

**TO: All Department Heads and Elected Officials**

**FROM: Joe DiRuzza, Finance Director**

**RE: 2016 Budget Preparation**

**Date: September 18, 2015**

Enclosed are 2016 budget preparation documents. 2016 appears as though it will be a very lean year for the General Fund. As of this date, the city's Income Tax collections are down approximately \$750,000 from 2014. All departments need to budget 2016 at the absolute minimum for funding operations. Even after that, revenue certifications may force further reductions in next year's Budget.

The "2016 Budget Calculations Table" has benefit rates for various employee groups. All departments should calculate total personnel costs with the "Personnel Costs - 2016" spreadsheet and attach a copy within the budgeting system. Do not send paper copies. If you have a lot of organizations and funds to budget, the spreadsheet only has to be attached once as long as you notify the Finance Director of its location.

Review the salary reports that have been sent to you and check that all classifications for which you'll be budgeting are listed. The Labor Distribution Report lists the current data for each filled position in your department, along with corresponding salary and labor splits. To determine 2016 salaries, apply applicable step increases as well as rate increases per union contract for each employee with the Personnel Costs spreadsheet. To calculate longevity payments, add \$60.00 for each year of service (up to 30 years) for **eligible** employees only. For qualifying employees, longevity payments start after completing 3 full years of service. The Longevity Calculation Report for 2015 has been included as a reference to help with determining the 2016 amount.

Departments that budget in multiple funds/organizations must calculate the distribution of all wages and fringe benefits for EACH Fund/Organization. Contact the Finance Director if you have questions concerning labor distributions.

Each department should provide a list of all employees that **may** retire in 2016 so evaluations can be made as to possible demands on the Compensated Absences Fund.

Budget for non-personnel Items. Make sure to budget for **utilities** as well as any items that are bound by **contract or law**. Plan on a rate increase of 2% for electricity. Natural gas rates are expected to drop slightly, but should be budgeted at 2015 levels. Telephone expenses should also be budgeted at 2015 levels unless your department plans additional devices.

Central Service Charges (72654), DMV Admin Fees (72655), and DMV Service and Repair (72653) charges have been loaded at 2015 budget levels. Departments will not need to enter these line items. They will be adjusted before the final budget is passed by the Finance Director.

Fuel charges will continue to be expensed through account #73421. Estimate your department's cost and enter it under this line item. If your department expends a lot of money for fuel, you should monitor it routinely to reduce consumption. Purchasing will provide usage reports for departments that use fuel cards. Reports from the DMV are available for departments that fuel at the Service

Center. The Purchasing Department will encumber all amounts budgeted in account #73421 at the beginning of the year. Individual departments will then be charged as vendor invoices are received based upon their fuel usage.

Department heads (or their designees) are responsible for entering budget requests for every organization and fund for which they will have a 2016 expenditure. **Each fund and organization that had an amended budget in New World at the time the 2016 budget process was started was initialized with 2015 Amended Budget numbers.** Instructions for budget entry are on the document titled - "New World 2016 Budget Req Instruction Manual". Keep in mind that what you submit is only a **budget request**. Final budgets are passed by City Council and are often changed from your original request.

As in past years, the Administration is asking for detailed explanations of each submitted budget. Enter comments or attach documents in the New World Budget System to provide the detail for your line item requests. Such information facilitates the decision-making process and provides departments an opportunity to clarify budget requests.

Voluntary budget training sessions will be set up through the Information Technology department for users that would like hands-on guidance starting on September 22nd. Contact Patrick Barton @ ext. 6100 if you wish to schedule training.

The deadline for submission of your budget request is **Friday, October 23, 2015**. If you need any assistance, contact me at 330-438-4304. After all budget entries have been completed, hearings will be set up with the Canton City Council Finance Committee for each department. Be prepared to discuss your 2016 budget request(s) in detail at that hearing. Any department that completes their 2016 budget before October 23<sup>rd</sup> is welcome to schedule a hearing before the deadline.

I thank you in advance for your efforts and cooperation in preparing the 2016 budget for the City of Canton. As always, don't hesitate to call with any questions.