

BUDGET PROCESS

The budget is the working plan for the operation of the City during the May 1 - April 30 fiscal year.

Citizens, elected officials and staff all play a vital role in preparing the many components of the budget. Citizens are encouraged to play an active part in the budget process and accordingly a description of their role in this process is highlighted.

Although the City Manager is responsible for preparing and recommending a balanced budget, the City Council determines the final budget document and the allocation of resources it represents.

Preparation, review and adoption of the budget spans at least six months, beginning in October and ending in March or April. The budget document is the result of the completion of a complex set of tasks, including assessing the City's financial condition, developing assumptions upon which to base budget projections, assessing needs, developing goals and objectives which will meet these needs, and estimating the costs of providing services.

October and November Budget Preparation

The budget process this year began with a strategic planning session where the City Council identified five key elements (*economic development, infrastructure, city life, the way we work, and resources and financials*). The City Council further defined priorities within these elements. These priorities were further refined into twelve strategic goals. *The strategic planning process was held on November 14 & 15, 2008.*

Keeping these strategic goals in mind, in November, the Finance Director and Department Heads prepared a six-year projection of capital projects. Department Heads prepare detailed descriptions and cost estimates of capital projects. The City currently defines a capital project as one costing at least \$25,000 and having an estimated life of at least 10 years. The capital budget is projected for the next six fiscal years.

Public Works Director completes an inventory of potential long-term capital projects. Proposed capital projects are suggested with this inventory in mind. However, this list is not a list of Council approved projects.

Finance Director completes motor equipment, and computer replacement schedules.

Capital budget proposals are reviewed by the City Manager, considering several criteria, including the need for the project, availability of funds, ongoing infrastructure needs, Council policy, and citizen input.

The Library Board of Trustees holds a Budget & Finance Committee meeting of the Whole to review all proposed capital projects for the Library. The capital budget is approved at the Board meeting and submitted to the City.

Elected officials and staff try to determine which results citizens' value most. Core outcomes for city government are: to provide health and safety, to promote fiscal or economic health, to increase citizen satisfaction, and to promote community character or spirit.

Citizen Participation: Citizens are encouraged to talk to their elected representatives or the City Manager about municipal services they feel need to be added or improved. The City provides several opportunities to speak with elected officials, including informal town meetings, board and commission meetings, Committee of the Whole meetings, and City Council meetings. Citizens may discuss issues of interest and concern with elected officials at the *City Council Listening Post*. This informal gathering is held during the summer months at the Farmers' Market one Saturday each month, beginning in June through October. Police officers attended the Farmers' Market to listen to residents concerns.

December Budget Preparation

Finance Director distributes operating budget forms and historical information to Department Heads.

Department Heads complete program budgets for the next two fiscal years. Department Heads evaluate goals, objectives and the means to accomplish these objectives in light of financial constraints. These objectives are articulated considering the City Council's identification of key policy issues.

Finance Director prepares revenue projections. By reviewing historical information, legislative and economic developments, revenues are projected two years forward.

Finance Director completes personal services section of the operating budget, which consists of salary and employee benefits.

The Library Board of Trustees holds Budget & Finance Committee meetings of the Whole to review the proposed operating budget for the Library. The budget is approved at the Board meeting and submitted to the City.

In December, the operating budget begins to resemble its final form as departmental requests are consolidated.

January Budget Preparation

Staff attempts to decide how much to spend to produce the desired outcomes. This process begins in January. The City Manager meets with Department Heads to review and revise the operating budgets. Proposed expenses are evaluated in terms of how well they respond to the level of services desired by the public.

Once this review is completed, the Finance Director re-compiles documents with revisions.

City Manager and Finance Director review key assumptions that will be used in preparing the budget. Various financial publications are researched in order to estimate economic, revenue, interest rate and inflationary trends.

Revenue projections, including recommended property tax levy and new revenues, are finalized.

Finance staff completes the annual Community Survey. This report compares Park Ridge financial policies, fees, and expenses with comparable neighboring communities.

Cash flow projections are prepared using amounts listed in revenue and expense projections.

February and March Budget Review

In February or March, the City Council holds a budget workshop to consider the total, capital and operating, budget. At this workshop, all facets of the budget are discussed, including revenues, personnel costs, operating and capital budgets, economic and financial trends, etc. *This year, the City Council held the budget workshop on March 14, 2009. The budget was reviewed for a second time on April 13, 2009 and a third time on April 18, 2009.*

At the workshop, new programs are considered separately from continuing programs. Existing programs are evaluated in terms of the adequacy of service levels provided during the previous fiscal year. New programs and changes in service levels are determined by the demand for those services as weighed against the public's willingness to provide the financial support required or the availability of alternative revenue sources.

Citizen Participation: Citizens are encouraged to attend the budget workshop. Additionally, citizens may review copies of the proposed budget, which are located at the Public Library and City Hall. Suggestions regarding the budget can be made at these budget meetings or directly to the City Manager.

April Budget Adoption

During April, the budget process begins its final phase.

A newspaper notice regarding the availability of the budget book for public inspection is published. This notice also lists a summary of the proposed total budget and the date of a public hearing. The newspaper notice is published at least one week prior to the budget hearing. *The newspaper notice for the 2009/10 budget was published in a local paper on April 9, 2009.*

Citizen Participation: In April, the City Council holds a public hearing regarding the proposed budget. At this hearing, citizens are given the opportunity to formally comment on the proposed budget. *The hearing for the 2009/10 budget was held on April 20, 2009.*

Normally, at one of its regularly scheduled meetings, the City Council formally adopts the capital and operating budget for the next fiscal year. This must be done prior to the beginning of the fiscal year on May 1. *The 2009/10 budget was passed by the City Council on April 20, 2009.*

Since the fiscal year begins May 1, newly elected aldermen are not eligible to participate directly in the adoption of the budget for that year. To compensate for this, the City's budget policy provides that within the first thirty days of a fiscal year when newly elected officials are installed, by a majority vote of the members of the corporate authorities then holding office, the annual budget for the City may be revised by deleting, adding to, changing or creating accounts. *This was not an election year for aldermen.*

Once the budget is passed, the Finance Director files a copy of the budget, including an estimate of revenues by source, with the Cook County Clerk. The budget, certified by the Finance Director, must be filed within 30 days of its adoption.

The property tax levy that corresponds to this budget will be passed and filed prior to December 31, 2009.

Throughout the Year Budget Amendments

During the fiscal year, the City Manager may revise the budget for the City by deleting, adding to, changing, or creating accounts. Revisions requested by Department Heads must be submitted in writing to the City Manager. The line item amount to be changed in the budget and the reason for the change must be clearly listed. The City Manager reviews all requests for budget revisions as to their effect on the budget in total and the availability of funds. No revision of the budget shall be made increasing the budget if funds are not available.

Implementation of the Budget

The budget is monitored when monthly reports that list total revenues and expenses compared to prior year and current year budgeted amounts are issued. Additionally, the City Manager reviews a detailed Quarterly Report with the City Council. At the conclusion of the fiscal year, budgeted funds that are not spent are returned to the City's fund balance. The goal of proper budgeting is to produce the desired results and outcomes at the price citizens are willing to pay.

Dates of Budget Hearings and Notices

November 15, 2008	City Council Strategic Planning Session
November 2008	Capital Budget Requests Compiled by Department Heads
November 2008	Capital Budget Compiled by Finance Director
December 2008	Operating Budget Requests Compiled by Department Heads
December 2008	Operating Budget Compiled by Finance Director including Personnel Counts
January 2009	City Manager Reviews Operating Budget with Department Heads
January 2009	Staff Prepares Budget Draft for City Council Review
January 26, 2009	Review of 2009/10 Strategic Goals with City Council
March 9, 2009	Distribution of Budget Draft to City Council and Public
March 14, 2009	Budget Workshop – Open to Public
April 9, 2009	Publication of Budget Notice in Newspaper.
April 13, 2009	City Council Reviews Second Draft of Budget
April 18, 2009	City Council Reviews Third Draft of Budget
April 20, 2009	Public Budget Hearing
April 20, 2009	City Council Approval of 2009/10 Budget
November 26, 2009	Publication of Notice of Property Tax Hearing in Newspaper (If Necessary)
December 7, 2009	Property Tax Hearing (If Necessary)
December 7, 2009	City Council approves property tax levy related to 2009/10 budget