

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 December.

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.

The City's financial policies impact the development of the budget. The City's operating budget policies require a budget retreat in the spring and planning session in January of each year to develop a plan for long range major capital improvements. The operating budget policies also require a balanced budget and that all enterprise funds be self-supporting from their fees and charges. These policies also require that the City's annual budget meet the requirements to receive the Distinguished Budget Presentation Award from Government Finance Officers Association.

In accordance with its capital budget policies, staff prepares the capital improvements plan annually. Improvements requested for the next five years are included in the City's Capital Improvement Needs Inventory (CINI). Staff has also developed a fifteen-year equipment replacement program with funding from the City's Sales Tax Capital Projects Fund. The City's revenue policies require that revenues are budgeted conservatively, that all fees and charges are reviewed to assure that they are adjusted for inflation and that the City will not become too dependent on one source of revenue. Reserve Policies establish reserve targets for every operating fund of the City. The reserve targets are reviewed annually when the budget is prepared. Debt policies are strictly adhered to. The City limits debt to 10% of the total assessed value of property within the City. A firm source of revenue must be identified by the City Council before any bond or capital outlay note is issued.

During the Spring Budget Planning Session, 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 requests for new personnel. In addition, the City Manager presents the Council with 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 1st 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 1st. In the event the Council cannot agree on a budget before July 1st, 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 FY2016 BUDGET AND
CAPITAL IMPROVEMENTS (CINI) PREPARATION

- October 26 City Manager distributes Capital Request forms to Department Heads.
- December 31 Department Heads submit Capital Requests to City Manager.
- January 13 City Manager conducts planning session with City Council and Department Heads to establish city-wide goals and priorities.
- January 25 Finance Director releases budget preparation memo to Departmental Budget Officers.
- January 25 City Council sets date for Budget Session to be held at Municipal Building.
- February 18 All budget requests and revisions to city-wide goals and objectives are submitted to the Finance Director.
- February 27 Finance Director and City Manager complete all revenue projections for current and next fiscal year and work with Department Heads to make necessary budget cuts.
- March 2-3 Finance Director 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 8 Finance Director's Office prepares Agenda packets, including budget requests, CINI, and distributes to the City Council.
- April 13 City Council Budget Session at Municipal Building.
- April 13-May 6 Finance Director 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.
- April 27 City Council schedules a Public Hearing on the Budget for the May 11th City Council Meeting.
- May 7 Budget distributed to the City Council, Department Heads, and News Media.
- May 11 City Council holds Public Hearing concerning the Budget
- May 11 City Council adopts the Budget and Tax Rate Ordinance on First Reading.
- May 26 City Council adopts the Budget and Tax Rate Ordinance on Final Reading.