

Quiz 2 – Analyzing Municipal Budgets

Nearly all cities, towns, and villages operate with an annual budget. Budget items might include expenses for fire and police protection as well as for street maintenance and parks. No matter how big or small the budget, city officials need to know if municipal spending is over or under budget. In this project, you will have the opportunity to analyze a municipal budget and make budgetary recommendations. This project may be completed by working in groups or individually.

Suppose that each year your town creates a municipal budget. The next year's annual municipal budget is submitted for approval by the town's citizens at the annual town meeting. This year's budget was printed in the town newspaper earlier in the year. See the next page for the printed budget.

You have joined a group of citizens who are concerned about your town's budgeting and spending processes. Your group plans to analyze this year's budget along with what was actually spent by the town this year. You hope to present your findings at the annual town meeting and make some budgetary recommendations for next year's budget. The municipal budget contains many different areas of spending. To help focus your group's analysis, you have decided to research spending habits only for categories in which the actual expenses differ from the budgeted amount by more than 12% of the budgeted amount.

1. For each category in the budget, write a specific absolute value inequality that describes the condition that must be met before your group will research spending habits for that category. In each case, let the variable x represent the actual expense for a budget category.
2. For each category in the budget, write an equivalent compound inequality for the condition described in Question 1. Again, let the variable x represent the actual expense for a budget category.
3. On the next page is a listing of the actual expenditures made this year for each budget category. Use the inequalities from either Question 1 or Question 2 to complete the Budget Worksheet given at the end of this project. (The first category has been filled in.) From the Budget Worksheet, decide which categories must be researched.
4. Can you think of possible reasons why spending in the categories that must be researched were over or under budget?
5. Based on this year's municipal budget and actual expenses, what recommendations would you make for next year's budget? Explain your reasoning.

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	<i>Department/Program</i>	<i>Actual Expenditure</i>
I.	Board of Health	
	Immunization Programs	\$14,800
	Inspections	\$41,900
II.	Fire Department	
	Equipment	\$375,000
	Salaries	\$268,500
III.	Libraries	
	Book/Periodical Purchases	\$107,300
	Equipment	\$29,000
	Salaries	\$118,400
IV.	Parks and Recreation	
	Maintenance	\$82,500
	Playground Equipment	\$45,000
	Salaries	\$118,000
	Summer Programs	\$96,200
V.	Police Department	
	Equipment	\$328,000
	Salaries	\$405,000
VI.	Public Works	
	Recycling	\$48,100
	Sewage	\$92,500
	Snow Removal & Road Salt	\$268,300
	Street Maintenance	\$284,000
	Water Treatment	\$94,100
	TOTAL	\$2,816,600

THE TOWN CRIER

Annual Budget Set at Town Meeting

ANYTOWN, USA (MG)—This year's annual budget is as follows:

	Amount Budgeted
BOARD OF HEALTH	
<i>Immunization Programs</i>	\$15,000
<i>Inspections</i>	\$50,000
FIRE DEPARTMENT	
<i>Equipment</i>	\$450,000
<i>Salaries</i>	\$275,000
LIBRARIES	
<i>Book/Periodical Purchase</i>	\$90,000
<i>Equipment</i>	\$30,000
<i>Salaries</i>	\$120,000
PARKS AND RECREATION	
<i>Maintenance</i>	\$70,000
<i>Playground Equipment</i>	\$50,000
<i>Salaries</i>	\$140,000
<i>Summer Programs</i>	\$80,000
POLICE DEPARTMENT	
<i>Equipment</i>	\$300,000
<i>Salaries</i>	\$400,000
PUBLIC WORKS	
<i>Recycling</i>	\$50,000
<i>Sewage</i>	\$100,000
<i>Snow Removal & Road Salt</i>	\$200,000
<i>Street Maintenance</i>	\$250,000
<i>Water Treatment</i>	\$100,000
TOTAL	\$2,770,000

BUDGET WORKSHEET

Budget category	Budgeted amount	Minimum allowed	Actual expense	Maximum allowed	Within budget?	Amt over/ under budget
Immunization Programs	\$15,000	\$13,200	\$14,800	\$16,800	Yes	Under \$200