

PN ABY-331

# Central and Eastern Europe Local Government and Housing Privatization

Prepared for the Office of Housing and Urban Programs  
Agency for International Development



ICMA  
Consortium Report

Consortium Members

International City/County Management Association  
Urban Institute  
Urban Land Institute  
National League of Cities

FN-AAA-331

## **Background Materials**

### **Municipal Finance and Budget Workshops**

**June 1995**

Prepared for

United States Agency for International Development  
Bureau for Global Programs, Field Support, and Research  
Office of Environment and Urban Programs

Prepared by

Ann Bueche  
and Michele Smith

International City/County Management Association  
777 North Capitol Street, NE #500  
Washington, D.C. 20002-4201

Local Government and Housing Privatization  
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<sup>1</sup> Not available in English.

<sup>2</sup> Not available in English.

***WORKSHOP AGENDA***

The Municipal Development Agency (MDA),  
The United States Agency for International Development (USAID), and  
International City/County Management Association (ICMA)

*in collaboration with*

The Polish Association of Cities,  
The Rural Association of Cities, and  
The Metropolitan City Association

present

***THE BUDGET AS A TOOL FOR LOCAL DEVELOPMENT***

**Municipal Finance and Budgeting Workshops**

Poland, 1995

Rydzyzna, June 22 & 23

Krakow, June 26 & 27

Olsztyn, June 28 & 29

*Day One*

***Welcome and Keynote Address***

Participants Arrive at Workshop  
Go to Hotel

**19:00**

**Welcome Reception**

Welcome

Rydzyzna. Mr. Kaczmarek, Pres Poznan

Krakow. Mr. Lassota, Pres. Krakow

Olsztyn. Mr Bodys, Assoc of Rural Cities

**20:00**

**Welcome Dinner**

*Toast/Welcoming Remarks*

Association, USAID and MDA representatives



10:10

**Break**

10:30

**Budget Management and Execution**

Responsibility and authority Who has authority and how is it shared? Who is responsible for execution? Who has decision-making power?

*Polish, French, U.S. Perspectives (3, 10 minutes each)*

Rydzyna Fijał; Thurmaier; Putan

Krakow Pakonski/Fijał; Thurmaier; Lallemand

Olsztyn Putan; Anderson/Wirt; TBN

**Budget Analysis and Accountability**

Budget Analysis - Are municipal funds being spent as effectively as possible? What are the expected revenues and expenditures based on past performance (forecasting)?

Accountability - Are those people responsible for the budget managing well?

*U.S. and Polish presenters (2, 10 minutes each)*

Rydzyna: Thurmaier; Fijał/Putan

Krakow: Thurmaier; Pakonski/Fijał

Olsztyn Anderson/Wirt; Putan

11:20

**Discussion**

12:00

**Lunch**

13:30

**Budget Administration and Preparation in Cities with Different Needs**

Three Concurrent Sessions

(the following topics are examples, please see your registration form for specific topics)

- A Tax Collection and Administration
- B. Cost of Central Government Mandates (how to calculate costs and compare with central government transfer of funds)
- C State-Owned Enterprises and Tax Collection (recovery of funds owned to cities)
- D Tax Sharing the Corporation and the City

*Each group will have a discussion leader, preferably a representative from one of the cities (most innovative in the group) or from the association of cities that best represents their group.*

(Participants should indicate their topic preference on their registration form. Please note discussion topics will vary for each of the workshops due to the diverse needs of cities of different size.)

- 14:30** **Break**
- 15:00** **Reports to Plenary**  
*Three presentations (3, 10 minutes each)*
- Brief Discussion/Clarifications
- 15:30** **The Local Government Budget and Central Government Administration**  
*Polish, French, U.S. Perspectives (3, 10 minutes each)*
- Rydzyňa Wawrzyńkiewicz; Wirt
- Krakow: Wawrzyńkiewicz, Lallemand, Wirt
- Olsztyn: Wawrzyńkiewicz; Wirt
- 16:00** **Lobbying for the Budget (at Central Government institutions, within City Hall, and with Citizens)**  
*Two Presentations (2, 10 minutes each)*
- Rydzyňa: Wawrzyńkiewicz; Wirt
- Krakow: Wawrzyńkiewicz, Wirt
- Olsztyn: Wawrzyńkiewicz; Wirt
- 16:20** **General Discussion**
- 16:40** **Workshop Evaluation**
- 16:50** **Closing Remarks**  
*MDA Representative (Dziekonski)*

# Using the Program Budget Model as a Tool for Local Development: Reforms in Lublin and Krakow, Poland

## IMIS MONOGRAPH SERIES FOR EASTERN EUROPE

### Budgeting For New Responsibilities

Polish local government reform has given new fiscal powers and administrative responsibilities to local governments. The previous system of state-socialism deprived local governments of discretion in spending, and the local budget was not required to be a decisionmaking tool. The administrative and fiscal decentralization process that began in 1990 has given local governments the opportunity to forge their own destinies by making budget decisions which increase the efficiency and effectiveness of their department and enterprise operations.

Some Polish municipalities are using a **Program Budget Model** to reform their budgeting techniques and increase the power of their budget process. These reforms are transforming the budget process and budget document into important governing tools that

- define program priorities,
- promote good management practices,
- ensure financial accountability, and
- communicate the community's financial plan to citizens, creditors, and other levels of government

These municipalities, which include Lublin and Krakow, are attracted to the Program Budget Model because they recognize that effective local self-government is fundamental to rebuilding an effective democracy in Poland. Local governments provide the "everyday" services that citizens require to lead normal lives—including garbage collection, well-maintained roads and public transportation, and clean water. Many of these services were not efficiently or effectively managed in the previous system, causing citizens to become frustrated and then alienated from the local governments, which did not improve their daily lives. The citizens also were deprived of ways to express their dissatisfaction, including fair and competitive elections.

Under the system of local democracy established in 1990, citizens have been free to replace city councils and city administrations that do not satisfy their demands for an improved quality of life. The new local self-governments can avoid rapid turnovers in city councils because of citizen dissatisfaction by ending wasteful and ineffective management of basic

local services and by systematically discussing municipal priorities and programs with citizens. The Program Budget Model gives municipalities a powerful tool to clarify priorities and illuminate the consequences of their budget decisions.

This monograph is written for local governments that desire to use their budget and budget process as a tool for defining city policies and priorities, and as a management tool that provides residents with the services they desire through effective use of city resources. The monograph discusses the Program Budget Model, which uses a comprehensive process to produce a budget that fulfills the multiple purposes of public budgeting. A *program budget* combines financial and programmatic information in the context of city council policies and priorities and gives officials and citizens useful information about the actual results their budget expenditures will achieve.

Currently, budgeting in a typical local self-government is rooted in a tradition of controlling and accounting for expenditures and revenues, mainly to the central government. The program budgeting approach can transform the local budget from a simple accounting ledger into a tool for promoting effective management of city resources while retaining financial accountability. In short, the goal of a program budget is to relate an expenditure to *what* it will accomplish, *who* will do it, and *how* it is to be done. The results of the program budgeting approach are a budget process and document that help decisionmakers more clearly understand their alternatives and the consequences of their decisions.

There are many ways to develop local government budgets, and this monograph highlights the approach adopted by Krakow and Lublin—the Program Budget Model. Although these cities are following rather different paths to budget reform, both approaches are based on the Program Budget Model. The goal of this monograph is to present the Program Budget Model, distinguish it from current practice in most Polish municipalities, and show how Lublin and Krakow have reformed their budget processes and budget documents to implement a program budget.

### **A Process for Communicating Policies and Priorities**

A local government budget is the product of the budget process that created it. The types of information used and the people who participate in the budget process shape the final budget product. An open process, rich in programmatic information, produces a budget document that communicates the budget policies and priorities of the city council and the financial plan for implementing those priorities. For example, it answers the questions

- Which activities receive the most funding?
- Which receive the least funding?
- How has funding of different activities changed over the last three years?

*City budget policies* are the general principles which guide decisions regarding specific tasks financed in the comprehensive budget plan. Such policies establish whether capital investment or operating expenditures are more important for the next budget, and how much budget expenditures will grow relative to inflation. Budget policies also establish priorities among the many programs (and program tasks), such as whether the housing program is more important than the street sweeping program. Together, the budget policies provide the foundation upon which the city budget is developed and implemented.

As presented in Figure 1, budgetary information in a program budget process flows in two directions: top-down (citizens to city council to mayor and executive board to treasurer to departments) and bottom-up (departments to treasurer to mayor and executive board to city council to citizens). The first step in the process is a dialogue with citizens, which the city council uses to set the general assumptions and guidelines for budget deliberations.

### **Citizen Dialogue**

#### **Program Budget Model**

The program budget process encourages early communication among citizens, the city council, and city management. The budget process should produce a budget document with financial and management information that provides the city's citizens, mayor, executive board, and city council with accountability and performance criteria for departmental activities.

The program budget development process in Figure 1 begins when the city council's budget commission conducts a public hearing to obtain citizens' program views and budget demands. If

citizens are unhappy with current budget allocations, they can use the opportunity of an initial public hearing to present their criticisms and suggestions. The respect and popularity of a local government rests in part on citizens' perceptions of how well their needs are being met, and how effectively their taxes and fees are being spent. Citizens who understand how their money is spent may be more willing to pay additional taxes for needed services than citizens who are alienated from the budget development process. Public hearings may be especially helpful to the council concerning capital investment projects, which have high costs but long-term, visible benefits to citizens.

### **Current Practice**

The current budget process in Polish municipalities is mainly closed to participation by citizens and emphasizes expenditure control. Budget committees do not hold special hearings to obtain requests or opinions from citizens. Rather, budgeting is viewed as a mechanical process that serves the accounting function prescribed for it under the previous system of state-socialism. This type of budgeting produces a document that accountants can understand but that is difficult for citizens, city council members, or creditors to comprehend.

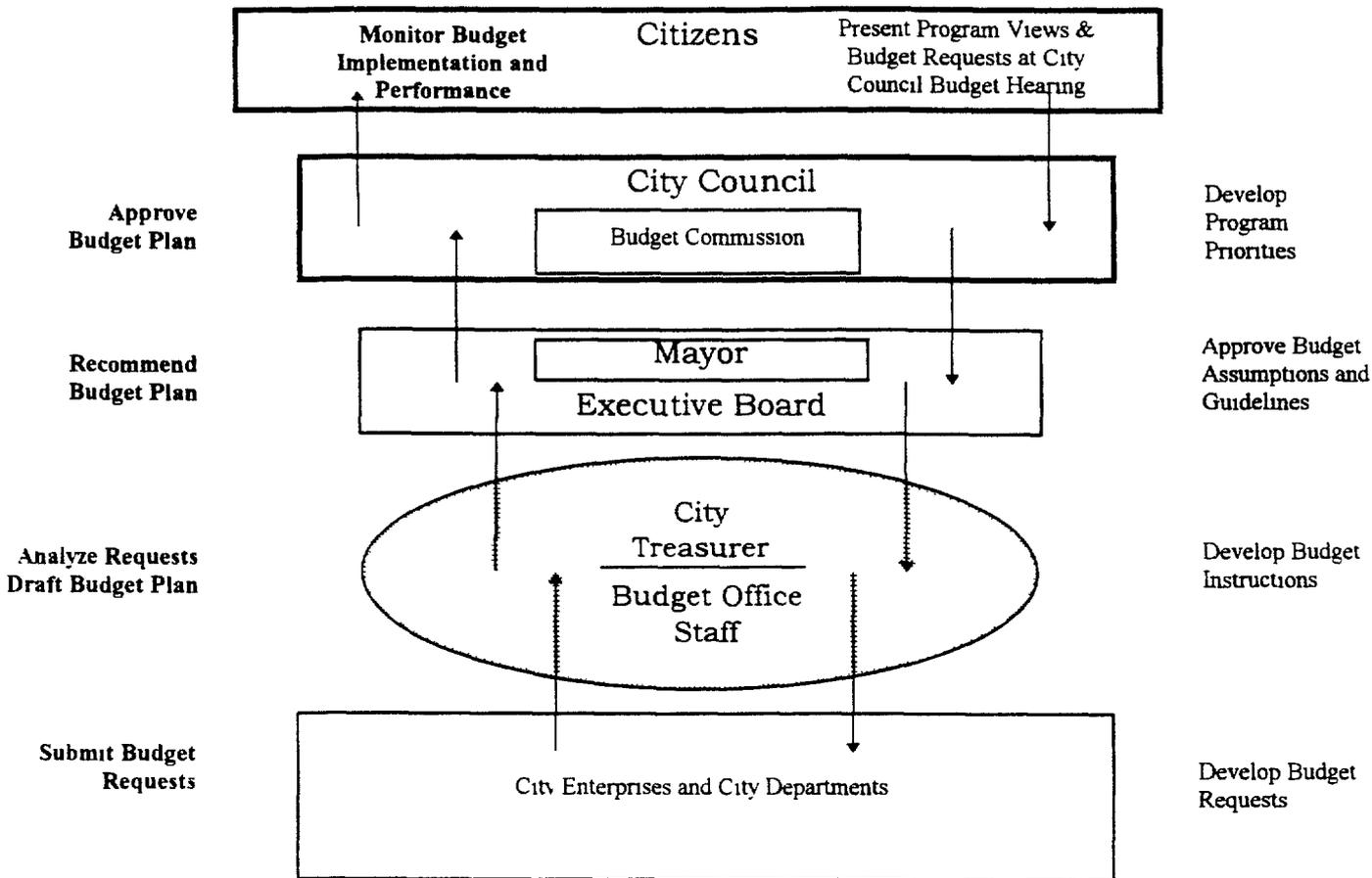
### **Implementing Reform**

Krakow and Lublin have not yet incorporated a formal budget hearing into their budget process, although citizens are free to express their opinions at the regularly scheduled citizen forum during any city council meeting. Krakow has experimented with an alternative way for municipalities to gauge citizen preferences: a citizen survey. Krakow found a high degree of responsiveness when it used a survey to ask residents about their priorities for service delivery. Approximately 3,000 of the 5,000 questionnaires were returned to the city, demonstrating citizens' interest and willingness to participate in the budget development process.

While citizen surveys can provide valuable information as a basis for council policy decisions, they tend to be expensive both in terms of staff time and financial cost. Budget hearings, scheduled regularly at the beginning and end of the budget process, are much less expensive and give citizens a clear opportunity to express their views. Citizen input is an important starting point for establishing budget priorities in the program budget process.

Bottom up Departments to Citizens

Top Down Citizens to Departments



## **Establishing Priorities**

### **Program Budget Model**

The program budget process encourages early policy formation. Budgets are based on policy as well as fiscal assumptions. Without new directives from the council, the mayor and department directors will develop the budget assuming that the existing proportional allocation of city resources across the multitude of city services will not change. For example, if 37 percent of the budget is for capital investments in 1993, about 37 percent will be reserved for this activity in 1994 unless the council directs otherwise. If councils wish to spend a greater share of their budgets on capital expenditures, then they must spend a smaller share on operating costs.

City councils can affect the overall program tone of the budget, and specify changes that affect city programs, by discussing budget assumptions and guidelines at the beginning of the budget development cycle and providing the mayor with directives about how the budget should be developed. The council may support increased funding for housing in 1995 and less funding for street repairs. The council may wish to avoid property tax increases and prefer that departments identify user fees instead.

Identifying the "most deserving" tasks out of the many important city services focuses the energies of the mayor, treasurer, budget staff, and departments as they develop the budget proposal for the council's approval. This saves departments from wasting valuable staff time developing budget requests that will not receive consideration because they are beyond the political or financial feasibility of the city budget. It also saves the time of the budget staff, treasurer, executive board, mayor and city council members who review the department budget requests because their reviews can focus on budget requests that conform to the guidelines in the budget instructions.

When the budget proposed by the executive board returns to the council in October and November, the budget debate should focus mainly on whether the proposed budget meets the council's priorities. Changing financial and administrative circumstances—such as those caused by a change in national government and changes in estimated revenues—are more easily dealt with at this stage because the relative priority of different programs has been established, any increase or decrease in revenues can be applied according to these priorities. Therefore, if housing development were the highest priority of the council, and if the general grant from

the central government were expected to be lower than first estimated, then the council would be reluctant to reduce the housing budget before finding other areas of the budget for reductions.

### **Current Practice**

The common budget process in Polish municipalities begins in late September or October when the mayor or treasurer directs departments and enterprises to submit their budget requests. Although the mayor may have certain priorities for the next budget, and may sense that the city council has some priorities, there is no formal process for stating such policies or a forum for debating them until the budget proposed by the city board is submitted to the city council. Then the council begins debating priorities and whether there are funds to finance them.

These are difficult social and political choices, constrained by the economic situation of the city and the national budget. Councils raise the degree of conflict inherent in budgeting when they postpone the debate on changing priorities and allocations until after the budget has been developed by departments, reviewed by the city board, and presented to the council for approval. However, when the mayor and treasurer can use the council's program resolution as the basis for budget instructions to city departments, subsequent budget discussions by the council can then focus on how well the mayor and city departments have conformed to the council's directives.

### **Implementing Reform**

The city councils in Lublin and Krakow begin the budget process by debating city policies and priorities and directing that the budget be developed with these priorities in mind. In Lublin, the council made housing development the highest priority for the 1994 and 1995 budgets. But as seen in Figure 2, lesser priorities changed from 1994 to 1995. The second priority changed from road repairs to completing building projects for primary schools, as the council recognized the urgency of investment in this newly assumed task.

In Krakow, the council agreed that the priorities for the 1994 budget included activities of the division of culture, youth services, and airport services. Capital investment priorities included the transportation network, housing, solid waste disposal, and the building and repair of schools. Because the city budget staff was able to use the early direction of the council in developing the budget, the usual adversarial meetings when the budget proposal was

**Assumptions and guidelines for the 1994 budget of the City of Lublin:**

The priority tasks for the Lublin City Council in 1994 include:

- 1 A comprehensive program of residential housing construction.
- 2 Repair and upgrading of the road system
- 3 Development of culture in the city.
- 4 Implementation of the pilot program (joint effort with the voivodship office)

**Assumptions and guidelines for the 1995 budget of the City of Lublin:**

The assumptions for the social and economic plan comprise priority tasks of the Lublin City Council for 1995 and indicate the principal aims for its business and investment activities, while maintaining the continuity of the investment programs and execution of other projects undertaken by the previous Council, and in particular those undertaken in 1994

The following tasks are hereby declared by the City Council as priority activities for 1995.

- 1 Completion of the municipal residential construction program approved in the 1994 budget. Demolition of the buildings posing a threat to the public due to their poor state of repair. Sale or perpetual usufruct of land acquired following the demolition and sale of residential buildings for rehabilitation.
- 2 Completion of primary school construction projects and repair and rehabilitation programs; supplying schools with the additional equipment required
3. Increasing the scope of street and road repair, modernization and construction activities including those taken over from the Lublin Voivod and construction of roads in new residential developments, with the involvement of their residents in the completion of the infrastructure to support these roads
4. Rehabilitation of the Old Town with a special emphasis on enhancing the infrastructure in this area and on cultural, social, and economic revitalization of this part of Lublin.
- 5 Reduction of unemployment through close cooperation with local businesses experiencing difficulties, public works, offering tax reductions for entities creating new jobs, and comprehensive enterprise support.

Figure 2. Lublin Budget Priorities

presented to the council were replaced with lengthy compliments about the process and the results. Even the political party in opposition to the city president supported the budget. Although this was an election year, the adopted budget included a 50 percent increase in public transportation and in water and sewer rates. Most surprisingly, it was adopted one month ahead of schedule and by a margin of 44 to 71

**Budget Leadership**

**Program Budget Model**

Program budgeting depends upon effective budget leadership. This requires the cooperation of the city council, its budget commission, the mayor, the treasurer, and the executive board. Each plays a leadership role at different stages of the budget development process portrayed in Figure 1. Overall responsibility for managing the budget development process resides with the mayor (*wojt, burmistrz, or prezydent*), who is the municipality's chief executive.

The Program Budget Model increases the city treasurer's responsibility for budget analysis and demands close cooperation between the mayor and the treasurer. The mayor initially relies upon the city treasurer and budget staff for two key steps in the process: a fiscal forecast and budget instructions. The fiscal forecast estimates available revenues and probable expenditures. The budget instructions detail the assumptions and guidelines departments must use to develop their budget requests.

The mayor analyzes the fiscal forecast developed by the city treasurer and uses that (along with citizen input) to help the city council develop the budget policies and goals. Then the mayor works with the city treasurer and budget analysis staff to develop detailed budget instructions which are issued by the city board to guide the development of expenditure requests for city department and city enterprise activities. The mayor has the necessary knowledge about departmental activities to recommend to the city board and council how available revenues can most effectively be allocated to achieve city priorities and objectives. In the same way, the mayor is well positioned to ensure that the departments implement the council's policies once the budget is adopted.

Since the budget is only one of the mayor's responsibilities, the mayor delegates much of the technical responsibility for budget development and implementation to the treasurer and budget staff. The vice-mayors on the executive board can also assist departments in their budget development. The treasurer works with the mayor and executive board

to develop budget instructions to the departments based upon the general assumptions and guidelines for budget development established by the city council.

### **Current Practice**

The mayors in Polish municipalities tend to have a major influence on the budget that is proposed to the city council. The bulk of the technical budget development rests with the city treasurer and his or her accounting staff. Generally, however, the scope of their work is limited to accounting tasks. There is usually no fiscal forecast to guide departments in their budget development, and the sparse budget instructions do not specify assumptions, policies, or priorities.

### **Implementing Reform**

The Krakow mayor gave the chief vice-president primary responsibility for reforming the city's budget process. The vice-president worked closely with the treasurer and the budget staff to develop the new program budget methods. The mayor, perceiving that some department directors were resisting the reforms, made a strong statement of his unwavering support and informed all directors that the reform would be accomplished in the coming year.

In Lublin, the mayor gave primary responsibility to the city treasurer, who proposed the budget instructions approved by the city board and issued to the departments. In both cities, the budget staff in the treasurer's office has been given increased responsibility for analyzing department requests, as discussed below.

### **Financial Forecasting**

#### **Program Budget Model**

During the debate on priorities, the city council considers citizens' suggestions in the context of another set of key information: the initial revenue and expenditure forecast by the city treasurer. The first forecast is based on whatever information the budget staff can collect on inflation projections, increases or decreases in central grants and donations, and any central government proposals to change maximum allowable tax rates (e.g., for transport or property taxes). Although the forecast will need to be revised in the subsequent six months, it provides the council with initial financial parameters that define the expenditure boundaries for the next budget. Management of the forecasting information is easier when the treasurer designates a person on the budget

staff to become the forecasting "expert" who will develop effective working relationships among the major employers in the municipality (whose employment and sales decisions will impact demands for city services and changes in city revenues), and with information sources in the central government (such as the Ministry of Finance and *Główny Urząd Statystyczny*).

### **Current Practice**

Most Polish municipalities do not have a formal financial forecasting component to their budget process. They lack a central information manager for local financial information and do not have established contacts to obtain good economic information before it appears in newspapers or official bulletins. Budget staff in city departments and enterprises often use contradictory and ambiguous assumptions for developing their budget requests.

### **Implementing Reform**

Lublin has begun to include financial forecasting as an element of its budget process. The budget staff have received training in the kinds of data to be collected and how these data can be organized and analyzed to develop financial forecasts for budget development and implementation. The treasurer has begun establishing cooperative relationships with major local employers to gain valuable information on changes in the local economy. The forecasting component is becoming an important foundation for the budget instructions.

### **Budget Instructions**

#### **Program Budget Model**

The task of the city treasurer and budget staff is to translate the program priorities of the city council into specific budget instructions that are transmitted to the departments (as seen in Figure 1). The budget instructions constrain the size and scope of the departments' budget requests and guide them in their budget development. Budget instructions are essential tools for controlling the size of budget requests, and for influencing the types of budget requests. Budget instructions stipulate council priorities and encourage greater expenditures for one department and smaller expenditures for another. When overall city revenues are increasing, the instructions may indicate that priority programs are allowed to grow faster than others. When city revenues are stable or decreasing, the instructions may indicate that low priority

programs are required to cut expenditures more than other departments

The instructions require all departments to use cost assumptions based upon the budget office's initial forecast for inflation, prices mandated by the central government for central heating or rent, and similar mandates regarding salary increases (e.g., for primary school teachers). This provides uniformity in the underlying assumptions behind budget requests. These assumptions can be changed unilaterally by the treasurer as new information becomes available, and the departmental allocations can be adjusted accordingly. The discipline that budget instructions bring to the development of departmental budget requests saves valuable staff time throughout the process by focusing efforts on budget requests which are financially feasible and meet the priority considerations established by the council at the beginning of the process.

Itemizing the specific budget decisions is a valuable way to show city council and city board members how each decision accrues to the total department budget. This type of request format should be stipulated in the budget instructions. It can be used by the budget staff, city manager, city board, and the city council budget committee in their reviews of the requests. The recommendation at each step of the review process can be added to the document's history so that ultimately the city council member can determine who recommended accepting, rejecting, or modifying a specific budget request.

This supporting detail helps the budget reviewer understand the total budget for a department and what each expenditure can be expected to produce in the next budget year. The budget proposal given to the city council should show the department's request and the city mayor's and city board's recommendation on each departmental decision item. The city council can thus see how well the city manager and city board are enforcing council policies and priorities during the budget review process.

### **Current Practice**

Current municipal budgeting practice uses very sparse budget instructions to guide departments in their budget developments. The mayor may have a meeting with department directors and discuss issues which he or she senses are "council priorities," although there usually has not been any formal council resolution to that effect.

The result is that the department budget requests submitted to the city treasurer are based upon different inflation assumptions and different

economic factors. There is no common format to help budget reviewers compare workloads and other information across different departments (or within departments). Specific budget requests are supported with varying degrees of information, but such information is generally sparse. Aside from using the uniform chart of accounts, different department's requests may have little in common, making it difficult for the municipal leaders to compare task efficiencies and effectiveness. Much of the background information is presented orally and there is no recorded basis for decisionmaking.

### **Implementing Reform**

Lublin established specific budget instructions to guide departments in the development of their 1995 budget requests. (See Thurmaier, July 1994, Appendix A.) These budget instructions

- specified assumptions for inflation,
- required departments to provide three years of revenue and expenditure information for each subaccount: 1993 actual, 1994 expected actual, and proposed 1995,
- required departments to provide three years of head counts and full-time equivalents (*etat*) for each subaccount: 1993 actual, 1994 expected actual, and proposed 1995,
- required expenditures to be divided into current, investment, and capital maintenance classifications,
- provided a space for departments to provide narrative justification that the board and city council could use as a basis for decisions, and
- included a lengthened budget process calendar.

### ***The Budget Staff as a Program and Management Tool***

#### **Program Budget Model**

The discussion of financial forecasting and budgeting instructions highlights the prominent role that the treasurer and city budget staff play in the program budget model. One of the most effective ways to use the budget document and process as a management and program tool is to reorient the role of the budget office. The treasurer and his/her staff effectively become an important management instrument for the local government when the treasurer is responsible for

- forecasting revenue and expenditure trends upon which the council must base its budget policies and priorities,
- developing budget instructions that direct departments to develop their requests in accord with council policies and priorities,
- reviewing departmental requests and recommending to the city manager and city board whether to accept, reject, or modify each request; and
- monitoring budget implementation to enforce budget constraints on departments

To perform these functions, the city treasurer needs a dependable and strategically placed budget staff that can.

- provide the treasurer and mayor with detailed and specific information about departmental activities,
- serve as experts on city finances and statutory budgetary requirements, and
- analyze departmental budget requests in view of council priorities and the effectiveness of departmental activities

The treasurer needs to develop a budget staff that can act as budget and management analysts, capable of asking management questions and analyzing requests for compatibility with overall priorities and objectives established by the city council. A budget office staffed with accounting personnel is less likely to provide the same degree of management and program analysis than an office staffed with analysts who have a broader social science or management background. Financial accountability will always remain an important function of budget implementation, and the treasurer will require a separate accounting staff to provide that function. The program approach does not replace the accounting function, rather, it builds upon the accounting framework to provide information for more effective policy and management decisions.

A successful program approach to budgeting requires that the budget staff discuss program needs with departments, transmit council and manager priorities to the departments, and review budget requests for conformance to budget policies and priorities. The treasurer can train the current budget staff to analyze the management and program implications of department budget requests or hire new staff to implement these functions.

The reorientation and new mission of the budget office staff requires the full support of the mayor. The mayor must rely on this staff for much of the management and program analysis because the task of analyzing all of the information is impossible for a single person (except in the smallest cities). This role makes the recommendations of the budget staff very influential, and their appointment is a critically important task of the city treasurer.

### **Current Practice**

The typical budget office in Polish local governments is a bureau within the treasurer's office and currently has a pronounced financial control orientation, which stems from its accounting function in the budget process. The role of the budget staff in local self-governments is currently limited, first of all, by the limited role of the treasurer in the process. Since the treasurer acts mainly as the chief accountant in the typical municipality, the staff are generally accountants also.

The typical staff members are very well informed about the financial transactions regarding their assigned departments. Their duties are mainly to monitor revenues and expenditures throughout the fiscal year and to complete the reports required by central government ministries. Their participation in the budget process is generally limited to checking the accuracy of calculations in department budget requests and ensuring that funds are allocated according to the appropriate accounts, subaccounts, and paragraphs in the uniform chart of accounts. They effectively perform the financial control function of the budget but are not involved in management or program analysis. The head of the budget staff may have a limited advisory role to the treasurer regarding recommendations on individual budget requests, depending upon how much influence the treasurer has in the process.

### **Implementing Reform**

The Krakow and Lublin treasurers are taking a mixed approach to reforming the city budget staff. Krakow hired two new budget analysts specifically to learn about the new budget format and analyze department budgets on the basis of the policy and program orientation. The Lublin treasurer filled budget office vacancies with staff who had stronger management backgrounds and who were eager to use the program budget approach to analyze budget requests by departments. Additionally, staff retained in both cities are learning how to change the way they analyze and critique departmental budget requests.

In both cases, the budget staff have received strong support from the mayor's office. In Krakow, the vice-president responsible for budget reform worked closely with the budget staff to develop formats and implement other changes. The Lublin mayor publicly reiterated his support for the budget instructions, assumptions and requirements at a meeting of all department heads. He also provided the treasurer with the flexibility she needed to experiment with the new budget request formats and the changes in hiring practices for budget staff.

### **Program Budget Analysis as a Management Tool**

#### **Program Budget Model**

A budget is a critical management tool for city departments and the city board because it authorizes department managers to conduct certain activities within specific expenditure and revenue limits. Requiring departments to include program and performance information with their budget requests makes the budget into an even stronger management tool because it directly links expenditures with activities. Simple narratives focus attention on program tasks, explaining what the department or bureau does and how it is done. The narratives identify the program objectives for the next budget year and for the long term. The program activities are linked directly with the budget allocation for the department in a given budgetary account or subaccount.

The uniform set of accounts mandated by the central government provides a solid foundation for a program budget format because it groups similar activities into a programmatic expenditure account. Consequently, expenditures within a given subaccount generally (but not always completely) constitute the municipality's program expenditures for that particular activity. Working with this framework, municipalities can improve the management capacity of their budgets by listing the discrete activities—and their costs—in the proposed budget.

#### **Current Practice**

The typical municipal budget consists of a cover page with the budget resolution of the city council, summary pages of revenues and expenditures by two-digit account number, and then a listing of revenues and expenditures disaggregated to the four-digit subaccount level. The narrative is sparse and consists mainly of the descriptions for subaccount headings. There is little in the way of comparing proposed

budget expenditures to current and past amounts, such as in a multi-year column format. The introductory paragraphs may describe overall revenue and expenditure changes relative to the expected current year totals. Much of the comparison information is provided in separate annual and semi-annual (first six months) budget reports.

#### **Implementing Reform**

Krakow has significantly reformed the budget document by using a two-part budget in which the first half of the document groups funds in different accounts together under one task description to enhance program and policy analysis. The second half fulfills the central government's legal requirements for budget reporting by presenting summary tables by account structure.

In 1994, Krakow began using a program budget format that lists departmental activities by organizing city services into about 180 programs and subprograms. This gives the city board and council a new perspective on how much certain services cost. In 1995, Krakow included performance measures with budget presentations. Performance information collected by departments in 1994 was used to establish performance goals for the 1995 budget. As an example, the expenditure table and performance measures for basic primary schooling (grades 1-8) are presented in Table 1. Note that three different subaccounts pay for teachers, other personnel, and materials. The presentation helps budget reviewers grasp how funding from the different accounts is changing from 1994 to 1995.

The performance measures listed below the expenditure summary add further value to the budget by linking specific department activities with the expenditure allocation. This provides the council, citizens, and department managers with measures of unit costs and outputs for providing the service. The number of students being served in the schools, the number of teachers for primary schools, and the hours in classes are combined in different ratios to measure the unit costs of providing schooling to one student or one class. Workload activities compared across several years helps the council identify changing demands for education services. These measures also serve as a means for the council and city manager to identify opportunities for productivity increases by departments.

As stated in the 1994 Krakow budget

*Including all these things takes a lot of effort, but only thanks to this can one achieve comparisons of costs. And also, they enable one to analyze the relationship of outlays*

**Table 1. Krakow 1995 Budget, Primary School Program (Task 1)**

				in 000s Zl	
Activity	Account	Budget 1994	Expected Actual 1994	Budget 1995	
Number of Positions		6183,2	6250,1	6250,1	
Total Task Cost	7911	522 865.453	597 412 303	638 683 100	
	of which				
Personnel costs	7911	421 693 245	493 229 034	557 810 000	
Personnel costs	7961	14 196 044	14 424 430	17 060 000	
Personnel costs	9146	722 707	907 859	746 100	
Materials Cost	7911	78 435.970	84 975 316	61.380.000	
Materials Cost	7961	7 618 910	3 642.260	1 550 000	
Materials Cost	9146	198 577	233 404	140 000	
Number of Teachers in grades 1-8		approx 80 000		80 193	
Number of hours of teaching		3 727 900		3 761 672	
Average teaching hours for one student		4.6		4,7	
Number of teaching hours per week		18		18	
Number of teacher positions		4978,5		5023,6	
Monthly cost of teaching one student		650		796,5	
Cost of one hour class		150		170	

for a task to the material result. (The comparison of costs [includes] being able to analyze the relationship of outputs with actual results and the effects of a program.) This information is necessary for rational administration. We hope also that such established indicators, or indexes, as for example the cost of borrowing one book or the cost of publishing the traffic law, will better show us how and for what the money of the taxpayers is expended

From the perspective of those leading the budget reform in Krakow, performance indicators are more than just a burden of extra budget detail to be collected by departments they provide managers and councilors—and citizens—with information about what is being achieved with city revenues

Lublin used the 1995 budget instructions to prompt departments to specify the decision components that led to specific funding requests for a budget subaccount. The treasurer's budget instructions also required narrative information and specified the formats departments would use to request budget allocations. The cooperation from the Lublin departments provided the budget staff with key information that was useful in analyzing budget requests from a management and program

perspective, as well as for financial accountability

The 1995 Lublin Welfare Department budget request is a good example of how the program format illuminates (for the budget staff, mayor, executive board, and city council) the management and program issues inherent in budget decisions. A major expenditure in the social services account (86) is for social services administered by several non-profit organizations, including the Polish Red Cross (subaccount 8612). Two of the factors determining the payment to each organization are the estimated demand for services (the number of people) and the hourly reimbursement rate paid by the social services department to the provider.

Table 2 presents a four-part analysis of the 1995 request for this activity that the Lublin budget analyst developed. This table was used as a discussion item when the budget staff briefed the city treasurer on its analysis of the welfare department's budget request for subaccount 8612, the subsidy to nonprofit organizations that deliver social services. During the briefing, the treasurer was able to ask focused questions about the demand and average rates

**Table 2. Decision Item Analysis, Lublin 1995 Budget, Subsidy for Social Services (Subaccount 8612)**

Social Services (8612)							
1994 Actual	persons	days	months	hours	rate (000s)	Total	
PKPS	250	30	12	2	23 0	4,140,000	
PCK	433	30	12	2	24 0	7,482,240	
PULS	115	30	12	2	21 6	1,788,480	
ZYCIE	143	30	12	2	21 6	2,223,936	
EGIDA	124	30	12	2	21 6	1,928,448	
Pielegniarka	30	30	12	2	18 0	388,800	Base 1994
<b>TOTAL</b>	<b>1,095</b>	<b>180</b>				<b>17,951,904</b>	
1995 Dept.	persons	days	months	hours	rate (000s)	Total	
PKPS	250	30	12	2	25 0	4,500,000	
PCK	450	30	12	2	25 0	8,100,000	
PULS	150	30	12	2	25 0	2,700,000	Add
ZYCIE	150	30	12	2	25 0	2,700,000	Department's
EGIDA	150	30	12	2	25 0	2,700,000	New Demand
Pielegniarka	50	30	12	2	25 0	900,000	& New Rate
<b>TOTAL</b>	<b>1,200</b>	<b>180</b>				<b>21,600,000</b>	<b>3,648,096</b>
1994 Rec. A.	persons	days	months	hours	rate (000s)	Total	
PKPS	250	30	12	2	23 0	4,140,000	
PCK	450	30	12	2	24 0	7,776,000	
PULS	150	30	12	2	21 6	2,332,800	
ZYCIE	150	30	12	2	21 6	2,332,800	
EGIDA	150	30	12	2	21 6	2,332,800	Add only
Pielegniarka	50	30	12	2	18 0	648,000	Demand
<b>TOTAL</b>	<b>1,200</b>	<b>180</b>				<b>19,562,400</b>	<b>1,610,496</b>
1994 Rec. B	persons	days	months	hours	rate (000s)	Total	
PKPS	250	30	12	2	23 0	4,140,000	
PCK	450	30	12	2	23 0	7,452,000	
PULS	150	30	12	2	23 0	2,484,000	
ZYCIE	150	30	12	2	23 0	2,484,000	Add
EGIDA	150	30	12	2	23 0	2,484,000	Recommended
Pielegniarka	50	30	12	2	23 0	828,000	New Rate
<b>TOTAL</b>	<b>1,200</b>	<b>180</b>				<b>19,872,000</b>	<b>310,000</b>

To prepare for the briefing with the treasurer, the budget staff obtained actual reimbursement rates and demand counts for each provider from the social services department. This information is presented in

the first section of the table (persons and rate) to provide an estimate of the 1994 actual demand and total expenditure for the activity (17,951,904 Zl). The second section (1995 Dept.) reproduces the

department's 1995 request, which estimated the organizations would serve 1,200 people at an average reimbursement rate of 25,000 zloty/hour, for a total cost to the city budget of 21.6 billion Zl

The staff then developed two alternative table sections to disaggregate the department request into the two cost components: the demand and the reimbursement rates. These sections estimate the increases to the current budget for subaccount 8612 if demand or reimbursement rates were increased. The third section (1995 Rec. A.) estimates the cost of a decision to accept the department's 1995 demand estimate by applying the current reimbursement rates to the new demand estimates, for an additional cost to the city budget of 1,610,496 Zl. The last section of the table (1995 Rec. B.) presents the estimated cost of the program with a demand of 1,200 people at an average rate of 23,000/hour, which is a lower rate than that requested by the department, this option would add another 310,000 Zl to the budget.

By disaggregating the department request into the two cost factors (demand for services and reimbursement rates), the mayor, city board, or city council could choose to accept the demand estimate but lower the reimbursement rate to contain cost increases. Accepting recommendations A and B would mean that the city would increase the budget for 8612 by 1,920,496 Zl instead of 3,648,096 Zl. At the end of the briefing, the treasurer also expected further analysis of the estimated average service time per client of 2 hours.

### **The Budget Document as a Financial Accountability Tool**

#### **Program Budget Model**

The annual budget is the principal source of comprehensive financial information about a city. A program budget presents the financial aspects of the budget in ways that enhance the budget's role as a program and management tool. Tables present multi-year changes in revenues and expenditures, and graphs show the functional allocations.

A columnar format specifies program allocations for the previous year (actual) and current year (expected actual) and allocations proposed for the next budget year. After the council has approved the final budget, the approved amounts are substituted for the proposed amounts. Tables and graphs throughout the budget make financial trends and changes in functional areas by organizational unit more transparent. Multi-year comparisons of expenditures /and program and performance indicators (see Table

1) provide an important context for decisions about future program activities by indicating the rate of growth or decline in program areas and showing changes in program workload and productivity increases (or decreases). This information helps budget reviewers determine whether a program's budget request is reasonable or should be rejected. This works to the advantage of both the requesting department and the budget reviewers (be they the budget staff, city manager, or council member).

The same principles apply to grant revenues received from the central government. These may be associated with a specific task, indicating the degree to which that task is supported by local and central government funds. The budget can be an important tool for showing how these fund sources have changed over time and the uses to which they are dedicated.

#### **Current Practice**

Polish law requires local governments to use a single general fund for all appropriations. Yet local governments also receive various grants from the central government and user fees and other revenues from various local services. Municipal budgets usually keep the funds, even if for the same task, under the respective accounting heading rather than grouped according to task. The amount of local or grant funds in the budget proposal is seldom compared to current year expectations and previous year actual allocations. Many municipalities only present central government grant revenues in the summary tables. The subaccount detail in the city budget only shows local revenues and expenditures, excluding the critically important information about the amount of funds the central government will contribute to a task through various grants.

#### **Implementing Reform**

The Krakow and Lublin budgets follow the excellent practice of itemizing costs for types of expenditures, such as personnel, commodities and services, capital outlay, and capital investments (as seen in Table 1). Aggregating expenditures into major expenditure types may help city council members understand the management dynamics of a particular program. A labor-intensive program (for example, schools) will be affected differently than a capital-intensive program (for example, sewage treatment) by inflation and other economic factors. Together these features identify trends and provide a context for budget decisions.

Table 1 also shows how Krakow's 1995 budget associates multiple funding sources with a single task. Task 1 of the school budget is funded by three subaccounts: 7911, 7961, and 9146. The table also shows how these different sources have changed over time.

## **The Budget Document as a Communications Tool**

### **Budget Format**

#### **Program Budget Model**

A local government's program budget provides financial transparency. A program budget tells citizens how their government is financed and which activities their revenues fund. A document that describes the city's programs and activities, links expenditures with programs and tasks, and uses graphics to convey major financial allocations and trends will provide citizens with more than knowledge about the new budget plan. It will also give them a sense of what their government is doing—or not doing—and how much it costs. A person who reads the budget should be able to understand the financial status of the municipality without difficulty. The reader should also be able to see the entire scope of local self-government activities, including the "off-budget" enterprises and any subsidies these receive. Creditors (bond agencies) and other government officials also use this information when they evaluate the city for loans and grants.

The summary for the total budget should include tables presenting multi-year changes in revenues and expenditures and graphs showing the functional allocations within the city budget. Pie graphs and other pictorial charts lucidly display expenditures by program function and by expenditure type (such as personnel, supplies, aid to individuals, and capital). They can also display revenues by program, by type of intergovernmental aid, and by tax or other revenue source.

Presenting organizational and summary budget information for each department and enterprise provides a valuable context for specific decisions regarding the department's proposed budget. The adopted budget should be presented with a clear summary of departmental activities and the changes made for the next budget year. It is also good practice to include a page of key economic and demographic information to provide the context in which the municipality must balance its revenues and expenditures.

### **Current Practice**

The reform period in Poland has been one of extensive and intensive experimentation in

- transferring powers from the central government to local self-governments—changing the thinking about the government and the role of governments in society,
- reshaping the legal forms for city organizational units, including budgetary units and communal enterprises, and
- experimenting in decentralizing administration within these units.

The result is a very complex city structure. Citizens—and officials—may find it difficult to identify who is responsible for providing specific services.

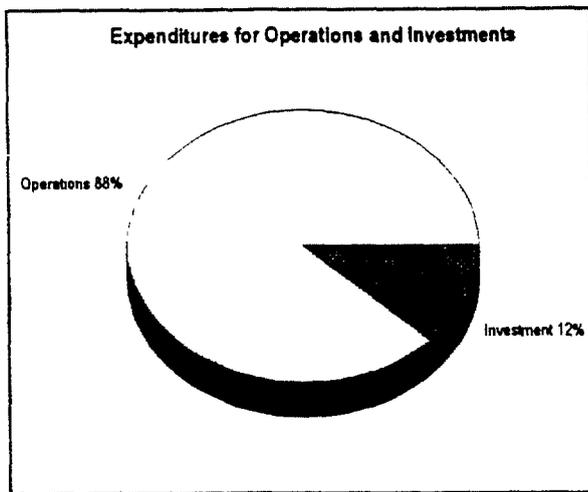
Municipal budgets commonly do not include summary budget information beyond introductory paragraphs describing how key revenues and overall expenditures have increased or decreased from the previous year. Graphs, organizational charts, and general demographic information are typically absent from the budget presentations.

### **Implementing Reform**

Both Krakow and Lublin have begun to put more substantial summary information in their budget documents, including clear and concise narratives throughout the budget document. These narratives link expenditures to activities in terms citizens understand.

The Lublin and Krakow budgets also include an organizational chart of the city government structure, including enterprise units, to help citizens and creditors understand budget allocations and centers of accountability (mayor versus board of directors). Krakow and Lublin have also adopted the important practice of explaining the activities and financial costs of "off-budget" enterprises (such as MPK) that receive city budget subsidies.

The budgets include graphs which quickly show readers the major divisions in the budget, including operations and capital investment (Figure 3). Krakow and Lublin have experimented with ways to present multiple funding sources for a given activity or program subaccount, both in subaccount narratives and summary tables.



**Figure 3. 1995 Krakow Summary Pie Graph**

Lublin and Krakow present other nonfinancial and nongovernmental information in the 1995 budget documents to provide a solid context for the subsequent budget decisions. Demographic data, commercial and other economic information (building progress, privatization events), and major governmental events of the previous year have impacts on the next budget year. Explicating these factors at the beginning of the budget process supports the initial program discussion by the council.

### **Capital Budget**

#### **Program Budget Model**

Capital investment projects have a longer time frame than operating expenses and require extensive technical analysis. A road or landfill may require several years of planning and design, it may also require several years to construct. Funding the project requires multi-year budgeting. A separate capital budget adds substantial value to the operating budget when it includes a five year rolling projection that forecasts future capital funding requirements. This capital improvement plan (CIP) puts decisions about current capital expenditures in a longer-term perspective. The CIP is adjusted annually to indicate new priorities.

Until a municipal credit market is established in Poland, cities will be forced to finance capital projects through the operating budget. When credit financing is available, such as for certain environmental projects, capital budgeting shows the impact of capital projects on the operating budget. Will the landfill project increase garbage collection

costs? Will it reduce other operating costs? How will it otherwise affect expenditures or revenues? These are important questions that require explanation in order for the budget to be an effective program and management tool.

Table 3 shows a sample multi-year capital budget for three projects. Note that the reader can see the total project cost for the five year period, the total costs of all projects for the period, and the total costs of all projects for a given year. Just as important, the table shows the reader the projected impact on the operating budget of the projects in a given year. The operating impact varies over the period and must be continually re-estimated each year so that those costs are incorporated in the planning for the next budget year.

### **Current Practice**

Capital investment consumes a large share of current revenues in many Polish cities. Other than a brief statement in the introductory paragraph, the typical municipal budget rarely separates capital investment expenditures in the subaccount tables.

### **Implementing Reform**

Krakow and Lublin integrate capital investment expenditures with the program narratives for each subaccount. They then aggregate the capital budget in separate summary tables. Lublin and Krakow also indicate the financial sources for each project (e.g., central government, environmental fund, user fees, and city budget).

### **Budget Calendar**

#### **Program Budget Model**

The program budget process portrayed in Figure 1 comes full circle when the council approves the budget plan and presents it to the citizens. When the process begins again for the next budget, the citizens will be better informed about their local government and better able to express their views and budget requests. If citizens are informed about their local government's activities and they are given opportunities to express their opinions on the budget proposal as it is developed, the municipal leaders can benefit from their constituents' perspectives as they make their budget decisions. Learning about these perspectives and accounting for them early in the process increases citizen acceptance of the subsequent budget decisions.

The program budget model requires more time to develop than a budget that is used primarily as an

**Table 3. Sample Multi-year Capital Budget with Operating Impact**

PROJECT	1995	1996	1997	1998	1999	Project Totals
A	1,000,000	600,000	200,000	0	0	1,800,000
B	500,000	500,000	500,000	500,000	500,000	2,500,000
C	100,000	250,000	500,000	600,000	200,000	1,650,000
Total	1,600,000	1,350,000	1,200,000	1,100,000	700,000	5,950,000
<b>Operating Impact</b>						
A	100,000	50,000	100,000			250,000
B	50,000	50,000	100,000	100,000	50,000	350,000
C	50,000	200,000	300,000	200,000	300,000	1,050,000
Total	200,000	300,000	500,000	300,000	350,000	1,650,000

accounting device because it expands the uses of the budgeting process and involves more intense scrutiny of budget requests. It also uses more information, which must be produced and analyzed at different stages of the process. A budget process that sets task priorities and effectively communicates them throughout the city organization requires enough time at each stage of the process for budget actors to be effective.

Figure 4 presents the program budget process in the form of a sample budget calendar. The calendar emphasizes that the budget process is iterative in important respects. For example, the budget staff issues the budget instructions based on an initial forecast of revenues and expenditure demands. The forecast is revised in the subsequent six months as new information becomes available. The budget assumptions are adjusted unilaterally by the treasurer to modify the department requests as the proposed budget is prepared for the mayor and city board. The final forecast will be available for the city council to make any further assumption adjustments.

The sample calendar allocates more time for budget development at the beginning of the process (July-September) and for budget staff analysis (October). The time allocated for council deliberation is not expanded beyond the current practice for several reasons. First, when the recommended budget plan reaches the council, there should be few changes to the proposal if

- the city council is given a preliminary financial forecast as a context for its decisions,

- the city council seeks citizen input and establishes budget policies and priorities accordingly at the beginning of the process,
- the budget office gives departments clear directives and enforces them in reviewing the budget requests, and
- the city board understands city council intentions and uses the "sense of the city council" to decide about funding requests within city council program guidelines.

Furthermore, council debate can be focused on the key decisions if the council is presented with the information in the formats described in this monograph, including clear narratives, multi-year tables of revenues, expenditures, and performance measures; and clearly delineated decisions. Much of the debate over the "correct" assumptions and calculations of increases and decreases can be spared.

**Current Practice**

The typical municipal budget process begins in October when the mayor meets with department directors to discuss budget preparation. The treasurer and staff are given a few weeks in November to check the calculations in the budget requests and then the mayor and city board, meeting with department directors, make a series of decisions which leads to a budget proposal that is submitted to the city council.

The city council often spends substantial time debating whether a particular program should have been increased by the amount suggested by the city board in the budget proposal. The problem is that the council is essentially debating priorities but in the context of recommendations already made by the city

For Medium to Large City. Adoption by December 31	
July 15	Budget office makes first estimates of revenues, inflation, central grants, subsidies, and tax rate maximums.
July 20	Council holds public hearing for citizen input, especially on capital budget.
August 1	Council passes resolution on budget policies and priorities.
August 15	Budget office distributes budget instructions and forms to departments; provides departments with uniform assumptions as basis for their budget requests.
September 15	Departments submit budget requests to budget office for review and analysis. [Discussions with departments—revision of requests.]
October 10	Budget office revises estimates of revenues, inflation, central grants, subsidies, and tax rate maximums.
October	Mayor reviews budget office recommendations with treasurer and budget staff.
November 1-5	Department appeals, final city board decisions made. Print board's recommended budget and distribute to public, press, and council.
November 15	Council budget commission holds public hearing on city board's proposal, begins review of board's proposal.
December 1	Final budget office revision of estimates of revenues, inflation, central grants, subsidies, and tax rate maximums.
December 10-15	Adopt budget. Set property tax rates, rents, user fees (for trams, water, sewer, garbage collection, etc.).
March 31 (Next Year)	Adjust budget based on final central government factors.

Figure 4. Sample Budget Calendar

board. The conflict can be protracted and the debate rancorous, especially concerning interpretations of economic information and assumptions underlying particular department requests. The final budget plan is often a reflection of the city board's priorities, which may be dissimilar to those of the council. However, the press of time and degree of conflict surrounding budget debate may make compromises difficult.

#### Implementing Reform

Krakow and Lublin have substantially revised their budget calendars to reflect the increased time required for program budget development and analysis. Perhaps the most significant step was to begin the process with a council meeting to decide budget policies and priorities. For example, the 1994 Krakow budget process began with a decision by the council to increase infrastructure spending by decreasing operational expenses. The council's early policy input was a major change in the process and extremely important because it established agreed-upon guidelines for the subsequent development of budget instructions to city departments and enterprises.

In Lublin, the budget staff appreciates the longer time allocated for analysis of department requests. Collecting supplemental information for specific budget issues, creating computer worksheets to analyze complicated cost scenarios, and developing well-reasoned budget recommendations to the treasurer, mayor, and city board require more time than simply checking department requests for mathematical accuracy.

In both cities, the councils have been able to reduce the amount of time they spend debating the budget proposal from the executive board because they can focus on whether the proposal conforms to the priorities they established at the beginning of the process. Both councils have also praised the mayor and budget staff for increasing the transparency of the budget and illuminating the consequences of their budget alternatives.

#### Conclusion

Public budgeting serves many purposes. As the principal program and planning tool for governments, budget development can force the mayor and council to discuss task priorities and evaluate the programs designed to implement them. As the main management tool of the city's executive board and department directors, budget development can identify the activities of city bureaus and enterprises.

and allocate funds for those activities in ways that increase program effectiveness. As the principal financial control tool, the budget can hold city officials accountable for spending only what is allowed by the budget. As an important communications tool, the budget is essential for local democracy, conveying to citizens in a single document the scope and work of government activities.

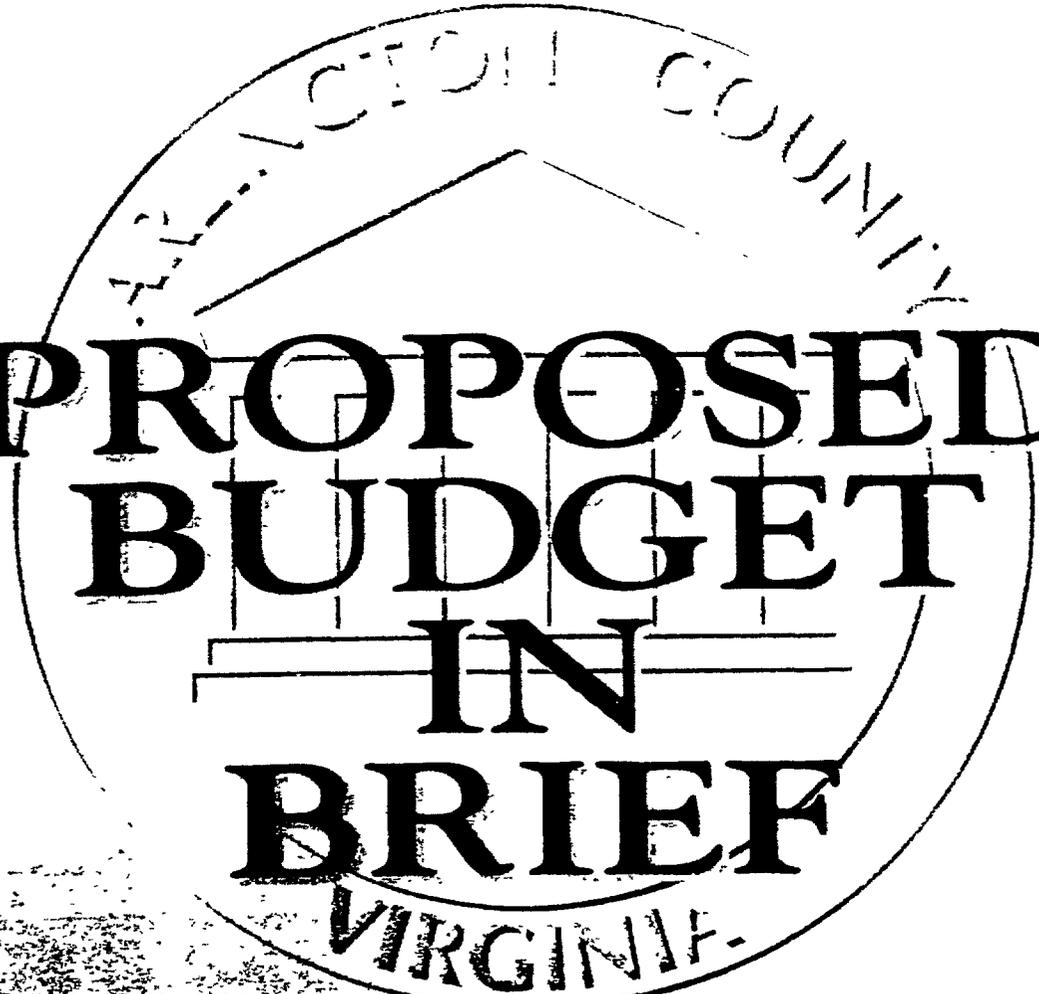
The Program Budget Model presented in this monograph is only one of the ways to implement a budget process that yields a budget document serving these multiple purposes. This monograph is meant to serve as a guide for other municipalities that are seeking to transform their budget into a powerful program and management tool. The experiences of Lublin and Krakow provide firm evidence that the transformation is possible and yields substantial benefits.

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Written by Kurt Thurmaier, Public Administration  
Department, University of Kansas The author wishes  
to thank Jan Winters for his helpful contributions, and  
the abundant cooperation of the Lublin and Krakow  
budget staff and city officials

The seal of Shenandoah County, Virginia, is a circular emblem. It features a central shield with a mountain range and a river. The shield is flanked by two figures, possibly representing industry and agriculture. The words "SHENANDOAH COUNTY" are arched across the top of the seal, and "VIRGINIA" is arched across the bottom. The text "PROPOSED BUDGET IN BRIEF" is prominently displayed in the center of the seal in a large, bold, serif font.

SHENANDOAH COUNTY  
**PROPOSED  
BUDGET  
IN  
BRIEF**  
VIRGINIA

**FISCAL YEAR 1996**

**Arlington County, Virginia, USA**  
*officially established in 1923*

Population	184,000
County Limits	25.7 square miles
Total Estimated Revenue 1996	\$413,800,000
Total Estimated Expenditures 1996	\$432,100,000

**Government and Organization of the County**

Arlington County operates under the County Manager form of government. The five members of the County Board are elected at large for staggered, four-year terms. No more than two members are elected at one time. The Chairman of the County Board is elected annually by the members.

The County Board is responsible for several appointments. The County Board appoints a County Manager to serve as the chief executive administrator of the County. The County Manager serves at the pleasure of the County Board, implements its policies, directs business and administrative procedures, and appoints department directors.

\*\*\*

The following pages contain excerpts from Arlington County's "Proposed Budget - Fiscal Year 1996," and the "Proposed Budget in Brief - Fiscal Year 1996." The bulk of the Proposed Budget in Brief is provided to give a broad overview of Arlington County's budget and budgeting process. Excerpts from the actual Proposed Budget follow to highlight exceptional and detailed examples of municipal budgeting and finance.

This budget received the Government Finance Officers association of the United States and Canada (GFOA) for Distinguished Budget Presentation Award. This award is given to municipal government budget documents that meet program criterion as a policy document, as an operations guide, as a financial plan and as a communications device.

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ANTON S GARDNER  
COUNTY MANAGER

ARLINGTON COUNTY, VIRGINIA  
OFFICE OF THE COUNTY MANAGER  
#1 COURTHOUSE PLAZA  
2100 CLARENDON BOULEVARD SUITE 302  
ARLINGTON, VIRGINIA 22201  
(703) 358-3120 • FAX (703) 358-3295



WILLIAM T DONAHUE  
DEPUTY COUNTY MANAGER

February 4, 1995

Albert C. Eisenberg, Chairman  
and Members, Arlington County Board  
2100 Clarendon Boulevard, Suite 300  
Arlington, Virginia 22201

Dear Chairman Eisenberg and County Board Members:

Each of us -- including all who live, work or visit here -- share an enormous stake in the strength and vitality of Arlington County. The proposed financial plan I am presenting to you today encompasses, I believe, the best strategies and funding choices to maintain Arlington as a highly desirable community. Our reputation has been achieved, in part, through the delivery of nationally recognized programs and services at an affordable cost. This budget provides the information the County Board and the community need to assess our programs and services and to make choices concerning the equitable distribution of limited resources.

The County economy is strong. Our 31 million square feet of office space is 94 percent occupied. Our at-place employment totals more than 200,000 people each business day and increased by 30,000 jobs over the last decade, with 20,000 of those jobs representing new private-sector additions. However, largely because of the lingering effects of the recent oversupply of office space in the region, our commercial real estate tax base declined 4 percent this year, constraining the base resources available in Fiscal Year (FY) 1996 below the level needed to sustain current operations. The focused strategy we used to combat this problem, one with which we now are very familiar, included these basic principles:

- Provide ongoing support for as many existing citizen and business services as possible by continuing to implement efficiencies and to eliminate unnecessary costs.
- Implement major new economic development initiatives that will build on our community's strong competitive position to generate future jobs and increase public and private revenues vital to our economy and quality of life.
- Fund program priorities to maintain Arlington's excellent public safety and human services programs, keep our public schools superb, invest wisely in technology throughout the government, implement better outreach and planning efforts to reach our citizens, plan for our future, and maintain our community, government and school facilities through capital investment.
- Maintain the high quality of the County and School workforce in a very competitive environment through merit step increases and a modest 1 percent cost-of-living adjustment (COLA).

## COUNTY MANAGER'S MESSAGE

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- Charge the cost of doing business to program customers by adjusting user fees to better recover existing program costs.
- Provide the County Board and the public the necessary information to make difficult balancing decisions, including identification of program reductions taken to develop this proposed budget, revenue options, and improved performance measures on the results of County programs.

### Budget Summary

The FY 1996 proposed overall budget totals \$524.9 million, an increase of \$17.9 million or 3.5 percent over the current year. Within this is a proposed General Fund budget for FY 1996 of \$432.1 million, which is equal to the Budget Planning Estimate set by the County Board last November, and represents a 3 percent increase above the current fiscal year. However, within the General Fund budget, the allocation for County services shows a decline of \$3.7 million for FY 1996. Consistent with the County Board-adopted guidelines, the County transfer for the public school system is proposed at \$135.1 million, or 5.1 percent higher in FY 1996. County funding for the Community Activities Fund is up 6.5 percent to \$4.5 million.

### Outlook for Revenues and Taxes

The FY 1996 General Fund budget is financed by a variety of revenue sources which include local taxes, service charges, fees, and revenues from the Commonwealth of Virginia and the federal government. For FY 1996, current General Fund revenues are projected to total \$413.8 million, including projected use of prior year funds. Concisely stated, revenues are projected to be \$18.4 million below the levels needed to fund this proposed budget. The \$18.4 million needed could increase by as much as \$4.3 million if all of the Governor's proposed amendments to the current state's biennium budget are approved by the General Assembly.

As in the past, local taxes are the largest revenue source, projected to total \$316.6 million, or 76.5 percent of total General Fund revenues in FY 1996. Local tax revenues at current tax rates are projected to increase by 2.9 percent, or by \$9 million. Most of the local tax revenues are projected to grow at rates exceeding inflation due to increased business investment, additional retail businesses, higher business gross receipts, higher automobile values combined with new purchases, and other indications of a healthy economy.

One revenue category that is not projected to increase above inflation is real estate taxes, which comprise 40 percent of total General Fund revenues. While residential real estate valuation grew at 2 percent during Calendar Year (CY) 1994, with new construction and increased valuation, commercial real estate declined in value by 4 percent for the same period. When combined with apartment and condominium valuation increases, the result is a total tax base decline of 0.13 percent. During CY 1995, the tax base is projected to grow 2 percent. The net effect is a projection of less than 1 percent growth in real estate tax revenues for FY 1996.

A \$10 million reduction in prior year funds carried over to finance the subsequent year is a primary factor in the 0.8 percent decrease in the General Fund revenue budget projected for FY 1996. The one-time revenues used to help finance the FY 1995 budget--settlements of a railroad real estate tax dispute, equipment depreciation savings, health insurance savings--will not reoccur to help finance FY 1996.

## COUNTY MANAGER'S MESSAGE

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### Budget Efficiencies and Program Reductions

With revenue so constrained, I asked all departments to develop their expenditure budgets without allowances for inflationary growth and merit steps. I also directed them to build on the tens of millions of dollars in savings and reductions that have been implemented since FY 1990 by identifying economies or program reductions to bring departmental budgets below FY 1995 levels. Repeating last year's standard, 19 of 24 County General Fund departments and agencies have budgets that are proposed to decrease in FY 1996 when compared to FY 1995. The proposed budget funds 18.6 fewer FTEs than FY 1995.

The proposed budget contains many administrative reductions, most related to improved work processes or the implementation of technology, that have little or no impact on citizen services, including:

- Savings in DHS Social Services and Planning and Administration Divisions through elimination of a senior management position and from savings from an automated purchase of services system (\$100,000).
- Elimination of an Alcohol Safety Worker/Case Manager in the Commonwealth Attorney's office, to reflect decreases in program participants, and an Accounting Tech I, attributable to the full implementation of automated processes (\$77,852).
- Elimination of funding for two Administrative Assistant III positions in the Staffing Section of the Personnel Department due to technology and other efficiencies (\$27,556).
- Conversion of two full-time positions in the Personnel Department to part-time positions due to implementing a managed care system for workers' compensation medical expenses and improved work processes (\$55,000).
- A restructuring in the Solid Waste Division of the Department of Environmental Services, which reduces overtime costs by \$36,758.
- A reclassification in the Police Department of a Lieutenant position in FY 1995 into a civilian computer specialist position which saves enough in FY 1996 (\$66,000) to fund a new school-based Police Officer II for the Community Resources Section.

Departments continue to improve service delivery through innovation. In some cases this means changing how we do business or contracting with the private sector:

- In the competitive bidding of the residential solid waste collections and disposal contracts, the Departments of Environmental Services and Management and Finance redesigned the bidding specifications, including the method of handling disposal costs, which will save the County about \$240,600 annually.
- The Department of Public Works proposes contracting out the pavement marking program, resulting in a net reduction of five positions and a first-year savings of \$26,946. The County also will avoid the need to replace and maintain the County's existing marking vehicle, at an estimated saving of \$200,000.

## COUNTY MANAGER'S MESSAGE

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- The health component of the workers' compensation program is proposed to be restructured towards a managed health care model. Cost savings of \$200,000 are projected for FY 1996.
- The Office of Technology and Information Services has proposed an innovative partnership with the City of Alexandria to provide computer services. This program will generate enough revenue in FY 1996 to cover costs and reduce General Fund support for the department by \$20,000, while increasing support for the County's computing infrastructure. In FY 1997 and subsequent years, this cooperative agreement will save the County about \$100,000 per year.
- In FY 1996, the Jail Industries and Jail Work Programs will continue to provide sign fabrication for the Department of Public Works, food service for the Department of Human Services and the Courts, and will seek out other services which could be accomplished by inmates.

Although the proposed budget reflects our efforts to reduce costs whenever possible without eroding services, our limited resources necessitate reductions in some services and programs. Examples are cuts in the General Relief program for unemployed persons, elimination of the transit subsidy program, and increases in client co-payments for the day care services programs, transportation services fees for persons with mental retardation, and prescription medication program costs for the elderly and disabled. Funding for equipment replacement was deferred in many departments and 16.2 authorized positions were frozen for FY 1996.

In other cases, limited resources mean we must forego worthwhile projects such as increasing the availability of CD ROM technology in libraries and expanding recreational and sport opportunities to underserved adults and senior citizens.

Finally, the County Board, in its budget planning estimates decision, requested a "1 percent" or \$2.9 million list of priority projects that I would recommend for funding, if additional resources become available. I have included three Program Restorations on this list which would use the potential additional funding to reinstate reduced programs. The new or expanded initiatives I have placed on this 1 percent list are called New Programs and Program Expansions. All of these options are described on goldenrod pages in the appropriate departmental narratives.

### Economic Development

Savings through position cuts, innovation, or program reductions are critical to budgetary balance in FY 1996; however, the County's long-term fiscal health mandates that we generate more revenue through economic development. The FY 1996 Proposed Budget, which contemplates \$250,000 in new resources for economic development, as well as \$150,000 in additional options, emphasizes maintaining the County's strong economy through new initiatives to give us the most competitive edge in attracting and retaining business.

We share many of our competitive advantages, such as our clean environment and efficient transportation systems, with other jurisdictions throughout the region. In FY 1996, we will continue to fund our pledge towards the Board of Trade's "Greater Washington Initiative" which is designed to attract and retain business through the clear communication of the region's selling points and the development of improved partnerships among regional neighbors.

## COUNTY MANAGER'S MESSAGE

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Also in FY 1996, we will direct specific resources to determine business needs for growth and success in Arlington, such as training in international trade, and to identifying public or private funds to meet these needs.

Several large employers, including the National Rural Electric Cooperative Association, the Chemical Manufacturers Association, and the Electronic Industries Association, have picked Arlington as their new home. These major national associations will bring 960 new employees to the County. In 1994, Arlington's retail base expanded as Best Buys, Marshalls, Border's Books, and Linens & Things joined Price Club in Pentagon City. New restaurants, including Starbuck's Coffee, California Pizza Kitchen, and Fresh Choice opened there as well. Also in 1994, Bread and Circus, an upscale national grocery chain, announced plans to locate in Clarendon. To continue this trend and to retain important businesses which lease space in Arlington and have location choices when their short-term leases expired, the County must be thorough in its approach to economic development.

Therefore, we have also proposed reforms to the Business, Professional, and Occupational License (BPOL) tax. First, we have advocated administrative reforms and have been instrumental in drafting state-wide proposed reform legislation that the General Assembly now is considering. Second, under a proposal for the County Board to consider for this budget, most businesses with gross receipts of \$50,000 or less would have their business license taxes reduced. The proposal, which would cost \$335,000 to fund, would require businesses with up to \$10,000 in gross receipts to file annually, but pay no tax. Businesses with gross receipts from \$10,001 to \$50,000 would pay a flat fee of \$25. Businesses with gross receipts in excess of \$50,000 would pay a BPOL tax based on the rate for their category. This proposal would reduce the taxes on approximately 3,700 small and individual businesses in Arlington. Other variations of this proposal are detailed on the goldenrod New Program page with the other proposed economic development initiatives. These variations would reduce County tax revenue by lesser amounts.

Finally, the FY 1996 Proposed Budget contains funding for many business-responsive services throughout the government. These include streamlined permitting and public information processes, such as a new image processing system in the land records division of the Circuit Court, fully-funded transportation services, including an innovative and award-winning commuter assistance program, active affordable housing programs, and business-employee retraining programs.

### Program Priorities

Our critical focus on economic development is one of the highest priorities of the FY 1996 Proposed Budget, but we need to maintain a balanced approach to services as well. Arlington is strongest when our neighborhoods are safe and livable, our schools capable, our human services effective and caring, and the government responsive and efficient. Therefore, the FY 1996 Proposed Budget also emphasizes the following priority programs:

**Public Safety:** We will expand the Community Resource Program in the public schools and community by one uniformed police officer and provide the increased local match funding for six new officers approved in FY 1995 as part of a federal community policing grant which expanded our successful community-based program to Arna Valley and Shirley Park. This will result in the addition of seven new police officers since adoption of the FY 1995 budget.

**Detention Facility:** The inmate population is projected to increase by 9 percent to 600 daily, including state prisoners which the state has not taken from our local facility. In FY 1996, we propose increased funding to staff and support the increased populations.

## COUNTY MANAGER'S MESSAGE

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**Schools:** The proposed transfer for the Public Schools increases by \$6.5 million and would fund, according to the Superintendent's Proposed Budget, approximately \$1.1 million in new resources and programs including the implementation of the Instructional Technology Program, expansion of the all-day kindergarten program, and a program to integrate special education students in kindergarten through third grade in general education classrooms.

**Human Services:** The proposed budget increases funding for the state-mandated Comprehensive Services programs for at-risk youth by \$446,000 (\$245,000 net tax support) to address the growing number of children needing special education, foster care, juvenile court services, or institutional residential care. Also, the budget for the local supplement for Aid for Families with Dependent Children is increased by \$78,000.

**Public Outreach and Strategic Planning:** In FY 1996, a number of programs will emphasize public outreach and strategic planning to help us respond to the changing needs of Arlington's growing and diversifying population and business community. For instance, the Department of Community Planning, Housing and Development's new Consolidated Plan for federal housing, community development and homelessness programs will include a thorough citizen participation process in FY 1996, and the recommendations of the Department of Human Services "Strategic Examination of Human Services," begun in FY 1994, will be brought to the County Board and public in FY 1996. The Departments of Libraries, Public Works, Environmental Services, and Parks, Recreation and Community Resources also are developing long-range plans with citizen and customer input or are implementing programs to improve service delivery.

**Technology:** In the FY 1996 budget, we are proposing a three-part program to improve the County's use of office technology. Increased efforts in network support and replacement of computers, along with modest increased computer availability, will help the government do more without substantial budget growth. In addition, we are fostering technology partnerships to improve access to information and reduce costs: with the public schools to integrate public library and schools catalogue information, with the City of Alexandria for computer services, and with CapAccess to provide public access electronically to the library catalogue and real estate information.

**Capital Investment:** The proposed FY 1996 Pay-As-You-Go capital budget of \$8.3 million invests in structural and mechanical improvements to County facilities and improvements to community transportation and park facilities. This level represents an increase of 3.2 percent from FY 1995. The School Superintendent's Pay-As-You-Go Capital request to the County for FY 1996 is \$3.8 million, or a decrease of 3.7 percent from FY 1995. Also, in the FY 1996 Proposed Budget, tax-supported debt service on bonds sold to finance the County and Schools capital improvement programs, previously approved by the voters, increases by \$7 million, about 25 percent over the FY 1995 level.

### High Quality Work Force

At the heart of all of our programs are the dedicated women and men who comprise Arlington's work force. Recognizing that the current low unemployment rate means there is tremendous competition to retain our employees, and despite the constraints on revenues, the FY 1996 Proposed Budget includes funding for merit step increases for eligible County employees, and the full-year funding for the ongoing costs of the recent conversion of long-term temporary employees to permanent status.

## COUNTY MANAGER'S MESSAGE

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A well-performing pension system whose annual rate of return on investments has substantially reduced the prior unfunded liability, coupled with the scheduled biennial independent actuary's analysis of employer contribution requirements, has resulted in reduced employer funding rates to the County's retirement fund. This allows us to include in the base proposal a \$1.5 million contingent for a modest wage adjustment for County employees, and helps fund a similar 1 percent in the School Superintendent's proposed budget.

Employer-paid health insurance premiums are projected to increase at a rate higher than inflation, but less than under the County's prior indemnity health plan. Based upon early analysis of current costs of claims paid, it is estimated that County health insurance costs to the employer and employee may need to be increased approximately 9 percent for FY 1996; \$1.5 million is set aside in a contingent to finance the employer's increases in health insurance premiums in FY 1996 for County employees.

The FY 1996 Proposed Budget also includes technology resources and vehicle replacements to ensure that our workers have the necessary and reliable equipment to deliver services safely and efficiently to our citizens.

### Balancing the FY 1996 Budget

I have summarized the strategies and priorities of this Proposed Budget and the revenue outlook for FY 1996. Again, the bottom line is dictated by revenues which are \$18.4 million below the levels needed to fund the proposed budget. Therefore, during the budget process over the next 3 months, the County Board and the community will need to make some difficult decisions to identify revenues or program reductions, or both, to bridge this gap. These budget documents provide the information you need to make many of these decisions. Also, by early March we will have completed our analysis of the General Assembly's actions on the state budget and a final review of the County and Schools revenue and expenditure status for the current fiscal year.

If you choose to increase revenues to close the \$18.4 million gap, a number of primary alternatives exist under state law:

- Real Estate Taxes - Each 1 cent increase in the current 89.7 cent real estate tax rate would raise \$2.7 million in revenue for FY 1996. A rate increase of 6 cents would nearly close the revenue gap. This would represent a \$130, or 7.9 percent increase in the average residential real estate tax bill. The resulting real estate tax rate of 95.7 cents would remain the lowest in the area.
- Personal Property Tax - Each 5 cent increase in the current \$4.40 personal property tax rate would raise \$630,000, with the cost increase split about evenly between vehicle owners and owners of business tangible equipment.

There are two options, documented in the department narratives as Revenue Enhancements, which are not reflected in the General Fund FY 1996 base budget revenue estimates. These options include:

- Increase the E 9-1-1 fee from 25 cents per month per applicable phone line, to 55 cents, which would generate \$539,136 in additional revenue.
- Increase the ambulance fee for service from \$100 for residents and \$150 for non-residents to \$150 and \$200, respectively, which would generate \$251,317. Ambulance service costs the County about \$400 per transport.

## COUNTY MANAGER'S MESSAGE

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Additionally, several user fees are proposed to be increased above the rate of inflation, and a few new fees have been proposed. These increases and new fees are reflected in the departmental narratives, but their revenue impact has not been assumed in the General Fund total revenues. If these increases are approved, the revenues needed to balance the budget will decrease by the amounts listed (\$139,332 in total). These additional increased or new fees are:

- A \$1 surcharge on each participant's cost for camps, workshops and classes operated by Parks, Recreation, and Community Resources (PRCR) (\$8,000).
- An increase in PRCR fees to move to 95 percent cost recovery from 90 percent (\$6,700).
- Increasing the Farmers' Market fee from \$100 per season to \$8 per market for up to 32 weeks per year (\$4,480).
- A new fee to cover partial cost of the Conservation Interpretation Program (\$6,820).
- Increased cost recovery on senior adult travel (\$13,620).
- An increase in the fee for processing vacation and abandonment of right-of-way requests, from \$250 to \$350 (\$1,000).
- A new category of fee for use permits requiring intensive review by the Department of Community Planning, Housing and Development (CPHD) (\$11,000).
- Increased cost recovery by CPHD on all use permits (\$17,200); site plan review (\$38,337); variance processing (\$15,136) and rezonings (\$5,700).
- A new fee in CPHD for the category of administrative site plan amendments (\$3,400).
- A new fee in CPHD for building location error requests for variances (\$6,544).
- Increases above inflation in swimming pool inspection and certification fees to maintain 100 percent cost recovery (\$1,395).

County staff developed a very frugal budget for FY 1996, and I have highlighted some of the reductions. However, when the County Board adopted its Budget Planning Estimate in November, it requested an illustrative (but not recommended) list of programs that could be eliminated to reduce the proposed budget by \$21.1 million to the level of the expected revenues without changing any tax rates or raising fees, and funding an additional 1 percent wage adjustment. These types of program reductions, which would reduce or eliminate many important services throughout the government, are listed in the appendix (Section P) of the Proposed Budget document.

## COUNTY MANAGER'S MESSAGE

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### Acknowledgement

I want to thank the large group of County employees from all parts of the government who have contributed to developing this budget within the County Board's guidelines and to compiling and formulating the information needed to make difficult balancing decisions. I am specifically grateful to the Management and Budget Section staff of the Department of Management and Finance for their excellent work and long hours preparing the FY 1996 Proposed Budget.

### Conclusion

To achieve the highest level of community participation in the FY 1996 budget, I encourage every resident, business and community organization to join in consideration of the difficult tax and service level choices which must be made in the months ahead.

A year ago in my message accompanying the FY 1995 Proposed Budget, I highlighted the efforts of the County's employees to reengineer and reinvent government services and processes in order to provide more for less. The FY 1996 Proposed Budget I am submitting to you today demonstrates this continued commitment and ongoing progress towards establishing the Arlington County government as a true high-performance organization.

Respectfully submitted,



Anton S. Gardner  
County Manager

## FISCAL YEAR (FY) 1996 BUDGET CALENDAR

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The following schedule outlines the process and significant steps through which the County's fiscal year budget is developed and finalized. Through this calendar, the County's staff and citizens are able to better recognize key events which must take place for the County to develop and implement a balanced and complete budget.

### **AUGUST 1994**

County Manager holds the budget kickoff for departmental staff. This kickoff includes policy and line item direction, including fiscal parameters for developing requests.

### **OCTOBER**

County Manager holds a public hearing to seek input in the preparation of the FY 1996 Proposed Budget.

FY 1996 budget planning estimates for program, budget, spending and taxing are presented by the County Manager to the County Board.

### **NOVEMBER**

Departments submit budgets to the Department of Management and Finance, Management and Budget Section.

County Board adopts FY 1996 budget planning estimates for taxing and spending parameters for the County Manager and the School Board.

### **DECEMBER 1994/JANUARY 1995**

County Manager holds a series of budget discussion meetings with departments. During these meetings, the County Manager and the departments finalize the departments' proposed budgets to be presented to the County Board.

### **JANUARY**

School Superintendent submits to the School Board the Superintendent's Proposed Budget.

### **FEBRUARY**

County Manager submits County Manager's FY 1996 Proposed Operating Budget and FY 1996 Pay-As-You-Go Capital Program to the County Board.

School Board adopts FY 1996 Proposed School Budget and submits its proposed budget to the County Board.

County Board approves the advertisement of the proposed Calendar Year (CY) 1995 real estate tax rate.

## FISCAL YEAR (FY) 1996 BUDGET CALENDAR

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### **MARCH**

County Manager submits to the County Board FY 1995 mid-year review of expenditures and revenues. This review assists the County with its ending FY 1995 projected fiscal year status, which allows for better preparation for the FY 1996 Proposed and Adopted Budgets.

County Manager submits to the County Board FY 1996 - FY 2001 Capital Improvement Program.

### **MARCH 14**

County Board holds a public hearing on the proposed FY 1996 County Manager and School Board expenditure budgets (KENMORE MIDDLE SCHOOL, 200 SOUTH CARLIN SPRINGS ROAD, 7:00 P.M.).

### **MARCH 16**

County Board holds a public hearing on the proposed CY 1995 real estate tax rate, and other taxes. (KENMORE MIDDLE SCHOOL, 200 SOUTH CARLIN SPRINGS ROAD, 7:00 P.M.).

### **MARCH 18**

County Board adopts the CY 1995 real estate property tax rate.

### **FEB/MARCH/APRIL**

County Board holds a series of budget worksessions with each County department, Constitutional Offices and also with the School Board to reach determinations on the FY 1996 Adopted Budget.

### **APRIL 29**

County Board adopts FY 1996 Budget and Appropriations Resolutions for the County government and the public schools, FY 1996 Pay-As-You-Go Capital, and other proposed taxes and fees.

### **MAY 4**

School Board adopts the Arlington Public Schools Capital Improvement Plan for FY 1996 - FY 2001.

### **JUNE 10**

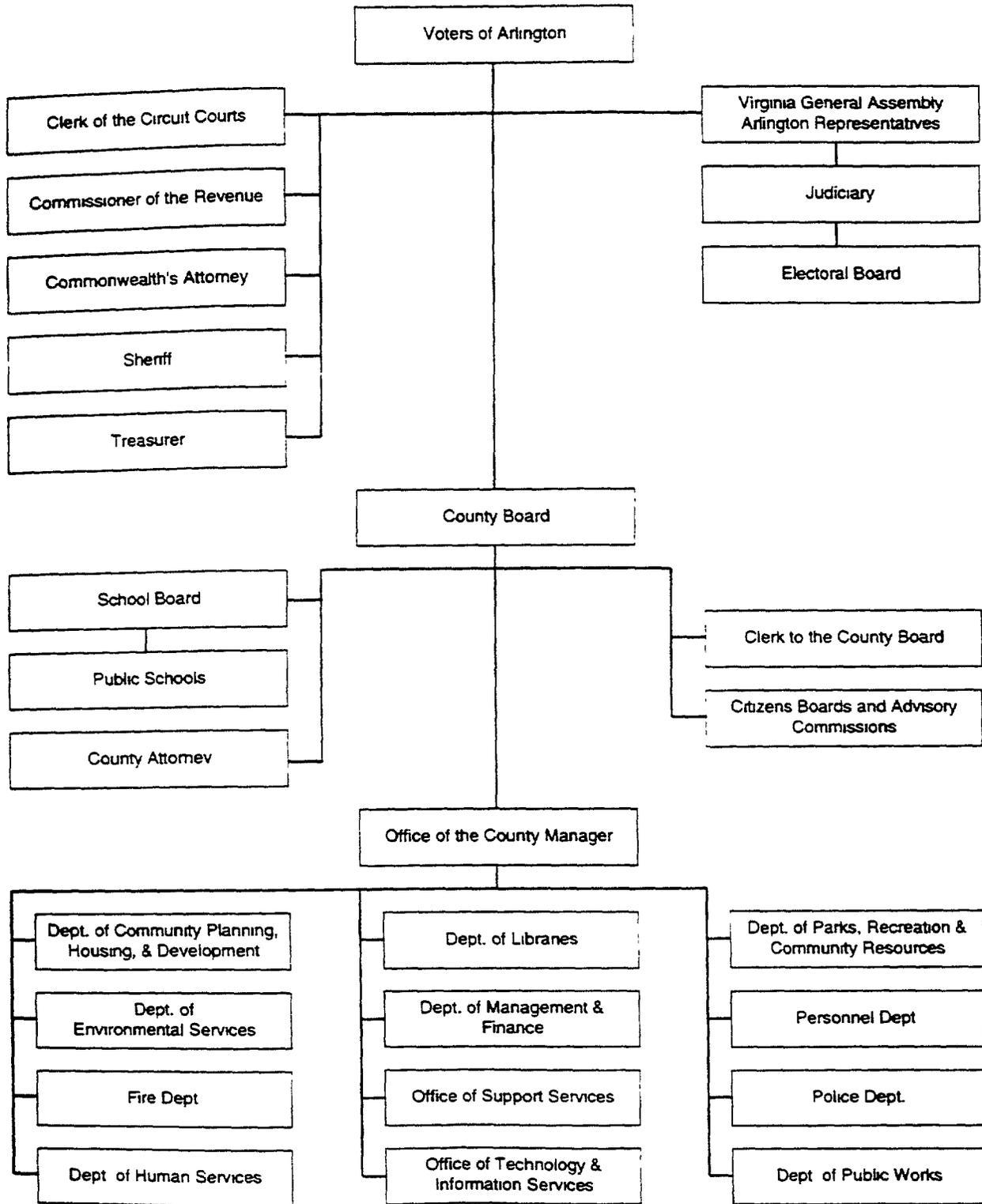
County Board adopts FY 1996 - FY 2001 Capital Improvement Program.

### **JULY 1**

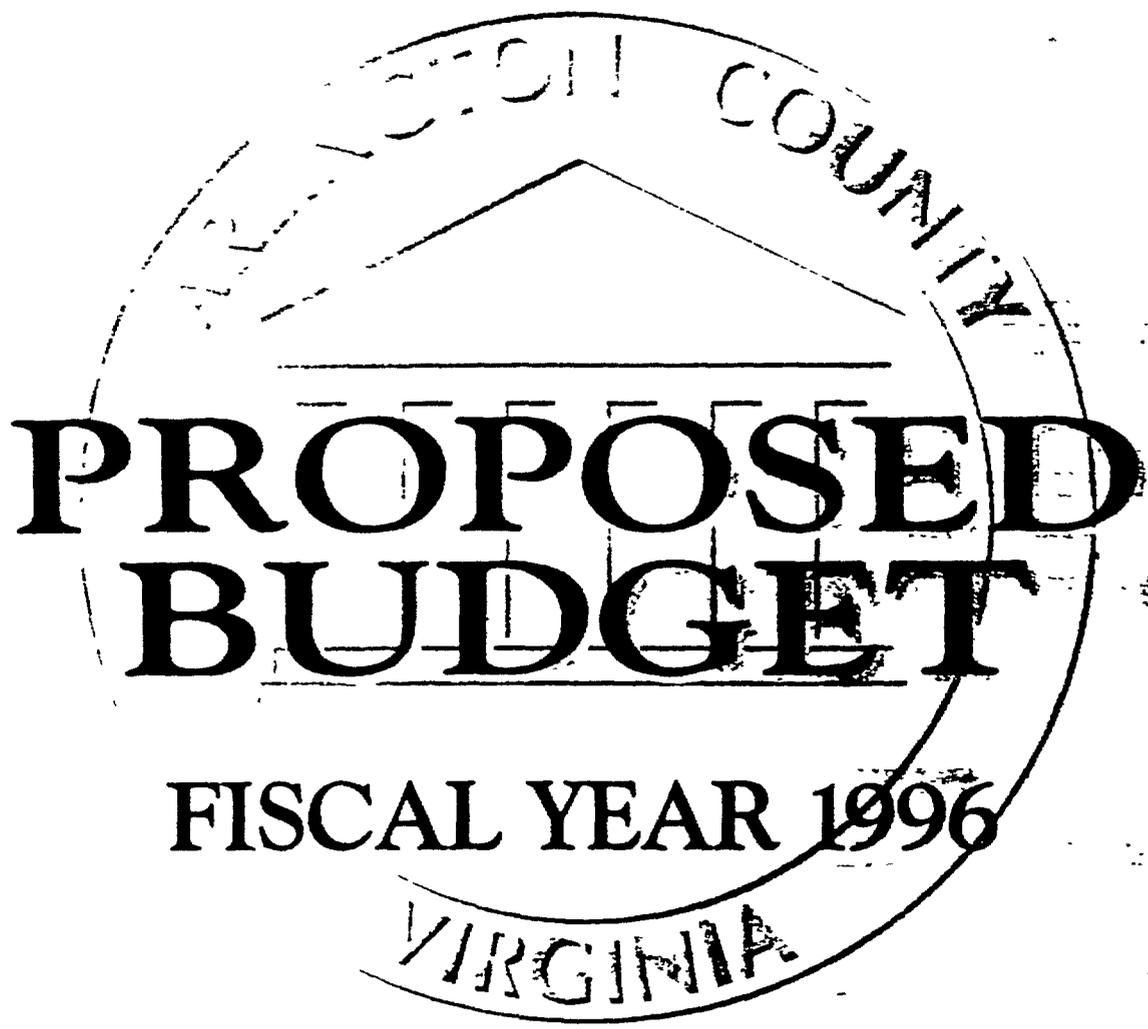
FY 1996 begins.

# ARLINGTON COUNTY PROFILE

## ORGANIZATION OF ARLINGTON COUNTY GOVERNMENT



***ARLINGTON COUNTY, VIRGINIA, USA  
PROPOSED BUDGET - FISCAL YEAR 1996  
(SELECTED PAGES)***



**PROPOSED  
BUDGET**

**FISCAL YEAR 1996**

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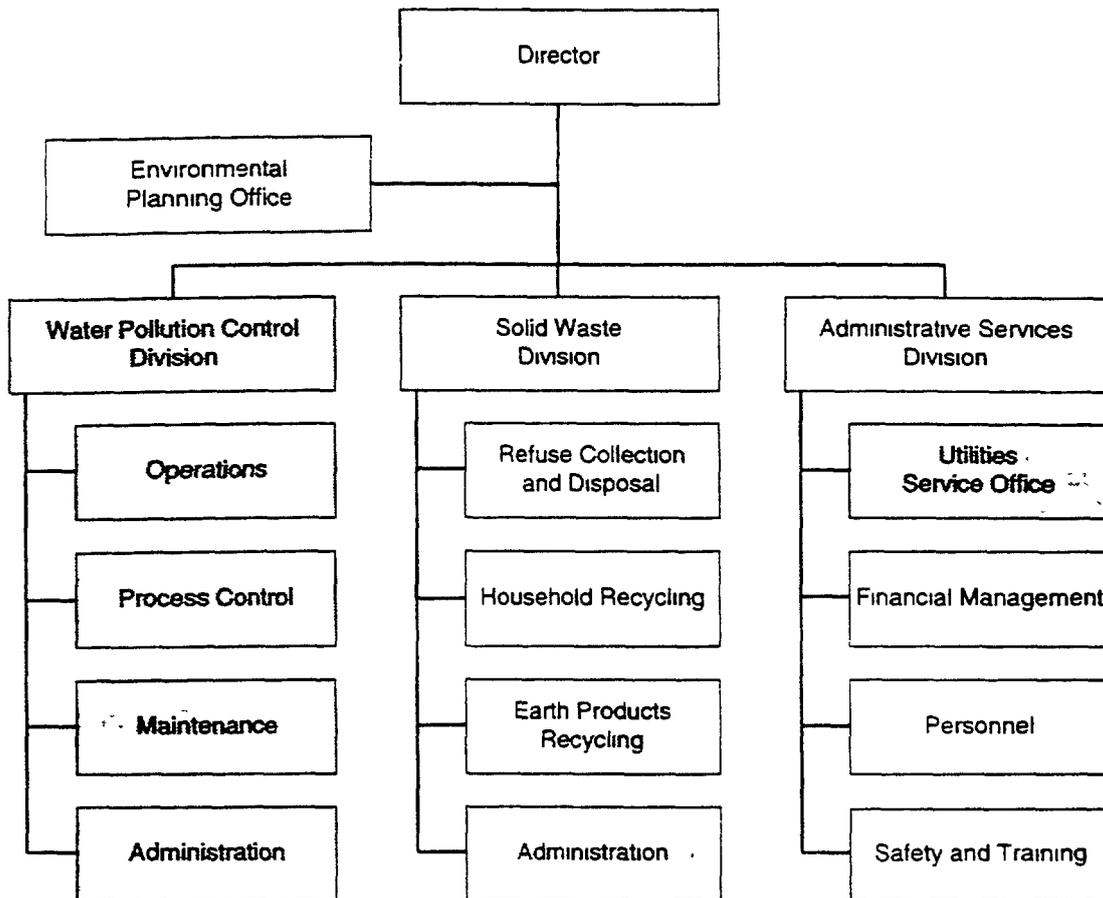
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# DEPARTMENT OF ENVIRONMENTAL SERVICES



Funded by Utilities Fund

**DEPARTMENT OF ENVIRONMENTAL SERVICES  
SOLID WASTE DIVISION**

**SOLID WASTE DIVISION**

**Program Description:** The Solid Waste Division is responsible for providing residential recycling, refuse collection, and disposal services to County citizens living in single-family and duplex households. Programs included in this Division are Refuse Collection, Curbside Recycling, Earth Products Recycling, Leaf Collection, Street Sweeping and Litter Control, and Customer Service and Administrative support. During FY 1995, the Division realized the benefits of the restructuring of its internal organization from FY 1994. Positions were reallocated to eliminate levels of supervision and align like tasks in order to move toward self-directed workteams. Training in team building and increasing employee capacity for knowledge, skills and abilities will be encouraged in FY 1996.

The Refuse Collection Program serves County residents living in single-family or duplex dwellings and provides weekly curbside service utilizing a semi-automated standardized cart (known as an Eagle Cart) system. This collection is accomplished by both County staff and contracted forces. Other collection services include the backdoor collection program in which non-curbside collection is provided to citizens who are unable to bring their refuse to the curb because of a disability. Special collection, which includes heavy or bulky items not collected by regular refuse trucks, is done on a request basis. These materials are set at the curbside and collected year round by a special refuse crew. Scrap metal (appliances) and unbundled brush are included in the special collection services.

Eagle Cart distribution and maintenance provides support for the Refuse Collection program and receives requests and supervision through the Customer Service/Administrative Section. Carts have been used successfully since FY 1989. All households with County refuse collection are eligible to use Eagle Carts. Each household is provided one Eagle Cart upon request and additional carts are available for a small monthly fee.

Litter Can collection and disposal of refuse from curbside litter containers throughout the County occurs on a five-day per week schedule. Inventory and maintenance of litter containers is performed by the Litter Control staff in the Solid Waste Division.

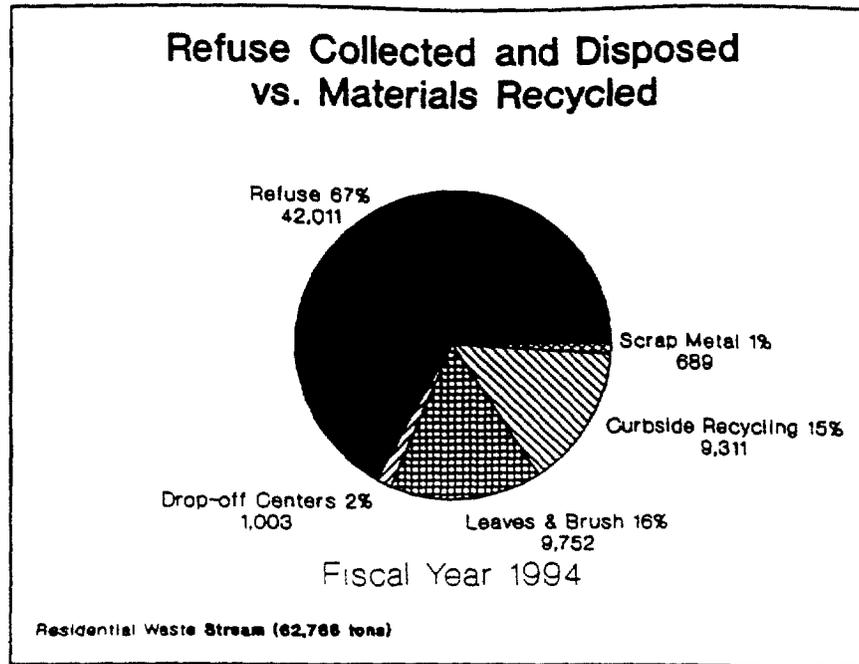
Refuse Collection Program Budget	FTEs <u>95/96</u>	FY 1995 <u>REVISED</u>	FY 1996 <u>PROPOSED</u>	% <u>CHANGE</u>
Personnel	26.8/26.8	\$1,165,967	\$1,105,150	-5
Operating		<u>3,734,914</u>	<u>3,402,039</u>	-9
Total Expenditures		4,900,881	4,507,189	-8
Total Revenues		4,046,676	4,112,407	2
Net Tax Support		\$ 854,205	\$394,782	-54

**DEPARTMENT OF ENVIRONMENTAL SERVICES  
SOLID WASTE DIVISION**

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- In FY 1996, personnel expenditures are projected to decrease by five percent, or \$60,817, from FY 1995. This net decrease is due to savings in fringe benefit costs (\$34,265) and reductions in overtime expenditures (\$29,100). This decrease is offset by increases due to normal annual salary adjustments.
- In FY 1996, operating expenses are projected to decrease by nine percent, or \$332,875, which is a net decrease based, in part, on contractor disposal expenses, which are projected to decrease by \$166,224 as a result of a change in the collection contract. The direct actual costs for disposal from the contractor routes will now be billed to the Solid Waste Division rather than billed on a fixed cost per household basis as in the previous contract. Additionally, contractor collection expenses are projected to decrease by \$91,246 as a result of a favorable rebidding of the contract for refuse collection routes; the budgeted weekly per household collection rate will decrease from \$1.285 to \$1.042. Charges for the rental of County vehicles are expected to decrease by \$74,293 due to the replacement of two refuse vehicles, which reduces depreciation and maintenance costs.
- The waste-to-energy (WTE) tipping fee is projected to increase by five percent, due to the pass-through costs from the Ogden Martin facility charged to the Solid Waste Division. This projected increase is offset by a slight decrease from prior tonnage projections, resulting in a net savings of \$7,886. It should be noted that tonnage in the first quarter of FY 1995 has increased nine percent over the same period in FY 1994.
- Household solid waste fees are not scheduled to increase in FY 1996. The annual household solid waste rate is currently \$128.56, which allows the County to continue its policy of recovering at least 50 percent of collection and administrative costs and 100 percent of disposal costs.

Workload/ Performance Measures	<u>FY 1993 ACTUAL</u>	<u>FY 1994 ACTUAL</u>	<u>FY 1995 ESTIMATE</u>	<u>FY 1996 ESTIMATE</u>
Refuse Collections County Routes and Litter Cans (Tons)	33,105	33,071	35,800	35,800



The **Curbside Recycling Program** includes the collection of steel and aluminum cans, glass bottles, plastic bottles and jugs, and newspapers. The Curbside Recycling Program began as a pilot program in FY 1991 and is now provided to all single-family and duplex households through a contract managed by County staff. Currently, the County operates two recycling drop-off centers where it collects year-round the same materials that are collected at curbside, magazines and corrugated cardboard, and telephone books on a seasonal basis.

The County's Mandatory Recycling Program took effect in September 1994 and will continue to require administrative support by County staff in FY 1996. Staffing for this program will consist of 1.6 FTEs comprised of the Commercial/Multi-family Recycling Specialist and portions of the Recycling Coordinator and Community Inspector II positions. Other administrative expenses related to the program include publications and mailings of approximately \$19,000 per year.

Curbside Recycling Program Budget	FTEs <u>95/96</u>	FY 1995 <u>REVISED</u>	FY 1996 <u>PROPOSED</u>	% <u>CHANGE</u>
Personnel	3.0/3.0	\$196,562	\$189,742	-3
Operating		<u>740,181</u>	<u>745,442</u>	1
Total Expenditures		936,743	935,184	-
Total Revenues		\$936,743	\$935,184	-
Net Tax Support		-	-	-

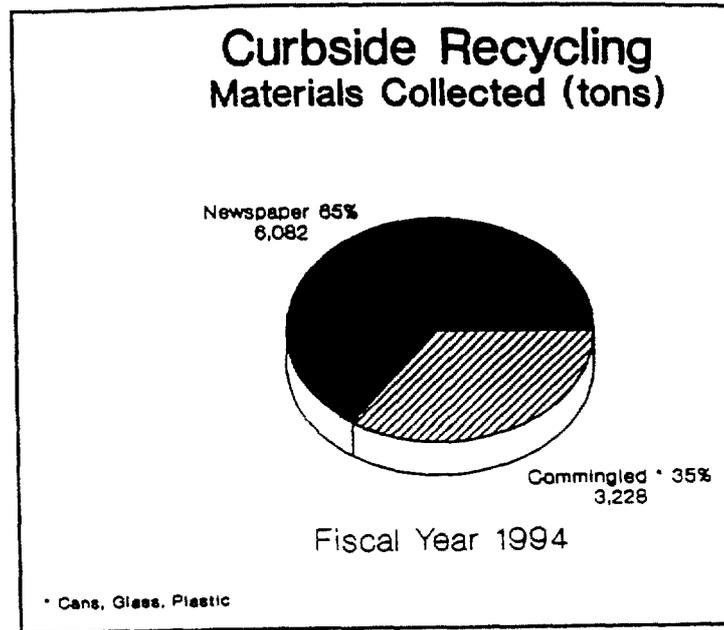
**DEPARTMENT OF ENVIRONMENTAL SERVICES  
SOLID WASTE DIVISION**

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- FY 1996 personnel expenses are projected to decrease by \$6,820, or three percent, which is a net decrease of: reductions in overtime expenditures for drop-off center maintenance (\$7,658), savings in fringe benefit costs (\$3,797), and expected merit increases (\$4,645). Personnel expenditures for drop-off center maintenance (\$36,424) continue to be budgeted in the Curbside Recycling Program; however, the work is performed by staff from the Refuse Collection (\$15,180) and Earth Products Recycling (\$21,244) Programs.
- FY 1996 operating expenses are projected to increase by one percent, or \$5,261. This results from a net increase of \$37,886 due to adding 400 households to the contracted curbside recycling services and a decrease in charges for the rental of County-owned vehicles (\$34,583). Additional increases in FY 1996 operating expenditures are a result of normal inflationary increases (\$1,959).
- Revenues, which are projected to decrease by less than one percent, or \$1,559, are derived from the WTE Recycling Trust Fund and are based on a \$5.56 per ton tip fee surcharge which is part of the \$46.78 per ton tip fee collected at the WTE facility in Alexandria. These revenues are based on a full reimbursement of the costs of the Curbside Recycling Program (\$935,184) and represent a decrease from FY 1995.

Workload/ Performance Measures	<u>FY 1993 ACTUAL</u>	<u>FY 1994 ACTUAL</u>	<u>FY 1995 ESTIMATE</u>	<u>FY 1996 ESTIMATE</u>
Curbside Collections (Tons)	7,960	9,311	9,600	9,600
Drop-Off Center Collections (Tons)	<u>1,102</u>	<u>1,003</u>	<u>1,200</u>	<u>1,500</u>
Total Collected and Recycled (Tons)	9,062	10,314	10,800	11,100

- Drop-off center usage has changed due to the expansion of county-wide curbside collection, the implementation of mandatory recycling, and the addition of corrugated cardboard and magazine collections. Tonnages are expected to increase in both FY 1995 and FY 1996.



The Earth Products Recycling Program is responsible for processing and recycling material from various collection programs and from the Department of Public Works (DPW) and the Department of Parks, Recreation, and Community Resources (DPRCR). The program produces leaf mulch and wood chips. Leaf mulch is made from leaves collected during the leaf collection season. The leaves are shredded and made available as humus material in the spring and autumn to Arlington County residents or land-applied for soil enrichment. Wood chips are created by shredding limbs and branches collected by the brush special collection crew and the tree crew in DPRCR. This material is also made available to County residents. The program also recycles earth and construction debris and processes crushed concrete. Crushed aggregate is produced from asphalt and concrete materials which have been excavated from County construction projects. This material is processed through a rock crusher and reused as a compactible sub-base for County street projects. Soils are processed through a screen which cleans the debris. Through this process, the County converts soil from costly disposal fill to free landfill cover.

This program also provides special collection on a request basis for such items as scrap metal and brush not collected by regular refuse trucks. These materials are set at the curbside and collected by special crews; and in some cases, as with metal and brush, they are recycled. Special crews collect Christmas trees for recycling during the first two weeks in January. Christmas trees placed on the curb will be picked up automatically on the regular refuse day.

**DEPARTMENT OF ENVIRONMENTAL SERVICES  
SOLID WASTE DIVISION**

Earth Products Recycling Program Budget	<u>FTEs</u> <u>95/96</u>	<u>FY 1995</u> <u>REVISED</u>	<u>FY 1996</u> <u>PROPOSED</u>	<u>%</u> <u>CHANGE</u>
Personnel	15.8/16.8	\$651,451	\$662,191	2
Operating		<u>439,374</u>	<u>526,568</u>	20
Total Expenditures		1,090,825	1,188,759	9
Total Revenues		56,000	46,000	-18
Net Tax Support		\$1,034,825	\$1,142,759	10

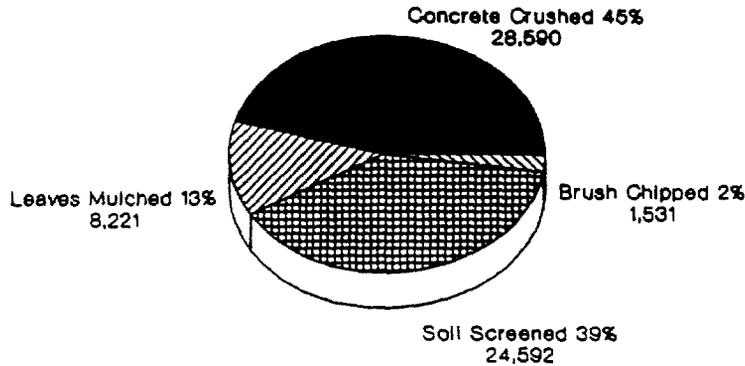
- Personnel expenses are projected to increase by \$10,740, or two percent. This increase results from a net increase based, in part, on the following: the reclassification and reallocation of one FTE (from an MVO III to an MVO IV) from the Street Sweeping Program (\$27,474) and a decrease in the Work for Others account (\$18,284). The FTE assigned to recycling drop-off center maintenance is allocated to the Earth Products Recycling Program; however, the cost for this maintenance is budgeted in the Curbside Recycling Program.
- Operating expenses are projected to increase by \$87,194, or 20 percent. This increase is due primarily to an increase in charges for hauling and disposal of leaves collected at curbside during the months of November and December (\$74,000) and an increase in the rental of heavy equipment to fund an additional loader needed during leaf season and when the County-owned loaders are unavailable due to maintenance (\$18,100). These increases are offset by decreases in other operating accounts within the program (\$4,906).
- Revenues are expected to decrease by \$10,000, or 18 percent, due to lower anticipated sales of leaf mulch and wood chips.

Workload/ Performance Measures	<u>FY 1993</u> <u>ACTUAL</u>	<u>FY 1994</u> <u>ACTUAL</u>	<u>FY 1995</u> <u>ESTIMATE</u>	<u>FY 1996</u> <u>ESTIMATE</u>
Leaves Mulched (Cubic Yards)	116,238*	39,070	35,397	36,000
Brush Chipped (Tons)	1,464	1,531	1,500	1,500
Concrete Crushed (Tons)	24,090	28,590	25,000	25,000
Soil Screened (Tons)	6,950	24,592	24,000	24,000
Construction & Demolition Waste (Tons)	12,600	16,863	16,000	16,000

- Minor fluctuations in these activities will occur based on the amount of leaves and brush collected from the curb and the amount of concrete, dirt and other wastes delivered by DPW and DPRCR.
- \* In FY 1993 calculations were based on three times the truck volume, which inflated the actual amount. Starting in FY 1994 leaf volumes are recorded using the more generally accepted reporting standards.

**DEPARTMENT OF ENVIRONMENTAL SERVICES  
SOLID WASTE DIVISION**

**Earth Products Recycling Program**



Fiscal Year 1994

(Materials Recycled - Tons)

The seasonal Leaf Collection Program has the responsibility of collecting all leaves from County streets beginning in the fall of each year. In FY 1995, this program ran from November 1 through December 31, completing two passes for all civic associations. A final clean-sweep was performed in most neighborhoods. The program uses specialized vacuum trucks which collect unbagged leaves from County streets. Alternatively, leaves may be placed in biodegradable bags and left at the curbside for pickup by leaf collection crews the day after the regular trash day. Biodegradable bags are available beginning in October and throughout the season. The increased popularity of the bag program is due to greater public awareness and coordination with County facilities for bag distribution. The benefits of a successful leaf collection program include: preventing blocked catch basins and storm drainage problems; supplying leaves to be recycled into leaf mulch, which is made available to County residents; and providing land-applied leaves for soil enrichment and diverting leaves from the WTE facility, which decreases the County's disposal costs. Additionally, recycled leaves contribute significantly toward meeting the state's recycling goal.

<b>Leaf Collection Program Budget</b>	<b>FTEs 95/96</b>	<b>FY 1995 REVISED</b>	<b>FY 1996 PROPOSED</b>	<b>% CHANGE</b>
Personnel	6.9/6.9	\$334,286	\$344,678	3
Operating		<u>277,576</u>	<u>341,471</u>	23
<b>Total Expenditures</b>		611,862	686,149	12
<b>Total Revenues</b>		-	-	-
<b>Net Tax Support</b>		\$611,862	\$686,149	12

**DEPARTMENT OF ENVIRONMENTAL SERVICES  
SOLID WASTE DIVISION**

- In FY 1996 personnel expenses are projected to increase by \$10,392, or three percent, due to annual merit salary increases.
- Operating expenses are projected to increase by 23 percent, or \$63,895, in FY 1996 due to increased funding for privately owned vehicle rental charges during the leaf collection season (\$23,200) and adequate funding for biodegradable bags and materials and supplies (\$40,695).

Workload/ Performance Measures	<u>FY 1993 ACTUAL</u>	<u>FY 1994 ACTUAL</u>	<u>FY 1995 ESTIMATE</u>	<u>FY 1996 ESTIMATE</u>
<b>Leaves Collected (Cubic Yards)</b>				
Vacuumed	105,498*	27,675	26,563	27,000
Bagged	10,740	11,395	8,834	9,000

- \* In previous years, calculations were based on three times the truck volume, which inflated the actual amount. Starting in FY 1994 leaf volumes are recorded using the more generally accepted reporting standards.
- In FY 1993, DES began encouraging citizens to bag leaves in free biodegradable bags so the leaves could be collected the day after the regular trash day and recycled. In FY 1995, about 126,200 biodegradable bags were collected from citizens (leaves in plastic bags were not included in FY 1995's totals as they were in FY 1994).

The Street Sweeping/Litter Control Program is responsible for the daily sweeping of streets in commercial corridors. The program has two crews: Street Sweeping, which removes particulate(s) or particulate matter, such as sand and salt; and Litter Collection, which removes debris from the street and sidewalk by using a vacuum cart system.

Street Sweeping/Litter Control Program Budget	<u>FTEs 95/96</u>	<u>FY 1995 REVISED</u>	<u>FY 1996 PROPOSED</u>	<u>% CHANGE</u>
Personnel	8.4/7.4	\$351,764	\$299,442	-15
Operating		<u>115,667</u>	<u>142,005</u>	23
<b>Total Expenditures</b>		467,431	441,447	-6
<b>Total Revenues</b>		10,000	10,000	-
<b>Net Tax Support</b>		\$457,431	\$431,447	-6

**DEPARTMENT OF ENVIRONMENTAL SERVICES  
SOLID WASTE DIVISION**

- The 15 percent, or \$52,322, decrease in personnel expenditures is due to the reclassification and reallocation of one FTE (from an MVO III to an MVO IV) from the Street Sweeping Program to the Earth Products Recycling Program (\$27,316); and to a decrease of \$26,876 in fringe benefits costs for the remainder of the program. This decrease is offset by increases due to normal annual salary adjustments.
- One Public Service Worker II position was frozen in the Litter Control Program in FY 1995. That position will be eliminated in FY 1996. The five current litter collection routes in commercial areas and along major County maintained roads have been consolidated into four routes with bi-weekly collection.
- The 23 percent, or \$26,338, increase in operating expenses is due primarily to increased intra-County charges for vehicle rental (\$23,277). Other increases in operating expenses (\$3,061) are due to normal inflationary increases.

Workload/ Performance Measures	FY 1993 <u>ACTUAL</u>	FY 1994 <u>ACTUAL</u>	FY 1995 <u>ESTIMATE</u>	FY 1996 <u>ESTIMATE</u>
Particulate from Sweepers (Cubic Yards)	2,225	3,192*	2,400	2,400
Litter Collected (Number of 60 Gallon Bags)	692	705	700	700

- \* The increase in the amount of particulate collected in FY 1994 is a result of spring clean-up of sand and salt in residential areas, which was performed by special request in FY 1994.

The **Customer Service/Administrative Program** provides information to the public on current programs within the Solid Waste Division, such as residential and special refuse collection, recycling, leaf collection, street sweeping, and litter control. Requests for special collection, refuse "misses," and Eagle Cart maintenance from County and contracted routes are received and collections are scheduled by the Customer Service staff. The Eagle Cart functions are managed and supported by this team. The Solid Waste Division's policies and procedures, route inspections, as well as permits to refuse haulers, are administered and enforced by the Community Inspection staff within this multi-function program. The Administrative Program's functions include coordinating and monitoring the operating and capital budgets, initiating and tracking personnel/payroll documentation, and conducting training activities. A variety of clerical tasks for both internal and external customers are performed by this unit in support of the Division.

**DEPARTMENT OF ENVIRONMENTAL SERVICES  
SOLID WASTE DIVISION**

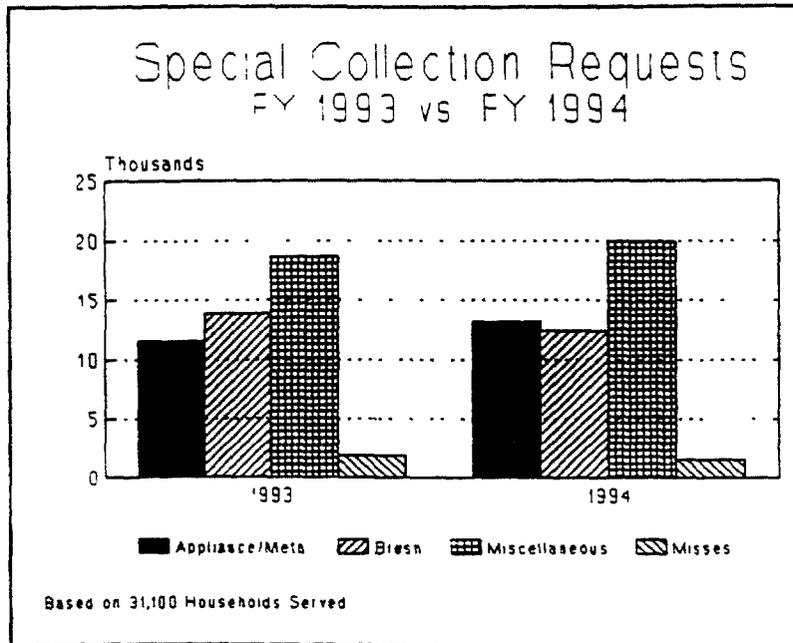
Customer Service/Administrative Program Budget	FTEs <u>95/96</u>	FY 1995 <u>REVISED</u>	FY 1996 <u>PROPOSED</u>	%
				<u>CHANGE</u>
Personnel	8.0/8.0	\$353,105	\$357,791	1
Operating		<u>179,734</u>	<u>191,234</u>	6
<b>Total Expenditures</b>		<b>532,839</b>	<b>549,025</b>	<b>3</b>
<b>Total Revenues</b>		<b>406,236</b>	<b>449,916</b>	<b>11</b>
<b>Net Tax Support</b>		<b>\$126,603</b>	<b>\$99,109</b>	<b>-22</b>

- In FY 1996 personnel expenses are projected to increase by \$4,686, or one percent, due to normal merit increases.
- In FY 1996 operating expenses are projected to increase by six percent, or \$11,500, due, in part, to the allocation of utility costs to this program (\$11,675). In the past, utility costs were allocated to the various programs run by the Solid Waste Division.
- Revenues for this program are received as a proportionate allocation of the household solid waste rate which continues the County's policy of recovering at least 50 percent of administrative costs associated with solid waste collection and disposal.

Workload/ Performance Measures	FY 1993 <u>ACTUAL</u>	FY 1994 <u>ACTUAL</u>	FY 1995 <u>ESTIMATE</u>	FY 1996 <u>ESTIMATE</u>
Citizen Requests for Collection:				
Appliance/Metal	11,551	13,209	15,300	15,300
Brush	13,843	12,419	18,300	18,300
Miscellaneous	18,633	19,948	24,000	24,000
Refuse Misses	1,887	1,542	1,575	1,575

- The number of calls varies depending on the citizens' need for special collection. Many informational calls, for example inquiries about leaf collection and recycling, are received but not counted in these totals. The number of Refuse Misses has decreased as a result of improved customer service and collection procedures and better communication among programs.

**DEPARTMENT OF ENVIRONMENTAL SERVICES  
SOLID WASTE DIVISION**



**DIVISION BUDGET DESCRIPTION:** The Solid Waste Division's proposed budget for FY 1996 reflects an overall decrease of \$232,828, or three percent, from FY 1995. This net decrease can be attributed to a three percent, or \$94,141, decrease in personnel expenses and a three percent, or \$138,687, decrease in operating expenses.

In FY 1993, two Motor Vehicle Operator (MVO) IIIs were frozen in the Street Sweeping/Litter Control Program. As part of the base budget in FY 1995, this Division funded one MVO IV to meet existing service concerns for seasonal projects, such as leaf collection and dirt hauling, and citizen expectations of leaf and wood mulch deliveries. Additionally, as part of the FY 1995 base budget, a Public Service Worker II position was frozen in the Street Sweeping/Litter Control Program; this position will be eliminated in FY 1996. In FY 1996, one MVO III is proposed to remain frozen.

Revenues in FY 1996 are projected to increase slightly, about two percent. No increases in solid waste or recycling fees are proposed at this time. The revenues from the Curbside Recycling Program are the result of a reimbursement from the Waste-to-Energy (WTE) Recycling Trust Fund and are based on a \$5.56 per ton surcharge at the WTE facility. This reimbursement fully funds the Curbside Recycling Program (\$935,184). Revenues for this Division also come from a \$10.00 charge for the collection of heavy scrap metal items too large to fit in an Eagle Cart; and a Litter Control Grant (\$10,000) awarded by the Virginia Department of Environmental Quality.

**DEPARTMENT OF ENVIRONMENTAL SERVICES  
SOLID WASTE DIVISION**

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**DIVISION FINANCIAL SUMMARY**

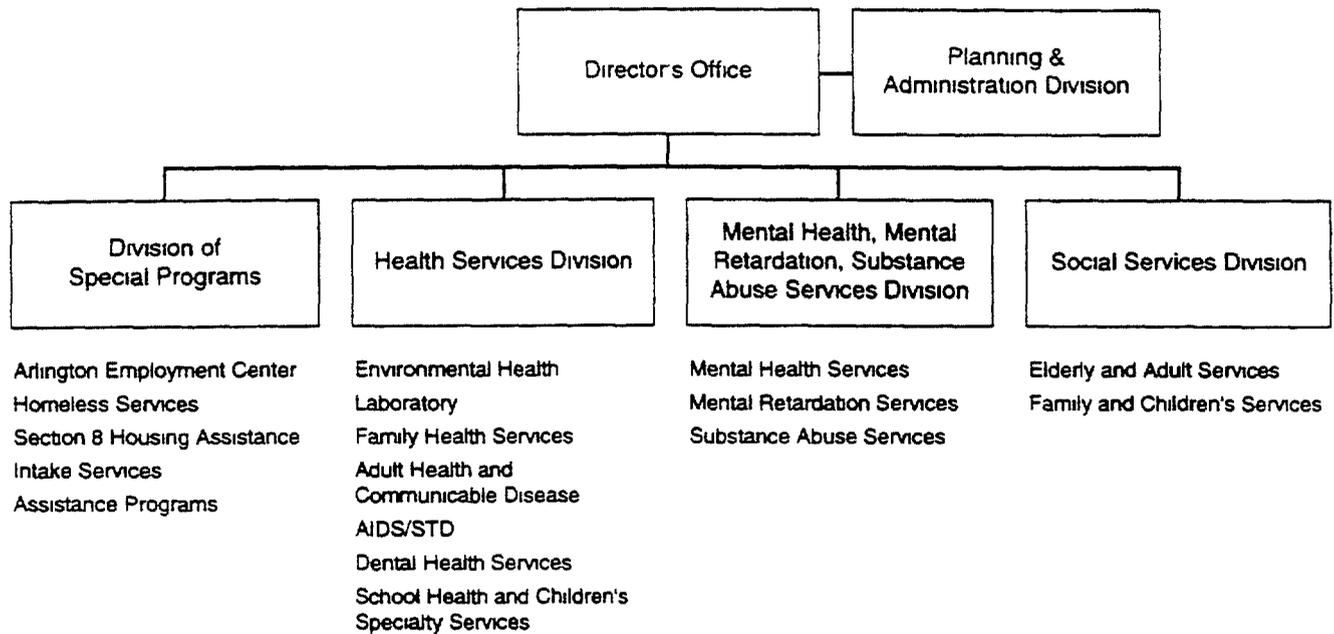
	<u>FY 1994 ACTUAL</u>	<u>FY 1995 REVISED</u>	<u>FY 1996 PROPOSED</u>	<u>% CHANGE</u>
Personnel	\$2,895,355	\$3,053,135	\$2,958,994	-3
Operating	<u>5,514,719</u>	<u>5,487,446</u>	<u>5,348,759</u>	-3
Subtotal	8,410,074	8,540,581	8,307,753	-3
Intra-County Charges	<u>-43,596</u>	-	-	-
Total Net Expenditures	8,366,478	8,540,581	8,307,753	-3
Fees	5,405,465	5,445,655	5,543,507	2
Grants	<u>13,052</u>	<u>10,000</u>	<u>10,000</u>	-
Total Revenues	5,418,517	5,455,655	5,553,507	2
Net Tax Support	\$2,947,961	\$3,084,926	\$2,754,246	-11

**POSITION SUMMARY (FTEs)**

Authorized	70.9	70.9	70.9
Frozen	-2.0	-2.0	-1.0
Eliminated	-	-	-1.0
Total Funded	68.9	68.9	68.9

bf

# DEPARTMENT OF HUMAN SERVICES



**DEPARTMENT OF HUMAN SERVICES  
CHILD AND FAMILY HEALTH SERVICES**

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**CHILD HEALTH PROGRAM  
HEALTH SERVICES DIVISION, FAMILY HEALTH SERVICES BUREAU**

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**Program Description:** The Child Health Program provides critical preventive services, health education, and developmental assessments for infants and children through the age of five years, with the goal of early detection and intervention for health or developmental problems, and promoting optimum physical and mental development of these children.

Services include physical examinations, developmental assessments, nutritional assessments, immunizations and parent education. These recommended preventive services have been shown to reduce infant mortality and childhood disease and disability through prevention and early identification of health, developmental and emotional problems.

Because Arlington receives maternal and child health funds from Title V of the U.S. Social Security Act through the Virginia Department of Health, the program is required to include specific components of service, such as physical exams and developmental testing.

Case management services are provided for children who have conditions which place them at increased risk of having medical or developmental problems. Case management services include comprehensive assessment of the child and family needs, more in-depth health teaching and parent education, referral and coordination of multiple medical and social interventions. While the focus for this program is the infants and children, the parents or caretakers of these children also receive support and intervention.

The Immunization Program provides immunizations to children in order to prevent morbidity and mortality from vaccine-preventable diseases. Immunizations are one of the indicators of the adequacy of child health services and are one of the most effective public health interventions available. The Code of Virginia requires that children be immunized against selected diseases, and authorizes the exclusion of children from school who are not immunized (Title 32.1-46 to 47, and Title 22.1-271.2).

Immunizations are provided in the child health clinic, at designated walk-in clinics at least four days/week, and at school sites. Staff from Family Health Services are part of a division-wide collaborative Children's Immunization Program which provides immunization services in many different sites and locations and to children of all ages. In FY 1994, all immunization records were automated to increase efficiency, accuracy of the records, and to track immunization compliance. Since a County public health nursing position was added in FY 1995, immunizations are now available during all hours that the Fenwick Center is open.

Outreach services targeted at reaching inadequately immunized children who may not be receiving basic child health services were begun in July 1993. Through a grant funded project, a public health nurse is assessing and providing immunizations to children in the Arlington Hospital Pediatric Clinic and to children who are in Arlington County family day care homes.

The Child Health Program provides services that are specifically tailored to the cultural, linguistic, education and support needs of the families in the program. Approximately 85 percent of the infants and children are racial or ethnic minorities, most coming from families where English is not the primary language. Since they are low-income and have only Medicaid or no health insurance, they have limited access to private medical care providers. There are also few private sector providers who are prepared to cope with the linguistic and cultural diversity of these families.

**DEPARTMENT OF HUMAN SERVICES  
CHILD AND FAMILY HEALTH SERVICES  
CHILD HEALTH PROGRAM**

Well child care, immunizations and primary care are provided by private physicians and HMOs to those children who have access to their services. In Arlington there are only a few pediatric practices and the family practice physicians see very few children. Arlington Hospital Pediatric Clinic provides sick care for children who are acutely ill and do not have a private physician. Children needing specific acute medical intervention in the home may receive services from the Visiting Nurses Association during the acute stage of illness and then are referred to the public health nurses. The public health nurses of this County program are the only local providers of case management services for high risk children.

<b>Workload/ Performance Measures</b>	<b>FY 1993 <u>ACTUAL</u></b>	<b>FY 1994 <u>ACTUAL</u></b>	<b>FY 1995 <u>ESTIMATE</u></b>	<b>FY 1996 <u>ESTIMATE</u></b>
---	----------------------------------	----------------------------------	------------------------------------	------------------------------------

*Objective - Child Health Clinic: To increase by 10 percent the proportion of children in the Child Health Program who receive the full schedule of basic age-appropriate health screening services.*

Total clients Served	-	2,927	3,220	3,543
----------------------	---	-------	-------	-------

Number of Children Receiving Case Management	-	625	644	709
--	---	-----	-----	-----

Percent of Children 18 Months and Younger Who Receive Recommended Well Child Exams. (Health Dept. Only) (Year 2000 Goal - 90%)	-	-	65%	75%
--	---	---	-----	-----

Percent of Children With Abnormal Developmental Screening Who are Assessed/Referred for Treatment (Goal - 80%)	-	-	70%	80%
--	---	---	-----	-----

<b>Workload/ Performance Measures</b>	<b>FY 1993 <u>ACTUAL</u></b>	<b>FY 1994 <u>ACTUAL</u></b>	<b>FY 1995 <u>ESTIMATE</u></b>	<b>FY 1996 <u>ESTIMATE</u></b>
---	----------------------------------	----------------------------------	------------------------------------	------------------------------------

*Objective - Immunization Program: To increase to 90 percent the proportion of children under two years of age who have received adequate immunizations.*

Total Clients Served	-	9,707	10,677	10,677
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Percent of Children Adequately Immunized by 24 Months of Age (Health Dept. Only)	70%	-	75%	80%
--	-----	---	-----	-----

- Total clients served represents the number of unduplicated clients in Child Health Clinics and all other immunization services (Open Immunizations, schools, Arlington Hospital, etc.)

**DEPARTMENT OF HUMAN SERVICES  
CHILD AND FAMILY HEALTH SERVICES  
CHILD HEALTH PROGRAM**

**BUDGET DESCRIPTION:** The 25 percent reduction in operating expenses from FY 1995 to FY 1996 is due to the internal re-allocation of \$10,000 originally budgeted for blood lead testing in FY 1995. Indications are that any blood lead tests will be done by the State Consolidated Laboratory at no charge to the County. Positions increased by 1.6 FTE from FY 1994 to FY 1995 because of a new position funded with the Immunization Action Plan grant (0.7 FTE) plus positions reallocated from MHMRSASD and the Agency on Aging to cover conversion of temporary employees to permanent.

Fee revenue comes from clinic charges for child health visits. This revenue is projected to increase due to better collection methods now that the program billing is fully automated. The 24 percent increase in grant revenue comes from the state share of the COOP budget (\$304,432) plus the Immunization Action Plan grant (\$73,960).

**PROGRAM FINANCIAL SUMMARY**

	<u>FY 1994 ACTUAL</u>	<u>FY 1995 REVISED</u>	<u>FY 1996 PROPOSED</u>	<u>% CHANGE</u>
Personnel	\$943,332	\$1,061,410	\$1,064,137	-
Operating	<u>33,867</u>	<u>39,623</u>	<u>29,775</u>	-25
<b>Total Expenditures</b>	<b>977,199</b>	<b>1,101,033</b>	<b>1,093,912</b>	<b>-1</b>
Fees	131,782	125,380	154,900	24
Grants/State Share	<u>344,946</u>	<u>369,872</u>	<u>378,392</u>	2
<b>Total Revenues</b>	<b>476,728</b>	<b>495,252</b>	<b>533,292</b>	<b>8</b>
<b>Net Tax Support</b>	<b>\$500,471</b>	<b>\$605,781</b>	<b>\$560,620</b>	<b>-7</b>

**POSITION SUMMARY (FTEs)**

Authorized	21.8	23.4	23.4
Frozen	-	-	-
Eliminated	-	-	-
<b>Total Funded</b>	<b>21.8</b>	<b>23.4</b>	<b>23.4</b>

THE CITY OF  
**PRAIRIE  
VILLAGE,**  
**KANSAS**  
BUDGET — 1995



**City of Prairie Village, Kansas, USA**  
*established in 1951*

Population - 1992 U.S Census Estimate	23,244
City Limits	6 7 square miles
Total Estimated Revenue 1995	\$12,098,800
Total Estimated Expenditures 1995	\$12,218,590

**Government and Organization of the City**

Prairie Village operates under the Mayor-Council form of government with an appointed professional city administrator. The city is divided into six wards: two council members elected from each ward serve staggered four-year terms the Mayor is elected from the City at large for a four-year term. The city Administrator has responsibility for management of all City programs and departments in accordance with policies and annual budgets adopted by the Council.

The City provides service in the areas of Management and Planning, Public Works, Public Safety, Municipal Justice, Community Services, and Parks and Recreation. Fire Protection is provided by Johnson county Fire District No.2

\*\*\*

The following pages contain condensed information and excerpts from the City of Prairie Village's 1995 Budget. For the past five years the Government Finance Officers association of the United States and Canada (GFOA) has given Prairie Village the Distinguished Budget Presentation Award for producing an outstanding policy document, operation's guide, financial plan and communications medium.



THE CITY OF PRAIRIE VILLAGE *Star of Kansas*

MAYOR'S BUDGET MESSAGE  
-1995 BUDGET-  
AUGUST 1994

Residents of Prairie Village

The 1995 city budget is set forth in the pages that follow. We urge your close review. The council will vote on the budget on Monday, August 15, 1994 in regular Council meeting. The Mayor, Council Members or the City Administrator will be pleased to discuss any aspect of the proposed 1995 budget with you.

The proposed 1995 budget presents a "good news-bad news" situation for Prairie Village. First the "good news." The 1995 expense budget of \$12,921,500 will not require an increase in the mill levy. This "good news" is due primarily to increased revenue from the reappraisal of real property, the completion and addition to the tax roll of the new retirement complex in 1995 and an increase in sales tax revenue from new retail operations in Prairie Village for all or part of the 1995 fiscal year.

The "bad news" is that some portion of the annual fund balance (reserve) will be used in 1995. This is necessary for several reasons; (1) the debt service or interest cost of the bonds for the new police facility and the up-graded communications system have been built into the Public Safety budget for 1995; (2) the operating costs of the new police building for the last six months of 1995 have also been included in the Public Safety budget, (3) the space in the municipal building to be vacated by the police department must be remodeled to provide administrative offices and meeting rooms. This cost has been included in the Management Planning Program. (4) A portion of the 4% increase in the operating expenditure budget is needed to provide new service levels and projects established by Council, especially in the area of crime prevention and building code enforcement. Both of these programs received major emphasis from our citizen's survey and focus groups in our strategic planning sessions.

For the past five years the Government Finance Officers Association of the United States and Canada (GFOA) has given Prairie Village the Distinguished Budget Presentation Award. Our budget presentation meets the program criteria as a policy document, an operations guide, a financial plan and a communications medium. The 1994 Prairie Village budget was unanimously rated "Outstanding" as a policy document. We are grateful to our City Administrator and staff for bringing these awards to Prairie Village. We strive to maintain high standards of performance.

Sincerely,

Monroe Taliaferro  
Mayor

7700 MISSION ROAD ☛ PRAIRIE VILLAGE KANSAS 66208 ☛

CITY HALL	381 6464	381 7755 (Fax)
POLICE	642 6868	381 7755 (Fax)
PUBLIC WORKS	381 6464	642-0117 (Fax)

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## BUDGET MESSAGE AND SUMMARY

Page #

These sections provide an explanation of policy decisions, mission statement and future plans adopted by the Governing Body. They also include a review of each major element in the document with charts which depict revenue and expenditure information. These sections are reproduced for members of the general public.

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## EXPENDITURES

This section contains detailed information about expenditures by character and by line item. General information about each line item includes expenditures charged to the line and changes anticipated for 1995.

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\* Table of Contents are provided for review. Selected papers have been translated to illustrate the essential components of a program budget.

**PROGRAM OPERATING EXPENDITURES**

In order to clearly identify city services and their costs, the budget is divided into department areas with further divisions to describe service programs within each area. This section includes a brief description of services to be provided, goals approved by Council for the program, general staffing level compared with prior years and other relevant information.

Each service program includes information described as performance indicators, this is the level of activity budgeted for the year in specific areas. Cost comparisons for programs are shown for 1992 through budget year 1995.

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This section begins with a brief description of the Governing Body's Capital Expenditure Plan. It also includes a Summary of the 1995 Plan.

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**BUDGET BY FUND**

Separate funds are established by the City to account for money which is restricted to use for specific purposes. This section of the budget describes each fund along with the restrictions made on the revenue source and the use which will be made of the funds received. State law requires that municipal budgets be published and submitted by fund and character.

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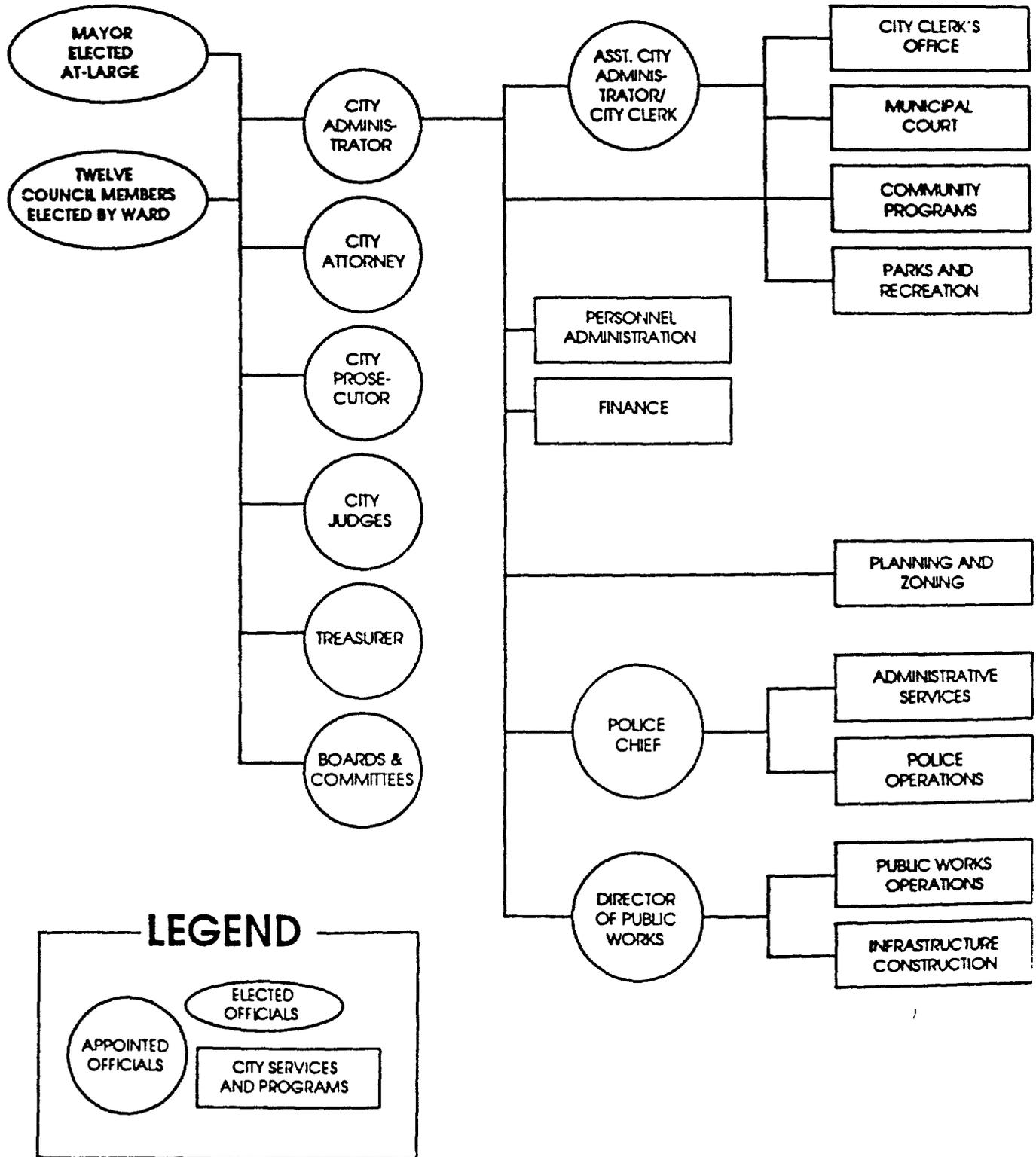
**BUDGET MESSAGE AND SUMMARY**

## 1995 BUDGET

### INTRODUCTION

The Budget Message and Budget Summary sections provide residents and taxpayers of the city of Prairie Village a short, visual presentation of the 1995 budget. The sections include information about the way in which the annual budget relates to the Governing Body's Mission Statement and their plan for the future of the community. There are also graphs which illustrate detailed information concerning the financial position and information about the City. A Budget Highlights section includes items of interest about the 1995 budget. The last section, Do You Know, lists items of general interest. The intent of these sections is to inform readers about the budget in non-technical terms so they will understand the 1995 budget if they just want an overview.

# CITY OF PRAIRIE VILLAGE ORGANIZATIONAL OVERVIEW



**1992-1995 BUDGET SUMMARY  
ALL FUNDS**

	<u>1992 ACTUAL</u>	<u>1993 ACTUAL</u>	<u>1994 BUDGET</u>	<u>1994 ESTIMATE</u>	<u>1995 BUDGET</u>
<b>REVENUE</b>					
Tax Sources	\$3,061,094	\$3,295,172	\$3,434,450	\$3,517,028	\$3,678,800
Sales Taxes	2,389,340	2,710,575	2,770,700	2,730,000	3,000,000
Franchise Fees	1,027,316	1,149,829	1,097,000	1,100,000	1,115,000
Licenses/Permits	277,564	269,383	265,000	251,000	271,000
Intergovernmental	1,246,975	1,046,374	2,211,340	823,000	2,189,100
Charge for Services	1,151,994	1,224,100	1,326,500	1,240,400	1,216,900
Fines/Fees	201,857	211,584	200,000	180,000	200,000
Recreational Fees	181,367	201,697	210,000	180,000	188,000
Interest	207,631	181,676	180,000	150,000	215,000
Other	59,447	73,751	27,500	16,285	25,000
<b>TOTAL REVENUE</b>	<u><b>\$9,804,585</b></u>	<u><b>\$10,364,141</b></u>	<u><b>\$11,722,490</b></u>	<u><b>\$10,187,713</b></u>	<u><b>\$12,098,800</b></u>
<b>EXPENDITURES</b>					
Management & Planning	\$652,414	\$588,308	\$676,613	\$659,869	\$861,340
Public Works	2,359,319	2,338,832	2,391,250	2,280,430	2,464,310
Infrastructure Improvement	2,298,636	2,312,231	3,274,500	3,898,386	3,642,460
Public Safety	2,687,147	2,781,857	3,007,120	2,774,580	3,295,080
Municipal Justice	119,908	135,584	136,430	133,420	150,080
Community Service	1,037,833	1,093,158	1,196,651	1,148,934	1,125,410
Park & Recreation	465,536	766,190	658,550	855,358	679,910
Reserve	0	0	628,386	0	702,910
<b>TOTAL EXP/AND RESERVE</b>	<u><b>\$9,620,793</b></u>	<u><b>\$10,016,160</b></u>	<u><b>\$11,969,500</b></u>	<u><b>\$11,750,977</b></u>	<u><b>\$12,921,500</b></u>

Fund balance from prior years will be used to finance the deficits projected for 1994 and 1995

This chart lists major revenue and expenditure categories of all funds within the City's budget.

*Revenue increase will be the result of reappraisal and a new retirement complex built in 1994. Sales tax increase is due to three high volume retail operations opened late in 1994. Intergovernmental increase is a 75% matching grant from the county for a storm drainage improvement project.*

*Expenditure increase is 4% for operating costs. Management/Planning includes cost to remodel for administrative offices and meeting rooms in the space to be vacated by police. Public Safety increase is operating cost of new building for six months, the building is scheduled for completion in July, 1995. Reserve will be used only for emergencies and must be authorized by formal vote of the City Council*

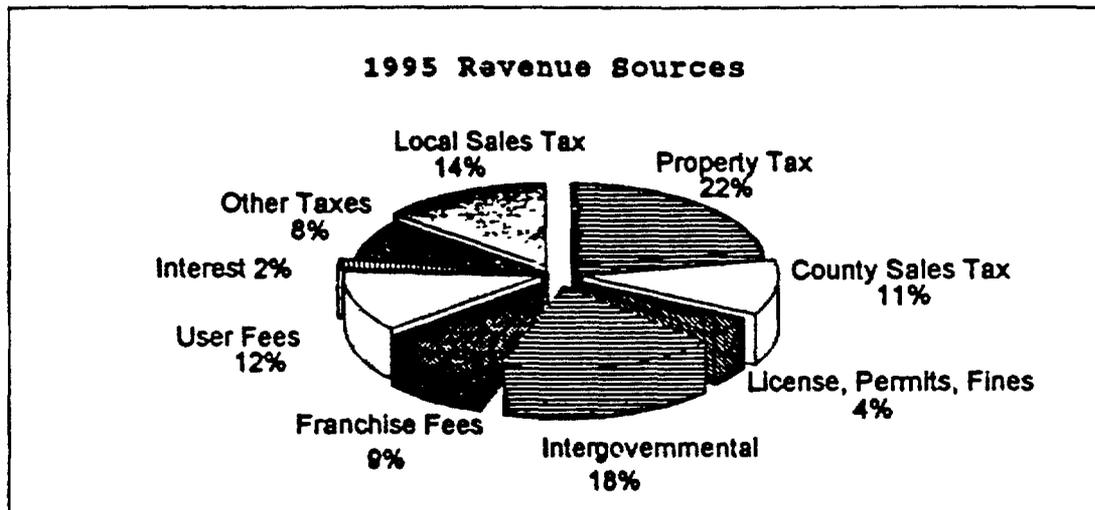
## REVENUE

Revenue for city operating expenditures and capital expenditures comes from a variety of sources. Some revenues are restricted, the funds must be used for a specific purpose. Restricted money is deposited to a designated accounting unit, the revenue is used according to the legal restrictions. Revenue sources described in this section have been combined to provide a comprehensive view of total city revenue. This same information is segregated into funds in the section entitled "Budget by Fund."

### COMPARISON OF REVENUE BY MAJOR SOURCE

#### ALL FUNDS

	1992 Actual	1993 Actual	1994 Budget	1994 Estimate	1995 Budget
<b>REVENUE</b>					
Tax Sources	\$3,061,094	\$3,295,172	\$3,434,450	\$3,517,028	\$3,678,800
Sales Tax	2,389,340	2,710,575	2,770,700	2,730,000	3,000,000
Franchise Fees	1,027,316	1,149,829	1,097,000	1,100,000	1,115,000
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Intergovernmental Revenue	1,246,975	1,046,374	2,211,340	823,000	2,189,100
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Other	59,447	73,751	27,500	16,285	25,000
<b>TOTAL REVENUE</b>	<b><u>\$9,804,585</u></b>	<b><u>\$10,364,141</u></b>	<b><u>\$11,722,490</u></b>	<b><u>\$10,187,713</u></b>	<b><u>\$12,098,800</u></b>



## USER'S GUIDE TO BUDGET EXPENDITURES

This budget was designed to be a document which is a financial plan, an operations guide, and a policy statement. It is structured to provide information about city services, revenues and expenditures in a meaningful format. This budget for 1995 represents the Governing Body's commitment to provide city services to meet residents' needs within the limits of available revenue.

### BUDGET CONCEPTS

#### PROGRAM BUDGETING

The basic premise of the Program Budget concept is that the dollars contained in a budget have little meaning when presented alone. In order to evaluate the effectiveness of money being spent, the reader must know what the resultant accomplishments will be; what service can be expected from the dollars invested

A Program Budget emphasizes programs and services which will be provided during the year and the cost to provide those services. Two levels of service included in this budget are described below.

1. Department

Department Areas represent a broad classification of the types of services being provided. The 1995 Budget for the City of Prairie Village contains six such types of service.

1. Management and Planning
2. Public Works
3. Public Safety
4. Municipal Justice
5. Community Services
6. Park and Recreation

2. Service Programs

Within each Department Area (classification of service) there are a number of specific types of activities which further define the services to be provided

For example, within the Management and Planning Department six distinct types of activities (Service Programs) are performed

- (1) Mayor and Council
- (2) City Administration
- (3) City Hall Operations
- (4) Financial Management
- (5) Planning and Zoning
- (6) City Clerk

**Prairie Village, Kansas**

**EXPENDITURE SUMMARY  
All Funds  
By Department and By Classification**

<b>DEPARTMENT AREA TOTALS</b>	<b>1992 Actual</b>	<b>1993 Actual</b>	<b>1994 Budget</b>	<b>1994 Estimate</b>	<b>1995 Budget</b>	<b>Increase &lt;Decrease&gt;</b>
Management and Planning	\$852,414	\$588,308	\$676,613	\$659,869	\$861,340	27.3%
Public Works	4,857,955	4,651,063	5,665,750	6,178,816	6,106,770	7.8%
Public Safety	2,687,147	2,781,857	3,007,120	2,774,580	3,295,080	9.6%
Municipal Justice	119,908	135,584	138,430	133,420	150,080	10.0%
Community Services	1,037,833	1,093,158	1,196,651	1,148,934	1,125,410	<6>%
Park and Recreation	465,538	766,190	658,550	855,358	679,910	3.2%
<b>TOTAL EXPENDITURE</b>	<b>\$9,620,793</b>	<b>\$10,016,160</b>	<b>\$11,341,114</b>	<b>\$11,750,977</b>	<b>\$12,218,590</b>	<b>7.7%</b>
<b>EXPENDITURE BY CHARACTER</b>						
Personnel	\$3,619,439	\$3,688,472	\$4,052,610	\$3,908,585	\$4,078,490	0.6%
Contractual Services	2,330,838	2,638,966	2,659,800	2,604,065	2,921,790	9.9%
Commodities	397,447	394,657	433,120	423,985	440,150	1.6%
<b>Total Operating Cost</b>	<b>\$6,347,724</b>	<b>\$6,722,095</b>	<b>\$7,145,530</b>	<b>\$6,936,635</b>	<b>\$7,440,430</b>	<b>4.1%</b>
Capital Expenditure	\$2,865,563	\$2,877,230	\$3,675,134	\$4,474,392	\$4,030,060	9.7%
Debt Service	407,506	416,835	520,450	339,950	748,100	43.7%
<b>Total Capital Expenditure Plan</b>	<b>\$3,273,069</b>	<b>\$3,294,065</b>	<b>\$4,195,584</b>	<b>\$4,814,342</b>	<b>\$4,778,160</b>	<b>13.9%</b>
<b>TOTAL EXPENDITURE</b>	<b>\$9,620,793</b>	<b>\$10,016,160</b>	<b>\$11,341,114</b>	<b>\$11,750,977</b>	<b>\$12,218,590</b>	<b>7.7%</b>
Reserve			628,388		702,910	
<b>TOTAL</b>			<b>\$11,969,500</b>		<b>\$12,921,500</b>	

Percentage Increase <decrease> illustrates the difference between 1994 budget and 1995 budget.

**Prairie Village, Kansas**

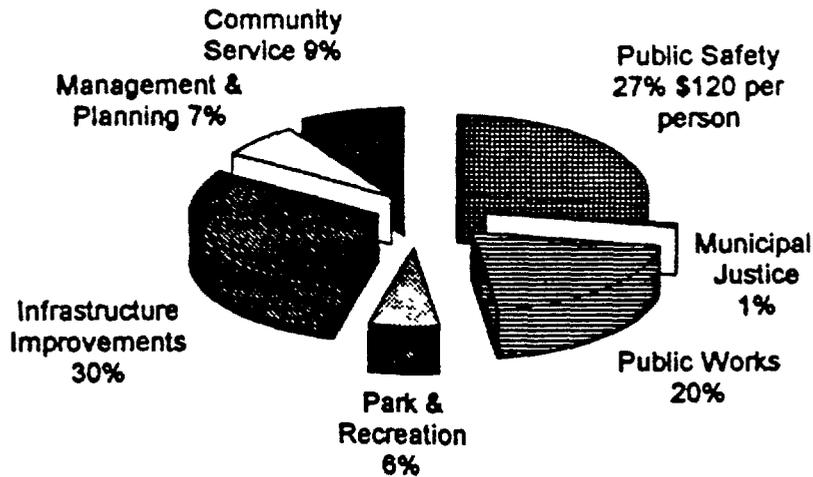
**TOTAL OPERATING AND CAPITAL COSTS BY DEPARTMENT AND PROGRAM**

(Combines All Funds)

	1992 Actual	1993 Actual	1994 Budget	1994 Estimate	1995 Budget
<b>MANAGEMENT &amp; PLANNING</b>					
Mayor & Council	\$26,290	\$23,633	\$40,600	\$34,600	\$75,020
City Administration	190,319	191,672	219,500	223,400	239,300
City Hall Operations	124,076	67,380	96,326	92,231	198,480
Financial Management	150,102	143,874	140,592	138,491	149,920
Planning & Zoning	48,181	74,257	69,345	69,345	72,110
City Clerk	113,446	87,462	110,250	101,802	126,510
<b>Total Management &amp; Planning</b>	<b>\$652,414</b>	<b>\$588,308</b>	<b>\$676,613</b>	<b>\$659,869</b>	<b>\$661,340</b>
<b>PUBLIC WORKS</b>					
Administration	\$366,215	\$385,858	\$406,770	\$308,800	\$327,770
Vehicle/Equipment Maintenance	225,921	260,556	183,000	183,000	194,050
Street Maintenance	896,342	866,719	1,054,820	1,059,790	1,149,690
Drainage Maintenance	567,966	423,403	460,780	445,250	440,640
Buildings & Grounds Maintenance	300,875	302,296	283,880	283,590	352,160
Infrastructure Improvements	2,296,636	2,312,231	3,274,500	3,898,388	3,642,460
<b>Total Public Works</b>	<b>\$4,657,955</b>	<b>\$4,651,063</b>	<b>\$5,665,750</b>	<b>\$6,178,816</b>	<b>\$6,106,770</b>
<b>PUBLIC SAFETY</b>					
Administration	\$332,101	\$464,010	\$449,660	\$264,465	\$729,160
Staff Services	445,273	421,508	476,260	450,810	431,750
Community Services	102,198	106,584	90,800	83,500	96,590
Special Operations	35,319	38,045	97,780	54,440	100,330
Patrol Division	1,261,886	1,246,993	1,285,960	1,365,550	1,303,540
Investigations	238,650	242,185	291,150	290,400	299,080
Special Investigations	91,055	56,474	101,930	59,300	107,680
DARE	95,096	98,874	104,470	97,955	108,360
Professional Standards	77,958	87,539	92,110	90,060	95,190
Off-Duty Services	7,611	19,645	17,000	18,100	23,400
<b>Total Public Safety</b>	<b>\$2,687,147</b>	<b>\$2,781,857</b>	<b>\$3,007,120</b>	<b>\$2,774,580</b>	<b>\$3,295,080</b>
<b>MUNICIPAL JUSTICE</b>					
Judicial	\$31,523	\$33,319	\$35,640	\$34,170	\$47,820
Court Administration	88,385	102,265	100,790	99,250	102,260
<b>Total Municipal Justice</b>	<b>\$119,908</b>	<b>\$135,584</b>	<b>\$136,430</b>	<b>\$133,420</b>	<b>\$150,080</b>
<b>COMMUNITY SERVICES</b>					
Community Programs	\$187,922	\$136,283	\$157,435	\$159,850	\$175,900
Municipal Arts	17,161	11,640	3,500	3,400	5,250
Community Center	16,369	15,160	17,900	16,753	17,530
Communications	63,239	51,105	63,440	62,055	64,920
Special Alcohol Programs	11,099	12,994	18,000	18,000	20,000
Solid Waste Management Programs	742,013	865,976	936,376	888,876	841,810
<b>Total Community Services</b>	<b>\$1,037,833</b>	<b>\$1,093,158</b>	<b>\$1,196,651</b>	<b>\$1,148,934</b>	<b>\$1,125,410</b>
<b>PARK &amp; RECREATION</b>					
Park Development	\$131,698	\$439,717	\$236,620	\$454,833	\$254,330
Swimming Pool Program	315,977	309,917	387,360	366,800	387,570
Tennis Program	17,861	18,556	34,570	33,725	36,010
<b>Total Park &amp; Recreation</b>	<b>\$465,536</b>	<b>\$768,190</b>	<b>\$658,550</b>	<b>\$855,358</b>	<b>\$677,910</b>
<b>TOTAL OPERATING AND CAPITAL EXPENDITURE COSTS</b>					
	<b>\$9,620,793</b>	<b>\$10,016,160</b>	<b>\$11,341,114</b>	<b>\$11,750,977</b>	<b>\$12,218,590</b>

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**1995**  
**Distribution of Budgeted City Department Costs**



The annual budget for the City of Prairie Village is prepared in a program format to focus on cost of services provided rather than line item costs.

27% Public Safety includes law enforcement, drug education programs and animal control costs. \$537,000 (16%) of the total budget for Public Safety is reimbursed through contracts for service and grants.

7% Management/Planning includes Financial Management, Planning and Zoning, City Clerk's and City Administrator's functions.

6% Park & Recreation includes costs for development of the parks and operation of the swimming pool and tennis courts.

Recreation fees and grants defray some cost of this program.

30% Infrastructure Improvements are major contracted projects for street, sidewalk, storm drainage and intersection improvements. \$3.6 million

9% Community Service programs include costs for (1) assistance grants to eligible residents, (2) communications with residents, (3) arts activities, (4) building and code enforcement and (5) recycling, composting and solid waste collection, 65% of the total program cost is a contract for solid waste management which is recovered through fees.

20% Public Works includes costs for routine maintenance of city owned property, i.e. snow removal, street and park maintenance.

## REVENUE

**Prairie Village, Kansas**

**Revenue  
All Sources All Funds**

	<b>1993 Actual</b>	<b>1994 Budget</b>	<b>1994 Estimate</b>	<b>1995 Budget</b>
<b>TAX SOURCES</b>				
Ad Valorem Tax	\$2,386,824	\$2,586,200	\$2,570,318	\$2,630,000
Motor Vehicle Tax	607,402	559,680	630,000	697,000
Liquor Tax	60,516	54,990	63,000	74,000
Bingo Tax	753	780	710	700
LAVTR	102,706	102,800	103,000	112,100
Compensating Use	136,971	130,000	150,000	165,000
<b>TOTAL TAX SOURCES</b>	<u>\$3,295,172</u>	<u>\$3,434,450</u>	<u>\$3,517,028</u>	<u>\$3,678,800</u>
<b>SALES TAX</b>				
Local Sales Tax	\$1,530,063	\$1,580,700	\$1,550,000	\$1,700,000
County Sales Tax	1,180,512	1,190,000	1,180,000	1,300,000
<b>TOTAL SALES TAX</b>	<u>\$2,710,575</u>	<u>\$2,770,700</u>	<u>\$2,730,000</u>	<u>\$3,000,000</u>
<b>FRANCHISE FEES</b>				
KCP&L	\$558,471	\$560,000	\$560,000	\$560,000
Gas Service Co.	349,162	280,000	325,000	345,000
SW Bell Telephone	104,236	107,000	105,000	110,000
Telecable	137,960	150,000	110,000	100,000
<b>TOTAL FRANCHISE FEES</b>	<u>\$1,149,829</u>	<u>\$1,097,000</u>	<u>\$1,100,000</u>	<u>\$1,115,000</u>
<b>TOTAL LICENSES/PERMITS</b>				
	<u>\$269,383</u>	<u>\$265,000</u>	<u>\$251,000</u>	<u>\$271,000</u>
<b>INTERGOVERNMENTAL</b>				
City/County Revenue Sharing	\$165,772	\$165,800	\$170,000	\$192,900
Special Highway	610,989	589,700	623,000	625,700
Grants	269,613	1,455,840	30,000	1,370,500
<b>TOTAL INTERGOVERNMENTAL</b>	<u>\$1,046,374</u>	<u>\$2,211,340</u>	<u>\$823,000</u>	<u>\$2,189,100</u>
<b>CHARGE FOR SERVICE</b>				
Special Assessments	\$741,248	\$819,500	\$820,400	\$717,000
Mission Hills	459,546	490,000	400,000	479,900
Off-Duty Services	23,306	17,000	20,000	20,000
<b>TOTAL CHARGE FOR SERVICE</b>	<u>\$1,224,100</u>	<u>\$1,326,500</u>	<u>\$1,240,400</u>	<u>\$1,216,900</u>
<b>FINES/FEES</b>				
	\$211,584	\$200,000	\$180,000	\$200,000
<b>RECREATIONAL FEES</b>				
	201,697	210,000	180,000	188,000
<b>INTEREST</b>				
	181,676	180,000	150,000	215,000
<b>OTHER</b>				
	73,751	27,500	16,285	25,000
<b>TOTAL REVENUE</b>	<u>\$10,364,141</u>	<u>\$11,722,490</u>	<u>\$10,187,713</u>	<u>\$12,098,800</u>
Fund balance used/budgeted	<u>0</u>	<u>247,010</u>	<u>0</u>	<u>822,700</u>
<b>TOTAL REVENUE &amp; FUND BALANCE USED/BUDGETED</b>	<u>\$10,364,141</u>	<u>\$11,969,500</u>	<u>\$10,187,713</u>	<u>\$12,921,500</u>

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## Tax Sources

### Taxes on Property (3,327,000 - 27% of total revenue)

Ad Valorem Tax is a property tax. the annual rate is established by the City council. The tax is computed as a percentage or mill rate applied to the taxable valuation of real property in the city. The 1994 mill rate was \$18.85 for each \$1000 of assessed valuation. total assessed valuation of the city for the year was \$137,299,555.

The assessed valuation of the property in the city is prepared by the County Clerk. Property included in the city's assessed valuation included in the city's assessed valuation for the 1994 budget and estimate for the 1995 are:

	1994	1995
Real Estate	\$128,865,259	\$130,051,375
Personal Property	4,251,660	4,915,585
State assessed property	<u>4,182,636</u>	<u>4,585,200</u>
Total	\$137,299,555	\$139,552,160

The Governing body, after considering a five year forecast of revenue, expenditures and fund balance, decided to maintain the 1995 mill levy at the 1994 rate of \$18.88. When this rate is applied to the projected assessed valuation, it will create ad valorem tax revenue in the amount of \$2,630,000.

Eighteen percent of the mill levy for 1995 (\$3.32) will be used to service debt. The balance (\$15.53) will be used for general operating expenditures and infrastructure improvements.

Motor Vehicle Tax is a property tax on vehicles. It is based on the average tax rate in the County. The tax is paid at the time of vehicle registration instead of the traditional property tax. The revenue from this tax is distributed among taxing subdivisions (including the state) in proportion to their respective shares of the prior years total levy rate within the "tax levy unit" in which the vehicle has its tax suits. The County Treasurer estimates that the amount the city will receive in 1995.

### Taxes on Sales (3,351,800 - 28% of total revenue)

Tax sources include a portion of the state sales tax allocated to cities and the tax on alcoholic beverages sold in the city. Also included are total revenue derived from the one cent local sales tax approved by voters and a portion of the revenue from one-half cent sales tax approved for Johnson County.

### Franchise Fees (1,115,000 - 9% of total revenues)

Franchise fees are charged to public utilities for access to city right-of-way and granting of easements within the city. Revenue from KCP&L and Gas Service Company is affected more by weather conditions than by inflation or growth.

### Licenses/Permits (271,000 - 2% of total revenues)

This category includes revenue from licenses and permits required to operate businesses and permits for construction in the city. Fees are established by the City Council.

**Intergovernmental Revenue (2,189,100 - 18% of total revenues)**

This revenue classification includes revenue sources granted through other jurisdictions. The amount of funds received by the city from these other sources can be changed by decision of the controlling jurisdiction (examples include city/county revenue sharing on state sales taxes and motor fuel taxes )

**Charges for Services (1,216,900 - 10% of total revenues)**

This revenue classification includes revenue which is a charge for contract service, it also includes special assessments to recipients of certain services (examples include revenues from solid waste management services and special police services.)

**Fines/Fees (200,000 - 2% of total revenues)**

This revenue classification includes revenues from fines assessed through the Municipal Court and through the animal leash law ordinance

**Recreational Fees ( 188,000 - 1.5 % of total revenues)**

This revenue classification includes proceeds from sale of membership in recreational programs, lessons, sale of food and rental of city facilities. (examples include revenues from swimming pools, tennis courts, social centers, etc )

**Interest (215,000 - 2% of total revenues)**

This revenue classification includes interest earnings from cash balances. Cash needs are projected regularly to determine the amount that can be invested in instruments which produce the highest yield with the least amount of acceptable risk. Funds are invested in accounts which are 100% covered by U.S. Treasury notes pledged as collateral. In some cases the city purchases U.S. Treasury notes. During 1994, an investment procedure was developed to sweep cash several times each month into a high yield state investment pool. This has increased revenues from this source. The 1995 budgeted amount is based on an average 0.4% yield for the year.

**Other (25,000 - less than 1 % of total revenues)**

This revenue classification includes contributions received for special activities and rental fees on city held property

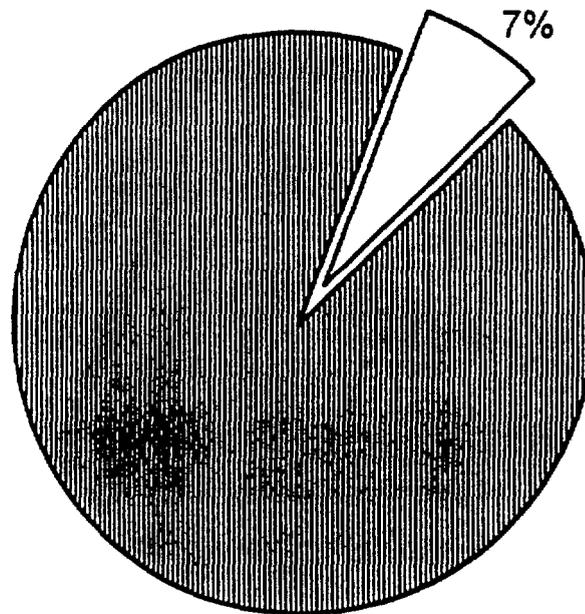
**PROGRAM OPERATING EXPENDITURES**

# MANAGEMENT AND PLANNING

**Goal:** Formulate and implement public policies which guide development of the City and which provide responsive, effective and fiscally responsible services to residents

## PROGRAMS:

- Mayor and Council
- City Administration
- City Hall Operations
- Financial Management
- Planning and Zoning
- City Clerk



Management and Planning is 7% of 1995 budgeted city service costs.

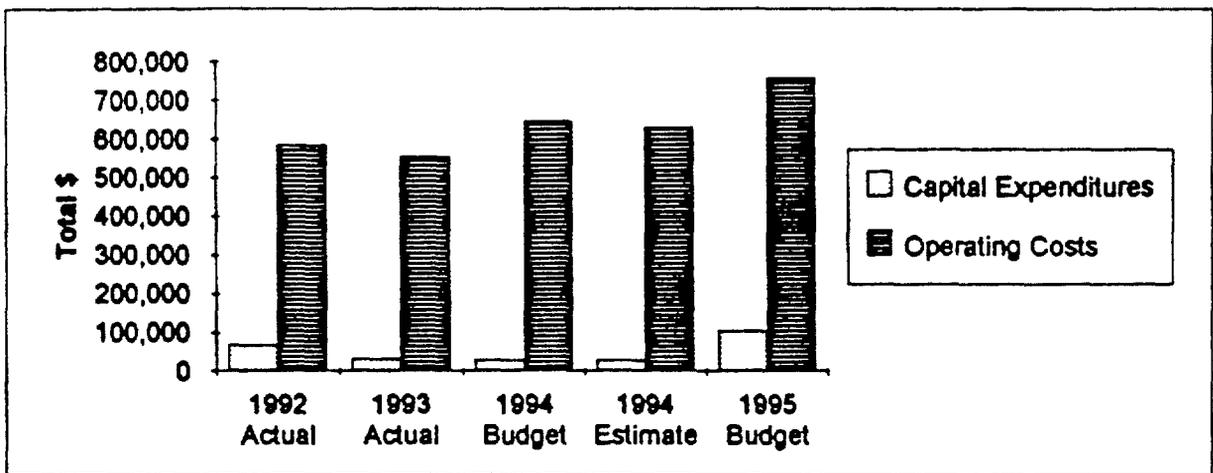
**Prairie Village, Kansas**

**MANAGEMENT AND PLANNING**

<u>Programs</u>	1992 <u>Actual</u>	1993 <u>Actual</u>	1994 <u>Budget</u>	1994 <u>Estimate</u>	1995 <u>Budget</u>
Mayor/Council Administration	\$26,290	\$23,833	\$40,600	\$34,600	\$75,020
City Hall Operations	\$190,319	\$191,672	\$219,500	\$223,400	\$239,300
Financial Management	\$124,078	\$67,380	\$96,326	\$92,231	\$198,480
Planning and Zoning	\$150,102	\$143,874	\$140,592	\$138,491	\$149,920
City Clerk	\$48,181	\$74,257	\$69,345	\$69,345	\$72,110
<b>Total Management</b>	<b>\$113,446</b>	<b>\$87,492</b>	<b>\$110,250</b>	<b>\$101,802</b>	<b>\$126,510</b>
<b>Total Management and Planning</b>	<b>\$652,414</b>	<b>\$588,308</b>	<b>\$676,813</b>	<b>\$659,869</b>	<b>\$861,340</b>

<u>Classification</u>	1992 <u>Actual</u>	1993 <u>Actual</u>	1994 <u>Budget</u>	1994 <u>Estimate</u>	1995 <u>Budget</u>
Personnel	\$334,224	\$313,981	\$359,400	\$351,402	\$433,740
Contractual Services	\$188,668	\$203,370	\$237,235	\$231,980	\$268,600
Commodities	\$62,004	\$38,184	\$49,850	\$46,350	\$55,000
<b>Total Operations</b>	<b>\$584,896</b>	<b>\$555,535</b>	<b>\$646,485</b>	<b>\$629,732</b>	<b>\$757,340</b>
Capital Expenditure	\$67,518	\$32,773	\$30,128	\$30,137	\$104,000
Debt Service	\$0	\$0	\$0	\$0	\$0
<b>Total Capital</b>	<b>\$67,518</b>	<b>\$32,773</b>	<b>\$30,128</b>	<b>\$30,137</b>	<b>\$104,000</b>



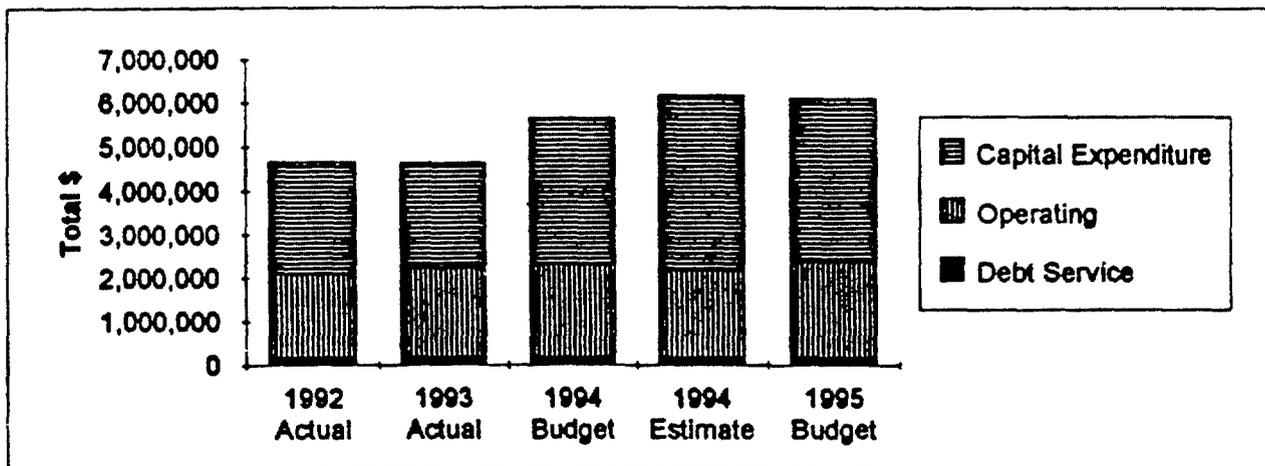
The total 1995 budget is 27 % more than the 1994 budget.

PUBLIC WORKS

Program	1992 Actual	1993 Actual	1994 Budget	1994 Estimate	1995 Budget
Administration	\$366,215	\$385,858	\$408,770	\$308,800	\$327,770
Vehicle/Equip. Maintenance	225,921	260,556	183,000	183,000	194,050
Street Maintenance	898,342	986,719	1,054,820	1,059,790	1,149,890
Drainage Maintenance	567,966	423,403	460,780	445,250	440,640
Grounds Maintenance	300,875	302,298	283,880	283,590	352,160
Infrastructure Improvements	2,288,636	2,312,231	3,274,500	3,898,386	3,642,460
<b>Total Public Works</b>	<b>\$4,657,955</b>	<b>\$4,651,063</b>	<b>\$5,665,750</b>	<b>\$6,178,816</b>	<b>\$6,106,770</b>

Classifications	1992 Actual	1993 Actual	1994 Budget	1994 Estimate	1995 Budget
Personnel	\$841,818	\$904,582	\$972,050	\$871,850	\$905,780
Contractual Service	888,446	950,306	989,400	974,330	1,128,880
Commodities	179,687	210,751	183,030	182,950	192,050
<b>Total Operating</b>	<b>\$1,909,951</b>	<b>\$2,065,639</b>	<b>\$2,144,480</b>	<b>\$2,029,130</b>	<b>\$2,226,510</b>
Capital Expenditure	\$2,567,871	\$2,407,661	\$3,350,770	\$3,979,686	\$3,712,260
Debt Service	180,133	177,763	170,500	170,000	168,000
<b>Total Capital Cost</b>	<b>\$2,748,004</b>	<b>\$2,585,424</b>	<b>\$3,521,270</b>	<b>\$4,149,686</b>	<b>\$3,880,260</b>
<b>Total Public Works</b>	<b>\$4,657,955</b>	<b>\$4,651,063</b>	<b>\$5,665,750</b>	<b>\$6,178,816</b>	<b>\$6,106,770</b>



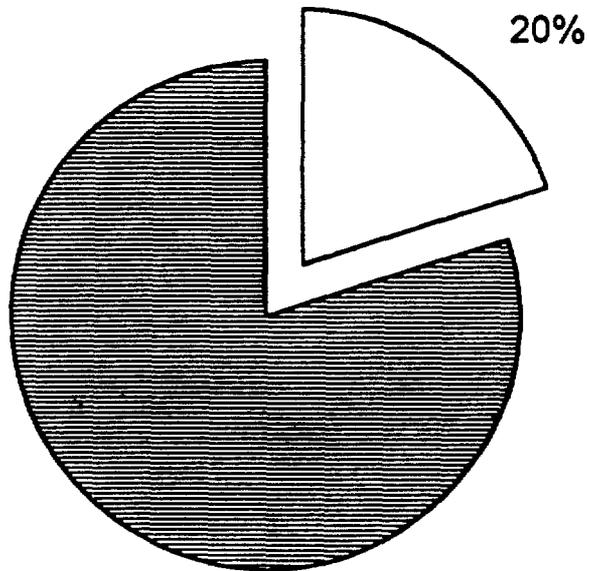
1995 Operating Costs are 4% more than 1994.  
 1995 Capital Costs are 11% more than in 1994.  
 1995 Total Costs are 8% more than 1994.

# PUBLIC WORKS

Goal: Provide a program of planning and maintenance for all property owned by the city.

## PROGRAMS:

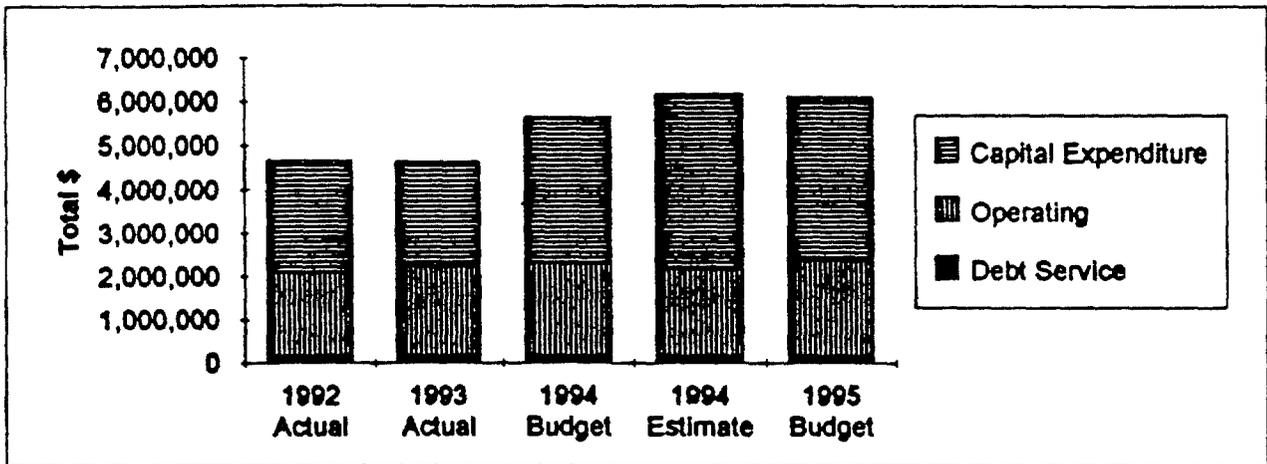
- Administration
- Vehicle / Equipment Maintenance
- Street Maintenance
- Drainage Maintenance
- Buildings and Grounds Maintenance
- Infrastructure Improvements



Public Works is 20% of budgeted city service costs for 1995.

PUBLIC WORKS

Program	1992 Actual	1993 Actual	1994 Budget	1994 Estimate	1995 Budget
Administration	\$368,215	\$385,858	\$408,770	\$308,800	\$327,770
Vehicle/Equip. Maintenance	225,921	260,556	183,000	183,000	194,050
Street Maintenance	898,342	966,719	1,054,820	1,059,790	1,149,690
Drainage Maintenance	567,966	423,403	460,780	445,250	440,640
Grounds Maintenance	300,875	302,296	283,880	283,590	352,160
Infrastructure Improvements	2,298,636	2,312,231	3,274,500	3,898,388	3,642,460
<b>Total Public Works</b>	<b>\$4,657,955</b>	<b>\$4,651,063</b>	<b>\$5,665,750</b>	<b>\$6,178,816</b>	<b>\$6,106,770</b>
<b>Classifications</b>					
Personnel	\$841,818	\$904,582	\$972,050	\$871,850	\$905,780
Contractual Service	888,446	950,306	989,400	974,330	1,128,680
Commodities	179,687	210,751	183,030	182,950	192,050
<b>Total Operating</b>	<b>\$1,909,951</b>	<b>\$2,065,639</b>	<b>\$2,144,480</b>	<b>\$2,029,130</b>	<b>\$2,226,510</b>
Capital Expenditure	\$2,567,871	\$2,407,661	\$3,350,770	\$3,979,686	\$3,712,260
Debt Service	180,133	177,763	170,500	170,000	168,000
<b>Total Capital Cost</b>	<b>\$2,748,004</b>	<b>\$2,585,424</b>	<b>\$3,521,270</b>	<b>\$4,149,686</b>	<b>\$3,880,260</b>
<b>Total Public Works</b>	<b>\$4,657,955</b>	<b>\$4,651,063</b>	<b>\$5,665,750</b>	<b>\$6,178,816</b>	<b>\$6,106,770</b>



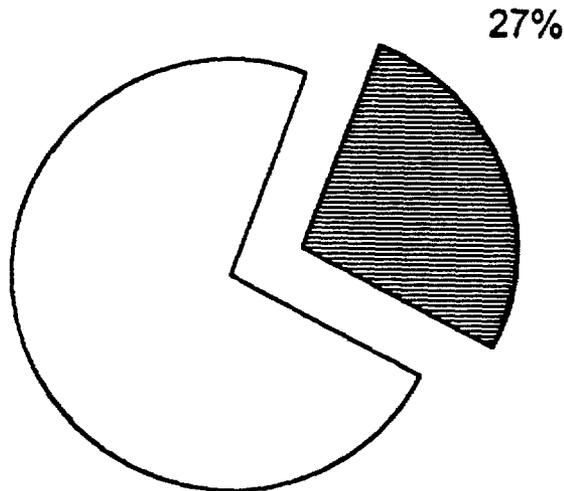
1995 Operating Costs are 4% more than 1994.  
 1995 Capital Costs are 11% more than in 1994.  
 1995 Total Costs are 8% more than 1994.

# PUBLIC SAFETY

**Goal:** Provide public safety services which are effective and responsive.

**PROGRAMS:**

- Administration
- Staff Services
- Community Services
- Special Operations
- Patrol
- Investigations
- Special Investigations
- D.A.R.E.
- Professional Standards

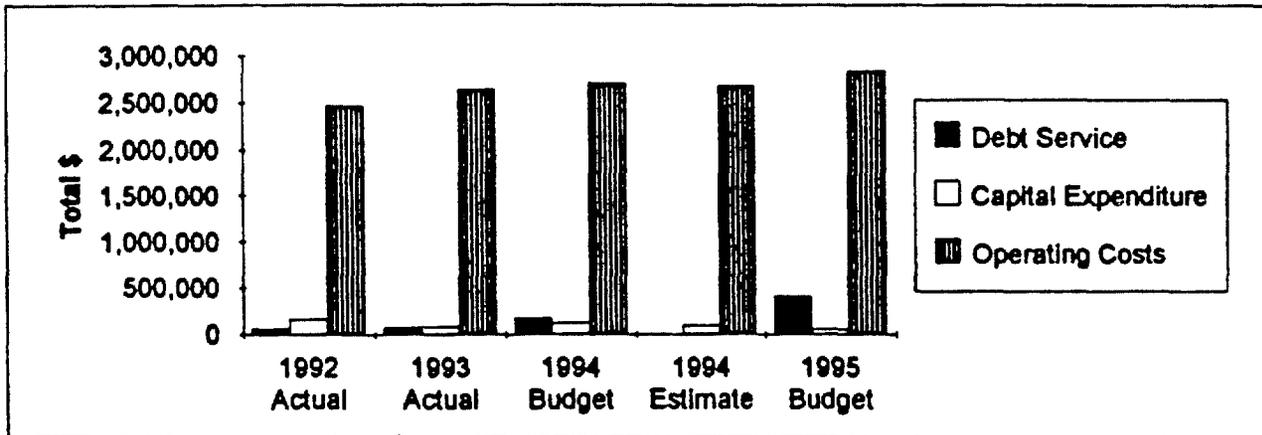


Public Safety is 27% of total budgeted city service costs. Sixteen percent (16%) or \$537,000 of the total budget for Public Safety is reimbursed through contracts for service and grants.

**PUBLIC SAFETY**

<u>Programs</u>	<u>1992 Actual</u>	<u>1993 Actual</u>	<u>1994 Budget</u>	<u>1994 Estimate</u>	<u>1995 Budget</u>
Administration	\$332,101	\$464,010	\$449,660	\$264,465	\$729,160
Staff Services	445,273	421,508	476,260	450,810	431,750
Community Services	102,198	106,584	90,800	83,500	96,590
Special Operations	35,319	38,045	97,780	54,440	100,330
Patrol Division	1,261,888	1,246,993	1,285,960	1,365,550	1,303,540
Investigations	238,650	242,185	291,150	290,400	299,080
Special Investigations	91,055	58,474	101,930	59,300	107,680
D.A.R.E.	95,098	98,874	104,470	97,955	108,360
Professional Standards	77,958	87,539	92,110	90,060	95,190
Off-Duty Services	7,811	19,845	17,000	18,100	23,400
<b>Total Public Safety</b>	<b>\$2,687,147</b>	<b>\$2,781,857</b>	<b>\$3,007,120</b>	<b>\$2,774,580</b>	<b>\$3,295,080</b>

<u>Classifications</u>					
Personnel	\$1,997,948	\$2,012,340	\$2,193,640	\$2,166,475	\$2,228,030
Contractual Services	387,590	540,823	399,350	404,685	482,620
Commodities	79,570	80,121	112,780	109,370	124,630
<b>Total Operating Cost</b>	<b>\$2,465,108</b>	<b>\$2,633,284</b>	<b>\$2,705,770</b>	<b>\$2,680,530</b>	<b>\$2,835,280</b>
Capital Expenditure	\$162,856	\$78,438	\$121,350	\$94,050	\$49,800
Debt Service	59,185	70,135	180,000	0	410,000
<b>Total Capital Cost</b>	<b>\$222,041</b>	<b>\$148,573</b>	<b>\$301,350</b>	<b>\$94,050</b>	<b>\$459,800</b>
<b>Total Public Safety</b>	<b>\$2,687,147</b>	<b>\$2,781,857</b>	<b>\$3,007,120</b>	<b>\$2,774,580</b>	<b>\$3,295,080</b>



The operating budget for 1995 is 5% more than 1994 budget.  
 The capital budget for 1995 is 53% more than 1994 budget.  
 The total budget for 1995 is 9.6% more than 1994 budget.

95

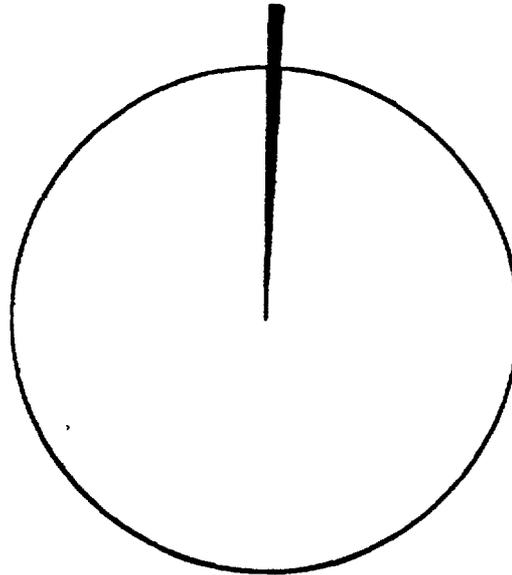
# MUNICIPAL JUSTICE

**Goal:** Ensure justice with equality, consistent with constitutional and statutory standards.

**PROGRAMS:**

Judicial

Court Administration



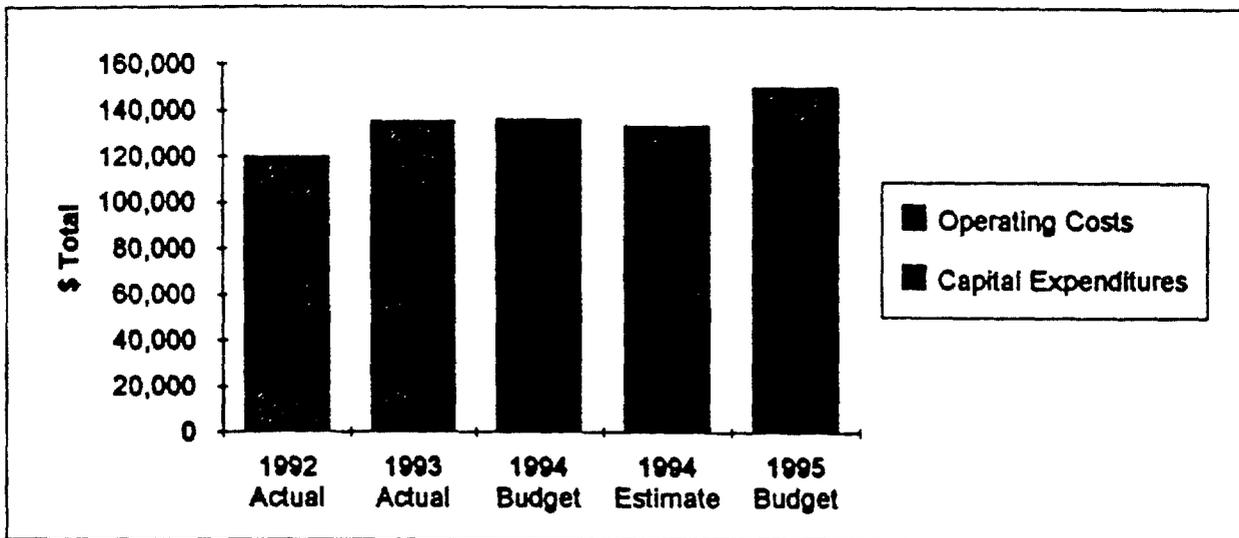
Municipal Justice is 1% of 1995 total budget.

## MUNICIPAL JUSTICE

<u>Programs</u>	1992 <u>Actual</u>	1993 <u>Actual</u>	1994 <u>Budget</u>	1994 <u>Estimate</u>	1995 <u>Budget</u>
Judicial	\$31,523	\$33,319	\$35,640	\$34,170	\$47,820
Administrative Clerk	88,385	102,265	100,790	99,250	\$102,260
<b>Total Municipal Justice</b>	<b>\$119,908</b>	<b>\$135,584</b>	<b>\$136,430</b>	<b>\$133,420</b>	<b>\$150,080</b>

<u>Classifications</u>					
Personnel	\$96,524	\$108,751	\$113,700	\$110,920	\$114,070
Contractual Services	\$14,501	\$25,150	\$20,930	\$20,800	\$34,710
Commodities	\$5,448	\$1,499	\$1,800	\$1,700	\$1,300
<b>Total Operating Costs</b>	<b>\$116,473</b>	<b>\$135,400</b>	<b>\$136,430</b>	<b>\$133,420</b>	<b>\$150,080</b>
Capital Expenditures	\$3,435	\$184	\$0	\$0	\$0
<b>Total Municipal Justice</b>	<b>\$119,908</b>	<b>\$135,584</b>	<b>\$136,430</b>	<b>\$133,420</b>	<b>\$150,080</b>

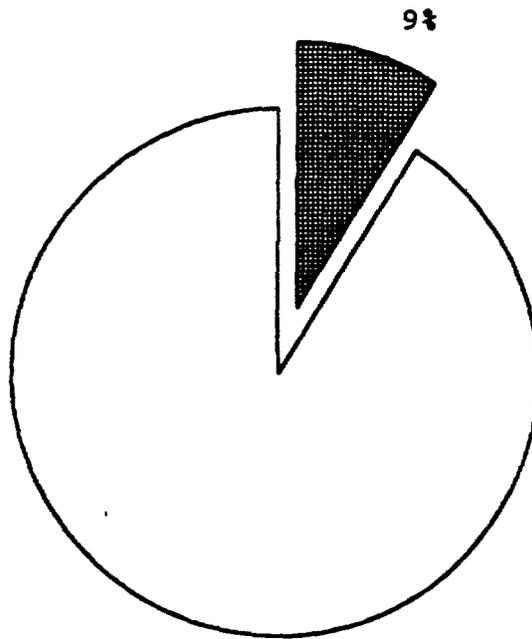
The total budget for 1995 is 10% more than for 1994 budget.



# COMMUNITY SERVICES

**Goal:** Provide special services in an appropriate, effective and economical manner

**PROGRAMS:** Community Programs  
Municipal Arts Programs  
Community Center Programs  
Communications Programs  
Special Alcohol Programs  
Solid Waste Management Programs



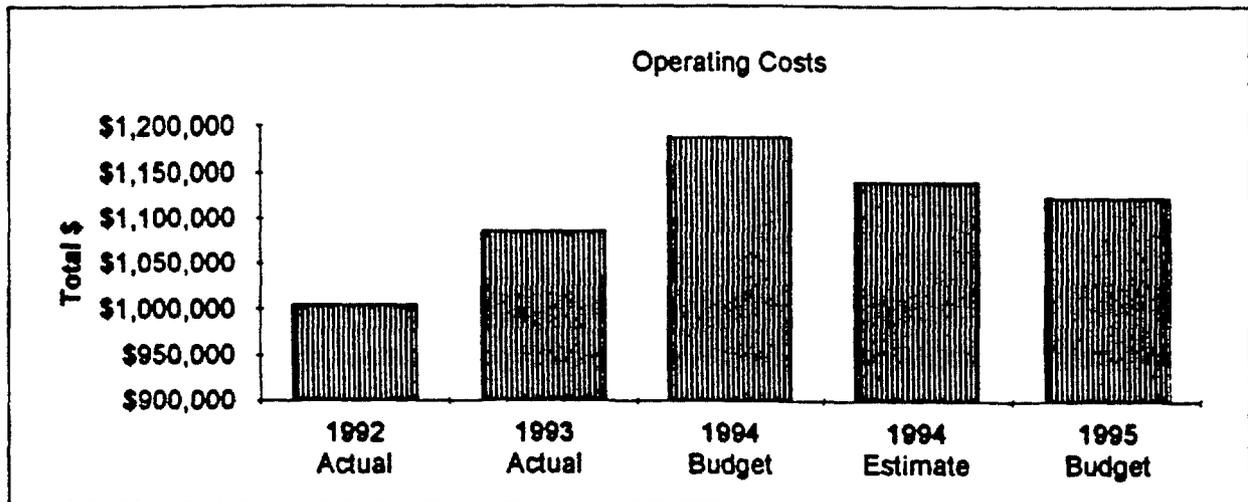
Community Service programs are 9% of 1995 budgeted city service costs. Approximately 65% of the total Community Service Program cost is a contract for solid waste collection which is recovered through fees.

## COMMUNITY SERVICES

<u>Programs</u>	1992 Actual	1993 Actual	1994 Budget	1994 Estimate	1995 Budget
Community Programs	\$187,922	\$136,283	\$157,435	\$159,850	\$175,900
Municipal Arts	17,161	11,640	3,500	3,400	5,250
Community Center	16,399	15,160	17,900	16,753	17,530
Communications	63,239	51,105	63,440	62,055	64,920
Special Alcohol Programs	11,099	12,994	18,000	18,000	20,000
Solid Waste Management	742,013	865,976	936,376	888,876	841,810
<b>Total Community Services</b>	<b>\$1,037,833</b>	<b>\$1,093,158</b>	<b>\$1,196,651</b>	<b>\$1,148,934</b>	<b>\$1,125,410</b>

### Classifications

Personnel	\$185,272	\$197,406	\$215,500	\$211,888	\$191,500
Contractual Services	790,120	856,294	936,395	891,875	904,020
Commodities	29,929	32,796	36,820	37,035	27,890
<b>Total Operating</b>	<b>\$1,005,321</b>	<b>\$1,086,496</b>	<b>\$1,188,515</b>	<b>\$1,140,798</b>	<b>\$1,123,410</b>
Capital Expenditure	32,512	6,662	8,136	8,136	2,000
<b>Total Community Services</b>	<b>\$1,037,833</b>	<b>\$1,093,158</b>	<b>\$1,196,651</b>	<b>\$1,148,934</b>	<b>\$1,125,410</b>



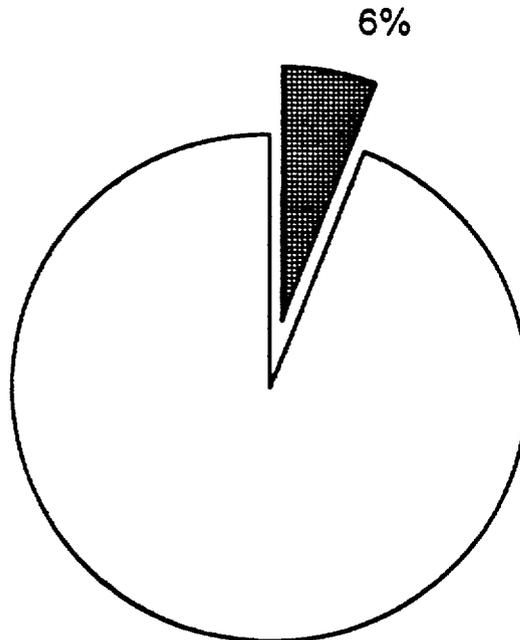
Operating costs in the 1995 budget are 6% lower than in 1994 budget. /  
 Capital costs in the 1995 budget are over \$6,000 lower than in 1994 budget.  
 Total costs in the 1995 budget are 6% lower than in 1994 budget.

# PARK AND RECREATION

**Goal:** Provide a program of park development with a variety of recreational opportunities.

**PROGRAMS:**

- Park Development
- Swimming Pool Program
- Tennis Program



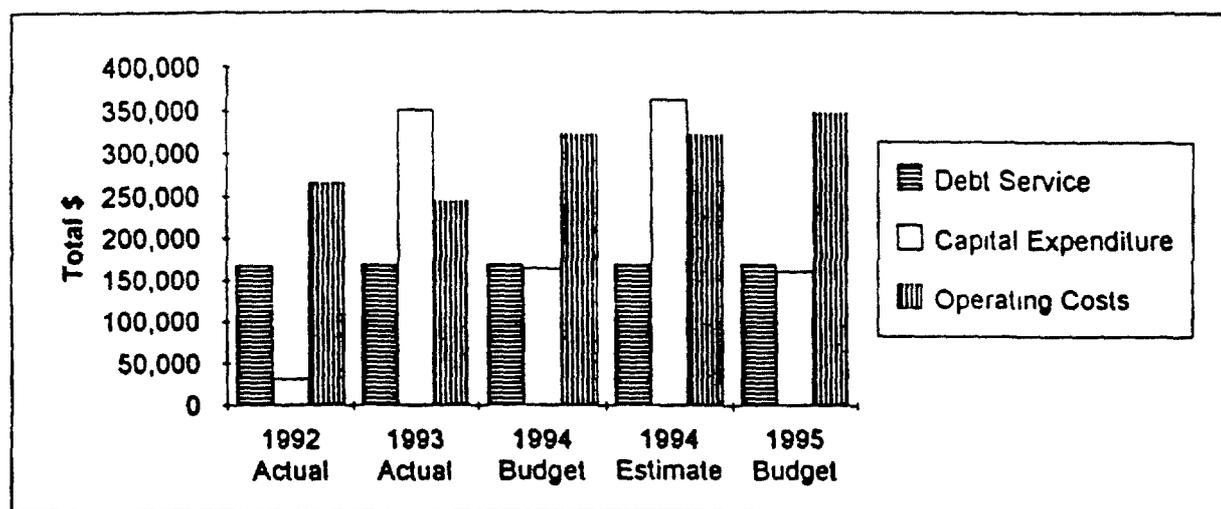
**Park & Recreation is 6% of budgeted City service costs for 1995.  
Recreation fees and grants defray some cost of this program.**

## PARK AND RECREATION

<u>Programs</u>	1992 Actual	1993 Actual	1994 Budget	1994 Estimate	1995 Budget
Park Development	\$131,698	\$439,717	\$236,620	\$454,833	\$254,330
Swimming Pool	315,977	309,917	387,360	366,800	387,570
Tennis	17,861	16,556	34,570	33,725	38,010
<b>Total Park and Recreation</b>	<b>\$465,536</b>	<b>\$766,190</b>	<b>\$658,550</b>	<b>\$855,358</b>	<b>\$679,910</b>

### Classifications

Personnel	\$163,655	151,412	\$198,320	\$196,050	\$205,370
Contractual Service	61,516	63,023	76,490	80,395	103,160
Commodities	40,806	31,306	49,040	46,580	39,280
<b>Operating Costs</b>	<b>\$265,977</b>	<b>\$245,741</b>	<b>\$323,850</b>	<b>\$323,025</b>	<b>\$347,810</b>
Capital Expenditure	31,371	351,512	164,750	362,383	162,000
Debt Service	168,188	168,937	169,950	169,950	170,100
<b>Total Capital Expenditure</b>	<b>\$199,559</b>	<b>\$520,449</b>	<b>\$334,700</b>	<b>\$532,333</b>	<b>\$332,100</b>
<b>Total Cost</b>	<b>\$465,536</b>	<b>\$766,190</b>	<b>\$658,550</b>	<b>\$855,358</b>	<b>\$679,910</b>



Operating costs for 1995 are 7% more than 1994 budget.  
 Capital costs for 1995 are approximately the same budgeted in 1994.  
 Total costs for 1995 are 3% more than the 1994 budget.

Budget/Est. of Park and Rec.

**CAPITAL EXPENDITURE PLAN**

## CAPITAL EXPENDITURE PLAN

The Prairie Village Capital Expenditure Plan establishes the recognized capital needs of each program within each department. The schedule includes expenditures to finance replacement equipment and infrastructure major maintenance planned for 1995 using 1994 cost estimates

A City Council goal is to adopt a rolling five year plan of capital expenditures. Councilmembers want to continue financing the program on a "pay-as-you-go" basis, therefore, it is important to identify costs well in advance of the need for funds. In 1993, the Park Committee, working with the City's landscape architect, developed a five year park development plan for 1994-1998. In 1994 the City received a comprehensive study of, and recommended improvements for, the City's storm water drainage system. Later in 1994 the City will receive a street condition inventory and recommended maintenance program. In 1995 a traffic safety study will analyze traffic flow through the City and include recommendations for intersection and signalization improvements. These studies and plans will form the basis for the Capital Expenditure Five-Year Plan to be developed in 1995. Each department will prepare a planned equipment replacement schedule as well.

The City Council has prepared a Capital Expenditure Plan for 1995. Each expenditure in the plan is listed on a separate page showing the project or equipment cost, financing sources and future costs. At this time, all projects and equipment listed can be financed with anticipated revenue. Summaries of planned expenditures for 1995 from the Capital Expenditure Plan are included on the following pages.

Capital expenditures are included in the operating budget in the service program for which the expenditure is planned. Infrastructure improvements are included in the Public Works Departmental budget as a program and in the Park Development Program as Capital Outlay.

Currently, the Capital Expenditure Plan is adopted before the annual budget. During the budget process it becomes part of the budget consideration in discussion of financing alternatives. Replacement equipment is included for replacement based on mileage, maintenance costs and/or status of the technology. Infrastructure improvements are financed at a level recently approved as part of the City's strategic plan.

All capital expenditures are planned to use the latest technology and standards in both equipment and infrastructure. Park and sidewalk plans are developed to provide accommodation for the disabled. Design and materials used in all projects are planned to reduce routine maintenance costs; therefore, most of these expenditures will have no effect on current and future operating budgets.

A new police building adjacent to City Hall is scheduled for completion in July, 1995. After police operations are moved into the new building, the City Hall area, which currently houses the police, will be remodeled. This cost, approximately \$80,000, is included in the 1995 Capital Expenditure Plan. The space will be converted for more meeting rooms and some office expansion. The additional cost for maintenance of new facilities is included in the 1995 budget for six months. Future budgets will have additional facility maintenance costs of less than \$10,000 annually resulting from these projects.

CITY OF PRAIRIE VILLAGE  
1996 CAPITAL EXPENDITURE PROGRAM  
BY ITEM

Page #		General Operating Fund	Special Highway Fund	Grants	Park & Recreation Fund	Total All Funds
<u>Management/Planning</u>						
1	IBM Computer - Software	\$7,000				\$7,000
2	IBM Computer - Hardware	15,000				15,000
3	Personal Computer	2,000				2,000
4	Municipal Building Remodel	80,000				80,000
	<b>TOTAL Management</b>	<b>\$104,000</b>				<b>\$104,000</b>
<u>Public Works</u>						
5	Laptop Computer	\$2,300				\$2,300
6	Video Camera	1,000				1,000
7	Hydraulic Oil Reclaimer	3,000				3,000
8	Dump Truck	28,000				28,000
9	Truck (1ton)	11,300				11,300
10	Salt/Sand Spreader	16,200				16,200
11	Calcium Chloride Tank	8,000				8,000
	Equipment Total	89,800				89,800
	Storm Drainage					
12	Tomahawk/79-Reeds	111,040		333,130		444,170
13	Mission Rd/Indian Lane-Tomahawk	236,025		708,070		944,095
	Street Projects					
14	Nail/76th-79th		147,668	124,500		272,168
15	63rd St./Nail-Mission	116,730		95,500		212,230
16	Slurry Seal Program	100,000				100,000
17	1996 CARS Engineering	25,000				25,000
18	1996 Design Engineering and	150,000				150,000
19	1995 Street Rehabilitation	869,865	624,932			1,494,797
	Infrastructure Improvement Total	\$1,608,660	\$772,600	\$1,261,200	\$0	\$3,642,460
	<b>TOTAL Public Works</b>	<b>\$1,678,460</b>	<b>\$772,600</b>	<b>\$1,261,200</b>	<b>\$0</b>	<b>\$3,712,260</b>

***KRAKOW, POLAND***  
***(BUDGET NOT AVAILABLE IN ENGLISH)***

***INTERNATIONAL SPEAKER COMMENTS/OUTLINES***

*REMARKS OF CHARLES S. ANDERSON*

# THE BUDGET AS A TOOL FOR LOCAL DEVELOPMENT

*Remarks of Charles S. Anderson,  
Director of Central and Eastern Europe Programs  
International City/County Management Association*

## MUNICIPAL FINANCE AND BUDGETING WORKSHOPS Poland, June 1995

Good morning. It is my great pleasure and privilege to be with you today as a representative from the United States Agency for International Development and the International City/County Management Association. Our purpose today will be to present some ideas on how to develop and manage the municipal budget. You will hear perspectives from local government officials from the United States, France and, most importantly, from your colleagues from Krakow and Lublin, which have recently adopted a new budget process and format. All of us who will be presenting ideas and alternative approaches are here to share our experience, not to suggest that our way is the only way or the best way to do it. The objective for the day is for you to take the various ideas and approaches presented and then implement that which is best for your city.

Throughout the day during breaks, lunch or after the workshop has concluded, please feel welcome to speak with any of us about our ideas--what has worked for us and what has not. We are here to assist you with your important tasks of governing and managing Polish cities and each of us strongly believes that the municipal budget is the principal tool for doing this.

At the conclusion of the workshop you will be asked to evaluate the day so that we can make improvements where necessary for any future workshops. As a part of this evaluation, you will be asked to complete a form for possible future technical assistance for your city (illustrate form on overhead projector). Each of the areas of technical assistance listed are important components of the municipal budget process and will be discussed in some manner throughout the day. It probably would be beneficial for you to review briefly the categories of assistance so you can keep them in mind as the discussion proceeds today and then decide by the end of the day which are the highest priorities for your city.

As all of you are well aware, Polish local government reforms during the past several years since 1990 have required local government officials to assume new responsibilities and powers for financial management, budgeting and administrative management. The former system of central planning and state socialism prescribed the process, account codes, types of revenues, charges for fees, tax rates and the spending plan with minimal discretion for the local government officials to make decisions which reflected the needs and wants of the local citizens for delivery of

basic services and needed capital investments. And, while local self-government and autonomy have not been fully achieved, great opportunities now are available to you to use the budget process and document as a tool to clearly influence in a positive way local development.

Each of the presenters today will say in different ways that the municipal budget is the primary tool 1) for continuing the process toward complete local self-government; 2) to improve the decision-making process by the City Council; 3) the management process by the administrative staff; 4) the communication process with citizens, the media and outside interest groups; 5) and provide sufficient accountability and transparency in the process to strengthen your possibilities for long term financial credit for capital investments.

Before I proceed further let me briefly describe what is meant by the term you will hear frequently today and read in the hand out material: **Program Budgeting**. This form of budgeting, which is widely used in the U.S., has in large measure been accepted and adopted by both Lublin and Krakow and their representatives will discuss their approach later today. However, as a general principle, program budgeting is a process which relates revenues and expenditures to what they will accomplish--the outcome or result of the effort-- whether that be cleaning the city streets, collecting and disposing of trash and garbage or constructing a needed public facility. Program budgeting also focuses on the qualitative issues--how well or effectively the service is delivered or the capital project is constructed. And, issues of efficiency and productivity are important. Are you getting the optimum value for the Zlotys spent? Is your staff managed well, are they productive and are the services delivered to the citizens consistent with the Council's priorities? In summary, program budgeting, moves beyond budgeting as an accounting and controlling device to a process that truly improves the governance and management of the city.

Now I want to briefly describe the principal areas of program budget activity and objectives which are listed on your agenda and which you will be learning more about during the day.

**1) City Council Decision-Making Planning and Setting Program Priorities**

Probably the greatest benefit from the program budgeting process is the increased capacity it gives the elected officials on the City Council to make informed decisions in a more timely manner and which are consistent with the needs/wants of the citizens. The process we propose requires the City Council to meet with the Mayor and his/her staff early in the process and discuss priorities for services and capital investments **before** the internal budgeting process starts by the staff. Your staff must understand the Council's highest priorities so that the budget document they submit for consideration and approval with all of the revenue/expenditure estimates listed, reflects these priorities. It is, however, an interactive process, and the

Council should expect the Mayor and his/her staff to present their ideas and alternatives and thoroughly discuss and defend them, but ultimately the decision on priorities rests with the City Council

**2) Management of the Budget Execution**

Management of the budget process has two distinct parts, management of the preparation of the budget document and management of the budget approved by the City Council.

**a) Management of the Preparation of the Budget Document**

This involves extensive work by the budget staff usually located in the City Treasurer's Office. It includes conducting estimated forecasts of revenues and expenditures (including informed judgments on probable inflation rates); preparing the budget calendar for City Council approval; preparing and submitting to the city departments, budget instructions, including City Council priorities; receiving, analyzing and processing department requests into the recommended budget for Council consideration. This also involves working closely with the Mayor and his/her staff and the Executive Board.

**b) Management of the Budget Approved by the City Council**

Once the budget has been formally approved by the City Council it is the responsibility of the Mayor and Executive Board, together-with the, Department Directors, to execute the budget as efficiently and effectively as possible and to ensure that all of the Council priorities are carried out as planned. A program budget is an excellent tool to accomplish this because all expenditures are related by service or program activity and specific departments can be held accountable and responsible for results. Typically performance indicators and measures are established for certain programs to determine how efficiently and effectively the service is being provided. The Mayor and Executive Board should require and receive periodic reports from the departments to ensure activities are occurring as planned. And, the City Council should also expect similar reports during the course of the fiscal year. When service delivery or capital investments are outside of budget expenditure limits or are not occurring on schedule the administrative staff should be required to explain why and suggest corrective action.

**3) Communicating with Citizens and Outside Groups**

Local self-government requires full disclosure of Council priorities and also opportunities for discussion and interaction with citizens and outside interest groups about them through citizen surveys, public meetings, and public hearings in the presence of the City Council. Such discussion should occur before the City Council makes a final decision on the priorities. Doing this is an excellent way to develop support for Council priorities and it also

increases the respect citizens have for their local government and its officials. Ample time should also be given to the local media. It is very important that the media understand the budget information and priorities under consideration so they are not inadvertently misrepresented to their audiences. More importantly, however, is the benefit the media can bring to the communication process by informing the citizens of the budget priorities under consideration.

#### **4) Distinction Between the Capital Budget and Operating Budget**

Current budget practice in most Polish cities is to combine the operating and capital investment budgets. While the two spending plans are clearly related and have many linkages, program budgeting separates the two budgets in fundamental ways. The operating budget is a revenue and expenditure plan for one year and relates principally to operating services, not the development costs for capital investments. However, the estimated impact on operating revenues and the operating and maintenance cost of a capital investment are appropriately included in the annual operating budget.

Capital investments have a longer development and implementation time frame and should be the result of careful planning and forecasting over at least a five year period of time within a capital improvement plan (CIP). The CIP is the product of extensive review of citizen input, engineering and environmental analysis, infrastructure needs analysis, funding alternatives (i.e., grants, transfers from the central government, fees/charges, tax revenues, long term financing) and various performances tests such as cost/benefit ratios, net present value analyses, etc. Until long term credit financing is available to Polish cities, funding for development costs as well as operating and maintenance costs will have to come from the operating budget. However, the revenue and expenditure account codes between the operating and capital budgets should still be segregated so local officials, citizens, outside interest groups, including the credit-markets, can clearly see cost impacts of both operating the local government and providing for its capital infrastructure.

#### **5) Accountability, Transparency and Reliability Creditworthiness/Securing Long-term Financing**

Accountability and transparency are terms you will be hearing or reading about often during the discussion of the new program budgeting process. Accountability refers to the identification of the responsible officials and departments in the budget process and the city organization so that it is indisputably clear who is responsible for program decisions affecting revenue and expenditures and who is responsible for executing those decisions efficiently, effectively and in a way that is faithful to the Council's priorities and also that protects the public's trust in their government.

Transparency is the concept of openness and clarity in the way the budget - format is assembled and the manner in which the account codes are developed and related to programs activity so that the reader of the budget knows precisely the financial condition of the local government and which program activities hold the highest priorities for implementation

Among the various objectives for the new program budgeting process is to prepare your city for access to long term financing for capital investments. This will reduce and eventually eliminate the requirement to finance capital projects from the annual operating revenues. Both accountability and transparency will be absolutely essential for the important test of creditworthiness which the credit markets and financial institutions will require for long term financing.

The availability of long term financing for your city will depend on many factors, including a relatively low and stable inflation rate and a stable monetary system and currency, but also on factors which you can control directly through your budget management process. In addition to the test of accountability and transparency discussed above, long term credit analysts will assess whether or not you have made thorough evaluations of the need for and feasibility of specific capital investments, whether there is a revenue source (such as water and wastewater fees) to pay for the development costs and operating and maintenance expenses and whether or not the local officials are committed to adjusting (where allowed by the central government) the fees/charges to cover these costs.

Finally, notwithstanding the essential components of the program budget process which I have described and which you will hear discussed throughout the day, the most important issue for success is the presence of informed and committed leadership from the local officials to ensure that the budget process is implemented and, indeed, achieves the objectives. Without consistent leadership the process will not produce beneficial results.

Good luck to you in your quest for an improved budget process and format. We look forward to working with you today and later to achieve your objectives. I admire your commitment and courage to undertake this difficult but critically important task. Local self-government depends on your efforts and **leadership** and your citizens will ultimately appreciate the result. Thank you.

# **THE BUDGET AS A TOOL FOR LOCAL DEVELOPMENT**

## **Municipal Finance and Budgeting Workshops Poland, June 1995**

### Program Budgeting/Principal Issues

#### **I. CITY COUNCIL DECISION-MAKING**

##### **PLANNING AND SETTING PROGRAM PRIORITIES**

- Increased Capacity for Effective Decision-making by the City Council.
  - 1) Decisions made with better information
  - 2) Decisions made with less time
  - 3) Decisions which are consistent with needs/wants citizens and outside interest groups
- Budget Planning and Priority Setting Should Occur Before the Internal Budget Process Commences
- Interactive Process Between the Mayor Executive Board and City Staff

#### **II. MANAGEMENT OF THE BUDGET EXECUTION**

##### **1) Management of the Preparation of the Budget Document**

- Requires Extensive Work by the Budget Staff in the Treasurer's Office
- Estimating and Forecasting Revenues/Expenditures
- Estimating/Predicting Economic Conditions, Including Inflation Rate
- Preparing the Budget Calendar for City Council
- Preparing the budget Instructions for Departments
- Analyzing and Processing Department Requests
- Preparing the Budget Recommendations Under the Direction of Mayor And Executive Board

##### **2) Management of the Budget Approved by the City Council Mayor and His/Her Staff Must Manage the Execution of the Budget**

- Ensures that the Program Activities are Carried Out Efficiently and Effectively

- Ensures that the Program Activities are Carried Out Consistent with the Priorities of the City Council
- Periodic Reports Should be Prepared and Submitted to Mayor/Executive Board and the City Council
- When Projected Costs and Schedules for Program Activities and/or Capital Projects Exceed Budget Limits or Agreed Upon Time Schedule, Explanations and Corrective Actions Should be Recommended

### **III. COMMUNICATING WITH CITIZENS AND OUTSIDE GROUPS**

- Local Self-Government Requires Full Disclosure of Council Priorities and Financial Information Within the Budget
- Interaction with Citizens and outside Groups Should Occur Through Citizen Surveys, Public Meetings and Public Hearings in the Presence of City Council
- This Builds Support for Council Priorities and Decisions and Increases Citizen Respect for Their Local Government and Local Officials
- Spend Time with the Print and Electronic Media

### **IV. DISTINCTION BETWEEN THE CAPITAL AND OPERATING BUDGET**

- Current Practice in Poland Typically Combines the Operating and Capital Budgets
- While the Two Budgets Are Related, Good Program Budgeting Practice Calls for Separate Budgets
- Operating Budgets Are Revenue/Expenditure Plans for One Year And Relate to Services, Not Capital Project Development
- Operating and Maintenance Costs Associated with Capital Projects Should be in the Operating Budget
- Capital Investments Should be the Result of a Multiyear Capital Improvement Plan (CIP) Which Involves Analysis of Many Factors, Including:

- 1) Citizen;Preferences
- 2) Engineering and Environmental Issues
- 3) Infrastructure Needs Analysis
- 4) Funding Alternatives (i.e. grants transfers, fee/charges, tax revenue, long term financing)

#### **IV. ACCOUNTABILITY, TRANSPARENCY AND RELIABILITY**

##### **CREDITWORTHINESS/SECURING LONG-TERM FINANCING**

- Accountability is the Identification in the Budget Process of the Local Officials and City Departments Responsible for Program Decisions Affecting Revenue and Expenditures and Those Who Are Responsible for Executing Those Decisions Efficiently and Effectively
- Transparency is the Concept of Openness and Clarity in the Budget Format and the Manner in Which the Account Codes are Developed and Related to Program Activity
- Accountability and Transparency are Critical Factors for Full Understanding of the Financial Condition of the City by Citizen and Outside Groups, Including Long-term Credit Analysts
- An Effective Program Budgeting Process Will Assist Your City in Securing Long-term Financing
- Availability of Long-term Financing Depends on Many Factors, Including:
  - 1) Relative Low and Stable Inflation Rate
  - 2) Stable Monetary System and Currency
  - 3) Clear Evidence of Need for the Capital Project
  - 4) Clear Evidence of Feasibility of the Project
  - 5) Availability of Revenue Source to Pay for Long-term Financing and the Operating and Maintenance Costs
  - 6) Commitment from Local Officials to Increase Fees/Charges to Cover These Costs
- The Most Important Factor, in Addition to the Above, is the Presence of Informed and Committed Leadership in the Local Government

***REMARKS OF MARK B. JINKS***

# THE BUDGET PREPARATION PROCESS THE INTERNAL AND EXTERNAL PARTICIPANTS

*Mark B. Jinks, Director  
Department of Management and Finance  
Arlington County, Virginia, USA*

## MUNICIPAL FINANCE AND BUDGETING WORKSHOPS Poland, June 1995

### I. Introduction

- A. Budgeting as a Craft
  - unique, product based on individual customers needs
  - quality an important feature
  - subsequent products are not identical, even if delivered to the same customer
  - product evolution
  - continuous improvement
    - reinvention of government
    - creation of a high performance organization
    - learn from last effort
    - change for constantly changing environments
    - customers demands change
    - customers change
- B Budget Craft as Related to Cities
  - each city is unique
  - each fiscal year is different
  - appropriate budget tools vary by city and situation
- C. Arlington Program Budget Page as Example in Workshop Binders
  - the elected governing body and the public needs and wishes change each year
  - long-term cycles of needing more versus less detail in the budget document

- trend in the United States towards less line item detail towards more program description and performance measures
  - concern with outcomes and impact not just how much it cost or how cost changed from year to year
- D. Budget Process as Annual Cycle Aimed Towards Self-Improvement
- Feedback
  - Evaluation
  - Full disclosure of finances, successes and areas that need improvement

## II. Budget Process as an Interactive Communication Process

- A. "The free flow of information is the foundation of an open society" -- U.S President Bill Clinton, June 1995
- B. Recognizes that the Political and Economic Environment Changes Constantly
- C. Opportunity to Receive Feedback and Reaction for Affirmation or Status Quo or Change
- D. Key Participants
- city council- city staff- citizens - media
  - specific interest groups and stakeholders
    - client interests (tram riders, tenants, park users)
    - business interests
    - vovoidship
    - national governments
  - participant's needs
    - city council needs to set policy within a sound fiscal structure
    - city staff has technical knowledge and experience, as well as experiences city programs and services first hand
    - citizens expect services, pay taxes, most important - they vote
- E. Budget Process Provides
- equal information to all participants
  - accountability to the public on how their tax dollars are spent
  - what program performance is expected, or how it is has been achieved

- opportunities for budget priorities to compete in an open environment
- explicit policy setting opportunity for the city council

F. City of Boise, Idaho Budget Process Goals

- "make public policy explicit"
- "coincide policy and public preferences"
- "satisfy the majority"
- "link budgeting and strategic planning"
- "link community values with leadership"

G Budget also Serves

- real-time city policy, not a theoretical plan
- plan of how intergovernmental transfers will be expanded to those agencies granting the funds
- information for prospective businesses on a city's plans and priorities
- information to credit providers or the analysts of credit

H. Budget Document as the Key to Facilitate an Effective Budget Process

- in the United States and Canada the professional finance officers association has established document criteria as the key to an effective relationship between the city council and its various constituencies
- as a result, a budget excellence award process has been established to raise (on a voluntary basis) national standards in budgeting
- in order to be recognized, hundreds of localities have sought to raise their budget performance standards
- the budget document seeks to communicate in both a technical and summary (for public use);
  1. policy
  2. financial plans
  3. operational plans (details of positions, objects or expenditure)
- Budget documents will describe
  1. process, schedule
  2. public input opportunities
  3. summary, picture charts

4. multiple year information (actual, current future)
5. relationship between city policies and budget plans
6. revenue sources
7. performance expectations, goal statements
8. include all city operations - direct and indirect
9. relationship between capital plans and operational budget
10. prepared on the same basis as will be accounted for in its execution

### **III. External Community Relationship**

#### **A. Media**

- budget document as education, resource material
- reporters don't understand finances
- city finances too complicated for most reporters
- a detailed program budget can tell the real story of the city's policies and direction so that the citizens understand the issues and choices
- full disclosure and accurate information will build more trust over the long term with the media

#### **B. Citizen Relationships**

- the budget process is their opportunity to react to proposals and priorities
- Arlington budget example of branch library reductions - strong and broad public reaction led city council to quickly decide to keep branches open
- public hearings and participation (Arlington budget schedule an example) at multiple times in the budget process
- citizen advisory committees
- city newsletters
- customer satisfaction surveys
- broad statistically valid community surveys
- Portland, Oregon uses surveys by neighborhood to help set neighborhood budget priorities
- Arlington sends budget summary information with its tax assessment notices

- budget "options" printed in the budget as policy choices that the citizens can react to and the city council can choose from
- "options" can be both budget increases as well as budget reductions
- input before budget process starts
- reaction to proposed budget, financing plan
- bond referenda as direct citizen input on budget plans

C. Relationship Between the City Council and Department

- budget process as educational tool for council to learn and consider policy and program options
- annual review progresses and effectiveness possible
- staff provides the technical background and the professional experience in order that the council can provide leadership
- feedback to staff in each policy area as the discipline of a comprehensive budget review provides the opportunity for a broad feedback in all program areas

IV. Conclusion

- A. The undertaking of a comprehensive budget process that involves the council, the city elected leadership, the citizens and the staff can be important to the social and economic successes of a city.
- B. The budget process creates the opportunity to annually determine what the cities programs and services should be, as well as how these services should be funded.
- C. The budget process is also a major opportunity to review the effectiveness of individual public programs and services, and to make the city bureaucracy more accountable for the expenditure of public funds, and the achievement of program goals and objectives.
- D. Few other public management strategies provide such direct and consistent opportunities to achieve both policy direction, cost efficiencies as well as improvements in programs delivered to citizens.

***REMARKS OF PROFESSOR KURT THURMAIER***

# LOCAL GOVERNMENT PROGRAM BUDGETING PROCESS AND ACTORS

*Remarks by Prof. Kurt Thurmaier  
University of Kansas  
Department of Public Administration*

## MUNICIPAL FINANCE AND BUDGETING WORKSHOPS Poland, June 1995

Program Budgeting is a Process with an Outcome and Serves Multiple Purposes

- Financial Control
- Management Tool
- Policy and Planning Tool
- Communications Tool

### The Program Budget Process

#### I. Internal Process Budget Actors

##### A. Departments

- Program Bureau Directors

##### B. Finance Department

##### 1. Accounting Bureau

- Tracks Revenues and Expenditures

##### 2. Budget Bureau (or Assistant City Manager)

- Monitor Expenditures for Adherence Audience
- Discuss Program Needs with Departments (Effectiveness)
- Transmit and Translate Council and Manager Policies and Priorities
- Review Requests for Conformance to Council and Manager Policies and Priorities

##### 3. Mayor or City Manager

- Translates Council Policies and Priorities into

## Expenditures and Revenues

- Approves Department Budget Requests to be Submitted to Council
- Proposes Comprehensive Budget to Council
- Implements Adopted Budget

## II. Key Internal Process Deadlines

Example Calendar Fiscal year Schedule. Adoption by August 15.

Late February	Budget Office Makes First Revenue/Expenditure Forecast Public Hearing for Citizen Input Council Sets Budget Policies and Priorities
Middle March	Budget Instructions and Forms Distributed to Departments
Early April	Department Budget Requests Submitted to Finance or Budget Bureaus (or Assistant Manager) for Review Discussions with departments -- revised requests]
May	City Manager Begins Review of Budget Office Recommendations
Late May	Appeals and Final Manager Decisions
June 1	Print Manager's Budget Proposal. Distribute to Public and Council
Late July	Final Budget Office Revenue and Expenditure Forecast

## III. External Process Budget Actors

- A. Citizens
- B. City Council
- C. Media
- D. County and State

#### IV. Key External Process Deadlines

Late February	Public Hearings for Citizen Input Council Sets Budget Policies and Priorities
Early June	Council Committees Begin Review of Manager's Proposal Second Public Hearing on manager's Proposal and Council Changes
August 1-15	Adopt Budget Mill Rate (sent to county for collection) Sales Tax Rate
Jan. 1 - Dec. 31	Budget Implementation

#### Using Program Budgeting as a Management Tool

##### I. Goal is to Link Program Activities to Spending

###### A. Performance Measures

- Miles of Road Paved
- Hours of Library Operation

###### B. Workload Activities

- Tons of Garbage Collected per FTE
- Tons of Garbage Collected Per Vehicle

##### II. Narrative Program Activities

What is done. How it is done

#### Financial Control Document

##### I Fund Accounting

- General fund
- Special funds

II. Line Item Expenditures

- Objects of Expenditure

III. Multiyear Comparisons

Last Year Actual	Current Year Estimate	Budget Year Proposal
\$ XXXX	\$ XXXX	\$ XXXX

***REMARKS OF MARIE-Alice LALLEMAND FLUCHER***

# **THE FRENCH MUNICIPAL BUDGET PROCESS AND EXECUTION**

**Marie-Alice Lallemand Flucher  
Crédit Local International Conseil**

## **MUNICIPAL FINANCE AND BUDGETING WORKSHOPS Poland, June 1995**

Ladies and gentlemen, I am very happy to be here today and am thankful for the chance to speak about municipal development and contribute to American assistance efforts that allowed me to make this journey. They have suggested that I speak in French, as it would be much easier for me.

I am not a government official like those of you here. I represent a consulting agency created by two large communal European banks - Le Crédit Local de France and Le Crédit Communal du Belgique. These banks specialize in local government financing and investment. This evening, I will present the French municipal budgeting structure. I will make a very simple presentation that will hopefully serve as a reference for you. Before describing the budget, however, I will briefly review the context in which French local governments function.

France has traditionally been a centralized nation. We began decentralizing for the first time in 1982. During this era, three levels of local government were designated: the region, of which there are twenty six; the department, of which there are ninety-six, and; the municipality, of which there are 37,000. The large number of French municipalities may not be ideal, but it is a French tradition. We have nearly 30,000 municipalities with less than 1,000 inhabitants. Some think these towns are too small, therefore we have developed inter-community organizations to facilitate a situation that everyone will be happy with.

The principle to remember regarding the three tiers of local government is that each level is totally independent; there are no subordinate relationships between them. Each level of government is independent in their development strategies, with their own levels of competence, and varying means and levels of financing their debts. Municipalities have well established and autonomous methods of financing. Relatively speaking, French municipalities are very important as they represent a solid portion of the national budget and are given a significant amount of financial power.

Next, I will quickly present the following; the budget, the structure of the budget, the steps of the budgeting process, and finally the condition of executing the budget. The structure of a French municipal budget is based on five basic principles.

The first principle is "yearly budgeting". All proposed budgets and budget forecasts must be in accordance with the budget guidelines. Each municipality is required to provide annual guidelines.

The second principle is "unity". Unity is a very important principle, as all municipal budgets must be prepared and submitted in the same standard format. This is done so that the administration, the banks, and the citizens can understand and have access to one consistent document that displays all of the expenditures and revenues of a municipality. Similarly, some years municipalities produce a consolidated budget of the non-profit organizations, associations, and other satellite organizations associated with the municipality. These budgets are included in the main section of the municipal budget. These organizations and their financial standings in relation to the municipality are very important in the politics of investments.

The third principle is "universality". There are only two types of accounting entries; expenditures and revenues. All revenues must cover expenditures. This means that there is usually a surplus in the budget.

The fourth principle is a principle relating to management of the budget - "balance". All operating expenditures must be covered by operating fees. It is not possible to resort to a loans to cover short-term operating needs. Similarly, payment of debt on investments must be covered by the proper resources. It is not possible to institute a new tax for the reimbursement of debts.

The fifth principle is "classification". The budget is strictly classified by a well defined and very rigid nomenclature. Expenditures of the operating budget must be covered by the receipts of the operating budget. Expenditures of the present administration - such as the costs of personnel, furniture, and general overhead costs - are classified as operating costs that must be covered by taxes or special resources earmarked by that department. Investment expenditures for equipment or the maintenance of existing equipment must be financed by a surplus in the operating budget.

The table in front of you illustrates the structure of the budget. Unfortunately I can not explain the chart in detail as I am running out of time, but I will review the headings of the operating budget and the capital investment plan. It is very important that the operating budget expenditures appear to equal the operating revenues. If there is a balance, it permits the automatic financial report that follows to increase the investment revenues. The only possible transfer of funds allowed between the operating budget and capital budget is the flow of a surplus from the operating budget towards the capital investment budget.

Moving on to the second part of my presentation, which is the steps of the budgeting process. Each number on this chart corresponds to a mandatory expenditure. There are three types of mandatory expenditures; expenditures for social services that are immediately necessary and not provided elsewhere; intergovernmental expenditures; and annuity payments on the debt. After recording the mandatory expenditures, the second step is to record the guaranteed revenues. These revenues are principally state subsidies or guaranteed local revenues. Actually, The French financial system is very beneficial for local governments considering that financing is completely guaranteed for the local governments.

After registering mandatory expenditures and guaranteed revenues, local governments must prioritize expenditures. Which costs are absolutely necessary and deserve first priority? For example, there are the expenditures for salaries, for personnel and for services. Also, decisions concerning the rates to be charged for services must be made. Next, municipalities choose their investments for the year. It is very easy to choose the investments for the year based on the multi-year annual investment plan. The majority of local governments have a five year municipal development plan.

These are the several steps that *should* be recognized by municipal governments in the budgeting process. Operating costs must be balanced by operating revenues. Additional expenditures to be covered by taxes must be prioritized. After negotiating which expenditures are essential, local governments should adjust the annual tax rates to cover operating expenditures. Local governments generally have an established framework for increasing taxes, meaning they usually institute tax increases gradually and steadily over a period of years. French municipalities also have a rather large degree of flexibility as each municipality sets both the minimum and maximum tax rates.

Regarding the execution of the budget, we have a regulation that separates the duties of the official who authorizes expenditures from the accountant or treasurer. In our situation it is the mayor who has the authority to spend, but the execution of the payments is the responsibility of an accountant who also verifies the legality of the expenditure. In principle, this system gives local governments the leverage to manage their own finances.

At the end of the year, the mayor makes a report to the municipal council that is subsequently published and dispensed so that the citizens can verify that the budget execution standards and budget guidelines. A short page summarizing each investment and each service, along with a letter from the mayor is included. This report allows the citizens to determine precisely how expenditures are being made and what products/services are being received. Finally, citizens' comments regarding the local budget are collected and the budget is sent to an auditor who has two months to examine the comments and the budget and incorporate the comments into the budget. After the auditor has approved the budget, the budget is voted on. Thank you.

*REMARKS OF CLAY L. WIRT*

**DETERMINING THE NEEDS AND INTERESTS OF CITIZENS  
DURING THE LOCAL GOVERNMENT BUDGETING  
PROCESS  
AND  
LOBBYING FOR THE EFFECTIVE AND AUTONOMOUS  
MUNICIPAL BUDGET**

*Remarks by Clay L. Wirt  
President, Wirt International Networking  
Richmond, Virginia, USA*

**MUNICIPAL FINANCE AND BUDGETING WORKSHOPS  
Poland, June 1995**

I will be addressing two municipal finance and budgeting issues this afternoon. The first concerns the local government budget and central government administration and the second focuses on lobbying by the local government before the central government.

During these talks, I will cover three specific topics:

1. Examples of ways the local government can communicate with its citizens during the local government budget process in order to determine the needs and interests of the citizens
2. The role of the central government in Virginian local government budget making and local government response
3. How Virginia local governments lobby before the central government to promote local budgetary autonomy

First Talk

*1. Determining the Needs and Interests of Citizens During the Local Government Budget Process*

Local government budgeting is much more than a mechanical or mathematical process. It is a political process that seeks to capture the heart beat of the community and incorporate community interests into budget decisions. The following suggestions represent various ways Virginia localities have communicated with their citizens.

- **Have city council members and staff hold a town meeting or public discussion with the citizens at the beginning of the budget process.** This gives citizens an opportunity to prioritize their needs and interests in terms of city spending. Virginia cities hold this

discussion before asking department heads for input and typically hold the discussion in an informal community setting. \* The goal is for council members to listen to the community rather than to enter into debate or promote their own thoughts.

- **Develop a small pamphlet for citizens which outlines the local government budget process and summarizes the city's key goals for the previous year.** Include suggestions for how a citizen can provide input and a telephone number to call.
- **Conduct a citizen survey.**
- **Meet with key members of the business and financial community to seek input regarding the state of the local economy - this will help you with revenue forecasting.**
- **Publish a large newspaper add - maybe a full page - about the budget.**
- **Appoint citizen advisory groups for key function areas (public transportation, libraries, mental health, etc).** Citizen advisory groups work closely with the staffs of function areas throughout the year and are given an opportunity to provide input on the budget for that function area.
- **Hold a formal public hearing in the time period leading up to the adoption of the budget.**
- **Produce an annual city report for distribution following the end of the budget year.** Like a school report card, the annual city report lets the citizens know how well the city did in spending its money. The annual report usually includes pictures showing city government in action and seeks to display the accomplishments of the year. Charts and graphs are an interesting way to show citizens how the city spent its money.
- **A city calendar is a creative way to inform citizens about what their tax dollars are doing for them.** Each page of the calendar has a brief description of one key service or activity (e.g. "How Krakow Prepares its Budget" or "Krakow's System of Public Transportation"). Each page also includes the calendar dates of key city events for the year and key time periods of local government budget preparation.
- **Develop a town slogan and a mission statement.** The philosophy of a slogan and mission statement can guide the budget process. Blacksburg, Virginia provides an example. Blacksburg's slogan is "Citizens First." Employees in the public works department invented the slogan that is now seen on every town vehicle in label pen. The mission statement reads:

The government of Blacksburg exists to promote and sustain superior quality of life in Blacksburg. In partnership with the community, we pledge to deliver cost-effective services in a personal, responsive and innovative manner.

The mission statement is also displayed in all public facilities, and printed on citizen

newsletters, budget documents, employee newsletters, the annual town calendar, and all town publications. In an employee newsletter, the town manager pledged:

"As a town government, we will not resign ourselves to do with less, but will vigorously search for innovations, efficiencies, and other techniques for servicing the deserving citizens of Blacksburg with local governments services second to none."

The illustrations I speak of seek to establish an attitude or climate in which citizens feel they can make a difference in their local government, and thus it is worth their time and effort to speak up.

## POINTS

1. Citizen involvement/ citizen input is critical in developing the budget. This is true because ideally the budget reflects the needs and interests of the community. The budget must be in tune with the thinking of the citizens.
2. The development of a local government budget is much more than a mechanical mathematical activity, it is a political process and is dependent upon citizen input. This fact must be understood throughout the entire local government organization. When a department head proposes an item for the city budget, he or she should do it after getting a sense of the mood for such a program within or without city hall.
3. The city can help create an environment where citizens will want to be involved, as illustrated by the adoption of the "Citizens First" theme in the town of Blacksburg, the appointment of citizen advisory groups, and the publishing of an annual report.

## II. The Role of the Virginia State Government vis-a-vis the Local Government Budget Making Process

Virginia local governments do not use the budget season as the time of the year to enter into great debate with the central government. They save their "political clout" for later in the year when the state legislature (that is the state parliament) is in session. This is the time of year when the state government is in a position to consider and act upon the requests of local governments.

Local governments in Virginia, like local governments in Poland, are very dependent on the central government during the budgetary process for three key reasons:

- 1) The ability of the local governments to raise revenue is totally dependent on the decisions of the state parliament. Unless the state parliament grants authority, local governments can not raise even \$1 in taxes or local government fees.
- 2) The state parliament makes the rules for local government budget making. For example, state law tells local councils how they have to set up their budgets.

Budgets must be prepared by line item. The first column of the budget displays the amount of money appropriated in the previous year. The second column displays the amount of money spent in the previous year. The third column displays the amount of money the city plans to appropriate for the current budget year. The final column must show percentages representing the difference between the amount appropriated in the current budget year and the amount appropriated in the previous budget year

State law also requires Virginia cities to prepare a detailed financial balance sheet showing how last year's budget looked at the close of the year. Additionally, the cities must add a statement of contemplated revenues and disbursements for the upcoming year.

Where grants are involved, state requirements may be even heavier. For example, if the city needs to include mental health grant funding in the budget it must include a comprehensive statement showing the need for the grant, an inventory of services already provided by the city, etc..

- 3) Finally, local governments are very dependent on the state when preparing their budgets because state aid is a vital source of revenue for local governments. One third of the central government's total budget goes to local governments. (The state has an operating budget and a capital budget and nearly 50% of the state's operating budget funds services provided by the local governments.)

Because a large proportion of state funds are directed towards the provision of local government services, the state has implemented rules and regulations regarding the expenditure of state funds at the local level

State funds are allocated to local governments in the annual state budget bill, which is passed by the legislature. Of the 1,000 bills that the state legislature passes each year, the budget bill is by far the thickest and the most important piece of legislation. After the budget bill is passed, money flows from the central government to local governments through at least 50 different state agencies. It is important to note, however, that the actions of the state legislature are much more important to local government budgets than the actions of these state agencies.

For more than 90% of state funds, formulas are created by the state legislature to determine the actual amount of state funds distributed to individual municipalities. Formulas vary depending on the program. For instance, the population of a city is a primary factor in formulas for general funding while the population of school age children is a primary factor in the formula which allocates money for local schools. Increasingly, the ability of the local government to pay for local government services is also being considered.

Money distributed by formula is most often "program specific aid." For example, the state government uses a different formula to allocate money to local education than it does to allocate money to local law enforcement. In nearly all cases, local governments are required to match state funds. For instance, for every dollar the state government grants a local government for elementary and secondary education, the local government must contribute an equal amount from

its own revenues for education.

Only 4% of state funds are given to local governments unrestricted (to use however they wish.) About 3% of state funds are given to local governments in the form of grants which do not have to be repaid and nearly 1% of state funds are available for loans to local governments (usually for water and sewer facilities.)

**The Budget Session is the Time of Year to Develop a Good Budget and in Virginia is Not the Time of Year the Local Governments Lobby the Central Government for changes.**

In summary, the central government of Virginia has substantial say about local government budget making and revenues. It should not be surprising that from the time local governments will disagree and even strongly disagree with the positions taken by the central government.

However, Virginia local governments do not use the budget season as the time of year to enter into great debate and make a fuss about the activities of the central government. Rather they use this time of year to focus on developing a good budget. They work to make it a meaningful policy document, a management tool, a public relations opportunity. They seek to incorporate the types of best current practices.

The time will come -- when the state parliament gathers at the state capitol -- when local governments join together to lobby the state for changes. They find that by joining together, cities have substantial influence with the central government and are able to achieve many good results.

Second Talk

**III. Municipal Lobbying Before the Central Government to Promote Local Autonomy and Better Local Budgets**

There is a golden rule in Virginia - he who owns the gold, makes the rules. In Virginia, it is the state government who owns the gold, as I have just described.

My goal for this talk is to show you how Virginia local governments get to put some of this gold in their own pockets for building the strong and effective local governments.

This happens through the development of a system of very sophisticated and professional lobbying before the state parliament. The focal point for this lobbying is the Virginia Association of Cities (the Virginia Municipal League) The association efforts are supplanted and greatly enhanced by very strong and excellent lobby efforts from a number of individual local governments throughout the state.

Since I coordinated the lobbying of the Virginia Association of Cities for over 12 years, I will share with you how the Virginia Association goes about its lobbying.

I will do this by showing you a series of documents:

- 1) This first document includes a list of the names of the legislative committees and the 6 policy committees of the association. 250 to 300 local government officials from across Virginia participate in these groups. This document reflects that democratic process is used within the association to develop the positions which the association advocates before the state. Each of these committees meets at least two times to develop its positions. The legislative committees meet about five times a year.
- 2) This is the association's actual legislative program. It is adopted at the annual meeting of the association. Nearly 1,000 local officials attend the annual meeting which ends with the adopting of the legislative program. If you studied this document carefully, you would see that about 75% of the issues deal in some way with money which is directly related to the local government budget. Our six legislative goals give you an idea that the central government is important when it comes to local government finances. The six goals are: local government revenues; state support for local government programs, state mandates; state and local responsibilities; local autonomy; and sovereign immunity.
- 3) This pocket size pamphlet briefly summarizes the association's legislative program. It represents a very important point. When lobbying, local government officials have to be communicators. They have to quickly get to the point - because legislators are very pressed for time. Good communication skills are critical.
- 4) The Virginia Association of Cities makes the commitment to educate and involve its elected officials in this legislative process. Article titles from the January 1995 issue of *Virginian Town and City* show this: *Effective Lobbying Requires Everyone's Voice*, *1995 Session Crucial for Local Government*; *How a Bill Becomes a Law*; *1995 Guide to the Senate and House*; *Governor's Amendments Pinch Localities*.
- 5) This page listing names, positions and fax numbers represents a fine tuned, well organized organization. Three times per week we send our legislative bulletins via fax machine to about 400 local government officials across Virginia. This document includes a data base of telephone and fax numbers of local officials that is arranged by committees of the state legislature. Using this type of information, our fax machines are also preprogrammed so we can automatically send on a moment's notice a fax mailing to members of key legislative committees such as the Senate finance Committee.
- 6) This page listing government lobbyists represents the extent of resources that cities in Virginia are willing to commit to lobbying. The association of cities keeps 9 full time professional staff persons lobbying at the state parliament when they are in session. To this you can add at least 20 more full time local government lobbyists who work for local governments or as part of the local government family. Having the responsibility to coordinate lobbying for the association for 12 years, I had the privilege of starting and then chairing the weekly meeting of this much broader group for most of the past 13 years. This larger group is close working team with a large number of the group sharing common office space during the state legislative session. Several of us carried papers.

There were some mobile phones, etc.

- 7) This action call represents the real key to our efforts. It represents our city elected officials exerting their power and influence at the legislature. Staff are essential, but is the elected Mayor talking with the elected member of parliament that makes the biggest difference.

Recognizing the considerable clout elected officials have, we develop a calendar and ask local elected officials to each sign up for one day of work at the General Assembly. In this way we know we always have an elected official on hand to help us work the legislative halls.

Additionally 700 local officials (largely elected) come together in the capital city on Legislative Day to lobby in mass the assembly. Legislative Day is held during a very critical point during the session (when bills cross-over between the two houses of parliament) and is an excellent time to provide input. On rare occasion, we may hold a rally of local government officials or a press conference in Richmond. This will be true when one of local government's taxing powers is threatened.

- 8) After the session is over, we send thank you notes to all of the members of the General Assembly thanking them for their help on at least some matter during the session. We also send thank you notes to local government officials who have taken the time to actively help in the legislative process.
- 9) The League prepares magazine articles for its membership telling what happened during the session of parliament and also a final report.
- 10) Here's this year's final report back to the membership when the session was over. For example, here is the summary on ways the state budget affects localities

What have we learned from 90 years of lobbying before the General Assembly.

1. It is not important how fast one goes but that one is headed in the right direction. Most legislative change takes place a little at a time.
2. Honesty and integrity are extremely important. The members of parliament need to have confidence in our word
3. Preparation and persistence also reap rewards over time.
4. Occasionally big legislative changes happen in a short time, but very rarely. Normally, change takes place incrementally -- a little at a time, year after year. If we go to the General Assembly and ask for a small change -- often they will give it to us. Over time, a number of small changes bring us to our real goal, a "large" change. However, if we go to the General Assembly and demand big ones -- we are inevitably turned down and never make progress.

5. Finally and most importantly I would mention that the League as learned that lobbying the General Assembly is well worth out time and investment. For example, General Assembly actions currently result in approximately 63% of all local government revenues being raised locally. A key national study has shown that of all the states in the U.S., the Virginia General Assembly has been one of the most generous with giving powers and discretion to its local governments. If our lobbying effort were not worth it, I am sure that our elected officials would not be committed to putting so much effort into the process and would have given up years ago.

***INTERNATIONAL SPEAKER BIOGRAPHIES***

**Mark B. Jinks**  
*Director of Department of Management and Finance*  
*Arlington County, VA*

Mr. Jinks is a municipal finance and budget analysis specialist with nearly twenty years of local and regional government experience. As the Director of the Department of Management and Finance, Mr. Jinks is responsible for planning and executing Arlington County's annual operating budget, urban development programs and tax policies. Mr. Jinks concurrently serves as a guest graduate-level instructor of local government at several universities in the Washington D.C. area and at the University of Warsaw in Poland. Mr. Jinks' has participated in the USIA Managers-to-Managers exchange program with the cities of Warsaw and Cracow and also serves as a lecturer/trainer to city officials throughout Western Europe, South America, Russia and Poland. Mr. Jinks holds an MPA from Pennsylvania State University.

**Clay L. Wirt**  
*President*  
*Wirt International Networking*

Mr. Wirt is a local government affairs consultant who specializes in inter-governmental relations in the United States and Eastern Europe. For the past eleven years, Mr. Wirt served as Deputy Director of the Virginia Municipal League where he trained hundreds of local government officials in municipal finance, drafting ordinances, public procurement, land use and public relations. Currently, Mr. Wirt is the coordinator/co-founder of the USIA Manager-to-Manager exchange program between Virginian and Polish local government managers as well as ICMA's standing representative to the United Nation's Metropolitan Governance Program. Mr. Wirt also provides lobbying assistance to cities and towns in Poland and Slovakia seeking international aid for local government and urban management programs. Mr Wirt holds a J.D. in International Law from Georgetown University.

**Charles S. Anderson**  
*Director of Central and Eastern European Programs*  
*International City/Council Management Association*

Mr. Anderson is the Director of Central and Eastern European Programs for ICMA. In this capacity, he directs AID funded municipal development programs in Romania, Poland, Bulgaria, Czech and Slovak Republics, and Hungary which provide technical assistance in the areas of municipal budgeting/finance; waste/waste water and solid waste infrastructure development and financing; communal housing management and privatization; land development and management information systems. Mr. Anderson's 30 years of public service include: Executive Director of the Dallas Area Rapid Transit; City Manager for the City of Dallas; and city management positions in suburban communities in Denver, Colorado and Kansas City, Missouri. Mr. Anderson holds an MPA from the University of Kansas.

**Marie-Alice Lallemand Flucher**  
*Managing Director*  
*Credit Local International Conseil*

Ms. Flucher is a communal banking, local finance and regional development specialist. In her current position as Managing Director of the Credit Local International conseil, she advises municipalities throughout Eastern Europe in establishing local development banks and devising local investment strategies. She is also responsible for training local officials in sound financial analysis and budget management practices. Ms. Flucher has served as the head of local governments training department for the Institut International d'Administration Publique and has managed several urban planning projects in developing countries for the European Community, G-7 and French Ministry of Urban Development and Construction. Ms. Flucher holds masters degrees in demography and town planning from the University of Paris.

**Kurt M. Thurmaier**  
*Assistant Professor of Public Administration*  
*University of Kansas*

Dr. Thurmaier currently teaches graduate-level courses in public budgeting and finance, intergovernmental relations, and development administration in developing nations at the University of Kansas. He has also taught a course in American State and Local government Budgeting and Finance at the Jagiellonian University in Crakow, where he was recently a Fulbright Scholar. Dr. Thurmaier has completed extensive municipal budgeting forecasting for the City of Lublin, Poland and has conducted research on the impact of privatization and fiscal and administrative decentralization of Polish local governments. Additionally, Dr. Thurmaier has held various research positions regarding budgeting and privatization policies in developing nations and has served as a budget and management analyst for the state of Wisconsin. Dr. Thurmaier holds a Ph.D. in Public Administration from Syracuse University and an MPA from the University of Wisconsin.

***MUNICIPAL FINANCE AND BUDGET GLOSSARY  
(POLISH/ENGLISH)***

## Glossary

### English

### Polish

#### A

accountability	odpowiedzialność; rzetelność
accounts	zestawienia rachunkowe
accrued interests	narosłe odsetki
agreement	umowa
agricultural tax	podatek rolny
air emissions	emisje atmosferyczne
air pollution	zanieczyszczenie atmosfery
assets	aktywa, majątek
audit chamber	izba obrachunkowa
autonomy	autonomia
auxiliary unit	jednostka pomocnicza

#### B

balance sheet	zestawienie bilansowe, bilans
benefit	zasiłek
bid/tender	oferta
bidding	przetarg
body	organ
bond issue	emisja obligacji
bonds	obligacje
borrow	pozyczać, zaciągać pożyczkę
borrowing	pożyczka
borrower	pożyczkobiorca, dłużnik
budget	budżet
budget agenda	cele, program budżetu
budget deficit	deficyt budżetowy
budget grants	dotacje budżetowe
budget surplus	nadwyżka budżetowa
budgetary discipline	dyscyplina budżetowa
budgetary policy	polityka budżetowa
budgetary unit	jednostka budżetowa
budgetary year	rok budżetowy
business license tax	podatek od zezwolenia na prowadzenie działalności gospodarczej
business tax	podatek od działalności gospodarczej
by-law	statut

**English****Polish****C**

cadastre	kataster
capital budget	budżet inwestycyjny
cash	gotówka
cash flow	przepływ środków pieniężnych
chairman	przewodniczący, prezes
chamber of commerce	izba handlowa
city council/ city assembly	rada miejska
city/town	miasto
claim	roszczenie, wnosić roszczenie
collateral	zabezpieczenie, dodatkowy
consultant	konsultant
commercial bank	bank komercyjny
commercial loan	pożyczka handlowa
commissioner	komisarz, pełnomocnik
company	spółka
conditional grant	grant warunkowy
compulsory (measures)	środki przymusu
constituency	okręg wyborczy, wyborczy
construction	budownictwo
contract	kontrakt
corporate income tax	podatek dochodowy od osób prawnych
corruption	korupcja
councillor	radny
credit	kredyt
credit analysis	analiza kredytowa
creditor	wierzyciel
current assets	majątek obrotowy

**D**

damages	odszkodowanie
decentralization	decentralizacja
debt	dług
debt service	obsługa długu
debtor	dłużnik
default	niezapłacenie, niedotrzymanie umowy
deferred debt	odroczone dług
deficit	deficyt
design	projekt

**English****Polish**

disbursement  
district  
draft budget

wydatkowanie, rozchód  
okręg, powiat, dzielnica  
projekt budżetu

**E**

earned income tax  
elected official  
employer  
enforcement procedure  
enterprise  
enterprise funds  
environmental protection  
environmental fund  
executive body  
expenditure control  
budget

podatek od dochodu  
wybrany urzędnik  
inwestor, pracodawca  
postępowanie wykonawcze  
przedsiębiorstwo  
fundusze na rozwój przedsiębiorczości  
ochrona środowiska  
fundusz ochrony środowiska  
organ wykonawczy  
budżet oszczędnościowy

**F**

fees  
financial data  
financial institution  
fiscal year  
fixed assets  
fund  
funding loan

opłaty  
dane finansowe  
Instytucja finansowa  
rok budżetowy  
środki trwałe  
funduszfond  
pożyczka konsolidowana

**G**

general grant  
government guarantee  
grace period  
grant  
guarantee fund

grant na cele ogólne  
gwarancja rządowa  
karencja  
dotacja  
fundusz gwarancyjny

## English

## Polish

### H

head of province  
health care  
household  
housing

województwo  
opieka zdrowotna  
gospodarstwo domowe  
budownictwo mieszkaniowe

### I

income statement  
income tax  
infrastructure  
installment  
interest  
interest rate  
interests  
intergovernmental  
transfers  
investment  
investment/  
capital expenditures  
investment grant  
investor  
issuer

oświadczenie podatkowe  
podatek dochodowy  
infrastruktura  
rata  
udział  
stopa procentowa  
odsetki  
transfery regionalne  
inwestycja  
nakłady inwestycyjne/ kapitałowe  
dotacja inwestycyjna  
inwestor  
wystawca, instytucja emitująca

### J

joint stock company

spółka akcyjna

### L

land tax  
legal person  
legislative act  
lending institution  
liabilities  
license  
license fees  
life of a loan

podatek gruntowy  
osoba prawna  
akt ustawodawczy  
instytucja pożyczkowa  
pasywa  
licencja, koncesja  
opłaty za licencje  
czas trwania pożyczki

**English****Polish**

limited liability  
company  
line item budget

spółka z ograniczoną odpowiedzialnością  
budżet, którego punkty są uchwalane  
oddzielnie

loan  
loan agreement  
loan application  
loan appraisal  
loan value  
local community  
local competence  
local court  
local government

pożyczka  
umowa pożyczkowa  
prośba o pożyczkę  
ocena pożyczki  
wartość pożyczki  
społeczność lokalna  
właściwość miejscowa  
sąd miejscowy (lokalny)  
władze lokalne, samorząd

**M**

mandate  
market  
mass privatization  
master plan  
maturity  
mayor  
mortgage  
multi-year budget  
municipal board/  
executive board  
municipal bond  
municipal election  
municipal utilities  
municipality  
mutual fund(s)

mandat  
rynek  
powszechna prywatyzacja  
plan ogólny (nadrzędny)  
zapadalność  
burmistrz  
hipoteka  
budżet wieloletni  
  
rada miejska/ rada wykonawcza  
obligacja komunalna  
wybory samorządowe  
komunalne przedsiębiorstwa użyteczności publicznej  
gmina  
wspólny fundusz

**N**

natural person  
net profit  
nominal value

osoba fizyczna  
czysty zysk  
wartość nominalna

**English****Polish****O**

operating/  
current revenues  
operating subsidy  
own revenue

wpływy bieżące  
subwencje eksploatacyjne, operacyjne  
wpływy własne

**P**

payables  
penalties  
personal income tax  
planning and zoning  
population  
population growth  
preferential loan  
principal sum  
private property  
privatization  
procurement  
program budget  
profit and loss account  
project  
project finance  
property tax/  
real estate tax

płatności, zobowiązania  
kary  
podatek dochodowy od osób fizycznych  
planowanie przestrzenne  
ludność  
wzrost demograficzny  
pożyczka preferencyjna  
suma kapitału bez odsetek  
własność prywatna  
prywatyzacja  
dostawy przetargowe  
budżet docelowy; budżet zadaniowy  
rachunek wyników  
projekt inwestycyjny  
finansowanie inwestycji  
  
podatek majątkowy / podatek od nier-  
uchomości  
województwo  
administracja publiczna  
fundusze publiczne  
opinia publiczna  
porządek publiczny  
osobowość publiczna  
własność publiczna  
funkcjonariusz państwowy  
służby publiczne  
służby użyteczności publicznej  
roboty publiczne

province  
public administration  
public funds  
public opinion  
public order  
public personality  
public property  
public servant  
public services  
public utility  
public works

## English

## Polish

### R

rate of inflation	stopa inflacji	
rate of return	stopa zwrotu	
rating agency	agencja klasyfikacyjna	
recycle/ recycling	powtórne przetworzenie/ recycling	
receivables	należności	
redemption of a bond	wykup obligacji	
refinancing rate	stopa refinansowa	
regional audit chamber	regionalna izba obrachunkowa	
rehabilitation (of equipment)	modernizacja (sprzętu, building)	repayment
	spłata	
revenue generation	uzyskiwanie przychodów	
revenue sharing	wspólnota przychodów	
revenues	wpływy	
royalty	opłata za prawa eksploatacji górniczej, honorarium	
rural area	obszar wiejski	

### S

sales tax	podatek od sprzedaży	
savings	oszczędności	
savings bank	bank oszczędnościowy	
self-government	samorząd	
self-support	samowystarczalność	
service delivery	świadczenie usług	
sewerage	kanalizacja	
shares	akcje	
site and services	uzbrojenie terenu	
social assistance	pomoc społeczna	
social benefits	zasiłki społeczne	
social group	grupa społeczna	
solid waste disposal	yusuwanie odpadów stałych	
stamp duties	opłata skarbową	
subsidy	subwencja	
supervision	nadzór	
supplier	dostawca	
surplus	nadwyżka	

## English

## Polish

### T

tax exempt  
tax exemption  
tenure  
terms of credit  
transferred taxes  
transport tax/  
vehicle tax

zwolniony od podatku  
zwolnienie od podatku  
posiadanie, kadencja  
warunki kredytu  
podatki przekazane

treasurer  
treasury bill  
turnover tax

podatek drogowy/ podatek od środków  
transportu  
treasurer  
bon skarbowy  
podatek obrotowy

### U

underwrite/ underwriter  
unemployment  
unlisted bond(s)  
urban area  
user charges  
utilities

subskrybować/subskrybent  
bezrobocie  
obligacje nie notowane  
obszar miejski  
opłaty użytkowników  
komunalne sieci dostawcze

### V

value-added tax  
voting

podatek od wartości dodanej  
głosowanie

### W

waiver  
waste water  
treatment plant  
water management  
water supply  
works in progress

umorzenie  
  
oczyszczalnia ścieków  
gospodarka wodna  
zaopatrzenie w wodę  
roboty w toku

*PARTICIPANT LIST*

**RYDZYNA**  
**June 22-23, 1995**

**Participants**

Charles Anderson	ICMA
Rebecca Black	USAID
Maciej Bratborski	Kozmin
Hanna Brukarczyk	Śrem
Roman Duchnik	Limanowa
Olgierd Dziekoński	Municipal Development Agency
Leław Fijał	Kraków
Kystyna Folga	Zgierz
Teresa Fogla	Zgierz
Janina Frączek	Ostrów Wlk.
William M. Frei	USAID
Maria Galuba	Syców
Kyrzstof Gonet	Nowel Sól
Piotr Hasiński	Pleszew
Zbigniew Iłski	Syców
Róża Jakuszak	Gosztyn
Aleksandra Kiersztein	Ostrów Wlk.
Andrzej Koliński	Głogów
Ewa Kołodziejczyk	Zgierz
Barbara Krawiec	Leszno
Zbigniew Król	Zgierz
Mirosław Kruszyński	Ostrów Wlk.
Michał Kuchel	Rydzyzna
William R. Kugler	Municipal Finance and Management Advisor
Bronisław Marcinişzyn	Świdnica
Teresa Marczak	Pleszew
Irena Maroszek	Kożmin
Ewa Matyla	Nowa Sól
Ryszard Mayn	Leszno
Eugenia Orchowska	Rydzyzna
Kyrzstof Piwoński	Rydzyzna
Mirosława Puton	Lublin
Andrzej Ratajczyk	Śrem
Krystyna Rawska	Świętochło Wice
Hanna Rękosiewicz	Zgierz
Ryszarda Rudzka	Zgierz
Mirosława Rutkowska-Krupa	Piła
Henryk Sadzki	Gosztyn
Marta Sickels-Grabowska	Padco, Inc.
Edward Szczucki	Leszno

Genowefa Szukowska  
Kurt Thurmaier

Michał Turkiewicz  
Ryszard Wawryniewicz  
Clay Wirt

Marek Woźnicki  
Janina Wróblewska  
Jerzy Zieliński  
Marian Zwierzański  
Maria Zak

Śrem  
ICMA Consultant from the University of  
Kansas  
Lubań  
Świdnica  
ICMA Consultant from Wirt International  
Networking  
Wągrowiec  
Głogów  
Luban  
Luban  
Kozmin

**KRAKÓW**  
**June 26-27, 1995**

**Participants**

Charles Anderson	ICMA
Tamara Arsenault	USAID
Robert Adamski	Warszawa
Jolanta Bernacik	Warszawa
Dagmara Bińkowska	Kraków
Teresa Blacharska	Gdańsk
Rebecca Black	USAID
Joanna Boduch	Kraków
Mariola Borowska	Płock
Władysław Brzeski	Kraków
Jolanta Brzywczy	Warszawa
Bogusława Chojnacka	Włocławek
Małgorzata Chruściel	Dąbrowa Górnicza
Michał Czarski	Sosnowiec
Mirosław Czekał	Szczecin
Marek Czekalski	Łódź
Krystyna Dadej	Radom
Tadeusz Dobek	Bydgoszcz
Lesław Fijał	Kraków
Janina Filipek	Rzeszów
Marian Furmanek	Klimontów
Aleksander Galos	Kraków
Andrzej Glonek	Toruń
Janina Gocek	Bytom
Krzysztof Gorlich	Kraków
Władysław Grabowski	Kraków
Witold Gwintow-Dziewiałtowski	Elbląg
Henryk Halmann	Gdańsk
Teresa Ilnicka	
Jacek Irlik	Chorzów
Grazyna Iwanowska	Radom
Halina Jacha	Bydgoszcz
Janina Jankowska	Bydgoszcz
Krzysztof Jaszczolt	USAID
Mark Jinks	ICMA Consultant from Arlington County, VA
Krzysztof Jurgiel	Białystok
Teresa Juszczyńska	Bydgoszcz
Christopher Kaczmarek	Padco, Inc.
Leszek Kaczyński	Warszawa
Stanisława Klimek	Opole

Leszek Kłyś	Świętichłowice
Władysław Kmieć	Mielec
Joachim Knechtel	Świętichłowice
Mirosław Kolis	Legnica
Stefania Kołodziejska	Legnica
Krystyna Konńczyńska	Włocławek
Michał Kondek	Sosnowiec
Marek Kopel	Chorzów
Grazyna Korasiewicz	Łódź
Maria Korzeniowska	Bytom
Jan Kozłowski	Sopot
Maria Kryczek	Sosnowiec
William Kugler	Padco, Inc.
Marie-Alice Lallemand Flucher	Le Crédit Conseil, France
Józef Lassota	Kraków
Adnrzej Madej	Mysłowice
Zbigniew Markowski	Mielec
Mary Marschall	U.S. State Department
Aleksandra Michalak	Warszawa
Paweł Miłobędzki	Kraków
Barbara Niewadził	
Piotr Nogaj	Warszawa
Ruta Nowara	Katowice
Janusz Ociegło	Jastrzębie Zdrój
Wiesław Oleś	Kraków
Joanna Orzechowska	Warszawa
Grzegorz Palka	Warszawa
Krzysztof Pakoński	Kraków
Bohdan Paszkowski	Białostok
Zbigniew Pater	Elbląg
Leszek Patrzalek	Wrocław
Małgorzata Perucka	Bydgoszcz
Lesław Piber	Elbląg
Anna Piewka	Opole
Witold Płotczyk	Warszawa
Anna Potocka	Katowice
Piotr Przewłocki	Wrocław
Czesława Rudzka-Lorentz	Warszawa
Kyrstyna Rawska	Świętichłowice
Waldemar Rataj	Kraków
Alina Sawczak	Wałbrzych
Grzegorz Schreiber	Bydgoszcz
Jerzy Seziak	Wałbrzych
Zygmunt Semmerling	Sopot
Beata Skowronek	Zabrze
Henryk Słonina	Elbląg



**OLSZTYN**  
**June 28-29, 1995**

**Participants**

Charles Anderson	ICMA
Iwona Bendorf-Bundorf	Olsztyn
Halina Bernat	Nowosolna
Jan Boduszek	Krynica Morska
Stanisław Bodys	
Marian Borek	N. Weiś Lęborska
Józef Borzewski	Wieliszew
Tomasz Bystroński	Zgierz
Krzysztof Chmielik	Strzyzewicze
Wanda Cyroń	Kwilicz
Roman Drynko	Sztutowo
Olgierd Dziekoński	Warszawa
Wacław Gołąb	Widuchowa
Janina Gorszek	Olsztynek
Kuneguunda Gurzyńska	Rogóżno
Zbigniew Harbul	Kwilicz
Krzysztof Iwanik	Terespol
Krzysztof Jaszczot	USAID
Krzysztof Kaczmarek	Padco, Inc.
Grazyna Klimek	SwiecieN/Osą
Jolanta Koczorowska	Wiązowna
Jadwiga Kolasa	Nowosolna
Halina Kusak	Wiązowna
Stanisława Łagowska	Dąbrowa
Zofia Lisek	Ostrów Wlk
Grażyna Łosińska	Sztutowo
Zygmunt Lubieniecki	Ostrów Wlk
Anna Markielis	Wiązowna
Małgorzata Nosal	Miedzna
Janusz Nosal	Wolga
Ryszard Nowak	Ziębice
Marek Olszewski	Lubicz
Roman Pawrowski	Stegna
Krzysztof Piotrowski	Brodnica
Mariusz Poznański	
Sławomir Presnarowicz	Białostok
Mirosława Puton	Lublin
Roman Pyszora	Rogóżno
Jan Rudowski	Ciechanów
Albina Stankiewicz	Ostrołęka

Krystyna Stepień  
Krystyna Swiatowa  
Edward Trojanowski  
Jerzy Tytz  
Wiesław Urbaniak  
Clay Wirt

Maciej Woszczak  
Roman Zdunik  
Jan Zdziebłowski  
Halina Zdybel

Wałcz  
Wałcz  
Legionowo  
Olsztynek  
Kazimierz  
ICMA Consultant from Wirt International  
Networking  
Waszawa  
Wiązowna  
SwiecieN/Osą  
Strzyzewicze