

OPERATING BUDGET PROCESS

Operating Budget Development:

The City Charter requires the City Manager to submit a balanced operating budget to City Council by April 1st for the next ensuing fiscal year. The fiscal year begins on July 1st and ends June 30th of the following year. The proposed budget, which may be modified by the City Council, is required to be adopted by a majority vote of the City Council 47 days prior to the end of the current fiscal year. Otherwise, the budget as submitted by the City Manager becomes the budget for the ensuing fiscal year.

Operating Budget Development Process:

- **Five - Year Forecast** - In the fall of each year, the Budget Office prepares a Five -Year Forecast of revenues and expenditures. The expenditure projection identifies the future costs of debt service and the operating cost of completed capital projects. The Five - Year Forecast also identifies the cost of budget drivers such as fuel costs, costs for employee compensation and benefits, as well as other known upcoming cost increases. The first year of the forecast is used in creating framework and target funding levels for departments in preparing the Operating Budget.
- **Department Operating Budget Submissions** - The Department and Agency Heads submit Operating Budget requests in the format prescribed by the Budget Office and the City Manager. Departments are asked to submit a base level of funding at a targeted dollar to the Budget Office. The Budget Office reviews, summarizes, and makes recommendations pertaining to the requests for the City Manager. The City Manager and his designees conduct hearings with departments as needed to discuss the department's requests for funding.
- **School Board** - The proposed budget of the School Board is submitted to the City Manager for distribution to the City Council. The City Manager makes recommendations in his proposed budget regarding the total appropriation for the School System. City Council makes an annual appropriation to the School Board but is prohibited from exercising any control regarding the specific expenditure of School Board operating funds.
- **Proposed Budget Presented to Council** - The City Manager prepares a proposed Operating Budget for submission to the City Council. The proposed Operating Budget includes tax rates sufficient to produce revenues needed to meet City and School expenditures contemplated in the combined initial budget. After City Council work sessions and public hearings, the proposed budget may be revised or amended by Council and an appropriations ordinance is adopted. Tax rates are established prior to the beginning of the fiscal year for which the budget is prepared.

The proposed budget calendar for FY 2012-13 appears on the next page.

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Budget Calendar for FY 2012-13

Date	Activity	Responsible Party
09/20/11	Five Year Forecast completed	Budget Office
10/19/11	Strategic Planning Session: Five Year Revenue and Expenditure Forecasts Review of Priorities and Definitions of Desired Results	City Council, City Manager and Budget Office
10/21/11	Initial budget targets distributed to departments for incorporation in the FY 2012-13 Operating Budget	City Manager, Departments and Budget Office
10/27/11	Citizen Meeting at the Conference Center for Citizen budget input	City Council, City Manager, Budget and Public Communications Offices
11/02/11	Operating and Capital Budget framework to Departments; also discussion with department heads at Management meeting	Budget Office
November TBA	Joint meeting of City Council and School Board	Mayor, School Board Chair, City Manager, and School Superintendent
11/30/11	Operating and Capital Improvement Budget requests due in Budget Office	Departments and Budget Office
01/03/12	Strategic Planning Session	City Council, City Manager and Budget Office
01/06/12	Completion of analysis, review and summarization of Operating and Capital Improvement Budget requests	Budget Office
01/09/12 through 01/31/12	Review of department funding proposals for Operating and Capital Improvement Budgets	City Manager, Deputy City Managers, Departments and Budget Office
02/13/12	Revenue and spending summaries to City Manager	Budget Office
03/05/12	Final date for revisions to Manager's proposed budget	Budget Office
03/09/12	Manager's budget message to Budget Office	City Manager
03/13/12	Operating and Capital Improvement Budgets to Printer	Budget Office
03/20/12	Operating and Capital Budgets presented to Council (April 1 is 90th Day Prior to July 1)	City Manager and Budget Director
03/27/12	Advertise Operating and Capital Budgets	City Clerk and City Attorney
04/10/12 to 04/24/12	Council Work Sessions	City Manager and City Council
04/24/12 and 05/15/12	Public Hearings on Operating and Capital Improvement Budgets	City Clerk and City Council
05/15/12	City Council adopts Operating and Capital Improvement Budgets (May 15 is 47th Day Prior to July 1)	City Council
06/12/12	Amendments required by State Budget action are presented to City Council for action prior to July 1 implementation	City Manager and City Council

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Operating Budget Execution:

On July 1 of each year, the adopted budget is implemented. Concurrently, the Budget Office reviews the amount of revenues collected in the fiscal year ending in June. The actual level of revenues realized are compared to the projections and assumptions used in preparing the Operating Budget for the budget year beginning in July. The Budget Office works with the City Manager to identify potential concerns and advise Council. If necessary, the City Manager will recommend adjustments to the Operating and Capital Budgets to address problems that are identified. The Budget Office conducts a quarterly revenue analysis to ensure that revenues continue to be in accordance with the estimated revenues used to support the Operating and Capital Budgets.

Operating Budget Amendments:

After Council adopts the original appropriation ordinance, the Operating Budget may be amended in two ways. First, Council may adopt an ordinance to increase or decrease the total level of estimated revenue and appropriations. As stated in the City Charter, if during the year the manager certifies that there are funds available in excess of those estimated in the budget, the Council, by ordinance may make supplemental appropriations for the year up to the amount of such excess. Conversely, should revenues not be sufficient, the Council, by ordinance may de-appropriate funds to ensure the budget remains balanced. Second, the City Manager may transfer appropriations between departments (functions) and funds throughout the year without additional approval from City Council.

Operating Budget Controls:

The Operating Budget Ordinance sets the legal level of appropriation controls at the fund level. The City Manager implements the following additional budgetary controls to ensure that expenditures are within appropriation approved by Council and the level of realized revenues.

- The City Manager requires that each department's expenditure remain within the appropriations for that department by fund unless another specific level of control has been specified for a department.
- The City Manager approves all transfers between funds and between functions.
- The City Manager approves all transfers from Personnel related and other controlled accounts.
- The City maintains an encumbrance accounting system. The estimated purchase order amount is encumbered prior to the release of purchase orders to vendors. Purchase order, which would result in an overrun of available funds, would not be released until additional appropriations are made available. Outstanding encumbrances are disclosed in the Notes to the City's Financial Statements for each year end.