

## **Section 4 – Budgeting**

### **Overview**

Budgeting is one of the most important activities undertaken by governments. The budget is a plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. The budget serves as the primary tool in allocating financial resources to programs and services. This process should involve all stakeholders – elected officials, governmental administrators, employees, citizen groups, and business leaders, and reflect their overall needs and priorities. A budget process that is well integrated with the other activities of the government and involves those stakeholders will lead to a more efficient and accepted government. Specifically, the budget can serve as a policy making tool, a management tool, a financial tool, and a communication tool. The end result should be a balanced budget that has been well planned and communicated among all stakeholders.

A brief description of the budget cycle is as follows:

- Input:
  - Elected and appointed officials gather information from citizens, taxpayers, and other sources about financial and non-financial priorities.
  - Officials meet with staff and convey the goals, objectives, priorities, and concerns that will guide the development of the budget.
  
- Preparation:
  - Revenues are estimated to determine what financial resources will be available to fund operations.
  - Expenditure requests and forecasts are prepared by the departments.
  - The chief administrator submits a proposed budget that reflects the community needs and desires to the local government governing body for review.
  
- Adoption:
  - The governing body reviews the proposed budget.
  - Changes are made according to the governing body's recommendations and public comments.
  - The proposed budget is approved by the governing body.
  - The budget is adopted.
  
- Implementation:
  - Revenues are collected and expenditures are incurred in accordance with the budget.
  - The budget may be modified or amended by approval from the governing body in accordance with procedures established by state law.

- Evaluation:
  - Internal reports may be prepared as needed for financial data, as well as for performance measurement.
  - Other evaluations are done through internal audits, performance audits, and external audits.

## **Requirements**

Section [166.241](#), F.S., (Municipalities) and Sections [129.03](#) – [.06](#), F.S., (Counties) provide specific requirements for local governments to follow when adopting annual budgets. Some of those requirements are as follows:

- The local government’s budget must be adopted by resolution or ordinance, unless otherwise specified in the local government’s charter.
- The amount available from taxation and other sources, including amounts carried over from prior fiscal years, must equal the total appropriations for expenditures and reserves.
- The adopted budget may be amended at any time during the fiscal year or within sixty (60) days following the end of the fiscal year. If the amendment increases the total amount of expenditures by fund or department, the budget amendment must be adopted in the same manner as the original budget, unless otherwise specified in the local government’s charter. Counties are required to follow specific advertising requirements (Section [129.06](#), F.S.) with respect to the adoption of budget amendments.
- The tentative budget must be posted to the local government’s official website at least two days before the first budget hearing at which the tentative budget is approved. The final adopted budget must be posted to the local government’s official website within 30 days after adoption. For municipalities, if the municipality does not operate an official website, the municipality must transmit the tentative and final budgets to the manager or administrator of the county or counties in which the municipality is located.

Section [189.016](#), F.S., provides specific requirements for special districts. Some of those requirements are as follows:

- The special district’s budget must be adopted by resolution. This requirement does not apply to water management districts as defined in Section [373.019](#), F.S. Water management districts must comply with the budget requirements in Section [373.536](#), F.S.
- The total amount available from taxation and other sources, including balances brought forward from prior fiscal years, must equal the total of appropriations for expenditures and reserves. This requirement does not apply to water management districts as defined in Section [373.019](#), F.S. Water management districts must comply with the budget requirements in Section [373.536](#), F.S.

- At a minimum, the adopted budget must show for each fund, as required by law and sound financial practices, budgeted revenues and expenditures by organizational unit, which are at least at the level of detail required for the AFR under Section [218.32\(1\)](#), F.S. The adopted budget must regulate expenditures of the special district, and an officer of a special district may not expend or contract for expenditures in any fiscal year except pursuant to the adopted budget. This requirement does not apply to water management districts as defined in Section [373.019](#), F.S. Water management districts must comply with the budget requirements in Section [373.536](#), F.S.
- The tentative budget must be posted on the special district's official website at least 2 days before the first budget hearing and must remain on the website for at least 45 days. The final adopted budget must be posted on the special district's official website within 30 days after adoption and must remain on the website for at least 2 years. All special districts are required to maintain an official website (See Section [189.069](#), F.S.). This subsection does not apply to water management districts as defined in Section [373.019](#), F.S. Water management districts must comply with the budget requirements in Section [373.536](#), F.S.
- The proposed budget of a dependent special district must be contained within the general budget of the local governing authority to which it is dependent and be clearly stated as the budget of the dependent district. However, with the concurrence of the local governing authority, a dependent district may be budgeted separately. The dependent district must provide any budget information requested by the local governing authority at the time and place designated by the local governing authority.
- The governing body of each special district at any time within a fiscal year or within 60 days following the end of the fiscal year may amend a budget for that year under certain circumstances. If the governing body of a special district amends the budget, the adopted amendment must be posted on the official web site of the special district within five days after adoption. If the special district does not operate an official web site, the special district must, within a reasonable period of time, transmit the adopted amendment to the manager or administrator of the local general-purpose government or governing authority, who shall post the adopted amendment on the web site of the local general-purpose government or governing authority. Chapter [200](#), F.S., and the Truth-in-Millage (TRIM) guidelines promulgated by the Florida Department of Revenue (DOR) outline specific requirements that local governments must follow with respect to adopting property tax rates and budgets. Some of the key requirements are as follows:
  - Specific timetables with respect to the noticing of the local Property Appraiser's office for the adoption of the ad valorem millage rate and budget; the scheduling of the tentative and final millage rate/budget public hearings and the respective advertising of the public hearings.
  - The preparation of specific forms, which must be sent to the local Property Appraiser's, Tax Collector's offices, and the DOR.

- The placement of specific advertisements, which are uniform throughout the state based on the local government's situation.
- Section 17 – Reporting Requirements provides further information and a link to the Office of Economic and Demographic Research (EDR) calendar for specific reporting dates.

### **Annual Budget Document**

GFOA established the Distinguished Budget Presentation Awards Program (Budget Awards Program) in 1984 to encourage and assist state and local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's best practices on budgeting and then to recognize individual governments that succeed in achieving that goal.

Documents submitted to the Budget Awards Program are reviewed by selected members of the GFOA professional staff and by outside reviewers with experience in public-sector budgeting.

### **References**

Section [129.03](#), F.S.; Preparation and Adoption of Budget

Section [129.06](#), F.S.; Execution and Amendment of Budget

Section [166.241](#), F.S.; Fiscal Years, Appropriations, Budgets, and Budget Amendments

Section [189.016](#), F.S.; Reports, Budgets, Audits

Section [373.019](#), F.S.; Water Management Districts

Chapter [200](#), F.S.; Determination of Millage

Florida Department of Revenue TRIM Resources page:

<https://floridarevenue.com/property/pages/trim.aspx>

Office of Economic and Demographic Research:

<http://edr.state.fl.us>