

# SECTION VII



## Policies & Procedures

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## **POLICY & PROCEDURES**

There are many policies which govern the development of the City's annual budget process. These policies include regulations established by the State of Nevada in the Nevada Revised Statutes and 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 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 establishes procedures for determining and adopting fees for certain services, which are used during the budget process to project revenues. The Code also establishes basic human resources and civil service policies.

### **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, reviewed 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, Debt Administration.

## INVESTMENT POLICY

The City's Investment Policy, last revised by Council in 2013, 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 document under Section IV, Capital Improvement Plan, and in the companion document FY 14/15 Capital Improvement Plan FY 2014/2034.

## 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 2002, 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 commercial districts, and to link land use decisions to City policy.

## 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 FY 14/15 include:

**Balanced Budget** The State of Nevada requires that all governmental entities file a balanced 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 established cost recovery percentage 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 costs are recovered at the established cost recovery percentage. 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 Office of Management and Budget 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 Office of Management and Budget) are prioritized and submitted as unfunded needs by the departments. After City-wide priorities are established, items recommended for funding are submitted through the City Manager, to the City Council for approval.

**Services and Supplies** After all budgeted revenues and salary and benefit costs are projected for the coming year, the Office of Management and Budget 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 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 so that departments can begin the planning process. OMB 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): Departments, in conjunction with budget staff, re-project current year revenues, salaries and benefits, and services and supplies expenses for the second half of the current year. OMB 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 and program service 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 Office of Management and Budget Director and staff meet with each department to review projections and requests.

**Compilation** (April): OMB staff compiles all information received from the departments. Based on direction from the City Manager, OMB staff prepares the tentative budget for submittal to the State by April 15 and the tentative budget for Council review at scheduled budget workshops and the public hearing to formally adopt the budget.

**Approval and Execution** (May - June): At the direction of the City Manager, OMB presents the budget to Council during a series of budget workshops. 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, prints 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 the 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 OMB staff. OMB staff compiles these requests and submits them to the City Council for approval. The public can view the augmentation or revision at the City Clerk's Office prior to the meeting or via the City's website. At the meeting, the public is given the opportunity to discuss the proposed changes to the budget during the Public Comment Section of the Agenda or during the Item on the Agenda prior to Council action. Augmentations and revisions are not effective until approved by Council. Once approved, augmentations and revisions are then submitted to the State.

**City of Reno**  
**Office of Management and Budget**  
**FY 2014/15 Budget Calendar**

<b>Date</b>	<b>Task</b>	<b>OMB</b>	<b>Finance</b>	<b>Depts</b>
<b>2014</b>				
8/13	1st Quarter Budget Augmentation Requests Due to OMB			X
9/10	1st Quarter Budget Augmentation to Council	X		
10/20	CIP Instructions Sent to Committee	X		
11/3	Indirect Cost Data Request to Departments (Due 12/12)		X	
11/10	2nd Quarter Budget Augmentation Requests Due to OMB			X
11/18	CIP New and Updated Requests Due to OMB			X
11/18	Distributed to Departments: Salary Projection Worksheets (Due 12-12) Motor Vehicle Request Forms (Due 12-12) Temporary Position Request Forms (Non PRCS) (Due 12-12) Reclass Process Information (Due 12-19) Program Change Request (PCR) Forms (Due 1-30) Fee Schedule Worksheets (Due 2-6)	X		
12/4	CIP Potential Priorities Information Sent to Committee	X		
12/10	2nd Quarter Budget Augmentation to Council	X		
12/11	CIP Committee Meeting to Determine Priorities	X		X
12/12	Due to OMB: FY 15/16 Salary Projections FY 15/16 Motor Vehicle Request Forms FY 15/16 Temporary Position Request Forms (Non PRCS)			X
12/12	Indirect Cost Data Due to Finance			X
12/15	Requests for Authorization of a Take Home City Vehicle Due to Finance			X
12/19	Reclass Requests Due to Human Resources			X
<b>2015</b>				
1/1	RDA Annual Report to State	X		
1/13	CIP Consensus Information Distributed to Committee	X		
TBD	City Council Strategic Planning Session	X		
1/20	A3 Access to Departments	X		
1/20-1/23	A3 Training With Departments as Needed	X		X
1/22	Revenue Projections to CD, Muni Court, PRCS	X		

**City of Reno**  
**Office of Management and Budget**  
**FY 2014/15 Budget Calendar**

<b>Date</b>	<b>Task</b>	<b>OMB</b>	<b>Finance</b>	<b>Depts</b>
<b>2015</b>				
1/27	Salary Projections Completed	X		
1/30	Due to OMB: FY 15/16 Program Change Requests (PCRs) FY 16/17 Program Change Requests (PCRs)			X
1/30	Indirect Costs Completed By Finance		X	
2/3	Risk, WC, Motor Vehicles Charges Completed	X		
2/6	Due to OMB: FY 14/15 Re-Estimated Revenues, Services and Supplies FY 15/16 Estimated Revenues, Services and Supplies FY 15/16 Fee Schedule Worksheets FY 16/17 Estimated Revenues, Services and Supplies			X
TBD	Management Team PCR Review	X		X
2/11	3rd Quarter Budget Augmentation Requests Due to OMB			X
2/18-2/27	Department-OMB Meetings	X		X
3/9-3/27	Executive Team Budget Review	X		
3/11	3rd Quarter Budget Augmentation to Council	X		
4/15	Tentative Budget Due to State	X		
TBD	First Budget Workshop	X		X
TBD	Second Budget Workshop	X		X
TBD	Final Budget Workshop (if necessary)	X		X
5/19	Public Hearing/Budget Adoption	X		X
5/27	4th Quarter and Final Budget Augmentation Requests to OMB			X
6/1	Final Budget Due to State	X		
6/24	4th Quarter and Final Budget Augmentation to Council	X		
6/30	Due to OMB: FY 14/15 Top Accomplishments FY 14/15 Major Issues Updated Performance Measures			X