

## *The Budget Process*

The City's Budget process begins in the Fall. The City Manager conducts a planning session, establishing city-wide goals and priorities of the City Council. Prior to this session, department heads are given forms upon which to submit their capital budget requests. The City Council is also notified to give the City Manager any requests they might have, so that costs may be researched. Departmental requests for the Capital Improvements Program (CIP) are turned in to the City Manager in early October.

The Director of Finance and staff provide a budget worksheet which includes proposed insurance, retirement, and salary increases. Each department provides justification for additional increases in the operating budget, and budgets are due from departments in January. The Director of Finance reviews a five-year trend of revenues collected by the city to project the revenue estimates including growth. The Director of Finance and City Manager finalize the revenue estimates together considering the impact of new legislation and economic conditions, as well as the proposed fee and/or tax increases. At that point, the Finance Director begins the review of the operating expenditures, and the City Manager prepares the CIP. After the Director of Finance and staff have prepared a preliminary Budget, the Director of Finance and the City Manager review it to determine whether further cuts are possible, or if additional revenues are necessary. The City Manager and Director of Finance work with department heads to ensure that budget cuts do not adversely impact the delivery of basic services to Cleveland's citizens. Those decisions are made prior to the Budget Planning Session held by the City Council in late March or early April.

At that meeting, the Director of Finance and City Manager present projections of the current fiscal year's Budget, and the preliminary operating Budget for Council review. Department heads present their Capital Budget requests, changes in programs/services, and any request for new personnel. In addition, the City Manager presents the Council with his recommendations for a six-year Capital Improvements Program and the amount of any proposed bond issues and/or tax increases. The City Council then debates any changes in suggested priorities in both the preliminary operating Budget and the Capital Improvements Program. Once those priorities are established, the City Manager and the Director of Finance finalize the Budget. The City Manager prepares the Budget Message detailing the major issues and initiatives contained in both documents. The Finance department staff prepare the excel spreadsheets detailing the line item budgets proposed for each fund and work with individual departments on narratives and the graphics used throughout the budget.

The proposed budget must be distributed to the Mayor, City Council, and public by June 1<sup>st</sup> as required in the City Charter. Copies are available to the public for review at both the City Clerk's Office and the public library. A public hearing is scheduled for one of the regular meetings in May, after which the Budget is voted on first reading. Second and final reading of the Budget ordinance is held at the next meeting, and the Budget becomes effective July 1<sup>st</sup>. In the event the Council cannot agree on a Budget before July 1<sup>st</sup>, an Interim Budget is adopted, which is simply a continuation Budget from the previous year. At that point, the Finance Director authorizes the City Accountant to enter the adopted Budget into the accounting system.

Budget amendments may be made at any time throughout the fiscal year. Any amendment request is reviewed by the Finance Director, who makes a recommendation on whether the expenditure should be made, and what revenue source will be used to finance it. The budgetary level of control is at the fund level. All amendments require two separate readings of the Budget amendment ordinance just like the vote on the original Budget. After second reading and passage, the Finance Director authorizes the City Accountant to enter the amended amounts in the Budget.

CITY OF CLEVELAND, TENNESSEE  
CALENDAR FOR FY 2010 BUDGET AND  
CAPITAL IMPROVEMENTS (CINI) PREPARATION

- September 5 City Manager distributes Capital Request forms to Department Heads.
- October 3 Department Heads submit Capital Requests to City Manager.
- October 22 City Manager conducts planning session with City Council and Department Heads to establish city-wide goals and priorities.
- December 30 CINI completed by City Manager; notebooks prepared by her Executive Secretary and distributed to City Council and department heads.
- January 13 City Clerk releases budget preparation memo to Departmental Budget Officers.
- February 18 All budget requests and revisions to city-wide goals and objectives submitted to City Clerk's Office.
- February 26 City Clerk and City Manager complete all revenue projections for current and next fiscal year and work with Department Heads to make necessary budget cuts.
- March 8 City Council sets date for Budget Session to be held at Municipal Building.
- March 23-31 City Clerk's Office prepares Agenda packets, including budget requests, draft of CIP priorities, and distributes to the City Council.
- March 31 City Clerk and City Manager review each departmental budget. Also, discuss the presentation of the proposals by the Department Head and detailed agenda for Planning Session, including time slots for presentations.
- April 9 City Council Budget Session at Municipal Building.
- April 2-May 1 City Clerk and City Manager finish the Budget and write Budget Message, Budget Ordinance, and Tax Rate Ordinance. A&F Budget Team prepares Budget using GFOA criteria.

- May 10 City Council schedules a Public Hearing on the Budget for the May 24th City Council Meeting.
- May 17 Budget distributed to the City Council, Department Heads, and News Media.
- May 21 City Clerk and City Manager meet with Bradley County Mayor on jointly-funded agencies.
- May 24 City Council holds Public Hearing and adopts the Budget and Tax Rate Ordinance on First Reading.
- June 28 City Council adopts the Budget and Tax Rate Ordinance on Final Reading.