

Budget Process

THE CITY OF
COLUMBUS

Budget Preparation

In the spring of each year, following budget adoption, the Finance and Management Department's budget office completes a three-year revenue projection of the general fund. With that information, assumptions are made to expand the focus of fiscal decision-making from the one year horizon provided by the annual budget process to a multi-year horizon.

Once completed, the budget office begins preparation for the following year's budget. The City of Columbus uses a budget methodology in which each city department funded with general fund dollars is provided a target amount for the budget year. That amount represents the department's proportionate share of projected revenues for the budget year, based upon its share of the current year's distribution of general fund appropriations, with certain adjustments.

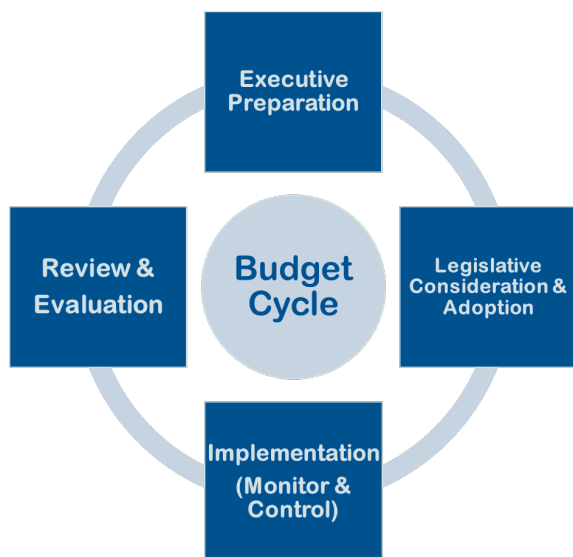
Typically in May, the budget office considers general fund target adjustments. Finance and Management leadership make recommendations for granting adjustments to be included in target calculations. Adjustments that may be approved for inclusion consist of, but are not limited to, new, expanded, or restored programs funded for a partial year in the current appropriations which will require full year funding in the next, or anticipated expenditures for next year that were not budgeted in the current

year or over which the department has no control. In cases where a department has transferred programming to another department or fund, eliminated or streamlined programming, or successfully reduced service delivery costs through the implementation of efficiency measures, a commensurate reduction in the target estimate could be reflected in these adjustments.

In June, the Finance and Management Department makes the final decisions on target adjustments for inclusion in the general fund target calculations, oftentimes with the consultation of and direction from the Office of the Mayor. At the same time these decisions are made, a review of the revenue projections is conducted, and adjustments are made based on the latest available information. Finance and Management, with informal consultation of the City Auditor, on whose official estimate the proposed general fund budget must be based per the City Charter, develops an estimate of available resources and uses it and the list of approved target adjustments to derive departmental targets.

With general fund targets calculated, the budget office distributes those to city departments, along with other budget materials (payroll projection files, instructions, and forms).

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Those departments with funds other than the general fund do not receive a target for those funds from the Finance and Management Department. Rather, those departments develop proposed budgets for those funds based on projected revenue and carryover balances. These assumptions are reviewed with Finance and Management upon submission of budget proposals.

The Office of the Mayor, during this time, establishes the strategic priorities for the upcoming year. Those goals are sent to the departments under his purview to use as a guide in submitting departmental strategic priorities and performance measures, as applicable, to the Finance and Management Department in August. The intention is that these departmental priorities and budget submissions align with the Mayor's stated priorities. Separately elected officials are solicited to submit their strategic priorities for publication in their respective budget section as well, but are not requested or required to align them with the Mayor's strategic priorities, nor track performance measures for purposes of publication in this document.

Department Budget Submission & Review

During July and August, departments prepare their budget proposals for submission to the Finance and Management Department at the end of August. Once submitted, the budget office's analysts begin

a technical and policy review of the submissions. In September, the Finance and Management Department conducts budget meetings with each department, at which each department presents its proposal to Finance and Management leadership.

In October, many activities occur simultaneously. First, the budget staff is actively engaged in completing the third quarter financial review which, among other things, officially establishes the year-end general fund carryover projection. This carryover projection becomes part of the Auditor's official estimate of available resources for the following year. Second, budget meetings are held between the Mayor, the Mayor's staff, and Finance and Management leadership to review submissions and outstanding issues. Finally, toward the middle of this month, the City Auditor releases the official estimate of available general fund resources. Again, as a governmental check and balance dictated by City Charter, the administration's annual proposed budget cannot exceed this estimate. This estimate is located in the General Fund Summary Section of this budget document for reference.

Executive Budget Proposal

The administration makes final decisions of reductions and expansions to the departments' submitted budget proposals and provides those decisions to the budget office for implementation in the budget document and budgeting software. By City Charter, the administration must present the city's budget proposal for the following year on or before November 15th to City Council. The budget office, in addition to the budget document, sends accompanying appropriation legislation to City Council for consideration. Customarily, this legislation is read into the record and tabled until the following year.

Legislative Consideration & Adoption

For the latter half of November into December, City Council holds public budget hearings by committee and hosts hearings

for public comment on the proposed budget. Any amendments to the proposed budget are made in light of year-end revenue and expenditure actuals as certified by the City Auditor in January. City Council cannot adopt a budget in excess of the Auditor's estimate of available resources, which often is officially revised once the actual year-end carryover is known. Typically, City Council votes to adopt the budget proposal as amended towards the end of January or the first part of February.

Budget Implementation & Control

Once City Council amendments are known, the budget staff completes those activities necessary to support budget implementation. Following budget adoption, departments submit spending documents according to various city purchasing codes. All spending transactions must be certified by staff in the City Auditor's office, and most single spending transactions greater than \$2,500 are reviewed by budget staff in the Finance and Management Department before submission to the City Auditor's office. With a few exceptions, operating expenditures greater than \$50,000 must be legislated and approved by City Council. All capital expenditures, regardless of amount, must be legislated and approved by City Council. The legal, budgetary level of control rests at the department, division, fund, subfund, and object class (personnel, supplies, services, etc.) level. Supplemental appropriations and inter-fund transfers must be legislated. Intra-fund transfers between object classes within a division must be legislated if greater than \$100,000. If less than \$100,000 needs to be transferred within a fund and division from one object class to another, a letter of transfer (internal city form) signed by the department director, the Finance and Management Director, the chairperson of the finance committee on City Council, and the City Auditor will suffice.

The Finance and Management Department, in consultation with the other city departments, completes three financial reviews following the close of the first, second, and third quarters each year.

Projected expenditure and revenue surpluses and deficits are noted for all major operating funds.

Budget Review & Evaluation

In January, while preparing for the implementation of the newly adopted budget, the budget office staff conducts a year-end financial review of the prior year's budget. The resulting report compares year-end actuals (revenue and expenditures) to those originally budgeted and those projected at the end of the third quarter.

Budget Calendar of Major Activities

May: General Fund (GF) target adjustments and formation processes.

June: GF targets and budget instructions are distributed to city departments.

June-August: Mayor establishes his goals for the upcoming year, and departments under his purview submit departmental strategic priorities and performance measures in alignment with those goals. Separately elected officials submit strategic priorities as well.

August: End of the month, budget submissions are due to the budget office.

September: Budget hearings between departments and Finance and Management (F&M) occur.

October: F&M completes the 3rd quarter financial review, budget meetings with the Office of the Mayor occur, and the City Auditor establishes the official estimate of available resources for the GF.

November: The administration's formal budget proposal is submitted to Council on or by the 15th.

December: Council holds budget hearings by committee and allows time for public comment.

Jan/Feb: F&M completes year-end financial report, Auditor releases amended estimate based on year-end actuals, and Council amends the proposed budget and adopts it for implementation.

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