

## **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 May 2017, the Finance Department began briefing Council on the preparation of the FY2018 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.

## **CAPITAL IMPROVEMENT PLAN PROCESS**

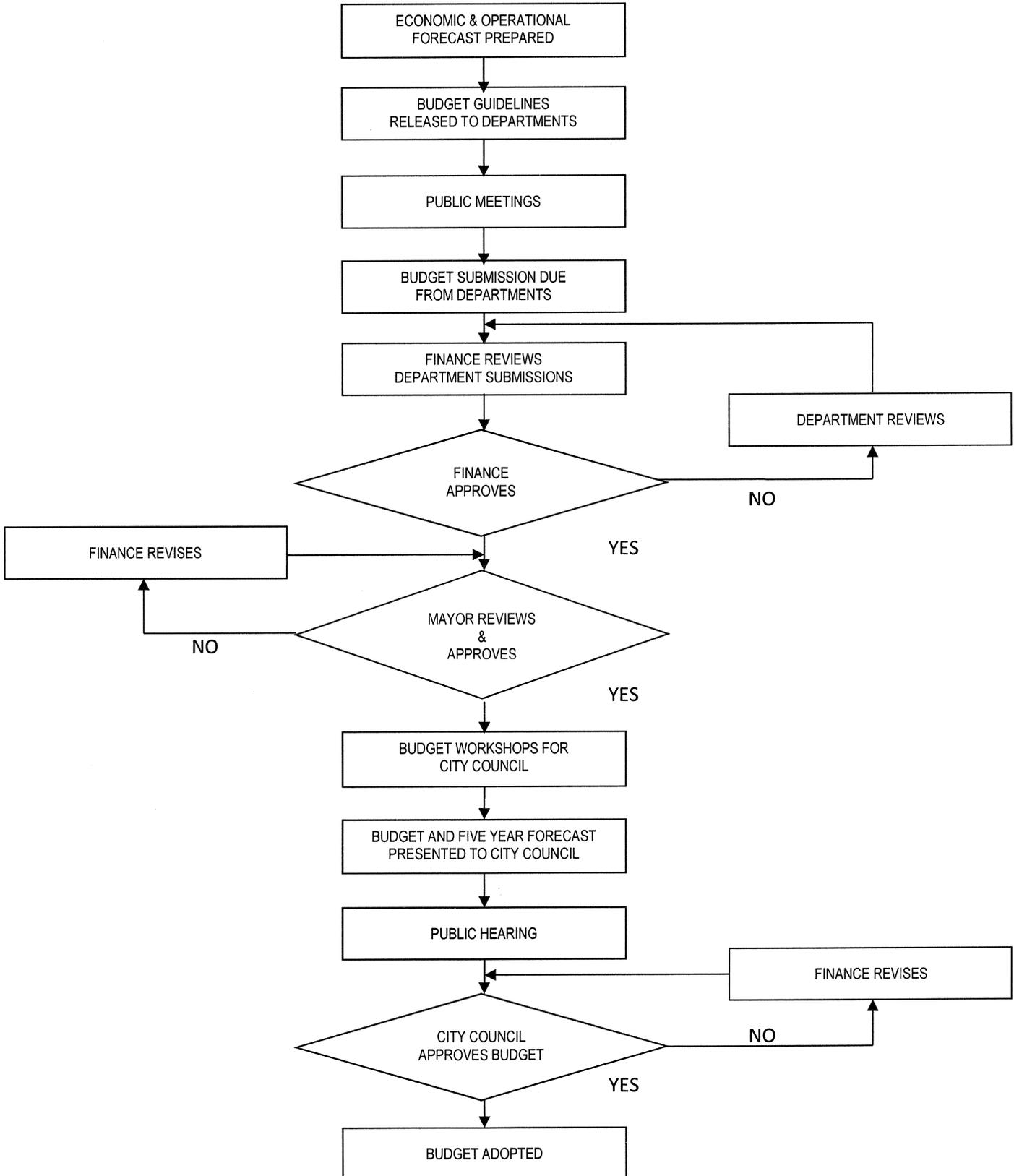
The process to prepare and adopt the five-year Capital Improvement Plan (CIP) for FY2018-FY2022 generally follows the same procedures as the Operating Budget. Refer to Exhibits 2 and 3 for schedule and comparison.

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 FY2017-FY2021 CIP to determine whether rescheduling of projects and adjustments in funding would be required.

In March, 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 with the Mayor, a proposed FY2018-FY2022 CIP will be prepared for presentation to City Council for review and adoption.

Enterprise Fund capital projects may vary from FY2017, 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 FY2018-FY2022 CIP.

# EXHIBIT 1 OPERATING BUDGET PROCESS



## EXHIBIT 2

<b>MONTH</b>	<b>OPERATING BUDGET ACTIVITIES</b>	<b>CAPITAL IMPROVEMENT PLAN ACTIVITIES</b>	<b>GRANT ACTIVITIES</b>
January	Operating budget preparation instructions and materials distributed	CIP preparation instructions and materials distributed to departments	N/A
February - March	Departments submit operating budget requests	Public Meetings on CIP  Departments submit CIP requests	N/A  HCDD develops and publishes the draft 2017 Annual Action Plan for public comment (CDBG, HOME, HOPWA & ESG)  HCDD presents annual budgets to Housing and Community Affairs City Council Committee  One Public Hearing on the 2017 Annual Action Plan held
April	Finance analyzes and consolidates Operating Budget	Executive review of Proposed Projects	One Public Hearing on the 2017 Annual Action Plan held  2017 Annual Action Plan submitted for Council approval  Council approves the submission of the 2017 Annual Action Plan
May	Council Workshops  Public Meetings on Budget	N/A	N/A
May	Mayor proposes Operating Budget	City Council Member review of draft CIP	2017 Annual Action Plan including CDBG, HOME, HOPWA, and ESG annual applications submitted to HUD
May - June	Council approves Operating Budget	Mayor proposes CIP Council approves Capital Improvement Plan	N/A

## EXHIBIT 3 CIP PREPARATION PROCESS

