



## **City of Rollingwood Budget Management and Review Policy**

### **I. Introduction**

The city's budget process is designed to allow the Mayor and City Council to plan and control the total financial resources available to the city and the expenditures of those resources. This is a continuous process. Budgets are considered working plans to maximize the use of limited financial resources, for the effective management of city operations.

### **II. Annual Budget Requests**

Budget Requests must be prepared annually for each account by the responsible Department Head to request funding for their department for the fiscal year. After review by the Mayor and/or City Council Budget Liaison, and the City Administrator, a proposed budget is submitted for review and approval by the City Council.

The process of developing the city's annual budget is designed to promote transparency through the following procedures:

- The City Council will adopt a budget calendar at the beginning of the budget process each year. The calendar is reviewed and updated as needed.
- The city will hold a minimum of three budget workshops, open to the public.
- Base budgets of all funds are presented first, including the basic necessities for city operations.
- Exceptional items for all funds are considered and approved by the City Council after base budgets have been reviewed.
- Base budgets plus exceptional items will not exceed unexpended balance for each fund.
- Beginning balance will be calculated as the net of cash on hand, investments, projected revenue and projected expenditures.
- The reserve balance is based on average monthly projected expenditures and is calculated for the General Fund, Water Fund and Wastewater Fund.
  - The reserve balance for the General Fund will be at a minimum of 90 days operating expenditures, with a long-term goal not to exceed 7 months operating revenue.
  - The city will strive to meet the goal of 6 months reserve balance for the Water and Wastewater funds.
- Expenditures from the reserve balance are only to be used for one-time expenditures, not ongoing costs.
- The final tax rate should be chosen based on the expenditures presented.

After final approval by ordinance, the budget is entered in the city's financial system.

### **III. Budget Amendments**

The budget may be amended periodically through actions of the City Council. Department Heads can request budget amendments by completing a written request to the City Administrator, which will be reviewed and submitted to the City Council for review and approval by ordinance. The budget amendment request should include the following information, by fund:

- Narrative justification for budget request
- Line item account number for both revenue and expenditure
- Amount to adjust
- Amended amount

All accounts must maintain a balanced budget at the major category level within the department. Any account with an over-expended budget balance may be frozen until a properly approved budget amendment is submitted and approved by ordinance of the City Council.

### **IV. Budget Review**

The City Administrator will provide the City Council with the Monthly Financials, a monthly statement of its accounts. The Monthly Financials will be presented as near as practicable to the end of the previous month and must show the progress that has been made in relation to the budget.

On a quarterly basis, the City Council will comprehensively review the budget during a recurring agenda item on a regular City Council meeting agenda. The budget review will provide information on year to date actual expenditures and revenues in relation to budgeted amounts.

### **V. Annual Review or Revision of Budget Management and Review Policy**

The Budget Management and Review Policy shall be reviewed and may be revised or updated no less than once each fiscal year during the period when the operating budget for the subsequent fiscal year is being considered by the city council.