

EDITORIAL

EDITOR'S NOTE: Several members urged the Editor to resume the practice of printing "guest editorials." In compliance with this request, we herewith publish the presentation which President Buzicky made at a panel discussion on "administrative and operational phases of the mosquito control program." In this year of almost universal budget stringencies, it seems especially appropriate to consider the subject in the editorial section of the Annual Meeting issue.

BUDGET PLANNING AND CONTROL

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A budget is a vital part of the administration of a control program. Essentially a budget is a spending plan and as such it must meet certain important prerequisites. It must balance anticipated income against proposed expenditures. The control plan which will be used must have been thoroughly worked out before a budget outline is attempted. The budget then provides the financial support for that plan. The budget should be prepared in sufficient detail so that all items of expenditure have been anticipated. Since the budget will always have to be approved by a governing board before adoption, it should provide complete justification for all items in the budget.

The procedure for preparing a budget for newly created programs is complex and difficult because of lack of precedent. It is recommended that for a new District, the control plan and budget should be thoroughly reviewed with a successful adjacent District. If there are none available, a qualified experienced consultant should be retained for this purpose. This approach will avoid errors which undoubtedly would be made if such previous experience were not solicited.

A budget should be prepared in two parts. The first part should be a simplified summary of the total budget. Expenditures should be presented in large blocks so that a quick overview of the budget can be obtained. It can be broken down to major sub-divisions such as; Administration, Con-

trol which would further be broken down into temporary and permanent measures, Capital expenditures, and Board of Directors expenditures. These large divisions can be further broken down into such items as salaries and wages, rental and building costs, office supplies and expenses, travel, insurance, insecticides, air operations etc. This summary sheet makes it easy to compare similar budget items with what has been expended in previous years. The summary would not give a detailed month to month breakdown of the expenditures, but simply the totals for the year. This generalized part of the budget is a cover sheet for the more detailed budget which follows.

The second or major part of the budget is the breakdown of each of the large categories such as Administration and Operations into their more detailed components. The initial draft should be prepared on the basis of total annual expenditures first. Under each major category would be listed subordinate and sub-categories. For example, under Personnel could be listed permanent and temporary positions with their respective wages. Then associated fringe benefits such as workmen's compensation insurance, retirement, social security, hospitalization, uniforms etc. Similarly, control operations could be broken down into permanent measures such as source reduction, modification, and site elimination. Temporary control could be broken down into aerial and ground

operations; biological control into minnow production and distribution. The number and diversity of these budget items is completely dependent on the nature of the control plan. Obviously, each item in the control plan which would require an expenditure must be covered in the budget.

In order not to clutter up the body of the budget with explanations, it is desirable to list such detail in an addendum or supplement which can be attached as an appendix to the back of the budget. For example it may be desirable with seasonal employees to list the anticipated number of hours to be spent in overtime, and such matters as Saturday work and holiday work. It would be desirable to detail such items as insecticide purchases, and vehicular costs in an appendix. Equipment replacement and amortization schedules should be included in an appendix. The use of detailed appendixes will assure a Trustee or Commissioner that maximum thought and planning have gone into the preparation of the budget. Adjustment if necessary should be made on the total annual expenditures within these large blocks before going to monthly detail. Even a control program which is relatively stable over a long period of time will need annual adjustments to meet inflationary changes. However, the anticipated expenditures must always be within the anticipated income. It is prudent not to budget for spending 100% of income but to leave a reserve or contingency fund for unanticipated emergencies and contingencies. This is usually about 5% of anticipated income. Mosquito control needs are closely tied to weather conditions, which are obviously impossible to anticipate in advance. The budget is based on average conditions.

After the detailed annual budget has been prepared, the next thing which must be done is to break down the annual totals into monthly expenditures. All mosquito control efforts are seasonal, consequently monthly expenditures must be geared to this fact. A work sheet is prepared with line budget items listed along the left hand

side of a long page. Across the top are 12 monthly columns and a total figure on the extreme right. Obviously the total of the monthly figures must equal the annual figure which has previously been worked out. "Spreading" the annual budget will require some judgment and experience. Generally it is better to anticipate some budget items earlier in the year than too late. After this "spread" budget has been prepared, all line items are totaled vertically for each month so that total anticipated expenditures for each month will be known. It is essential to know this figure so that the incoming cash flow will be adequate for the expenditures of that particular month. At this stage the Manager presents the proposed budget to his Board, justifies its items, and secures Board approval with modifications if any have been made.

It is essential that the bookkeeping section of a District keep up-to-date books, listing all expenditures on a monthly basis. For clarity, the same item identification code used in the bookkeeping system should be used in the budget. As soon as possible after the end of the month, a monthly summary of expenditures following the same order as given in the initial budget should be prepared. This should clearly indicate over and under expenditures in each line item and will serve as a report of the Manager to the Governing Board on the financial status of the program as of the end of that month. The Manager should make recommendations to his Board for adjustments up or down, based on the monthly totals and the accumulated totals up to that date. The Manager should secure approval from his Board for all such modifications in the budget.

The Manager should also make recommendations for use of the contingency or emergency fund in the budget. A mosquito control budget is normally prepared for average conditions which do not always prevail each year. In the case of abnormal mosquito production it may be

necessary to dip into the reserve fund or possibly shift other budget items to make available more funds to meet the emergency situation. Similarly if climatic conditions result in a lower than normal mosquito problem, money should not be expended simply because it has been budgeted. Some laws governing Districts require reversion of unexpended funds back to the taxing agency. Rather than revert funds it is often desirable to utilize them for needed capital purchases or for source reduction or modification projects which will provide permanent mosquito control.

A budget also should provide for an annual audit by a Public Examiner or a Certified Public Accountant.

In conclusion, a carefully prepared budget is one of the most important operational tools of the control district manager. He could not operate the District efficiently without it. The Board of Trustees ultimately is responsible for the expenditure of public funds. A properly prepared and used budget provides the Board with the means for insuring fiscal responsibility in supervising the overall activities of the District.