

City budget

Business



City Budget

In making a budget a number of considerations are factored into the decision making process which is a prerequisite in budgeting. A budget which is a financial plan aids in ensuring that funds are not misappropriated and only identified stuff is dealt with as per the plan. It shows estimate expenditures and income or revenue sources to finance the expenses. This may be in form of the different types of loans and grants, taxes, bills and the expenses include payments of human resources, initiation of new development plans, repayment of previously taken loans amongst others. According to the Scott (2010) a budget preparation requires a study and evaluation of previously made budgets to understand the trend and the constants that are independent of time. Generally, the average of the first seven years is considered because it gives true representation of the previous budgets. It is important to note that there are years of economic depression and inflation in a budget. It should be prepared on time and the prior year's actual financial activity should form the basis of your start. The current year's changes should be incorporated in terms of income and expenses. The revenue sources are analyzed and conservative amounts are given, no overestimates are included in a budget forecast. A combination of recurrent and fixed/investment of year's expenditure are added to find the general expenditure of the current year and a liberal approach is applied to indicate expenditure; in expenses it is better to overestimate than to underestimate. In this case, the seven year old city has previous budgets on the basis of which a new budget forecast will be made. The recurring expenses are estimated and the general sources of revenue and support are also estimated. Any other additional expense added is included in the creation of <https://assignbuster.com/city-budget/>

a balance. The seven year duration is ideal for proper assessment of the fiscal trend and gives unbiased analysis that is irrespective of the economic melt downs that has been experienced in the near past. The general projected expenditure is estimated at \$847, 464, 080 while the total expected income is \$870, 393, 810. The expected revenue and support is expected to come from sales taxes, fines and forfeitures, other sources, last year's budget balance, a working balance, license permits, other taxes, property taxes and intergovernmental revenues. These estimates are underestimated and only sure amounts that are well known will be accessed are included. On the other hand, the main costs to be incurred by the council include: servicing of the loan taken, maintaining the information and communication, paying of secondary agencies, salaries, transportation and public works and in ensuring public safety The expenses when subtracted from the revenue a surplus of \$22, 929, 730. According to Scott (2010), this surplus can be carried forward to the next fiscal year when budgetary constants remain the same and no unanticipated eventuality occurs.

Conclusion

The budgetary estimates forwarded have a credible criterion followed in arriving at the final figures. It is true that the current year's expenses will increase due to increasing cost of life as does the revenue collected through taxes and levies. This understanding is important in incorporating the new changes that need to be included in the current budget forecast. The acknowledgment of the need to identify varying revenue sources benefits the future budgets by making them progressive and not static.

Reference

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Scott L. (2010). The simplified Guide to Not for Profit Accounting, Formation and Reporting. New York: John Wiley & Sons