

## BUDGET ADMINISTRATION POLICY

### GENERAL PRINCIPLES

The budget is the primary financial planning tool for the City. It is used to set forth the City's estimates of resources available to fund services and to specify the way in which those resources will be applied.

Like any plan, the budget must be carefully monitored as the year progresses so that material variances are identified and corrective action taken. Further, since no plan will prove to be an absolutely accurate prediction of future events, management must have sufficient flexibility to make adjustments during the year that do not materially alter the general intent of the City Commission when adopting the budget.

This Policy is intended to provide flexibility, to establish adequate controls through budget monitoring and periodic reporting, and to ensure that the overall distribution of resources achieves the results contemplated by the City Commission.

### ROLES AND RESPONSIBILITIES

#### *CITY COMMISSION*

The City Commission establishes policies regarding service levels and priorities that provide guidance to management in preparing the recommended budget. Through its legislative authority to approve and adopt the budget, the Commission ensures that the budget reflects those policies. It also reviews budget compliance and approves budget amendments throughout the fiscal year.

#### *FINANCE COMMITTEE*

The Finance Committee acts on behalf of the Commission to review budget monitoring reports and recommended budget amendment resolutions throughout the year to ensure compliance with the adopted budget and City Commission policies.

#### *ADVISORY BOARDS AND COMMITTEES*

Advisory Boards and Committees render advice to the City Commission and management regarding the establishment of service level priorities for City Commission consideration.

#### *CITY MANAGER*

The City Manager is responsible for proposing to the City Commission a balanced budget that is consistent with established service level priorities and sound business practices, and for establishing a system for the preparation, execution, and control of the budget that provides reasonable assurance that the intent of this policy is met.

#### *CITY AUDITOR*

The City Auditor provides assurance to the City Commission, through the expression of a professional opinion, that the projected governmental revenues adopted by the budget resolution or ordinance are within reasonable parameters.

#### *CITY ATTORNEY*

The City Attorney is responsible for preparing the budget resolution or ordinance in a form consistent with all legal requirements.

#### *CITY CLERK*

The City Clerk is responsible for maintaining records of all City Commission proceedings relating to the budget, including all documents filed as part of those proceedings.

## STATEMENT OF POLICY

### 1. GENERAL

This Policy is intended to require that systematic procedures be used in the development, review, adoption, monitoring, and revision of the budget, and to set forth the general nature of those procedures. The City Manager shall establish, maintain and revise such detailed procedures as appropriate.

### 2. BUDGET CALENDAR

A budget calendar shall be provided to the City Commission each year at the beginning of the budget process. The calendar shall set forth, at a minimum, dates for the following:

- Review, discussion, and adoption of service level priorities by the City Commission
- Presentation of the City Manager's proposed budget to the Commission.
- Actions of the City Commission required by law

### 3. FORM AND CONTENT OF THE CITY MANAGER'S PROPOSED BUDGET

The City Manager's proposed budget shall be presented in a form which is sufficient to allow the City Commission to review:

- Projected revenues by major category within and across all funds
- Operating expenditures and disbursements by fund, department and program
- Staffing levels
- Summary of all personnel changes (new positions, reclassifications, etc.) with assigned job titles
- Capital improvement expenditures by project

Comparisons with the preceding year's actual experience and current year's projected experience shall be provided for each category of revenue and expenditure shown in the budget. The Proposed and Adopted Financial and Operating Plan shall include a description of the service levels to be provided, a statement of changes to the service levels as compared to the current year, and accompanying departmental performance measures under the proposed budget.

### 4. ADOPTION OF THE BUDGET

The budget shall be prepared on an annual basis, and the City Commission shall adopt the budget at the fund and department level. The budget will be adopted to meet form and schedule as required by Florida Statutes.

### 5. BUDGET AUTHORITY OF THE CITY MANAGER

The City Manager shall have the authority to amend appropriations within department budgets. Appropriation changes among funds, departments and capital projects require City Commission approval.

New appropriations, Interfund transfers and intrafund transfers within the Law Enforcement Contraband Forfeiture Trust Funds require prior approval of the City Commission. No expenditures may be made from the undesignated, unreserved fund balance of a fund without an appropriation by the City Commission except as authorized in the General Fund Reserve Policy and in specific purpose funds.

The City Manager shall have the authority to reasonably deviate from the budgeted personnel schedule, within the parameters set forth in Human Resources Policy C-6. The City Manager may not increase the total number of budgeted positions by one-half (1/2) percent or more of the City Manager's total FTE count. In Charter Officers' departments with less than 20 authorized positions, one additional budgeted position may be approved by the Charter Officer.

## 6. BUDGET AMENDMENTS BY THE CITY COMMISSION

The annual budget is the primary short-term financial planning tool for the City. It is used to set forth the City's estimates of resources available to fund services and to specify the way in which to use those resources. Like any plan, the budget requires careful monitoring as the year progresses, so that material variances are identified and action taken to correct them. Further, since no plan will prove to be an absolutely accurate reflection of future events, management must have sufficient flexibility to make adjustments during the year which do not materially alter the general intent of the City Commission when adopting the budget.

The basic guideline of the City of Gainesville is to discourage any budget amendment unless required to perform necessary functions and duties assigned to a department or office. However, since circumstances may arise which necessitate funding of unforeseen circumstances; it is necessary to have an established procedure which allows for the transfer funds from one line-item account to another.

All budget amendments approved during the year must be balanced and adopted in a manner consistent with Florida Statutes. Expenditures may not be incurred by staff until these budget amendments are approved by the City Commission.

## 7. AUTOMATIC ADJUSTMENTS AND RE-APPROPRIATIONS

- The Fiscal Year Budget shall include the re-appropriation and re-authorization of encumbrances, contracts and capital allocations and other commitments of balances identified and outstanding, reserved or accrued in the previous fiscal year, and the City Manager is authorized to carry out the re-appropriation of encumbrances contracts, capital allocations and other commitments of balances identified and outstanding, reserved or accrued as of September 30 of the subsequent fiscal year.
- Unfinished multiple year capital projects – the new fiscal year budget will include multiple year capital project budgets.
- Re-appropriations will be identified and reported to the Commission in the first quarter budget amendment.

## 8. BUDGET MONITORING AND REPORTING

The City Manager shall provide a quarterly monitoring report to the City Commission. With the report, the City Manager shall provide recommendations to the Committee regarding any action that should be taken by the City Commission to amend the budget or address issues identified in the monitoring report. The Finance Committee shall report its recommendations to the City Commission on matters of this kind.

## 9. Budget Amendments

The Budget Amendment process requires that systematic procedures be used in the development, review, adoption, and monitoring of the budget, and to set forth the general nature of those procedures. The detailed procedures used are to be established by the City Manager. (Adopted by the City Commission, October 3, 1983)

The basic guideline of the City of Gainesville is to discourage any budget amendment unless required to perform necessary functions and duties assigned to a department or office. However, since circumstances may arise which necessitate funding of unforeseen circumstances; it is necessary to have an established procedure which allows for the transfer funds from one line-item account to another.

Unless specifically provided for in this policy, budget transfers will follow the procedures described below:

1. **Budget Transfers Between Departments and Offices** . A transfer of funds between any Department or Office (e.g. from the Police Department to the Fire Department) will only be made upon recommendation of the City Manager and approval of the City Commission.
2. **Budget Transfers Within A Department or Office** . A transfer of funds between cost centers or programs within a department (e.g. from Patrol Division to Crime Prevention) will be made upon the request of the Department

staff, review by the Office of Management and Budget, and approval by the Department or Office Head.

A transfer of funds within a Cost Center will be made upon the request and approval of the appropriate Department or Office Head except as noted below (exception accounts):

- a. All transfers affecting the Personal Services accounts. When it is determined by a Department or Office Head that a transfer of funds in an appropriation unit is necessary into or out of the Personal Services accounts, the Budget Amendment form will be initiated by the Department Head and submitted to the City Manager's Office for approval. Upon approval by the City Manager, the Budget Amendment form will be submitted to the Office of Management and Budget for review and processing.
  - b. All transfers affecting Allocated accounts. (These accounts will be identified as the budget process evolves.)
  - c. All transfers affecting Debt Service account.
  - d. All transfers affecting Grants and Aids and Non-Operating Expenses.
3. **Budget Transfers Within Capital Projects** . Capital Project may continue across multiple fiscal years and have cost increases or decreases based on the actual cost of the projects. To account for these changes in costs, a transfer of funds between capital projects will be made upon the request of the Department or Office Head, review by the Office of Management and Budget, recommendation of the City Manager and approval of the City Commission. This includes all transfers affecting Capital Outlay accounts and allocations of additional revenue in the respective capital project fund.

#### **APPLICABILITY AND SCOPE**

This policy applies only to the transfer of funds in general government operating budget units. For those departments which report to the City Commission (i.e., City Clerk, City Attorney, City Auditor and Equity & Inclusion), the appointed official may sign the transfer request or approval in lieu of the City Manager. When it is determined that a Budget transfer is necessary between fund entities (e.g. General Fund to Pension Fund) the head of those departments or offices reporting to the City Commission must submit such requests to the City Commission. The City Clerk, City Attorney, City Auditor and Equity & Inclusion Departments will forward an informational copy of all transfers to the Office of Management & Budget.

#### **DELEGATION OF AUTHORITY**

In those cases where the City Manager is designated in this operating procedure (except Appropriations of Contingency Amounts) authority is hereby delegated to the staff acting on behalf of the City Manager giving due consideration to these procedures and to related City Commission actions. The transfer will not be made until the designee certifies that monies are available for such transfer. In no case is a Department or Fund permitted to over expend its budget or to change the general intent of the work plan without prior approval of the City Commission.

#### **POLICY CONTROL**

This policy supersedes and replaces all previous budget administration policies adopted by the City Commission, which are hereby rescinded.