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 2011, the Finance Department began briefing Council on the preparation of the FY2012 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 FY2012 was derived from adjustments to the FY2011 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 FY2012-FY2016 generally follows the same procedures as the Operating Budget. Refer to Exhibit 3 for this schedule and comparison.

In January and February, 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 FY2012-FY2016 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 General Services Department (GSD), GSD Client Departments, PWE and Finance were held in April. Upon completion of the review sessions, a proposed FY2012-FY2016 CIP will be prepared for presentation to City Council for review and adoption.

Enterprise Fund capital projects may vary from FY2011, 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 are included in the FY2012-FY2016 CIP.

EXHIBIT 1
OPERATING BUDGET PROCESS

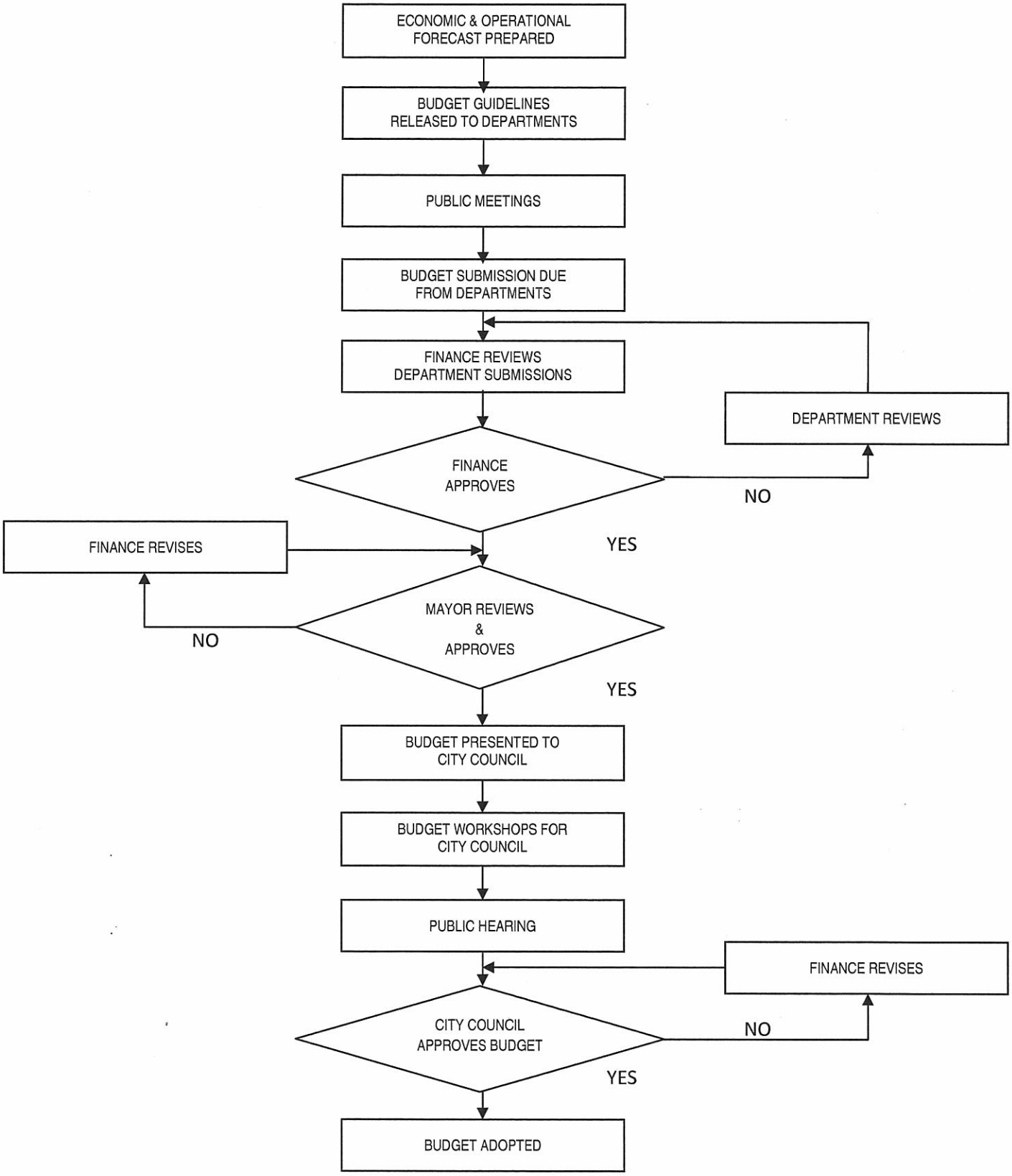

EXHIBIT 2

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	Grant preparation instructions and materials distributed to departments
February – March	Departments submit operating budget requests	Public Meetings on CIP Departments submit CIP requests Finance and GSD develop CIP	Public Meetings on Consolidated Plan HCD develops draft HUD Consolidated Plan (CDBG, HOME, HOPWA & ESG) Departments submit Grant Program information
April	Finance analyzes and consolidates Operating Budget	Mayor proposes CIP Council Approves CIP	Finance & HCD develop Annual Report
May	Mayor proposes Operating Budget		Public Hearing on HUD Consolidated Plan Mayor submits Annual Report
May – June	Council Workshops Public Meetings on Budget		Council Workshops
June	Council approves Operating Budget		HUD Consolidated Plan published and submitted to Council Council approves Community Development Budget and Consolidated Plan CDBG, HOME, HOPWA & ESG application submitted to HUD (in June)
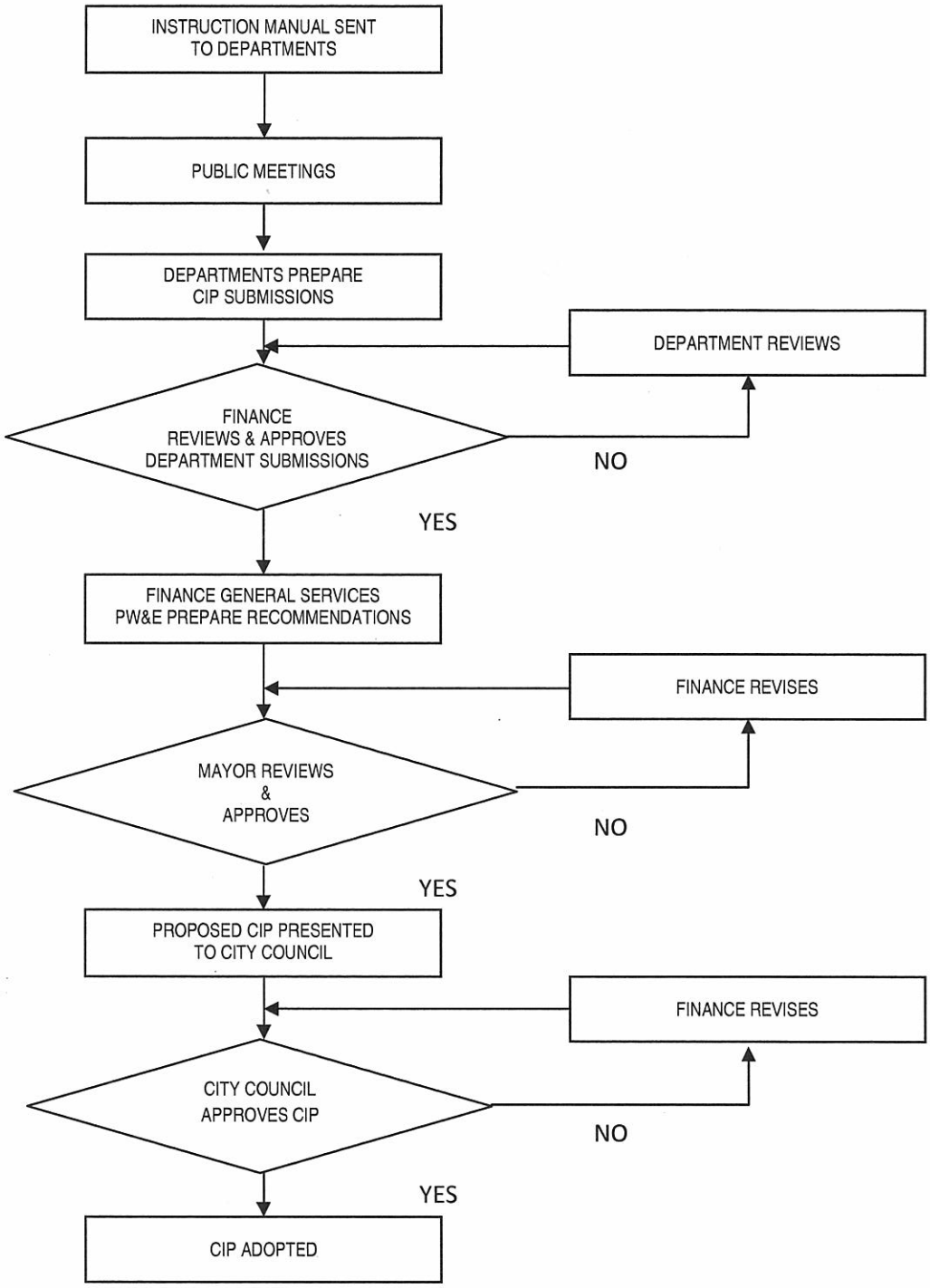
EXHIBIT 3
CIP PREPARATION PROCESS