



BUDGET POLICY

PURPOSE The City budget process is part of an overall policy framework that guides the services and functions of the City. The budget serves a key role in that policy framework by allocating financial resources to the programs which implement the City's overall policies. The budget also establishes financial policies to influence the availability of future resources to conduct the City's policies.

SCOPE All Department Directors will participate in the responsibility of meeting policy goals and ensuring long-term financial health. Under the Mayor's and City Administrator's direction, Department Directors have primary responsibility for: formulating budget proposals in line with City Council priorities and direction; and implementing those proposals once they are approved. Citizen involvement shall be encouraged in the budget decision making process through public outreach, open houses, public hearings and public comment.

POLICY It is the policy of the City of Camas to adopt and maintain a balanced biennial operating budget and an integrated capital budget by the end of each biennium. For each fund, biennial expenditures shall not exceed biennial revenues plus available unrestricted fund balances. Any budgeted use of fund balance resources should not cause the City to drop below the established reserve balance policy unless proposed by the Mayor and approved by the Council. It shall be the goal of the City to achieve a long-term structurally balanced budget, where ongoing expenditures are supported by ongoing revenues.

PRACTICE **Budget Process**
The foundation of the budget process is generating operational and financial plans, reviewing programs, and establishing the City Council's goals and desired budget outcomes that best serve the community – not just for the next biennium but also well into the future.

The budget process includes reassessing citywide goals and objectives and the means to accomplish them. The Council meets and reconfirms their goals for

developing the City's upcoming budget. These goals are all compatible with the City's vision, mission statement and strategic plan.

The needs of the community are best met through adept planning and analysis. The Mayor, City Administrator, Finance Director and Department Directors carefully evaluate all City programs and funding requests to ensure all budget appropriations clearly contribute to the accomplishment of the City Council's goals.

The City cannot meet all the demands of the community because it has finite resources. Thus, an integral part of the budget process is for the Mayor to prioritize needs according to the City Council's goals for the upcoming two years and to identify dependable funding sources to draft the Mayor's Recommended Budget for City Council's consideration after public engagement, staff presentations, public hearings to adopt a biennial budget.

Ten-Year Forecast

With each budget, the City will update expenditure and revenue projections for the next ten years. Projections will include estimated operating costs for capital improvements that are included in the Capital Budget. This budget data will be presented to the City Council in a form that will facilitate budget decisions, based on a multi-year perspective. This forecast is intended to be in an internal planning tool and shall be included in the biennial budget document and updated at least annually as part of the adopted budget process and during the re-adoption process.

Basis of Budget

Biennial appropriated budgets are adopted for the General Fund, special revenue funds and debt service funds, on the modified accrual basis of accounting. The City Council elected the biennial budget to take the form of two one-year budgets. The budget statements in this report are presented on generally accepted accounting principles (GAAP) basis, with the exception that the City does not budget for the payments of the School Impact Fees that are collected and remitted to the school district. The adopted budget on the other hand, assumes that all revenues and expenditures as well as associated cash, will be received or expended during the fiscal year.

Budgetary Control

The level of budgetary control (the level at which expenditures may not legally exceed appropriations) is adopted at the fund level. All appropriations lapse at the end of the year.

Operating Budget

The Operating Budget is to prioritize services, establish appropriate levels of service and administer resources to ensure that fiscal stability is attained and that services are delivered in an effective and efficient manner.

Operating expenditures shall be budgeted and controlled to not exceed operating revenues.

Immediate corrective action should be taken if at any time during the biennium expenditures are projected to be greater than projected revenues at year-end. Corrective actions could include, but are not limited to expenditure reductions, hiring deferred, fee increases or new revenues.

Budgeted Positions and Staffing Budget

Salary and benefit costs are the City's most significant operating expense. The City will strive to provide total compensation package that is comparable to other cities and similar type positions within the same labor market and other cities of a comparable size with comparable type and quality of service to recruit and retain high quality staff.

All City positions shall be budgeted. Positions funded with temporary funding are authorized if the funding is available.

No vacancy factor is applied against budgeted positions to account for savings that routinely occur due to turnover, attrition, or other causes of vacancies in a fiscal year. This practice is to build contingencies in the salary budgets for unexpected retirements and payouts. New positions added to the biennium budget are assumed to be filled in the second quarter of the first year of the biennium.

The City's budget shall include compensation and benefit increases in accordance with the Memorandum of Understanding between the City and its respective collective bargaining units.

Capital Budget

Capital Budgets are created with a combination of decision packages, created by Departments, prioritized by the Mayor and approved by Council.

Capital decision packages should include as complete, dependable, and attainable cost estimates as possible. Project cost estimates for the Capital Budget should be based upon thorough analysis of the project and to be as dependable as the level

of detail known about the project. These costs will vary from the respective long-term capital plans such as the 6-Year Transportation Plan depending on the greater level of analysis and the year of the plan.

Capital decision packages should include a multi-year approach. This plan should include the amount and type of resources required, and the funding and financing strategies to be employed. The specific fund and timing should be included. The plan should indicate resources needed to complete any given phase of a project in addition to the total project.

All decision packages for expenditures of capital funds shall be formulated and presented to Council within the framework of a general capital budget and, except in exceptional circumstances of an emergency nature, no consideration will be given to the commitment of any capital funds, including reserves in isolation from a general review of all capital budget requirements.

Decision making for capital improvements will be coordinated with the operating budget to make effective use of the City's limited resources for operating and maintaining facilities.

For budgeting purposes, project contingencies are a reasonable estimating tool. At the time of the contract award, the project's budgeted appropriation, including contingency, will be replaced with a new appropriation equal to the approved project contract contingency during the nearest Omnibus Budget adoption.

The Biennial Capital Budget shall include only those projects which can reasonably be accomplished in the time frame indicated. The Capital decision packages should include a projected schedule.

Use of One-Time Resources

One-time funds will not be used to support ongoing obligations. One-time resources may only be used to support one-time expenses such as capital investments or to replenish reserves.

Performance Reporting and Monitoring

In the adopted budget document, performance data shall be contained for prior year actual results, current year projected (current year actual for the adopted budget), and targets for the upcoming biennium. The Finance Department shall manage the activities related to performance monitoring and reporting. Explanations shall be given for performance measures not meeting or trending toward performance targets.

Biennial Budget Document

The budget should be a performance, financing and spending plan agreed to by the City Council, City Administrator, Mayor and Department Directors. It should contain information and data regarding expected revenues, expected expenditures, and expected performance. The budget should be developed using a performance based, results oriented approach that incorporates line items, zero-based proposed programs, and priorities of governments.

- As a comprehensive business plan, the budget should provide the following critical elements recommended by the Government Finance Officers Association: public policies, financial plan, operations guide, and communication device.
- The City's budget presentation should display the City's service delivery/performance plan in a City Council/constituent-friendly format. Therefore, the City will use a program budgeting format to convey the policies for and purposes of City operations. The City will also provide the line-item format sections for those who wish to review that information.

Monitoring and Reporting

Reports on the status of revenue collections and expenditures against biennial budgeted levels are prepared for the City Council quarterly. These reports will highlight significant trends that may affect the ability of the City to stay within budget and to promote discussion between the City's Leadership Team and the City Council as to strategies to remain within budgeted levels.

Budget Amendments

Budget amounts shown on the basic financial statements include the original budget amounts and all appropriation transfers and adjustments approved by the City Administrator or City Council as required. The City Administrator is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter the total expenditures of a fund or that affect the number of authorized employee positions, salary ranges, or other conditions of employment must be approved by the City Council.

When the Council determines that it is in the best interest of the City to increase or decrease the appropriations for a particular fund it may do so by ordinance approved by one more than the majority after holding public hearings. For the City, these amendments to the budget are scheduled twice a year as the spring or fall omnibus budget.