

City of Creede – All About the Budget

Our budget is probably our most important work product. It is a tool to maintain our fiscal health and serves as an evaluation tool to measure that health. It is important to remember that budgeting and accounting are two unique and very different activities. Budgeting is primarily a planning activity and accounting is a reporting activity. They intersect when, once you have approved and appropriated a budget, you make sure you record your accounting activities correctly and use that information to monitor and manage your budget.

There are three “phases” of creating and maintaining a budget. The grind usually happens as we approach year end and spend several work sessions developing a **proposed** budget. The proposed budget, once we’ve tinkered with it long enough, must be noticed to the public and passed by year end.

Next, adjustments are made by our auditors during our annual audit. The result is called our **actual** budget.

Finally, we produce a **revised** budget. This is where our accounting comes in. We use the figures produced from the way we actually spend money and compare them to what we thought we might spend during our budget process. These figures are highly valuable for developing the approaching year’s proposed budget.