIES
- EQUIPMENT

= EXPENDITURES



WHAT IS A BUDGET?

- In old English, a BOUGET is the bag or wallet.
- If money is power, then budgeting is the distribution of power.
- The budget is the purse of power.



WHAT IS A BUDGET?

- A series of goals with price tags attached.
- A work plan with price tags attached.
- A mechanism for making choices.
- A web of social as well as legal and political relationships in which commitments are made by all parties.



WHAT IS A BUDGET ?

- If politics is regarded in part as conflict over whose preferences shall prevail in the determination of policy, then the budget records the outcomes of this struggle and charts the policies.
- The political scorecard.



WHAT IS A BUDGET?

- “Budgeting” is decision making.
- “Budget” is a plan for the accomplishment of programs related to objectives and goals within a definite time period, including an estimate of resources required, together with an estimate of the resources available, usually compared with one or more past periods and showing future requirements.



WHAT IS A BUDGET? (continued)

- Budgeting is the political process of determining who gives and who gets while a budget is the ledger.
- The budget is the world series of government.
- If it isn't budgeted, it isn't real. It is just another political promise.



BUDGETING IS...

-  Politics
-  Economics
-  Accounting
-  Planning
-  Control
-  Public Relations



Budget – Advantages and Disadvantages



Advantages

- Provides a benchmark
- Transmits awareness throughout the organization and public
- Directs resources
- Discipline approach to solving problems

Disadvantages

- Not exact-Based on judgment
- Restricts management in responding to unforeseen circumstances
- Takes time to administer



What is a Budget?

- A budget is a written plan of goals and objectives that are supported by personnel, supplies and equipment.
- Budgets having a specific application for short- or long-term projects are designed for the length of the project.



Purposes of Budgeting

Why Budget?

Allocating scarce resources to meet an endless list of needs and wants.

Balancing revenues with/to expenditures.

Or is it balancing expenditures with/to revenues.



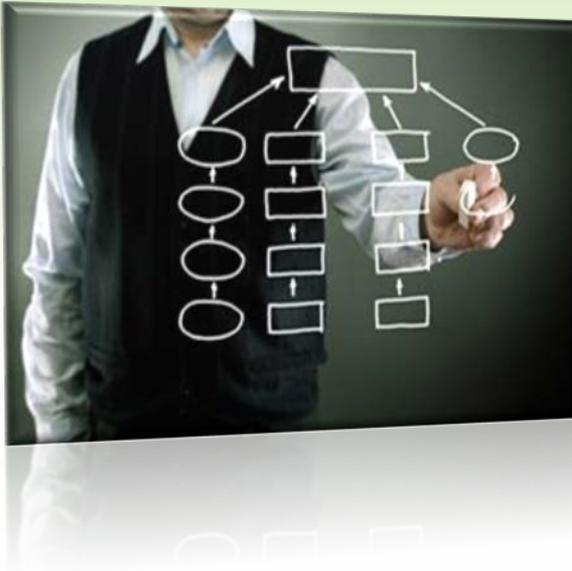
Major Phases of Budgeting



- Planning Phase
- Preparation Phase
- Control Phase

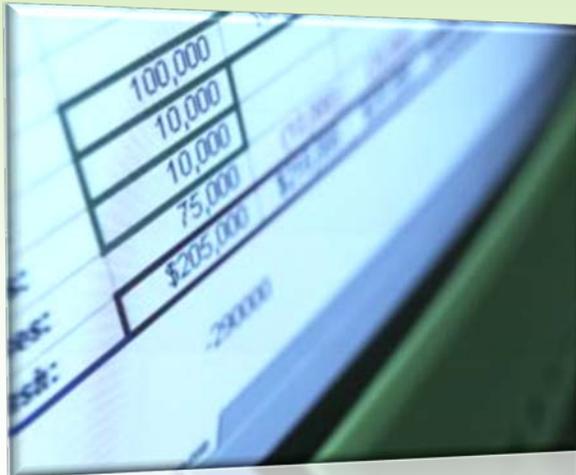


Planning Phase



- Goals stated in broad terms
- Objectives stated in specific terms
- Strategies or priorities
- Assumptions that are logical

Preparation Phase

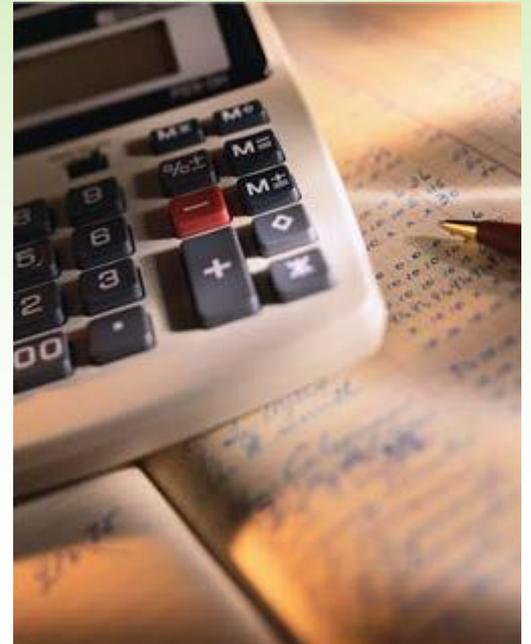


- Apply accounting principles
- Analyze fixed vs. variable costs
- Develop unit indicators
- Apply budgeting methods



Control Phase

- Apply unit indicators
- Analyze any cost variance
- Take action to control or correct



CONTROL

Fiscal and organizational
accountability to ensure that money
is spent legally and the organization
follows established policy



CONTROL

- Fearful of Corruption
- Controlling management
- Increase Central Power

ADVANTAGES:

- Strong over site of agency's actions and expenditures.
- Obedience to management's policies.
- Few illegal expenditures.



CONTROL

- CHALLENGES:

- Multiple Review and Approvals of Staff, Decisions, Actions, Expenditures, and Purchases.
- High administrative cost and expensive. Lots of accounting, clerical, and computer staff to review, budgets, practices and purchases and to maintain the budget/computer systems.



CONTROL

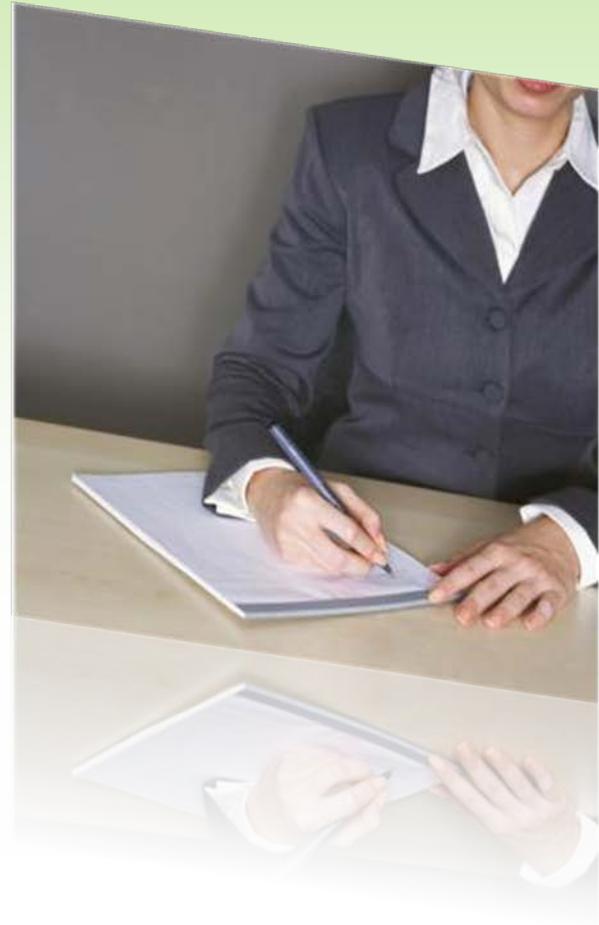
CHALLENGES:

- Limits management and staff flexibility.
- Very vertical, hierarchal organization.
- Unable to meet market shifts and customer needs.
- Very rigid.

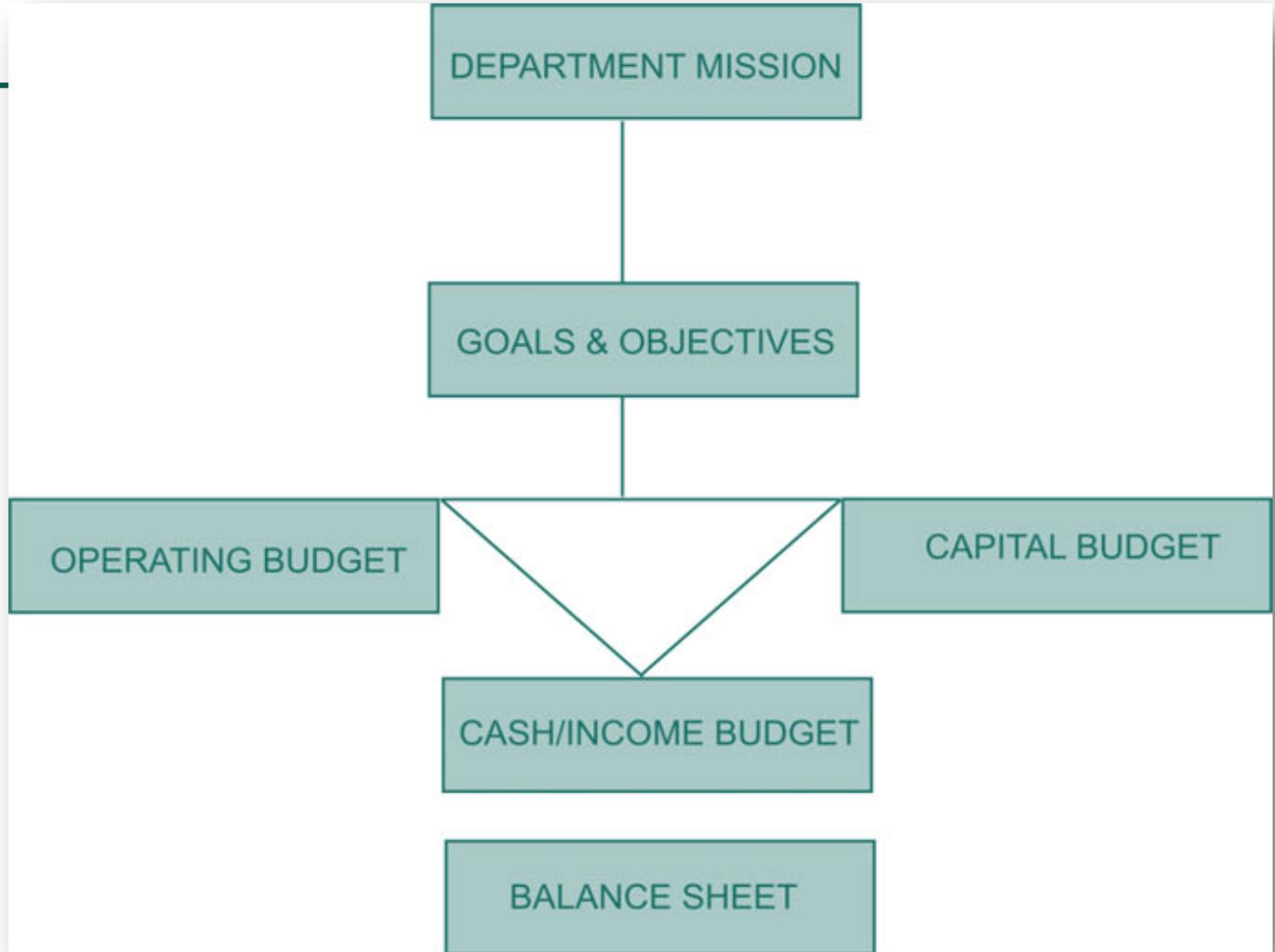


Major Budget Components

- Department Mission
- Goals & objectives
- Operating budget
- Capital budget
- Balance sheet budget



Budget Process





Department Mission

The department mission is a written statement that justifies the existence and operation of the department.

An example would be:

"The mission of the _____ Code Department is to promote, provide and ensure the health, safety and welfare of all citizens working and residing in the municipality(s) of _____."





Goals and Objectives

A goal is a broad general statement, whereas an objective is specific and defined in measurable terms. An example of a goal and an objective of that goal would be:

Goal: *"Provide a comprehensive rental housing inspection program."*

Objective: *"Merge the rental housing inspection program data into the new building property program by June 30, 2000."*



FOR EXAMPLE



Operating Budget



The operating budget consists of:

- Department line items for sources of revenue received
- Expenses for personnel, materials and equipment,

*See the example of an **Operating Budget** on page 18 of your workbook*





Capital Budget

The capital budget contains expenditures for department equipment that has a predetermined replacement time limit and may also contain expenditures for major building improvements.

Account #	Account	Budgeted 20xx
42.414	CAPITAL EXPENSE	
.730	Building Improvements	\$70,000.00
.740	Computer Equipment	5,000.00
.750	Vehicle Replacement	42,000.00
.760	Office Equipment1	1,000.00
.770	Radio Equipment	1,000.00
	TOTAL CAPITAL EXPENSES	\$119,000.00



Balance Sheet Budget

The balance sheet budget (or fund balance) is a document that lists all department assets and liabilities.

- Normally calculated on a monthly basis
- Used as an indicator of the current financial position.



Types of Budgets

Unit Cost Budgeting

Purpose: Effective use in budgeting for variable costs.

Fixed Cost Budgeting
(*Historical*)

Purpose: Effective use in budgeting for fixed costs.

Zero-based Budgeting

Purpose: Effective use in budgeting for programs.



Fixed and Variable Costs

- **Fixed Costs** are those that remain the same regardless of the amount of product the company sells
- **Variable Costs** change with production and sales volume



Types of Budgets (continued)

- **Revenue budget** – projects future sales
- **Expense budget** – lists the primary activities undertaken
- **Profit budget** – used by separate units of an organization
- **Cash budget** – forecasts how much cash on hand and how much will be needed to meet expenses



Types of Budgets (continued)

- **Capital expenditure budget** – forecasts investments in property, buildings, and major equipment
- **Fixed budget** – assumes a fixed level of services or production
- **Variable budget** – takes into account those costs that vary with volume



Methods of Budgeting

Incremental Budgeting

- Establishing a baseline
- Muddling
 - Add or decrease to/from prior year's budget a certain percent for next year based on economic conditions.



Incremental Budgeting

- Allocates funds to entities according to allocations in the previous period.
- Add or decrease from prior budget.



Incremental Budgeting

- Process involves the submission of an annual budget based on those of prior years.
- An adjustment is then added resulting in the new budget.



Incremental Budgeting

- Major weakness of the incremental budget is that the budget is made automatically without any real evaluation of service need, cost of services needed, or program planning.



Incremental Budgeting

ADVANTAGES:

- Quick
- Easy
- Inexpensive
- Few political fights (As long as augmenting)



Incremental Budgeting

CHALLENGES:

- Little to no analysis
- Little to no planning
- No prioritization



Approaches to Budgeting

- **Zero - Base Budgeting (ZBB)**

Budget requests start from scratch, regardless of previous appropriations



Zero-Based Budget (ZBB)

■ Three-step process:

- 1) Each discrete departmental activity is broken down into a decision package.
- 2) Individual decision packages are ranked according to their benefit to the organization.
- 3) Budget resources are allocated to the individual packages according to preferential rank in the organization.



Zero-Based Budget

- Starting point is at zero.
- Budget process is based on priorities.
- Costs are established based on priorities.



Zero-Based Budget

- Technique requires entity to identify:
 - Each function it performs
 - Its personnel
 - Other costs necessary to perform service



Zero Based Budget

Every year the budget is reduced to zero and then recreated and re-justified. All alternatives planned, cost, considered, ranked, and prepared as a “decision package.”



Zero Based Budget

ADVANTAGES

- Rational
- Empirical
- Measurable



Zero-Based Budget

- Encourages doing things more efficiently by starting from a zero base and evaluating services planned or needed and related costs.
- Can be used in any budget by starting from zero and working up the costs involved in providing services.



Zero Based Budget

CHALLENGES

- Expensive (Must employ many expensive statistical and financial analysts)
- Swamped in paper. Required thousands and thousands of “decision packages.”



Zero Based Budget

CHALLENGES (Cont'd.)

- Voluminous documentation, paperwork and staff time.
- Slow, requires lots of time.



Zero Based Budget

CHALLENGES (Cont'd.)

- Doesn't fit government services, e.g. war, welfare, etc.
- The budgeting process is a constitutionally created irrational process called politics!
- Doesn't work well in customer driven departments i.e. Welfare, defense, building enforcement.



PPBS

- Planning, programming, budgeting system
- No single part of PPBS was new
- Combination of all parts into a single system



Planning-Program-Budgeting

PPB required all programs and their alternatives to be measured, examined and analyzed with extensive statistical and financial analysis, including:



Planning-Program-Budgeting

- Marginal Utility Analysis
- Cost-Benefit Studies
- Cost-Effective Analysis
- Sensitivity Analysis
- Pay-off Matrix
- Present Values



PROGRAM BUDGET

- Expenditures are based primarily on:
 - Programs of work
 - Character and object of expenditures

- Program budget deals with the cost of functions and activities regardless of units involved in executing programs.



PPBS SEQUENCE

- Identify, make explicit and quantify goals
- Classify all activities of the entity into programs to accomplish goals



PPBS SEQUENCE

- Examine alternative means of accomplishing goals in terms of expected costs and expected degree of goal accomplishment
- Select and fund programs



PPBS SEQUENCE

- Evaluate programs in terms of costs, efficiency and goal accomplishments, and use evaluation to make new decisions



Planning-Program-Budgeting

ADVANTAGES

- Rational
- Empirical, everything is reduced to numbers – even war.
- Measurable
- It worked at Ford Motor Co. when McNamara was CEO



Planning-Program-Budgeting

CHALLENGES

- Expensive
- Slow, requires lots of time.
- The budgeting process is a constitutionally created irrational process called politics!



Line Item Budget

- Involves a detailed itemization of appropriations by object of expenditures, such as:
 - Payrolls
 - Contractual Services
 - Materials & Supplies
 - Equipment



Line Item Budget

- Emphasis is on the organizational unit and the object expenditures within the organizational unit.
- Designed primarily for accounting purposes



Line Item Budget

- Imposes restrictions on the manner in which departments spend funds granted
- Provides tight controls designed to prevent overspending



Governmental Funds

- General Fund
- Special Revenue Funds
- Debt Service Funds
- Capital Projects Funds



Proprietary Funds



- Enterprise Funds
 - Permit Fees
 - Plan Review Fees
- Internal Service Funds
 - Billing Services



Fiduciary Funds



Trust & Agency Funds

- Pension Trust Funds
- Nonexpendable Trust Funds
- Expendable Trust Funds
- Agency Funds

Groups of Accounts

- General Fixed Assets
 - Set up to account for long-lived assets other than those accounted for in Enterprise, Trust or Internal Service Funds.

- General Long-term Debt
 - Set up to account for the unmatured principal of bonds, warrants, notes and other forms of long-term indebtedness.



Basic Accounting Types

Full-accrual Basis:

Under a full-accrual basis, revenue is recorded in the accounts at the time it is earned and expenditures are recorded when the liability for them is initially incurred.



The Proposal Process

- Advance budget preparation
- Identify department goals
- Level of detail
- Gather information
- Determine method of projecting revenues
- Follow a consistent format
- Edit & review all information for accuracy
- Provide narrative analysis



Advanced Budget Preparation



- Discuss major budget items or projects with superiors.
- Solicit staff input on projected department changes.



Identify Department Goals

- Identify any problems, needs or wants
- Explore your ideas with community groups
- Involve community leaders



Level of Detail



- Legal Requirements
- Executive Preferences
- Type of Document



Gather Information



- Revenues
- Expenditures
- Past budgets, audits, historical data
- Review current and past financial reports
- Use statistical data to support budget



Projecting Revenues



- Assumptions
- Historical data & trends
- Explore future projects



Consistent format



- Budget format as required by jurisdiction
- Follow jurisdictions format for charts of accounts

Review for accuracy



- Edit and review all information for accuracy and consistency.
- Budget numbers and totals
- Charts/graphs that reinforce budget text.

Complete narrative analysis

Complete narrative analysis in the form of a manager's discussion and analysis.

Identify:

- Problems: Not enough time to complete inspections thoroughly.
- Needs: Purchase computers to simplify the process.
- Wants: Additional inspector.

Example:





Budget Preparation

- **Purpose:** To provide the opportunity for you to start to draft your next budget right now.
- **Directions:** Form a small group, fill in the chart below and discuss the items with others in the group.

Fill out the sheet on page 23 of your workbook



Tips for Budget Development

Determine
revenues and
expenditures

Indicators	Actual	Estimated
	(Prior Fiscal Year)	20XX (Next Fiscal Year)
Number of Construction Inspections	20,302	20,000
Number of Construction Permits Issue	5,775	5,500
Revenue from Construction Permits	288,888	300,000
Number of New Minimum Housing Inspections	2,982	4,000
Number of Minimum Housing Reinspections	2,162	3,300
Number of Houses Brought into Compliance	432	560
Number of Houses Boarded Up	172	120
Number of Houses Demolished	47	61





Budget Estimate

- **Directions:** Write an estimate for each of the following categories and discuss with the group.
- Income: (What income does the department have?)
- Revenues: Building inspections, permit fees, housing inspections, code enforcement – funding, Zoning-funding, fire.

Fill out the sheet on pages 25 and 26 of your workbook



Determine Expenditures

Staffing Levels

- Although not a part of this course, determination of an appropriate staffing level for the building department requires the building official to carefully consider the certain variables during preparation of the department budget.





Operating Expenses

- **Directions:** Have your group list some building department expenses and discuss with the class.





Feedback

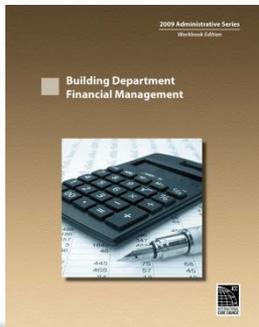


- Budget worksheet answers
- Any questions regarding what you what learned?



Module 3

Designing a Code Department Budget



FOR EXAMPLE



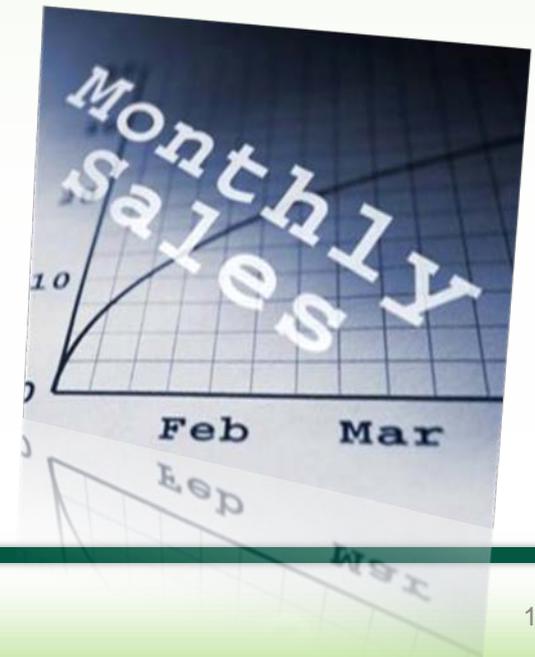
Department Revenue

Account Number	Account	Budgeted Receipts Current Fiscal Yr.	Budgeted Receipts Next Fiscal Yr.
	Fund Balance	\$ 405,097.00	\$ 157,864.00
42.341.100	Interest Earnings	9,000.00	10,000.00
42.362.100	Building Permits	361,000.00	500,000.00
42.363.100	Fire Permits	5,200.00	79,525.00
42.364.100	Housing Permits	202,000.00	244,000.00
42.380.100	Other Revenue	3,500.00	4,000.00
42.380.700	Workers Comp. Fees	700.00	1,500.00
42.380.800	Alarm Permits/Licenses	1,300.00	1,000.00
42.380.900	Blasting Permits	300.00	1,000.00
	Total Revenue	\$ 583,000.00	\$ 841,025.00
	Grand Total	\$988,097.00	\$ 998,889.00



Designing Your Budget

- Title page
- Introduction
- Organization Chart
- Five-year Financial Chart
- Revenue and Expense Comparison
- Salary and Benefit Schedule
- Work Objectives
- Line item Justification
- Capital Equipment Schedule
- Anticipated Budget for the next Year



FOR EXAMPLE



Department Expenditure

Account Number	Account	Budgeted Approp. 2004	Budgeted Approp. 2005
42.412	Personnel		
.135	Full Time Employees	\$ 488,378.00	\$ 496,544.00
.160	Part Time Employees	9,000.00	9,000.00
.190	Employee Benefits	132,174.00	134,103.00
	Subtotal	\$ 629,552.00	\$ 639,647.00
42.413	Operating		
.210	Office Supplies	\$ 3,000.00	\$ 3,000.00
.212	Forms	3,000.00	3,200.00
42.414	Capital Expenses		
.730	Building Improve.	\$ -0-	\$ 70,000.00
.740	Computer Equip.	9,000.00	30,200.00
42.760	Capital Reserves		
	Operating Balance	\$ 181,345.00	\$ 36,242.00
	GRAND TOTAL	_____	_____



FOR EXAMPLE



Full Time Department Personnel Salary & Benefits

Position	Salary	Proposed	Benefits	Totals
Director	\$ 49,540.00	\$ 51,286.00	\$ 10,777.00	\$ 62,063.00
Electrical Insp.	32,884.00	34,044.00	9,041.00	43,085.00
Electrical Insp.	29,792.00	30,842.00	8,652.00	39,494.00
Plan Examiner	31,300.00	32,403.00	8,842.00	41,245.00
Code Compliance	32,659.00	33,810.00	9,012.00	42,822.00
Fire Inspector	31,085.00	32,181.00	8,815.00	40,996.00
Sr. Housing Insp.*	26,804.00	27,749.00	8,278.00	36,027.00
Housing Clerk**	16,938.00	17,361.00	4,082.00	21,443.00

* Position may be reclassified
 **New Position
 Compensation = 3.5% (Pay Plan Adjusted 1%, Step 2.5%)



Charts, Graphs and Diagrams

Many people do not take the time to read all written material contained in budget documents, but will review charts, graphs or diagrams.

When contemplating the use of charts, graphs or diagrams in a budget document, a code official should be aware of when to use the illustration.

The following examples are using the same information.



Charts, Graphs and Diagrams

The Pie diagram VS. The Bar Graph

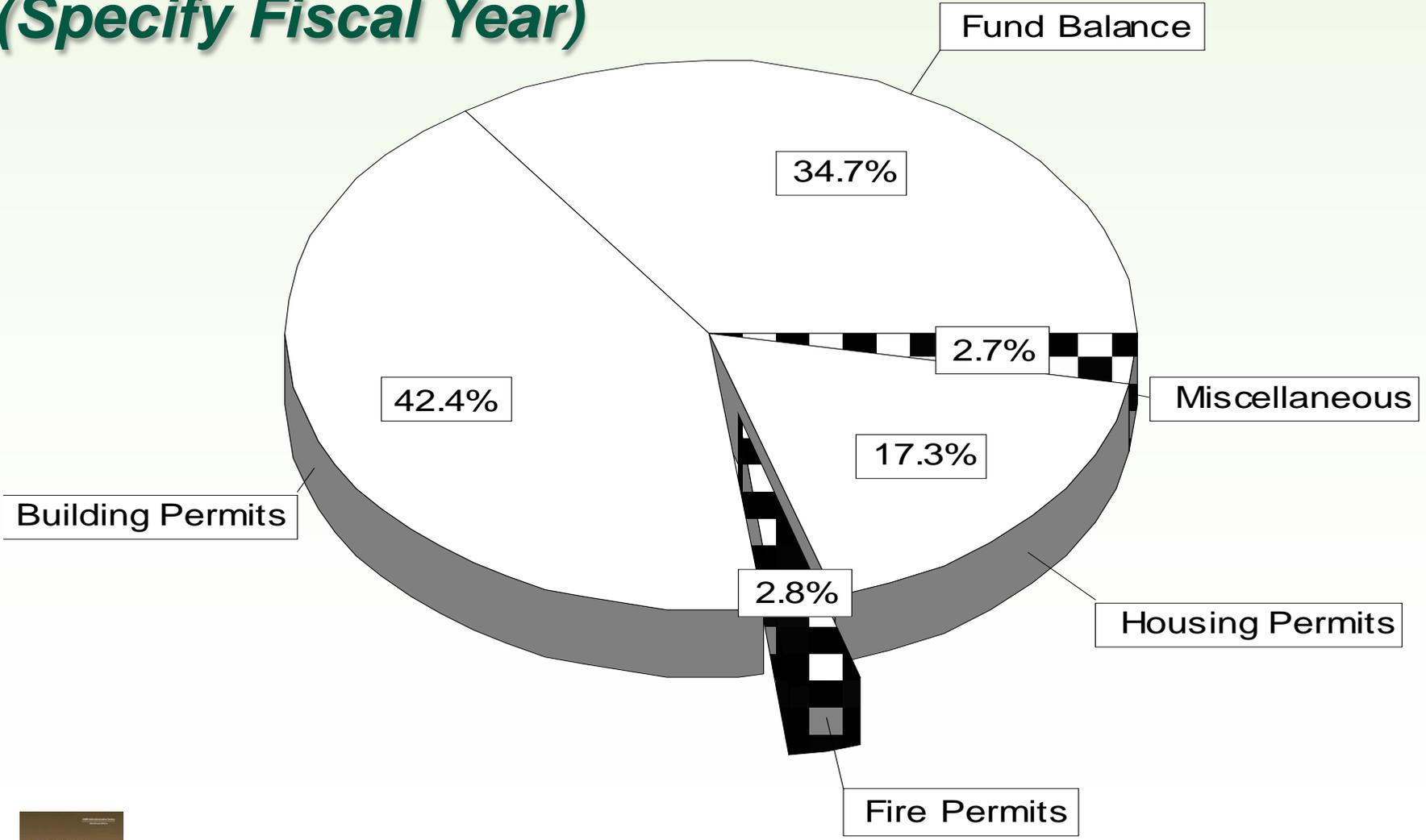
- The **pie diagram** is more effective by showing how each aspect of income relates to the total amount of income.
- The **bar graph** only indicates that the majority of income was derived by building permits.

Special explanation in the budget text can be illustrated by the pie diagram. In this case, an explanation of the low fire permit revenue is illustrated by separating the fire permits' slice from the total pie.



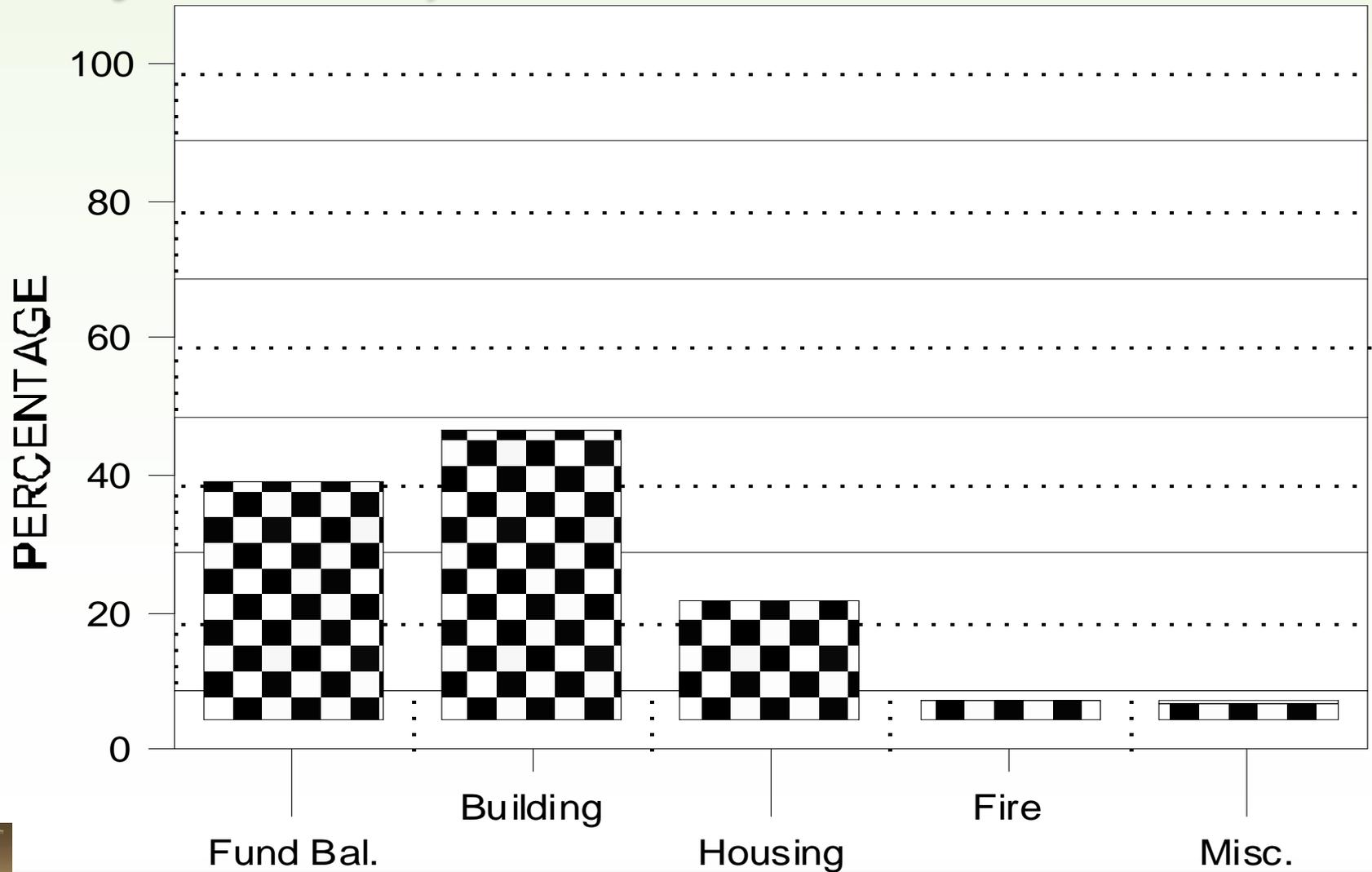
COMPARISON OF INCOME

(Specify Fiscal Year)



COMPARISON OF INCOME

(Specify Fiscal Year)



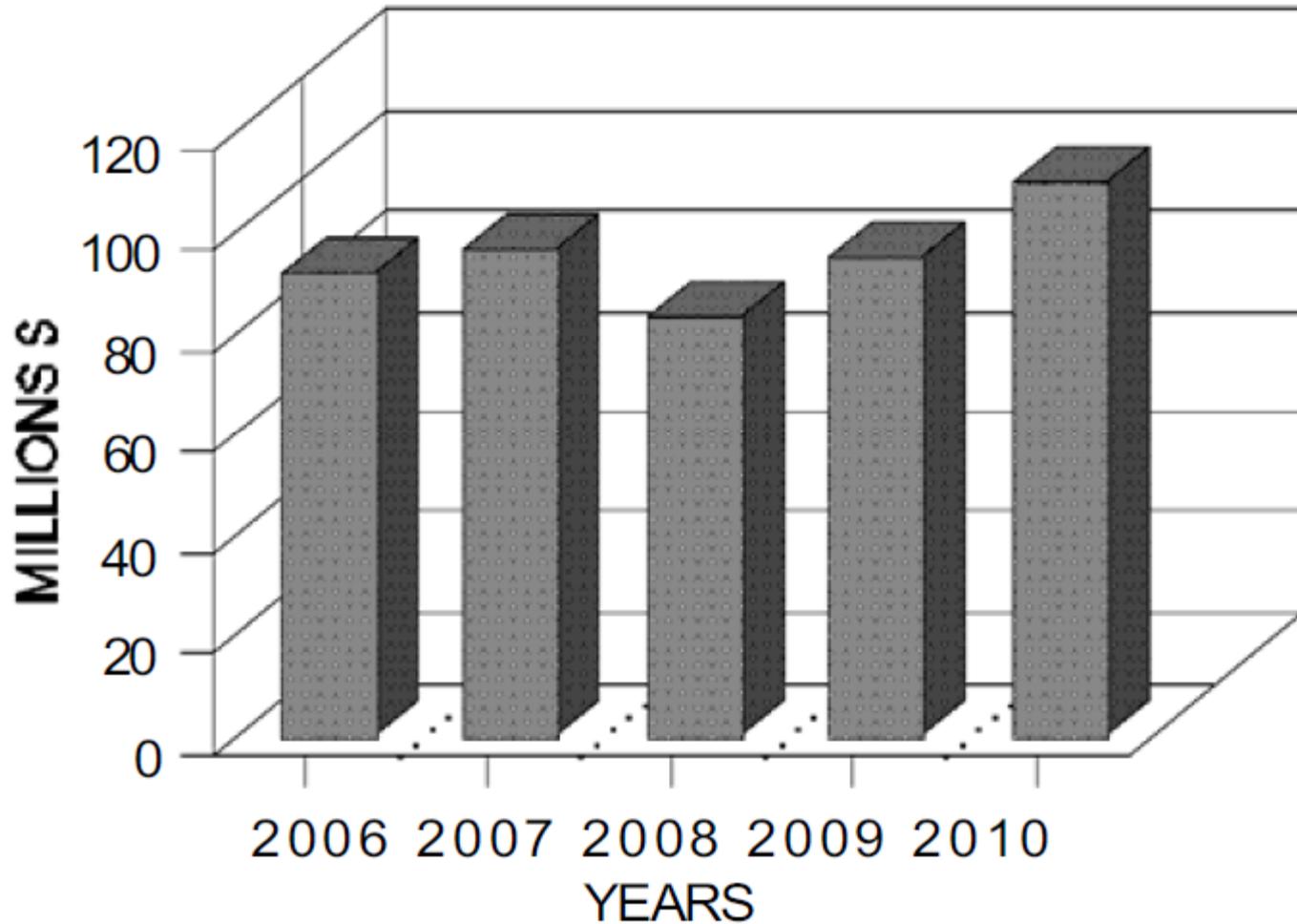
The Bar Graph

One of the most effective uses of bar graphs is to indicate comparisons.

The following slide is an example of a bar graph that presents comparisons of construction values for a series of years.



Comparison of Construction Values

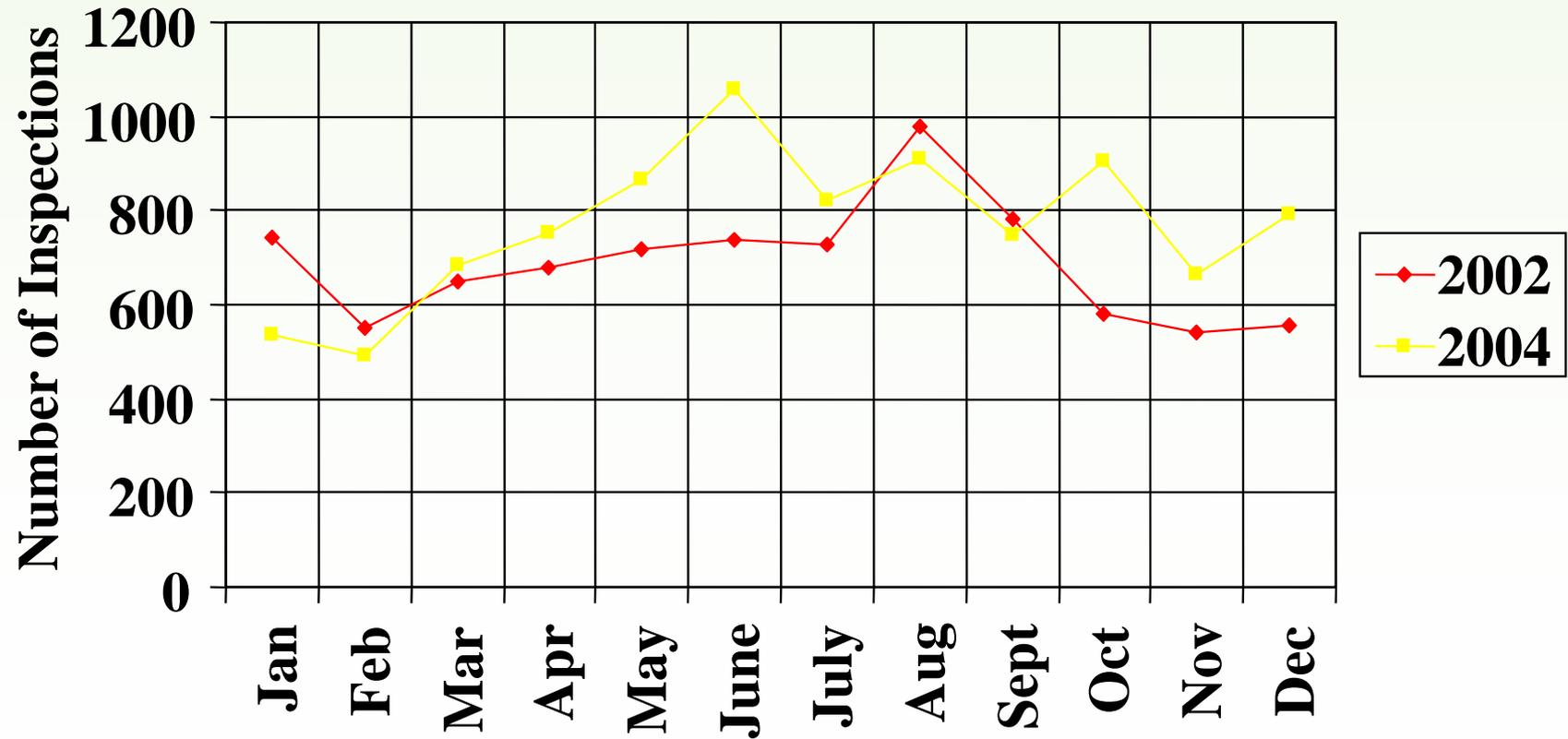


The Line Graph

- A line graph should not be applied to the same information as presented in the previous bar graph.
- A line graph is most effective when used to show a limited number of comparisons and trends on a smaller scale, or to project future values.



Building Inspections





Tips on Charts, Graphs and Diagrams

- Use graphic program compatible with other word document programs
- Match information with different graphic illustrations
- Insert graphic illustrations in appropriate places in budget text
- Refer to illustrations in text by figure/page number
- Show only one or two main points on an illustration





Tips on Charts, Graphs and Diagrams

- Be aware of a complicated illustration
- Depicted highs/lows on a graph require an explanation.
- Make the illustration attractive. Clip art should relate to the subject, not distract.

Remember, present pictorial information that complements a main point, special request or a new program.





Presenting the Budget

Give careful consideration to the form and content of the budget presentation. If possible, give it to a fellow building official for review before the budget is due.

Brainstorm Activity:

What do think is important when presenting the budget?



Presenting the Budget

The presentation and accompanying documentation should include the following topics:

- Identifying problems and/or needs
- Charts
- References





10 Budget Tips

1. Prepare an outline of the message early in the budget process.
2. Develop three or four key themes for each major budget issue.
3. Do not use the budget message to simply summarize revenue and spending proposals.
4. Use the budget message as the basis for other budget communications: budget-in-brief, news releases, etc.
5. Open and close the message with the most important points.
6. Use headings, space, lists, visuals and single-sentence paragraphs to emphasize and isolate important ideas.





10 Budget Tips

7. You must sell your budget. Expenditures are based on:
 - Programs of work;
 - Legal mandates; and
 - Character and object.
8. Keep it simple.
9. Do not assume the amount needed. Rather, state the basis for determining the amount of funding requested.
10. Be prepared to explain everything upon request.

*****Your budget package is the only education package some people get***





Tips on Planning Next Year's Budget

- Keep track of changes to make.
- Keep track of changes in department work load.
- Identify ways to have the department become more efficient and effective.
- Prepare and organize monthly reports and statistics on all important activities.
- Periodically discuss ideas with staff for their input.
- Discuss new ways to prepare for the budget process with superior.





Tips on Planning Next Year's Budget

- Think about new ways of doing the budget better.
- Think of the budget as an operating guide.
- Start collecting information for budget requests early in the year.
- Promote understanding of your budget requests.
- Keep staff informed about budget decisions.
- Keep all of the collected budget information in one file.
- Remember the budget process is the one time, each year, when programs and activities will be evaluated very closely.

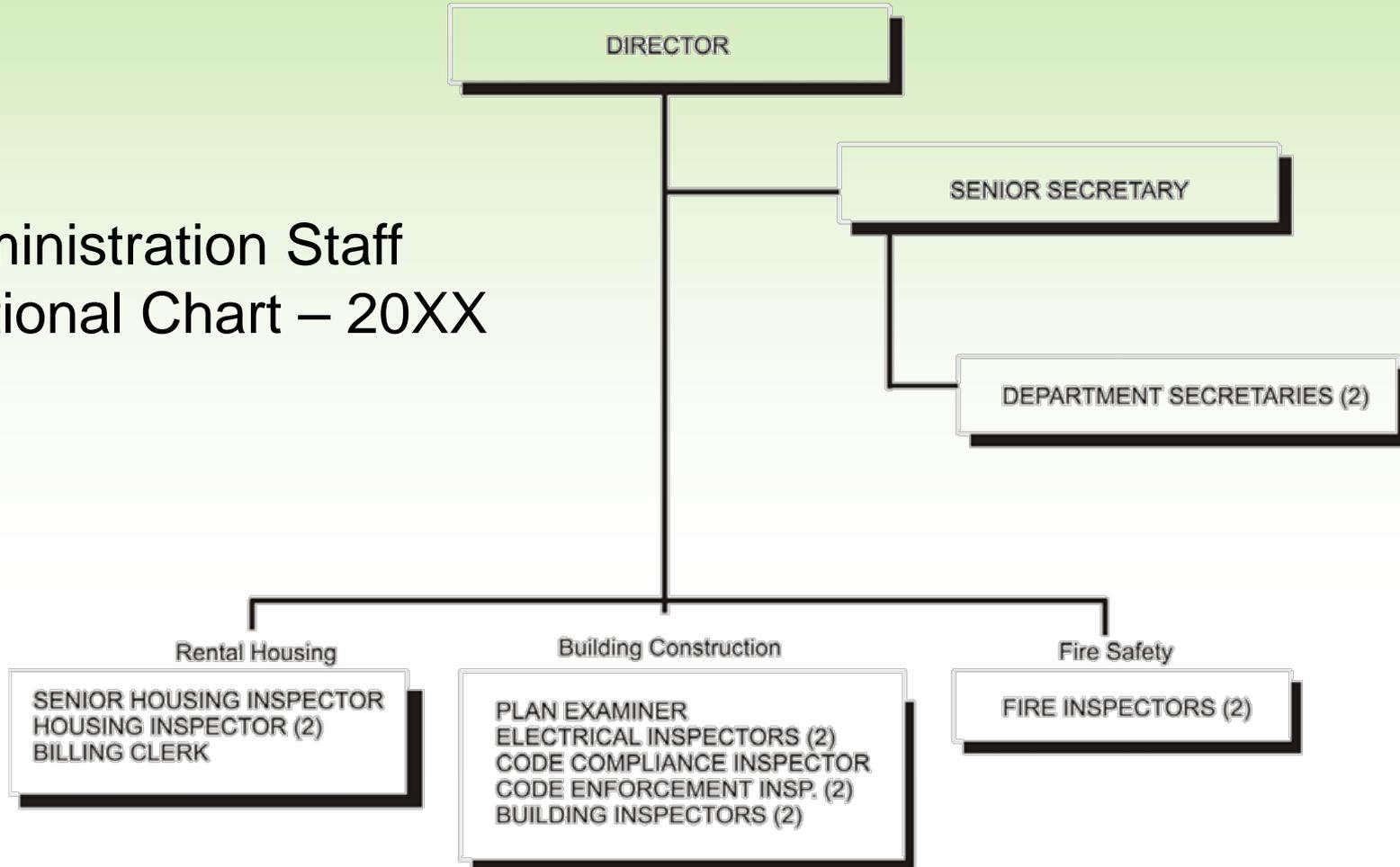


FOR EXAMPLE



Budget Examples

Code Administration Staff Organizational Chart – 20XX





Code Departments Budgets 2011 – 2015, five year

(Refer to page 41 of the workbook)

- This five year revenue projection for the specified five years will be dependent upon continued strong growth of building construction and revision of the method for calculating building permit revenues.
- The forecast to maintain effective inspection programs and a staff of 15 personnel is dependent upon continued strong building activity, revision of permit fees, moderate increase in expenditures and responsible management of CRCA's computerized permit system.





Code Departments Budgets 2006 – 2010, five year

(Refer to page 42 of the workbook)

- Although building permit revenues are based upon a permit fee schedule established in 2005, the past five years indicated strong building revenues especially for the years 2007, 2008 and 2009 which were attributed to building activity at the Research Park and major commercial projects.



FOR EXAMPLE



Revenue Comparison

Example of Revenue Comparison						
Comparative Detail of Revenues for the Code Administration Department						
Account Number	Account Name	Actual Receipts 2008	Actual Receipts 2009	Budget 2010	Estimated Receipts 2010	Anticipated Receipts 2011
	<u>FUND BALANCE</u>	\$422,466.00	\$492,543.00	\$405,097.00	\$405,097.00	\$157,864.00
	<u>DEPARTMENT REVENUE</u>					
42.362.100	BUILDING PERMITS	\$473,580.00	\$420,309.00	\$443,000.00	\$361,00.00	\$500,000.00
42.363.100	FIRE PERMITS	\$2,750.00	\$1,250.00	\$19,000.00	\$5,200.00	\$68,327.00
42.364.100	HOUSING PERMITS	\$191,182.00	\$180,965.00	\$204,000.00	\$202,000.00	\$244,000.00
42.341.100	INTEREST EARNINGS	\$22,317.00	\$19,220.00	\$15,000.00	\$9,000.00	\$10,000.00
42.380	MISCELLANEOUS					
.100	Other Revenue	\$4,273.00	\$4,803.00	\$4,000.00	\$3,500.00	\$4,000.00
.200	Seminar Registration Fees	\$0.00	\$5,771.00	\$0.00	\$0.00	\$0.00
.700	Workers Compensation Fees	\$1,745.00	\$1,795.00	\$1,500.00	\$700.00	\$1,500.00
.800	Alarm Permits/Licenses	\$670.00	\$1,362.00	\$1,000.00	\$1,300.00	\$1,000.00
.900	Blasting Permits	\$1650.00.00	\$550.00	\$1,500.00	\$300.00	\$1,000.00
	<i>Subtotal</i>	\$8,388.00	\$14,281.00	\$8,000.00	\$5,800.00	7,500.00
	TOTAL REVENUE	\$698,167.00	\$636,025.00	\$689,000.00	\$583,000.00	\$829,827.00
	GRAND TOTAL	\$1,120,633.00	\$1,128,560.00	\$1,094,097.00	\$988,097.00	\$987,691.00





Expenditure Comparison

Example of Expenditure Comparison						
COMPARATIVE DETAIL OF APPROPRIATIONS & EXPENDITURES						
AGENCY: CODE ADMINISTRATION						
Account	Account Name	Actual 2008	Actual 2009	Budget Year 2010	Estimated Expense 2010	Anticipated Expense 2011
42.412.	PERSONNEL					
.135	Full-time Employees	\$ 394,373.00	\$ 391,273.00	\$ 488,378.00	\$ 437,000.00	\$ 496,544.00
.160	Part-time Employees	0.00	9,520.00	9,000.00	11,300.00	9,000.00
.190	Employee Benefits	89,371.00	86,606.00	132,174.00	127,000.00	134,103.00
	<i>Subtotal</i>	\$ 483,744.00	\$ 487,399.00	\$ 629,552.00	\$ 575,300.00	\$ 639,647.00
42.413.	OPERATING					
.210	Office Supplies	\$ 3,881.00	\$ 4,932.00	\$ 3,000.00	\$ 3,000.00	\$3,000.00.
.212	Forms	1,557.00	3,619.00	3,000.00	3,200.00	3,200.00
.215	Meeting Expense	753.00	566.00	500.00	820.00	600.00
.230	Fuel & Lubricants	2,888.00	2,729.00	3,000.00	2,600.00	3,000.00
.238	Protective Equipment	157.00	2,642.00	500.00	600.00	600.00
.240	Operating Supplies	1,662.00	2,351.00	1,500.00	2,300.00	1,500.00

Partial table –
See page 44 of
the workbook





Annual Budget – Salary and Benefit Schedule

SALARY & BENEFIT SCHEDULE								
DEPARTMENT: CODE ADMINISTRATION								
SALARY			BENEFITS					
Position Title	Salary	Proposed	FICA	Medical Ins.	Comp Ins.	Retirement	Life Ins.	Totals
Director	\$49,540.00	\$51,286.00	\$3,923.00	\$ 4,687.00	\$ 128.00	\$ 1,795.00	\$ 244.00	\$ 62,063.00
Electrical Inspector	32,884.00	34,044.00	2,604.00	4,916.00	167.00	1,192.00	162.00	43,085.00
Electrical Inspector	29,792.00	30,842.00	2,359.00	4,916.00	151.00	1,079.00	147.00	39,494.00
Plan Examiner	31,300.00	32,403.00	2,479.00	4,916.00	159.00	1,134.00	154.00	41,245.00
Code Compliance	32,659.00	33,810.00	2,586.00	4,916.00	166.00	1,183.00	161.00	42,822.00
Fire Inspector	31,085.00	32,181.00	2,462.00	4,916.00	158.00	1,126.00	153.00	40,996.00
Senior Housing Insp.*	26,804.00	27,749.00	2,123.00	4,916.00	136.00	971.00	132.00	36,027.00
Code Enforcement	28,954.00	29,975.00	2,293.00	2,195.00	147.00	1,049.00	142.00	35,801.00
Code Enforcement	27,559.00	28,531.00	2,183.00	2,195.00	140.00	999.00	136.00	34,184.00
Building Inspector I	24,358.00	25,217.00	1,929.00	4,916.00	124.00	883.00	120.00	33,189.00
Building Inspector I	22,067.00	22,845.00	1,748.00	4,916.00	112.00	800.00	109.00	30,530.00
Housing Inspector	22,619.00	23,416.00	1,791.00	2,195.00	115.00	820.00	111.00	28,448.00
Housing Inspector	22,619.00	23,416.00	1,791.00	4,916.00	115.00	820.00	111.00	31,169.00

*Partial table –
See page 45 of
the workbook*



Example of Objectives

Current (2010 TO 2011) and Proposed Work Program

- There are seven work objectives to the Code Administration Department's program, which covers the following areas:
 - fire prevention and inspection
 - rental housing inspection
 - plan review and building inspection
 - maintenance of records
 - staff development
 - agency management
 - coordination with other organizations



Example of Objectives

To achieve each of these objectives, the department conducts appropriate work tasks or activities. The current status of the work tasks and ones proposed for 2011 are:

- **Objective 1:** To provide a comprehensive fire inspection program.
 - 2010 Current Status
 - 2011 Work Tasks Proposed





Example of Objective – Line Item Justification

- I. Revenue for 2011
 - A. Cash Balance
 - B. Department Revenue Permit Revenue
(Building)
 - C. Miscellaneous

Refer to page 48 of the workbook





Example of Objective – Objectives for Next Year's Budget

Anticipated 2011 budget –

- It is anticipated that the budget for the year 2011 will provide for:
 1. The electronic sharing of building/zoning information with municipalities.
 2. The electronic archiving of plans and documents.
 3. The sharing of costs among departments to support a computer administrator or a computer consulting firm to resolve in-house computer problems.





Example of Objective – Objectives for Next Year's Budget

Anticipated 2011 budget – (con't)

4. The merging of fire and rental housing data with the existing building permit program.
5. The evaluation of the feasibility of administration of municipal zoning, water and sewer for residential properties to provide a "one-stop shop" for residential construction.
6. The initiation of a computer program that records building, fire and rental housing inspections in the field.



FOR EXAMPLE



Chart of Accounts

ACCOUNTS ALLOCATED BY BUILDING DEPARTMENT			
ACCOUNT NAME	ACCOUNT NUMBER		
	BUILDING CONSTRUCTION	RENTAL HOUSING	FIRE SAFETY
Office Supplies	67-413-210	69-416-210	68-415-210
Forms	67-413-212	69-416-212	68-415-212
Meeting Expenses	67-413-215	69-416-215	68-415-215
Protective Equipment	67-413-238	69-416-238	68-415-238
Operating Supplies	67-413-240	69-416-240	68-415-240
Data Processing	67-413-318	69-416-318	68-415-318
Radio Maintenance	67-413-327	69-416-327	68-415-327
Advertising	67-413-341	69-416-341	68-415-341
Computer Maintenance/Repairs	67-413-372	69-416-372	68-415-372
Office Equipment/Repairs	67-413-374	69-416-374	68-415-374
Employee Development	67-413-460	69-416-460	68-415-460
Certification	67-413-461	69-416-460	68-415-461
Publications/Subscriptions	67-413-463	69-416-461	68-415-463
Tuition	67-413-464	69-416-464	68-415-484
Contingency	67-413-480	69-416-480	68-415-480
Fire Prevention Supplies	N/A	N/A	68-415-241





Example of Objective – Capital Budget Illustration

Capital expenditure characteristics

- Possess substance
- Min. useful life greater than one year
- Acquired for use in operation and not for sale.

Department of Code Administration
Capital Budget
For the year ended December 31, 2010

Item	Priority	(N) New	Est.	Amount
		(R) Repl	Date	
Fire alarm system	A	R	March	\$ 6,000.00
Personal Computer	B	N	June	\$ 3,100.00
Copy Machine	B	R	December	\$ 1,500.00
File Cabinet	C	N	January	\$ 500.00
Vehicle	B	N	February	\$ 12,400.00
Total				\$ 23,500.00

Priority Ranking:

- A - Urgent and/or necessary (Code mandated/penalty avoidance)
- B - Necessary
- C - Economically desirable



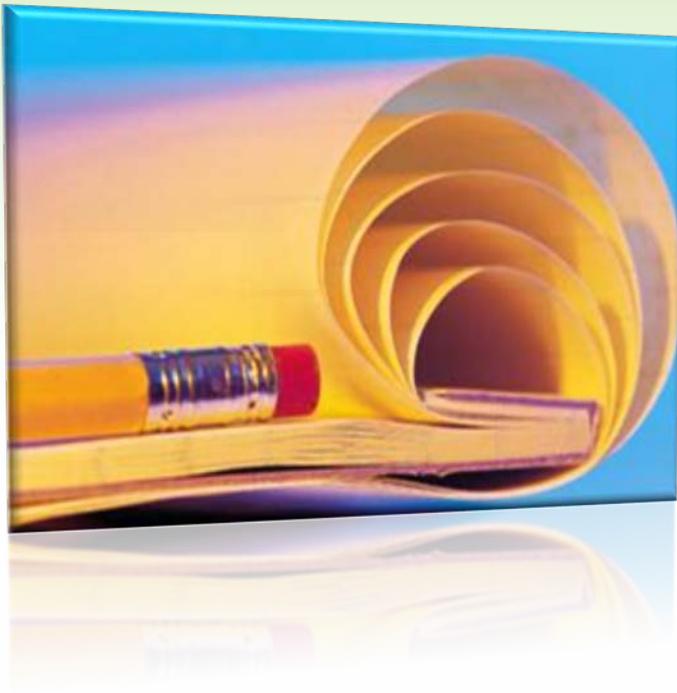
Example of Objective - Reports

- Budget Comparison *(page 51)*
- Personnel Expenses *(page 53)*
- Quarterly Report *(page 54)*
- Department Accomplishments *(page 55)*
- Department Goals *(page 55)*





Final Reflection Exercise



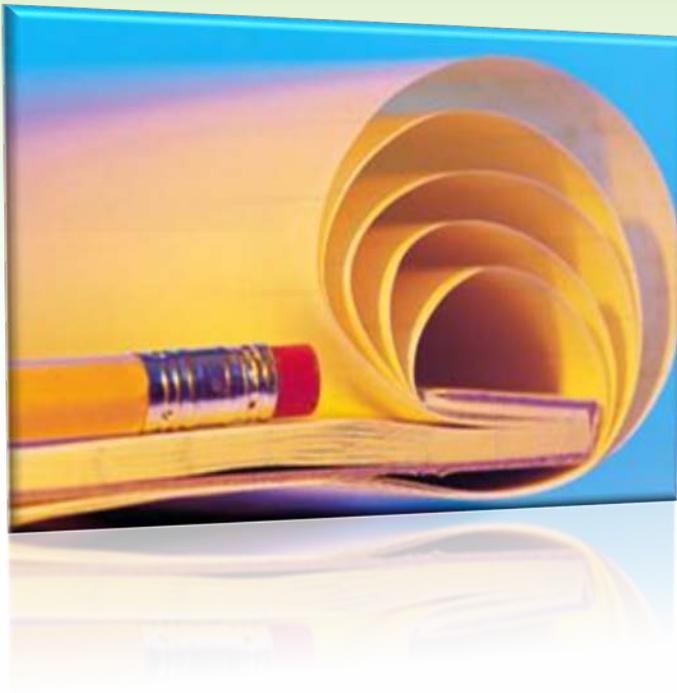
Purpose: To reflect on today's seminar and document your key points.

Directions: Answer the questions and include additional observations.





Final Reflection Exercise



1. What was the most important thing you learned today?
2. Why is this information important for you to know?
3. How will you use this information at work?





Summary/ Q & A



- Seminar wrap-up
- Questions
- Final Thoughts



Post-Test

- This post-test is designed to measure how much you learned in this class.
- Please take your time to answer these questions based on the knowledge that you acquired in this seminar.



Thank you for participating

To schedule a seminar, contact:

The ICC Training & Education Department

1-888-ICC-SAFE (422-7233) Ext. 33818

or

E-mail: icctraining@iccsafe.org

