

# SECTION VII



## Policies & Procedures

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## **POLICY & PROCEDURES**

There are many policies which govern the development of the City's annual budget. These policies include regulations established by the State of Nevada in the Nevada Revised Statutes and the Nevada Administrative Code, the Reno City Charter, the Reno Municipal Code, and management policies adopted by City Council. These policies are summarized below.

### ***NEVADA REVISED STATUTES (NRS) and NEVADA ADMINISTRATIVE CODE (NAC)***

The primary regulatory documents regulating the development and implementation of the annual budget are the Nevada Revised Statutes and Administrative Code. Specifically, NRS and NAC Chapters 354, Local Financial Administration, establish the basic guidelines which all Nevada municipalities follow in the development and implementation of their budgets. This chapter establishes the dates of submittal for the "Tentative" and "Final" budgets to the Department of Taxation, when the public hearing shall take place each year, and how the budget should be filed with the State and other local agencies.

Chapter 354 also defines the revenues available to local governments, how they are calculated, and the process for setting the rates. It also describes how funds will be accounted for and how these resources may be used.

### ***RENO CITY CHARTER***

The Reno City Charter establishes the duties and authority of the Reno City Council and City Manager. It authorizes the Council to set the rate for utility services and to impose license and business taxes and other charges for services. The Charter also establishes the maximum debt level for the City and rules for issuing new debt in addition to NRS requirements.

### ***RENO MUNICIPAL CODE (RMC)***

The method for setting rates of those revenue sources which the City Council is empowered to set by NRS or the Reno City Charter are established in the RMC. The Code also establishes basic human resources and civil service policies. The Code also establishes procedures for determining and adopting fees for certain services, which are used during the budget process to project revenues.

### ***FUND POLICIES***

Upon recommendation of the Financial Advisory Board, the City Council adopts fund policies for each of its funds. These written policies describe the sources and uses of revenues and the responsibilities of personnel engaged in the collection, accounting, and expenditure of its revenues. The policies also establish minimum reserve levels for each fund to ensure the stability of the programs using these revenues. During the budget process, staff reviews the reserve levels for each fund to ensure that sufficient reserves are maintained. When necessary, adjustments are made to budgeted revenues or expenditures to attain and/or maintain proper reserves.

## ***DEBT MANAGEMENT POLICY***

The City's Debt Management Policy was developed to meet the requirements of NRS Chapter 350. This policy, updated annually in June, describes the City's policies relating to the issue of debt, the relationship with the Capital Improvement Plan, and the method of selling debt. Further information on debt policies can be found in Section V.

## ***INVESTMENT POLICY***

The City's Investment Policy, last revised by Council in 1998, defines three primary objectives of the investment activities. They are to ensure the safety of invested idle funds by limiting credit and interest rate risks, maintain sufficient liquidity to meet the City's cash flow needs, and to attain a market rate of return throughout budgetary and economic cycles taking into account the City's investment risk constraints and cash flow requirements. The policy also defines the responsibilities of personnel involved in investment activities, the types of securities authorized for investment, the level of diversification, and procedures to ensure adequate internal controls.

## ***CAPITAL IMPROVEMENT PLAN***

The City's Capital Improvement Plan (CIP) establishes the timing, nature, cost and funding sources for major construction projects and capital equipment purchases. The plan is updated annually and covers a twenty year period. More information on the CIP can be found in this and the companion document (2006/07 Budget Capital Improvement Plan 2006/2026).

## ***CAPITAL MAINTENANCE PLAN***

The City's Capital Maintenance Plan (CMP) establishes the timing, nature, cost and funding sources for major renovation projects. The plan is identified as Category 5 in the Capital Improvement Plan. The projects to be funded for the year are enumerated in the plan and in section IV of this document.

## ***MASTER PLAN***

The City of Reno Master Plan, revised and adopted in 1999, is the City's blueprint for future development and land use decisions. The Plan consists of a number of individual plans and policies which are designed to enhance the traditional urban core, foster safe, convenient and walk-able neighborhoods and shopping districts, and to link land use decisions to the City's fiscal policies. This linkage is accomplished using a fiscal impact model which shows the long term financial impact of land use policy decisions in four geographic areas of the City and the resulting development options. The model forecasts 20 years of growth and fiscal impact, including major CIP projects and debt issues.

## ***BUDGET POLICIES***

In addition to the plans and policies above, which govern long-term fiscal policy; there are short-term budget policies which guide the development and implementation of the annual budget. These policies may change each year based on City Council and City Manager priorities, economic conditions, labor relations, or other factors. Some of the significant policies in effect for the 2006/07 budget include:

**Revenue Estimates.** Revenue estimates are based on regional, state, and local economic forecasts using an accepted forecasting model, such as trend or regression analyses. Revenue estimates received from the State or other governmental agencies are used as a base, then adjusted for local conditions and known events in the coming year which have budgetary impact on the City. Examples are scheduled tournaments at the National Bowling Stadium or planned hotel/casino, industrial, or residential construction.

**Revenue Sources.** Charges for services are set to recover the full cost of providing the services. The City conducts cost and program analyses for many of its revenue producing services to ensure they are provided efficiently and effectively and full costs are recovered. Fees are reviewed annually and adopted by Council in conjunction with the budget.

**Authorized Staffing.** All requests for new positions must be submitted to the Finance Department with complete justification, including additional costs for supplies and equipment and availability of office space. The City Manager may approve additional staff requests within the appropriations level approved by Council. Only the City Council can approve new positions which increase appropriation levels.

**Unfunded Needs.** Requests for new programs or budget increases above the authorized limit for inflation (determined by the Finance Department) are prioritized and submitted as unfunded needs by the departments. The City Council may then authorize specific items from the list when resources have been identified and are available.

**Services and Supplies.** After all budgeted revenues and salary and benefit costs are projected for the coming year; the Finance staff will determine any incremental increase over current year base budgets which the departments may request in their non-capital expense budgets. This percentage increase, approved by the City Manager, is typically less than the CPI for the local area. Departments explain all expense line items that exceed \$5,000.

**Capital.** Capital requests are submitted by departments through the CIP process, evaluated and ranked by the Capital Improvement Committee, and then submitted through the City Manager, to the City Council for approval.

## ***BUDGET PROCESS***

The City Manager, as Chief Administrative Officer (RMC 2.020), is responsible for developing the budget and presenting it to the City Council for adoption. The specific tasks of compiling information and formulating initial recommendations are completed by the Budget staff in the Finance Department, under the general direction of the Finance Director for submittal to the City Manager.

The City of Reno's budget process is designed to meet the requirements of the Nevada Revised Statutes regarding local government budgets. The City's fiscal year is July 1 - June 30; however, the budget process for any single year is a continuing effort which spans three calendar years. The process is circular in design, with activities for two fiscal years conducted simultaneously. The budget cycle has five phases: general preparation, current year re-projections, budget year development, compilation, approval and execution.

**General Preparation** (October - December): The tentative budget schedule is developed and distributed in October so that departments can begin the planning process. The Budget staff reviews and updates the Budget Manual and conducts training workshops with departmental representatives as required or requested. Budget, Information Services, and Finance staff ensures that automated budget, salary projection, and position control systems are updated. The departments also submit CIP/CMP requests for the next year.

**Current Year Re-Projections** (January - February): The departments re-project current year revenues, salaries and benefits, and services and supplies expenses for the last half of the current year. The Budget staff compiles the information which then provides the starting point for the next fiscal year.

**Budget Year Development** (February - March): The departments complete revenue and salary projections for the coming year and submit their services and supplies requests using the guidelines established by the City Manager. During this period, the City also receives the preliminary and final revenue projections from the State for ad valorem taxes and state-shared revenues. The Assistant Finance Director and staff meet with each department to review projections and requests.

**Compilation** (April): The Budget staff compiles all information received from the departments. The City Manager meets with each department to review performance measures, projected expenditures and requests. Based on the City Manager's decisions, the Budget staff prepares the Tentative Budget for submittal to the State by April 15 and the Tentative Budget, which Council reviews when departments make their presentations at scheduled public hearings.

**Approval and Execution** (May - June): Each department presents their budget to the Council during a series of budget workshops (public hearings). Any changes made during this period are compiled and included in the final budget. On the third Tuesday in May (NRS 354.596), the Council holds a public hearing on the Tentative Budget and any changes made during the workshop sessions. The Council then approves the Final Budget which must be sent to the State by June 1 (NRS 354.598). The Budget staff updates the Adopted Budget and distributes it, with line item reports, to the departments.

## ***BUDGET AUGMENTATIONS & REVISIONS***

The procedure to augment the appropriations of a fund is established by NRS and NAC. A budget augmentation is a procedure used to increase appropriations of a fund using previously unbudgeted resources. A revision is a change in the allocation of current appropriations. By law, all budget augmentations must be adopted, by resolution, by City Council prior to June 30 of the affected fiscal year and forwarded to the Nevada Department of Taxation. Resources which may be used to augment appropriations are:

- 1) A beginning fund balance higher than anticipated;
- 2) Revenues in excess of those budgeted; or

3) Revenues from previously unbudgeted sources.

In practice, City departments submit a request for budget augmentation or revision to the Assistant Finance Director. The Assistant Finance Director compiles these requests and submits them for approval by the City Council at the end of each month. They are then submitted to the State. Augmentations and revisions are not effective until approved by Council.

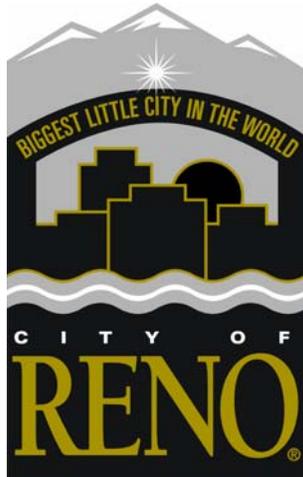
## ***BUDGET CALENDAR***

***CITY OF RENO***  
***BUDGET AND ORGANIZATIONAL EFFECTIVENESS STAFF***  
***PROGRAM BUDGET/BUSINESS PLANNING CALENDAR***  
***FOR 2006-07 BUDGET***

August 1, 2005	CIP forms distributed to NAB Chairs at joint meeting.
November 9, 2005	CIP Sub-Committee completes revised forms and worksheets for FY 2006/2007.
November, 2005	Submit requests for Performance Measurement training to Organizational Effectiveness (OE); and prepare for mid-year data compilation.
December 5, 2005	Proposals submitted for new performance measures and revisions to existing ones to OE.
December 5-16, 2005	Budget Training Workshops
December 7, 2005	Salary Projections extracted.
December 14, 2005	Salary projections for FY 2005/06 distributed, to be used as base for 2006/2007 projections.
December 16, 2005	CIP information distributed to Departments.
January 6, 2006	Preliminary revenue projections for CIP completed. Business Plan Updates and program service objectives submitted to OE.
January 20, 2006	FY 2005/06 re-estimated salaries and benefits returned. Adjustments for FY 2006/07 salary projections made on worksheets, FY 2006/07 new position requests, FY 2006/07 premium hours, FY 2006/07 temporary positions, and other FY 2006/07 salary projection changes due. CIP Input for new projects completed.
January 20, 2006	Re-estimated FY 2005/06 and projected FY 2006/07 revenues input completed, including entering complete justifications (notes) into computer. Salary Projections for FY 2006/07 distributed to departments.
January 27, 2006	Departmental input for re-estimated FY 2005/06 expenditures completed

	Departmental input for projected FY 2006/07 expenditures completed, including entering complete justifications (notes) into computer. NABs return completed CIP forms for new projects to Budget. Corrections to FY 2006/07 salary projections due.
February 3, 2006	Final draft of Program Budget/Business Plan pages due to OE (excluding Budget Summary, but including mid-year performance measurement numbers for 2005/06). Departments begin review of Performance Measures and identify areas where changes are needed.
February 6, 2006	Council Retreat. Corrected FY 2006/07 salary projections distributed to departments.
February 24, 2006	Department recommendations for revisions to performance measures and required updates to Program Budget/Business Plan pages due to OE based on Council and Department Head Retreats. Adjusted Department projected 2006/2007 expenditures input to implement Council goals and objectives complete.
February 13-28, 2006	Departments meet with Budget Staff.
February 15, 2006	Preliminary State revenue projections received.
February 15-16, 2006	Department Head Retreat. FY 2006/2007 salary projections completed and rolled into budget.
March 1, 2006	Proposed CIP list given to City Manager for comments.
March 8, 2006	Performance Measures finalized by OE and copies distributed to departments.
March 8 - April 6, 2006	Council/Manager Priorities incorporated into Program Budget/Business Plan pages by OE and copies distributed to departments. Budget numbers and Budget Summary for Program Budget/Business Plan completed.
March 15, 2006	Final State revenue projections received.
March 20- April 18, 2006	Departments meet with City Manager.
April 1, 2006	Budget Office prepares Tentative State Document.
April 15, 2006	Tentative Budget Submitted to State.
April 18, 2006	Publication of Public Hearing Notice (NRS 355.596).

April 26, 2006	CIP Plan completed and ready for presentation to Council. FY 2005/06 Proposed Budget distributed to Council.
May 9-15, 2006	Study Session-Budget workshops, including CIP presentation with Council.
May 16, 2005	Public Hearing on City and Redevelopment Budgets, and Assessments for Maintenance and Police Districts (NRS 355.596 & 268.795).
June 1, 2006	Final Budget Submitted to the State.
June 2006	Department begin data compilation for year-end performance report for OE.
July 2006	Departments begin data tracking for all performance measures; begin new business planning year; and submit Year-End Performance Report data to OE.
August 2006	Final Program Budget/Business Plan document completed and distributed to Departments.



THIS PAGE FOR NOTES