

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 year.

AUDIT AND FINANCE COMMITTEE

The Audit, Finance and Legislative 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, which shall be no later than the end of the second week in July, except in the second year of the biennial budget
- 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 a biennial basis, and the City Commission shall adopt the budget at the fund, department, and project 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 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.

In those cases where a fund is established for a specific purpose (e.g., Downtown Parking Garage Construction Fund), the City Manager shall have the authority to expend available but unappropriated revenues recognized in the fund (e.g., interest income, donations, etc.) to accomplish the specific purpose for which the fund was created. These revenues and expenditures will be incorporated in a subsequent budget amendment resolution and/or ordinance.

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

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.

The City Commission may from time to time approve amendments to the adopted budget. The *Budget Amendment Procedures Policy* governs how these modifications to the budget are processed. 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 REAPPROPRIATIONS

- Outstanding encumbrances – the new fiscal year's budget will be adjusted via budget amendment after the adoption of the new fiscal year budget to incorporate the encumbrances carried forward from the prior year.
- Unfinished multiple year capital projects – the new fiscal year budget will include multiple year capital project budgets.

8. BUDGET MONITORING AND REPORTING

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. The Audit and Finance Committee shall report its recommendations to the City Commission on matters of this kind.

POLICY CONTROL

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supersedes and replaces all previous budget administration policies adopted by the City Commission, which are hereby rescinded.