OPERATING BUDGET PROCESS

The general framework for the Operating Budget process is presented in Exhibit 1. Formalization of the process began in FY1988 with the establishment of basic policies. In FY1989, City Council approved an ordinance requiring a monthly financial status report from the Finance and Administration Department (renamed Finance Department) and the Office of the City Controller.

The budgetary process was further strengthened with the adoption of the integrated budgeting and planning resolution and budget calendar ordinance in FY1989. This resolution includes linking plans and budgets for the General, Enterprise, and Special Revenue Funds and the Capital Improvement Plan (CIP). The integrated approach also calls for service impact information, input from the public and elected officials, and linking current budgets with five-year forecasts. The budget calendar ordinance requires the development of a budget calendar with specific dates for the presentation of several phases of the budget as illustrated in Exhibit 2.

The amendment process for the budget is governed by Section 102.009 (b) (c) of the Texas Local Government Code which stipulates that after final approval of the budget, the City Council must spend funds only in strict compliance with the budget, except in an emergency. The City Council may authorize an emergency expenditure as an amendment to the original budget only in a case of grave public necessity to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonably diligent thought and attention. If Council amends the original budget to meet an emergency, Council shall file a copy of the resolution amending the budget with the City Secretary, and the City Secretary shall attach the copy to the original budget.

In April and May 2014, the Finance Department began briefing Council on the preparation of the FY2015 Budget. After departments submitted their budgets, a series of meetings with the Finance Department were conducted to evaluate and determine the requests that would be incorporated into the Mayor's Budget. Budget workshops were held by the Budget and Fiscal Affairs Committee in May and June.

The base budget for FY2015 was derived from adjustments to the FY2014 budget. These adjustments included additional funds for health benefits, increase in contractual obligations, salary increases, operational support of capital improvement projects, and transfer of functions from one department to another, deletion of one-time expenditures, and consolidation and streamlining of some functions.

CAPITAL IMPROVEMENT PLAN PROCESS

The process to prepare and adopt the five-year Capital Improvement Plan (CIP) for FY2015-FY2019 generally follows the same procedures as the Operating Budget. Refer to Exhibits 2 and 3 for schedule and comparison.

In February and March, public meetings were conducted in all Council districts. During these meetings, citizen comments were received regarding capital project plans. Comments were forwarded to applicable Council Members, Public Works & Engineering (PWE), and other City departments. City departments reviewed projects in the FY2015-FY2019 CIP to determine whether rescheduling of projects and adjustments in funding would be required.

In March and April, departmental CIP submissions were received, reviewed, and evaluated by the Finance Department. CIP reviews and discussions between City, departments, and Finance were held in March and April. Upon completion of an evaluation period, a proposed FY2015-FY2019 CIP will be prepared for presentation to City Council for review and adoption.

Enterprise Fund capital projects may vary from FY2014, but would do so only as a result of considerations internal to each respective enterprise/revenue bond fund program. Enterprise projects and Public Improvement Bond (PIB) funded projects will be implemented over the next five years and are included in the FY2015-FY2019 CIP.

EXHIBIT 1
OPERATING BUDGET PROCESS

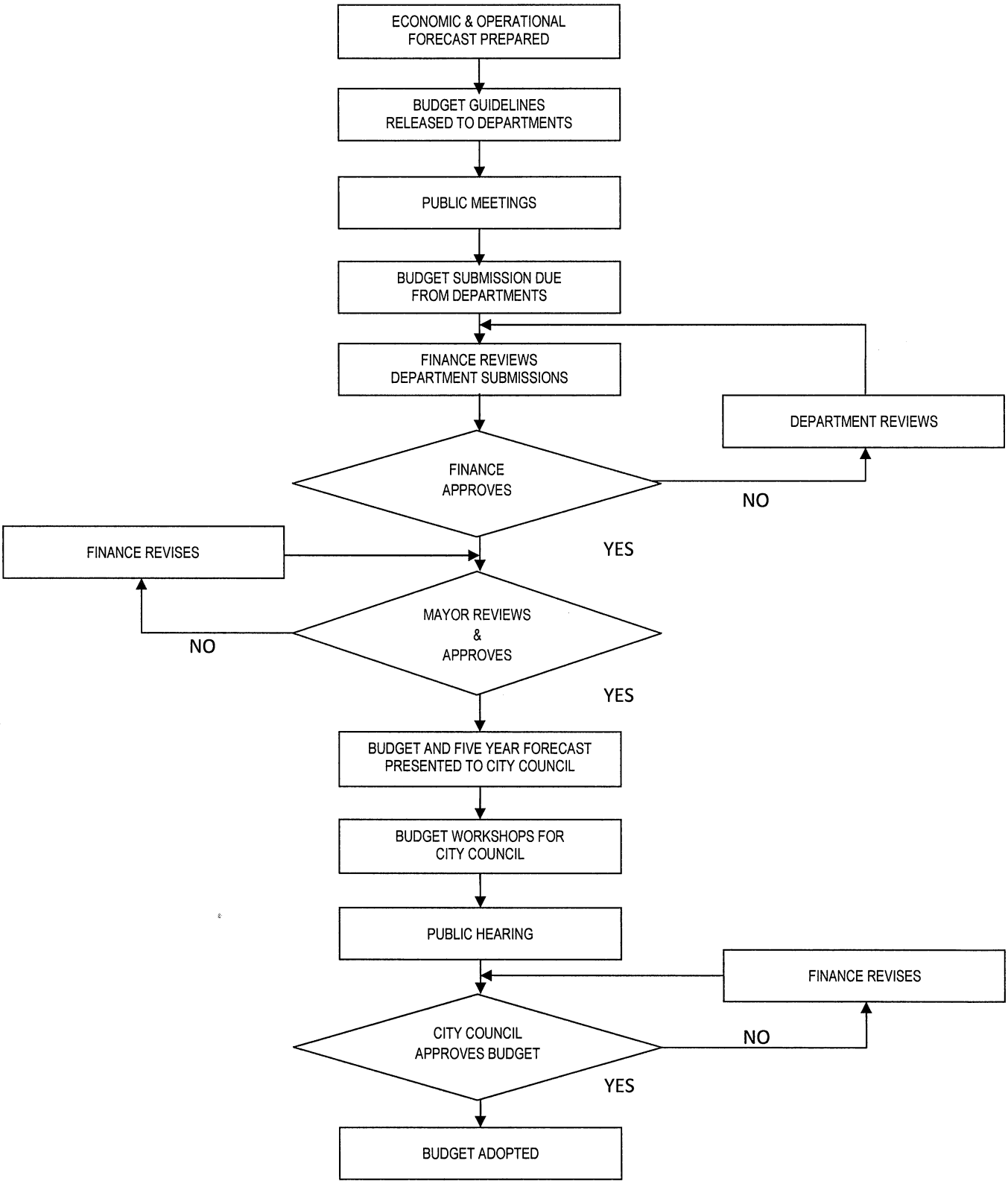

EXHIBIT 2

MONTH	OPERATING BUDGET ACTIVITIES	CAPITAL IMPROVEMENT PLAN ACTIVITIES	GRANT ACTIVITIES
January	Operating budget preparation instructions and materials distributed	CIP preparation instructions and materials distributed to departments	NA
February – March	Departments submit operating budget requests	Public Meetings on CIP	NA
		Departments submit CIP requests	HCD develops and publishes the draft 2014 Annual Action Plan for public comment (CDBG, HOME, HOPWA & ESG).
April	Finance analyzes and consolidates Operating Budget	Executive review of Proposed Projects	Two Public Hearings on the 2014 Annual Action Plan held. HCD presents budgets to Housing and Community Affairs City Council Committee. 2014 Annual Action Plan submitted for Council approval. Council approves the submission of the 2014 Annual Action Plan.
May	Mayor proposes Operating Budget	City Council Member review of draft CIP	2014 Annual Action Plan including CDBG, HOME, HOPWA, and ESG applications submitted to HUD.
May – June	Council Workshops Public Meetings on Budget	Mayor proposes CIP	NA
June	Council approves Operating Budget	Council approves Capital Improvement Plan	NA
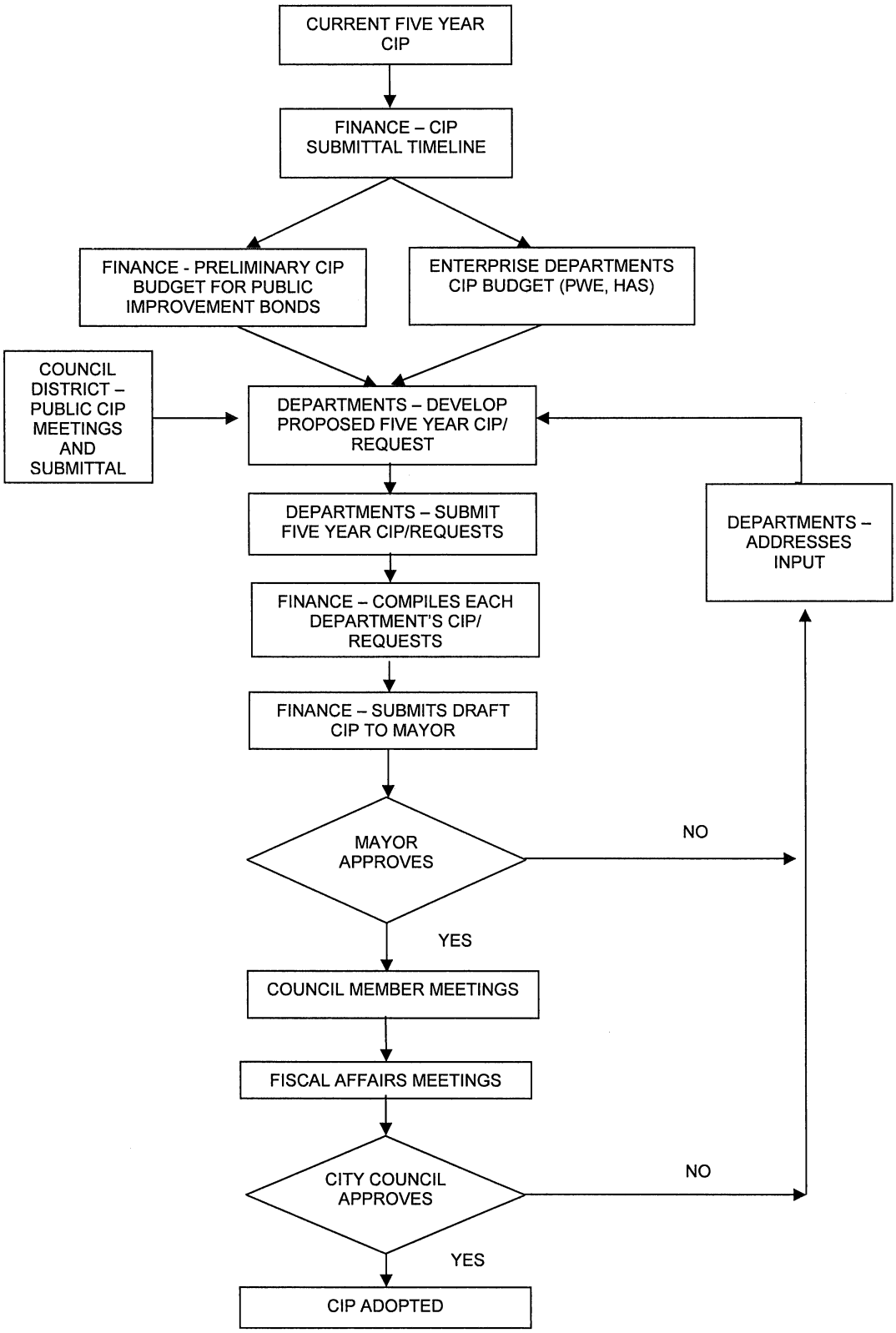
EXHIBIT 3
CIP PREPARATION PROCESS