

BUDGET PROCESS

CITY OF DES MOINES

2010 Budget

Budget Process

Overview

The City of Des Moines' annual budget process allows departments the opportunity to reassess goals and objectives and the means for accomplishing them. The City Council sets policy direction for development of the budget. Finance staff prepares preliminary revenue estimates, projection of City reserves, and financial capacity that will determine the expenditure limit requirements. This analysis establishes the framework under which each department's expenditure requests are made and subsequently reviewed.

Financial Capacity Phase

Forecasting is an integral part of the decision making process. Both long-range and short-range projections are prepared. The City maintains a five-year financial forecast for each major fund projecting both expenditures and revenues. The five-year forecast is updated annually to assess the City's current financial condition giving existing City programs, as well as, the City's future financial capacity incorporating long-range plans and objectives.

Policy Phase

The Council's goals and directives set the tone for the development of the budget. The City Council schedules their annual retreat early in the year where they meet to identify priorities, issues, and projects impacting the next annual budget. The Council identifies key policy issues that will provide the direction and framework of the budget. It is within this general framework that departments' expenditure requests are formulated.

Needs Assessment Phase

Departments evaluate their current programs during this phase. Examination of service levels and staffing requirements is assessed against the priorities set by Council. A thorough review of workload indicators and

performance criteria is evaluated to determine the optimum resource allocation with service and workload estimates. From this process, departments prepare preliminary departmental operating budgets.

Review and Development Phase

Within the framework of the City's financial capacity, Council and City Manager priorities, and departmental needs assessments, budget requests are reviewed and a preliminary Citywide operating budget is compiled. The departments initially prepare and submit base operating budget worksheets reflecting allocation targets. The amount of the allocation is determined by modifying the prior year operating budget by inflation or in the case of a budget reduction, incorporating the authorized reduction percentage to meet an anticipated shortfall.

Adoption and Implementation Phase

At the last meeting in September, the City Manager presents the preliminary revenue forecasts from all sources for the proposed operating budget.

No later than the second Council meeting in October, the City Manager submits the proposed balanced operating budget for the following fiscal year. The operating budget includes proposed revenues and expenditures.

Department budgets are presented to Council during meetings in October and November.

Public hearings are conducted for comments on revenue sources and the final budget.

The property tax levy is adopted no later than November 30.

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Final budget adoption must occur following the public hearing and prior to the beginning of the new fiscal year.

The final budget as adopted is published, distributed, and made available to the public during the first three months of the ensuing year.

Capital Improvement Plan

The capital budget process is conducted concurrent with preparation of the operating budget. Initially, departments prepare an inventory of existing facilities and a status of previously approved projects. New project requests are reviewed for scope, cost estimates, and funding sources. New project requests are evaluated against pre-established criteria incorporated within the long-range plan. Flexibility is built into the capital improvement plan to allow for re-prioritizing in the event a project is delayed or financial capacity improves.

A six-year capital improvement plan document is prepared for Council's review.

The Council approves the Capital Improvement Plan by adoption of a Resolution.

Budget Monitoring and Compliance

During the year, budgetary control and revisions are maintained with the department level.

At any time during the year, the City Manager may transfer part or all of any appropriation balance among programs within a fund.

Management control of the budget is maintained by conducting monthly budget performance reviews throughout the year. They are aimed at examining expenditure patterns, comparing them against actual spending patterns, and recommending corrective action to be taken during the year.

The budget process allows for during the year as conditions warrant. amendment may be initiated by the Finance Director, reviewed and approved by the City Manager, and submitted to the City Council for consideration. With City Council approval, the fund appropriations are realigned.

Every employee plays a role in the of the budget. Ultimately, of course, the department head, through the City Manager, is accountable to the City Council for the performance of departmental personnel in meeting specific objectives within allocation resource limits.

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2010 BUDGET PROCESS CALENDAR

SET PRIORITIES

The City Manager, Council, and staff meet to set priorities.

03/01 - 04/30

DISTRIBUTE BUDGET WORKSHEETS TO DEPARTMENT DIRECTORS

Capital Improvement Plan (CIP) worksheets are prepared by Finance and distributed to Department Directors.

8/10 - 08/26

Budget instructions, salary and benefit projections, and revenue and expenditure worksheets are prepared by Finance and distributed to Department Directors.

07/21 - 08/05

DEPARTMENTS PREPARE AND SUBMIT REQUESTS

Departments prepare and submit requests for new operating programs, new positions and reclassifications, six-year capital improvements and line item operating budget requests to Finance.

08/07 - 08/31

PROJECT REVENUE ESTIMATES

Finance prepare revenue estimates to define resources available to fund 2010 expenditure programs.

08/20 - 09/19

BALANCE CAPITAL AND OPERATING BUDGET

08/31 - 09/19

REVIEW BUDGET REQUESTS WITH EACH DEPARTMENT

City Manager reviews capital and operating budget requests with each department.

09/21 - 09/24

PRESENT 2010 OPERATING AND CAPITAL BUDGETS TO COUNCIL

City Manager provides Council 2010 revenue estimates from all sources

10/01

City Council conducts hearings on departmental budgets - capital & operating

10/08 - 12/10

COUNCIL ADOPTS THE CAPITAL IMPROVEMENT PLAN BY RESOLUTION

12/03

COUNCIL ADOPTS THE OPERATING BUDGET BY ORDINANCE

12/10