

SECTION VII



Policies & Procedures

State & Local PolicesVII-1

Budget ProcessVII-4

Budget Calendar.....VII-6

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.

VARIOUS POLICIES

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 (2009/10 Budget Capital Improvement Plan 2009/2029).

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 2011/12 budget include:

Balanced Budget. The State of Nevada requires that all governmental entities file a balance budget. This is accomplished by having revenues and use of fund balance or retained earnings that equal expenditures and ending fund balance.

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 Office of Management and Budget (OMB), under the general direction of the OMB 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. Departments submit CIP/CMP requests for the next year.

Current Year Re-projections and Budget Year Development (January - March): The departments in conjunction with budget staff 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. The departments also 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/Budget 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.

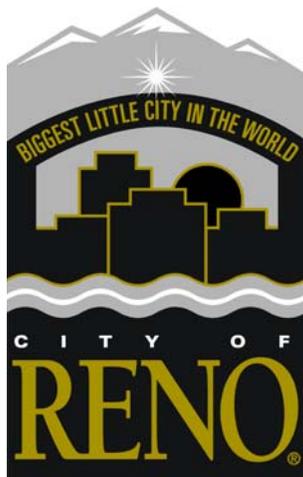
In practice, City departments submit a request for budget augmentation or revision to budget staff. Budget staff compiles these requests and submits them for approval by the City Council as needed. They are then submitted to the State. Augmentations and revisions are not effective until approved by Council.

CITY OF RENO
BUDGET AND ORGANIZATIONAL EFFECTIVENESS STAFF
PROGRAM BUDGET/BUSINESS PLANNING CALENDAR
FOR 2011-12 BUDGET

| | |
|---------------------|--|
| October 15, 2010 | CIP Forms/Instructions distributed to Departments. |
| November 1, 2010 | Indirect Cost requests sent to Departments. |
| November 19, 2010 | CIP input from Departments for new projects completed. |
| November 26, 2010 | Indirect Costs FY 2011/12 Due |
| December 6-17, 2010 | Budget Training Workshops Budget Performance Measures Business Plans |
| December 23, 2010 | Indirect Costs FY 2011/12 Completed |
| December 30, 2010 | Re-classification Requests to Human Resources; copy to Budget |
| January 7, 2011 | Preliminary Salary Projections for FY 2011/12 distributed Updated Fee Schedule Due |
| January 21, 2011 | Preliminary adjustments for 2011/12 made on salary projection worksheets and returned to Budget. <u>Included with Salary Projection Worksheets:</u> New Vehicle Request Forms 2011/12 Premium Hours or Dollars Temporary Position Requests Other Salary Projection Changes |
| January, 2011 | Council Retreat |
| January, 2011 | Department Head Retreat. |

| | |
|---------------------------|--|
| January 28, 2011 | <p>Semi-Final Salary Projections for FY 2011/12 distributed to departments.</p> <p>Re-estimated FY 2010/11 and projected FY 2011/12 revenues input completed including entering complete justifications.</p> <p>Departmental input for re-estimated FY 2010/11 expenditures completed.</p> <p>Mid-year performance measurement numbers for FY 2010/11.</p> <p>Departmental input for requested FY 2011/12 expenditures completed including complete justifications.</p> <p>Program Change Requests due.</p> <p>Neighborhood Advisory Boards return completed CIP forms for new projects to Budget.</p> <p>Proposals for new performance measures and revisions to existing measures submitted to the Office of Management and Budget.</p> <p>Business Plan Update and program service objectives submitted to the Office of Management and Budget.</p> |
| February 11, 2011 | <p>Final Draft of Program Budget/Business Plan pages due to the Office of Management and Budget.</p> <p>Final corrections to FY 2011/12 salary projections due.</p> |
| February 25, 2011 | <p>Final FY 2011/12 salary projections distributed to departments.</p> <p>Preliminary State Revenue projections received.</p> <p>FY 2011/12 salary projections completed and rolled into budget.</p> |
| February 28-March 4, 2011 | <p>Departments meet with Budget Staff.</p> |
| March 15, 2011 | <p>Final State Revenue Projections received.</p> <p>Departments recommendations for revisions to performance measures and required updates to Program Budget/Business Plan due to the Office of Management and Budget based on Council & Department Head Retreats.</p> <p>Adjusted Department requested FY 2011/12 expenditures input to implement Council goals and objectives completed.</p> |
| March 30, 2011 | <p>Performance Measures finalized by the Office of Management and Budget. Copies distributed to departments.</p> <p>Fee Schedule changes due.</p> |
| April 4, 2011 | <p>Departments submit status of 2010/11 approved CIP Projects.</p> <p>Budget Office prepares Tentative State Document.</p> |
| April, 2011 | <p>Departments meet with City Manager.</p> <p>Prioritized Program Changes, requests and new position listing provided to City Manager.</p> |

| | |
|------------------|---|
| April 15, 2011 | Tentative State Budget Document due. Council/Manager priorities incorporated into Program Budget/Business Plan pages to Office of Management and Budget. Copies distributed to departments. Budget numbers and budget summary for Program Budget/Business Plan completed. |
| April 29, 2011 | CIP Plan completed and ready for presentation to Council. |
| Late April, 2011 | FY 2011/12 Proposed Budget distributed to Council. |
| May 9-13, 2011 | Study Session-Budget Workshops, including CIP presentation at Council. |
| May 7, 2011 | Publication of Public Hearing Notice (NRS. 354.596). |
| May 17, 2011 | Public Hearing on City and Redevelopment Agency Budgets and Assessments for Maintenance and Police Districts (NRS 355.596 & 268.795). |
| June 1, 2011 | Final Budget submitted to State. |
| June, 2011 | Departments begin data compilation for year-end performance report for the Office of Management and Budget. |
| July, 2011 | Departments begin data tracking for all performance measures. Begin new business planning year. Submit year-end performance report data to the Office of Management and Budget. |
| August, 2011 | Final Program Budget/Business Plan document completed and distributed to departments. |



THIS PAGE FOR NOTES