

# Memo

To: City Council  
From: Mayor Rebecca W. Stinchcomb  
Date: June 24, 2013  
Re: Five-Year Forecast and 2014 Tax Budget

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## Introduction

Substantial cuts in the City's general revenues due to state revenue-sharing reductions and the recent recession coupled with rising costs and aging City infrastructure have created an unsustainable financial outlook for the City. In order to address this issue, the Administration has worked with Council leadership to develop a process for the state-mandated tax budget that is different than in years past. The Administration has provided a recommendation for the 2014 budget as would be typical, as well as a detailed review and update of current year (2013) projections and in-depth analysis of 2015 operations including numerous ongoing operational reductions necessary to establish an operating level that fits within available revenues.

There is a \$12.8 million gap between the projected general fund revenue and all identified needs for 2014, which represents 34% percent of identified needs. The projected gap for 2015 is an additional \$8 million. The Administration is making budget recommendations on what to fund and not fund based on core service level criteria (see Core Services document) which differentiate services that are critical to the City's core functions from those that are enhancements. Understanding the severe impacts for the future has spurred the Administration to evaluate 2013 expenditures using the same criteria. Services and projects that are not core will begin to be reduced or eliminated in 2013 so the City can use the unspent funds for core services in the following years.

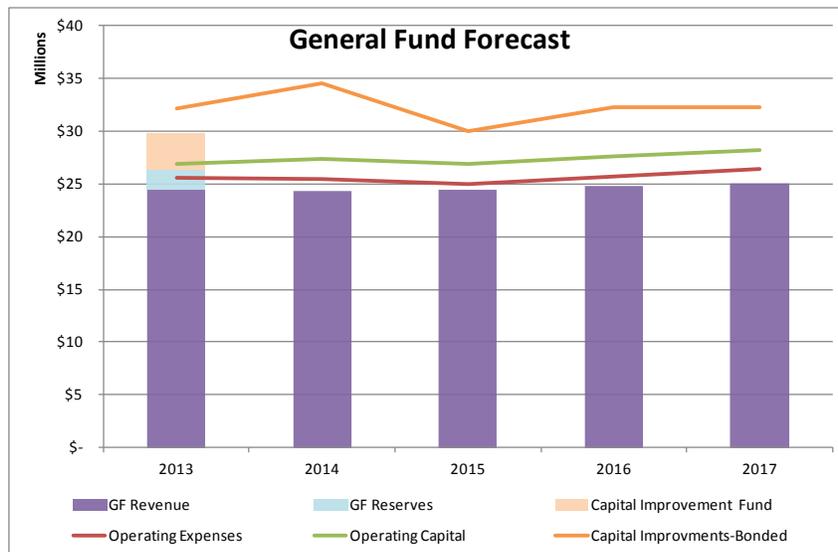
This memo will outline the specific budget recommendations for 2013, 2014, and 2015 based on current revenues and funding needs and will outline the services that will not be performed in order for the City to remain financially solvent. This long-term approach at forecasting the elimination of services and projects allows City Council and residents to be fully aware of the City's financial future and gives the community time to get involved and take over events and services or generate revenue.

## Five-Year Forecast

The creation of the City's Five-Year Capital Needs Assessment in 2012 permitted the Administration to project the City's anticipated revenue and expenditures for the General Fund through 2017. As a part of the 2013 Appropriations process, the five-year forecast was released and showed a significant gap between planned revenue and the costs associated with ongoing City operations and the capital improvements identified in the needs assessment. The following chart demonstrates the City's projected revenues and funding needs from 2013 to 2017 and highlights the significant gap between the two.

The revenue estimate in the five-year forecast assumes that General Fund revenue will continue at its current levels with conservative adjustments for economic growth. Operating expense forecasts assume current (2013 Appropriated) service levels. The Operating Capital and Priority I, II and III Capital project amounts are based on the City's needed capital infrastructure projects and improvements identified in the 2013 – 2017 Capital Needs Assessment. Based on these assumptions, a funding gap ranging between \$2.4 million and \$12.8 million per year was identified in the General Fund.

### 2013 – 2017 General Fund Forecast



### 2013 – 2017 General Fund Forecast Detail

	2013	2014	2015	2016	2017
<b>Resources</b>					
GF Revenue	\$ 24,501,089	\$ 24,320,727	\$ 24,492,356	\$ 24,781,333	\$ 25,081,279
Other Resources					
GF Reserves	\$ 2,009,079				
Capital Improvement Fund	\$ 3,468,790				
<b>Total Resources</b>	<b>\$ 29,855,284</b>	<b>\$ 24,320,727</b>	<b>\$ 24,492,356</b>	<b>\$ 24,781,333</b>	<b>\$ 25,081,279</b>

<b>Needs</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Operating Expenses	\$ 25,717,756	\$ 25,440,897	\$ 24,947,200	\$ 25,690,928	\$ 26,368,942
Operating Capital	\$ 1,282,180	\$ 1,899,500	\$ 1,892,000	\$ 1,867,000	\$ 1,802,000
<b>Operating Subtotal</b>	<b>\$ 26,999,936</b>	<b>\$ 27,340,397</b>	<b>\$ 26,839,200</b>	<b>\$ 27,557,928</b>	<b>\$ 28,170,942</b>
Priority I	\$ 831,022	\$ 729,000	\$ 215,000	\$ 1,776,001	\$ 200,000
Priority II	\$ 4,064,000	\$ 5,793,000	\$ 1,953,000	\$ 2,183,000	\$ 1,433,000
Priority III	\$ 425,000	\$ 3,225,000	\$ 3,545,000	\$ 3,250,000	\$ 5,015,000
<b>Capital Improvements</b>	<b>\$ 5,320,022</b>	<b>\$ 9,747,000</b>	<b>\$ 5,713,000</b>	<b>\$ 7,209,001</b>	<b>\$ 6,648,000</b>
<b>Grand Total-All Needs</b>	<b>\$ 32,319,958</b>	<b>\$ 37,087,397</b>	<b>\$ 32,552,200</b>	<b>\$ 34,766,929</b>	<b>\$ 34,818,942</b>
<b>Variance</b>	<b>\$ (2,350,000)</b>	<b>\$(12,766,670)</b>	<b>\$ (8,059,844)</b>	<b>\$ (9,985,596)</b>	<b>\$ (9,737,663)</b>

### **2013 Appropriations Recap**

When the 2013 Appropriations were developed by the Administration and approved by Council, a gap of \$5.3 million was identified based on anticipated revenues, ongoing operational funding needs and the 2013 capital needs identified in the City's Five-Year Capital Needs Assessment. At that time, the gap was closed in part by deciding not to fund \$2.4 million worth of projects identified in the capital needs assessment. The remainder of the gap was closed by the Administration requesting and Council authorizing the use of \$3 million in excess General Fund reserves.

### **2013 Capital Needs-Not Funded in Appropriations**

<b>Project</b>	<b>Not Appropriated</b>	<b>Impact</b>
New Front Pool & Facility Improvements	\$200,000	Will not create a plan for a new aquatic center since construction is not funded in the future in new projections.
Buckles Tract Infrastructure Development	\$1,000,000	Will severely hinder the City's ability to attract commercial development for this property. This is one of the City's most attractive commercial properties. It is also one of the few remaining pieces of vacant land that is available for development. Developing this property with this infrastructure item is imperative to secure commercial development and sustainable revenue streams for the City in the long run.
Claycraft/Morrison Improvements	\$750,000	Will delay needed improvement within Central Park. These improvements are necessary to improve the attractiveness of the commercial properties in Central Park. Central Park is one of the few remaining pieces of vacant land that is available for development. Not completing this infrastructure will reduce the attractiveness of commercial development and reduce the long term revenue stream for the City of Gahanna.
Asset management (Cityworks)	\$40,000	Loss of efficiency gained by using central system to track public and internal work requests. This software would have also offered an asset condition database that would help pinpoint where maintenance dollars should be spent.
OHEC Garden Improvements & Irrigation	\$20,000	Project would have increased product available for destination visitors/tour groups. Would also enhance education capabilities at the Center.
New Operations Complex	\$250,000	Will not construct a wash bay at the new service complex lot. The lack of an effective wash bay causes more deterioration of our vehicles due to salt.

Gahanna Canoe Launch	\$15,000	Will not plan canoe launch at Stygler and Morse Roads unless alternative funding is identified.
Southwest Floodplain/Veterans Park	\$50,000	Funding to create construction drawings for Southwest Flood Plain (Veterans Memorial Park). Project will be postponed until private funding can be acquired.
Academy Restroom & Concessions	\$25,000	Funding to complete construction drawings for improvements to Academy Park building to include storage, restroom and concession improvements. Project will be postponed to date uncertain. Upon exit from City maintenance facility, Gahanna Jr. League will be required to identify its own storage resources.
<b>Total</b>	<b>\$2,350,000</b>	

This gap has since lessened to \$4.4 million due to revenue coming in higher than originally anticipated. Based on this revision to the forecast, it appears that \$2 million in excess reserves would be needed to fund 2013 expenses as appropriated.

### **2013 Expenditure Review**

The ongoing use of reserves to balance the City’s operating budget is not a sustainable approach for the future. Without additional revenue, significant reductions to ongoing operations and capital investments are required. This reality has led the Administration to further review planned expenses for the remainder of 2013 in order to best utilize the City’s limited resources and to create a plan for the future in the absence of new revenue. The goal of this effort is to reduce or eliminate expenses in order to preserve resources for core services and projects moving forward. These reductions were made using the core services criteria; our goal was to ensure core service functions are still provided even if they are not provided at a level that ensures an “excellent” outcome.

The result of this analysis is a further reduction of \$1.4 million in planned and appropriated operating and capital expenditures for 2013. In addition to the \$2.4 million in unfunded capital projects identified above, three additional capital projects were identified for elimination in 2013 for a total of \$600,000.

### **2013 Capital Needs-Further Reductions**

<b>Project</b>	<b>2013 Reduction</b>	<b>Impact</b>
Entryway Signs & Features	\$300,000	Will reduce the City’s competitiveness to attract commercial and residential activity. Having attractive public spaces is essential in securing capital investment and new residents to the community.
OCT District Signage & Gateways	\$275,000	Will reduce the City’s competitiveness to attract commercial and residential activity. Having attractive public spaces is essential in securing capital investment and new residents to the community.
Headley Soccer Field Rebuild & Irrigation	\$25,000	Will not create construction drawings for renovation for Headley soccer fields since construction funding is cut in 2014.
<b>Total</b>	<b>\$600,000</b>	

The Administration has also identified \$843,494 in net operating savings for 2013 through a combination of permanent operating cuts to services and programs, one-time savings due to employee turnover and external factors and adjustments for known cost increases for 2013.

### 2013 Permanent Operating Reductions/Eliminations

The permanent operating reductions identified for 2013 related to community events and recreation programming were chosen because they are not core City services. These activities are neither central to the City's mission nor self-supporting with program revenue.

Reduction	2013 Savings	Description
Community Events	\$53,154	Elimination of City funding for 2013 community events such as Fireworks/Freedom Festival, Creepside Festival, Service Expo and Holiday Lights Parade. Funding allocated for deposits for the 2014 Groundhog Day event has also been eliminated and offsetting sponsorship revenue was sought for Blast by the Bayou. Any City support provided for these events would require offsetting reimbursement by event organizer.
Recreation Programming & Promotions	\$19,850	Elimination or reduction of recreation programming not otherwise offset by program revenues. Affected programs include: <ul style="list-style-type: none"> <li>• Party in Your Park (eliminated)</li> <li>• Music in the Park (reduced)</li> <li>• Youth Council (eliminated)</li> <li>• Movie Night (reduced)</li> <li>• Create &amp; Play (eliminated)</li> <li>• Outdoor Adventure Programs (eliminated)</li> <li>• Grandparents Series (eliminated)</li> <li>• After School Environmental programs (eliminated)</li> <li>• Holiday House new builds (eliminated)</li> <li>• Get Moving Team (eliminated)</li> <li>• Winter Wonderland (eliminated)</li> </ul>
2005 Bond Refunding	\$41,500	Reduced debt service requirement due to refunding 2005 outstanding bonds, prorate for partial year.
IT & GIS Staff Reductions	\$40,000	The 2013 appropriations included \$40,000 to support hiring 2 part-time employees to support IT and GIS. These positions have not and will not be filled in 2013.
<b>Total Reduction</b>	<b>\$154,504</b>	

### One-Time Reductions in Expenditures

One-time expenditure savings occur from time to time as a result of unforeseen events such as employee salary savings due to vacancies or property settlements or because of reductions to one-off expenses that were not intended to be part of ongoing operations in by nature.

Reduction	2013 Savings	Description
Salary Savings	\$506,000	Part-year vacancies in Police, Service, Public Information and Information Technology have led to one-time savings in the funds initially allocated for the compensation and benefits associated with these positions.
TIF/Debt Service Savings	\$560,000	When the Creekside development was purchased out of receivership last year, all past-due TIF payments in lieu of taxes were paid on the parcels. These funds are available in the Creekside TIF fund and should be used to offset the General Fund transfer to the Debt Service fund, as these funds would have been used for this purpose in the year they were initially due to be collected.
Eliminate Funding for West	\$35,000	Will prevent the City of having a tool to attract private investment for the

Gahanna Master Plan		West Side of Gahanna. This part of the community struggles from a lack of new private investment. Having a plan will give the City the tools to attract new investment.
<b>Total Reduction</b>	<b>\$1,101,000</b>	

### 2013 Operating Adjustments/Increases

The 2013 Appropriations were developed in fall of 2012 and took into account all known requirements for funding at the time. Since that time, certain operating increases have been identified which offset the identified savings to a degree. These include salary increases due to labor negotiations and a compensation study that were still ongoing at the time of the appropriations, as well as increases in costs that are tied to direct revenue sources which have come in higher than expected this year.

Increase	2013 Increase	Description
Labor Union cost increases	\$78,100	This amount represents the estimated incremental costs associated with the wage and benefit rates as they currently stand in the Tentatively Agreed upon FOP and OPBA labor contracts, assuming they are retroactive to January 1.
Compensation/Classification market adjustments	\$150,000	Pending final revisions to the 2013 compensation and classification survey, this amount represents an estimate of the funds required to compensate full- and part-time City staff at market rate, assuming a July 1 implementation date.
Building Inspection Fees	\$60,000	Supplemental appropriation approved earlier in 2013 for increased expenses associated with higher than anticipated building inspection fee revenues.
Tax Incentive Payments	\$123,910	Supplemental appropriation approved earlier in 2013 for increased expenses associated with higher than anticipated income tax revenue from eligible incentive recipients.
<b>Total Increase</b>	<b>\$412,010</b>	

The Administration is recommending that as a result of this \$1.4 million in net savings of savings identified for 2013, an additional \$1 million transfer be made from the balance of the General Fund to the Capital Improvement Fund. These funds would be used to address critical capital needs in 2014 and beyond.

Assuming all of the above reductions take place as well as the additional \$1 million requested transfer to the Capital Improvement Fund, the total excess reserves required for 2013 will be approximately \$2.0 million. This is one-third less than was originally planned for the year, and will leave the excess reserve level at approximately \$4.8 million for 2014.

### 2014 Tax Budget

State statute requires the City to adopt an annual cash basis tax budget. By Motion Resolution, City Council approves submission of the state tax budget by July 15 of each year. This budget is submitted to the Franklin County Budget Commission in order to substantiate the need to levy the full amount of authorized property tax rates for the City and review the City's revenue estimates.

The Administration's recommended 2014 tax budget uses the revised operating levels from 2013 as a starting point, and includes further reductions to minimize the anticipated draw on excess reserves. The Capital Needs Assessment was studied extensively to identify the most critical capital investments for 2014, and the remainder was cut. A summary of the original and revised Capital Needs Assessment is provided as an appendix to this memo.

### 2014 Capital Reductions

Project	2014 Reduction	Impact
Police Vehicle Replacement Program	\$150,000	Increased mileage fleet-wide. Extended lifecycle of police vehicles and impact on police patrol operations. Currently, each upfitted cruiser costs approximately \$55,000. \$100,000/year will purchase about 2 cruisers per year. With a fleet of 20 cruisers being replaced at 2/year, you could have some cruisers 10 years old.
General Fund Equipment Replacements	\$150,000	With over 30 vehicles and over 35 pieces of large equipment being replaced from this line item, our fleet will age significantly, causing a less efficient operations and much higher maintenance costs.
Asphalt Overlay Program	\$850,000	Our current overall average street rating is approximately an 86. If only \$250,000 is spent annually for 10 years on asphalt overlay, our estimate is that the overall street rating would drop to 77. It is important to note that an overall average of 77 means that some streets could be rating 20-30.
Addition of Street Lights at Intersections	\$20,000	We will be unable to light intersections when requested by residents.
Fiber Optic Growth	\$150,000	Loss of redundancy to City facilities through extended fiber.
Multiple Purpose Trails	\$350,000	Construction of Big Walnut Trail and other recreational trails in Gahanna will be or not completed.
Detroit Street Rebuilds	\$833,000	Our current overall average street rating approximately 86. If only \$250,000 is spent annually for 10 years on Detroit rebuilds, our estimate is that the overall street rating would drop to 77. It is important to note that that an overall average of 77 means that some streets could be rating 20-30.
Academy Park Field Lights	\$240,000	Will not replace lights, which would provide lower maintenance costs, increased efficiency, increased control of use and light pollution. Existing lights will remain.
Creekside Island Electrical Upgrades	\$160,000	Original lights and electrical system is beginning to fail and cause damage to trees. Original system will be maintained and removed when inoperable.
Hannah-Headley Maintenance Building	\$125,000	Will not construct building for maintenance storage for zone based maintenance system including Hannah and Headley Park. Equipment will remain exposed to environment or tailored daily to reduce impact. Portable storage units will be explored where necessary.
Entryway Signs & Features	\$100,000	Will reduce the City's competitiveness to attract commercial and residential activity. Having attractive public spaces is essential in securing capital investment and new residents to the community.
Document Imaging	\$50,000	Continue without a centralized method of imaging, indexing and storing signed contracts and related paperwork.
New Front Pool & Facility Improvements	\$3,300,000	Will not rebuild 50 year old Gahanna Swimming Pool. Maintenance staff will continue to operate existing structure. Pool will operate as is barring any catastrophic failure.
Olde Gahanna Rebuild-Walnut Street	\$40,000	Will not rebuild Walnut Street, which would have included streetscape features, trees and sidewalks. Project would have made Creekside District more pedestrian friendly.
Audio/Visual Upgrade to Chambers	\$20,000	The taping system is the most critical part with regard to the internal workings of the department. The tape system died and was replaced late last year with a digital recording system. We can operate with the balance of the existing system for the foreseeable future.

Headley Soccer Field Rebuild & Irrigation	\$395,000	Fields will not be renovated and the current inadequate conditions will continue to degrade.
HRP Entry Way Redesign	\$15,000	Will not redesign entry way, which would have increased efficiency and customer service.
HRP Shade Structures	\$25,000	Will not build shade structure intended to provide shade and comfort.
Woodside Green South Bank Stabilization	\$25,000	Pond improvements will not occur; conditions will remain and/or degrade.
Bedford II (Bricklawn Paving, Leavitt Extension)	\$1,500,000	Will severely hinder the City's ability to attract commercial development for this property. This is one of the few remaining pieces of vacant land that is available for development. Developing this property with this infrastructure item is imperative to secure commercial development and sustainable revenue streams for the City in the long run.
South Stygler Road Widening	\$100,000	Will not help alleviate the congestion on Stygler at 62.
New Operations Complex	\$200,000	Current facility condition and lack of space creates an inefficient work condition.
OHEC Carriage House Kitchen	\$250,000	Will not expand classroom/meeting space for education programming and group tour sessions. Building will remain as is.
Gahanna Canoe Launch	\$100,000	Will not construct canoe launch at Morse and Stylger unless grant funding becomes available.
SouthWest Floodplain/Veterans Park Planning and Construction	\$150,000	Will not complete design and construction of Veteran's park.
Sycamore Run Park Planning and Development	\$50,000	Will not construct path and other park improvements at Sycamore Run Park. Park will remain as is.
Academy Restroom and Concession	\$300,000	Will not construct building at Academy Park that would have included storage, restroom and improved concessions. Gahanna Junior League is currently using valuable space at the Service Complex and this arrangement needs to be reviewed and possibly altered.
Skate Park Elements	\$15,000	Will not make improvements to Skate Park as regularly as playground maintenance. Unsafe elements will be removed as necessary.
<b>Total Reductions</b>	<b>\$9,663,000</b>	

## 2014 Operating Reductions

The tax budget recommendation maintains the operations reductions started in 2013 with additions noted below. The total of these reductions is an additional \$243,729 per year.

Reduction	2014 Reduction	Description
Community Event Support	\$16,550	All reductions for 2013 remain in place and City staff support for the July 4 <sup>th</sup> parade is only provided if offset by sponsorships and/or revenue. Groundhog Day event is eliminated if no offsetting sponsorship is provided.
Recreation Programming & Promotions	\$41,042	Elimination of programs initially reduced in 2013 including Music in the Park and Movie Night; Reduction Second Saturdays programming; Elimination of Live at Five programming if no offsetting sponsorship is provided.
Economic Development Marketing & Memberships	\$21,300	Economic Development marketing funds are reduced and only memberships to be renewed are MORPC and MODE.
Account Consolidation	\$15,000	City-wide supply accounts will be consolidated to achieve greater efficiency.
Staff Reallocation	\$32,637	Payroll costs for the Service Secretary will be reallocated 50% to proprietary funds to better reflect changing work responsibilities.

Salary Savings	\$100,000	Anticipate salary savings in the Police Department due to time to fill vacant positions.
Additional Bond Refunding Savings	\$17,200	Additional full-year savings due to 2005 bond refunding.
<b>Total</b>	<b>\$243,729</b>	

With the listed capital and operating reductions in place for 2014, the projected gap between anticipated revenues and expenditures is \$1.2 million. For the purposes of the tax budget, the Administration recommends utilizing \$1.2 million in excess reserves (out of a projected available \$4.7 million) to balance the budget in 2014.

### **2015 Planning**

The Administration recognizes that the ongoing use of excess reserves to balance the budget is not a sustainable approach. In projecting out one more year, the Administration recommends additional operating reductions of \$1.2 million to take place in 2015 that would eliminate the gap between annual revenue and ongoing expenses. These reductions will have a serious impact on the community. They will affect the quality of life that Gahanna's citizens have come to expect should this scenario come to pass.

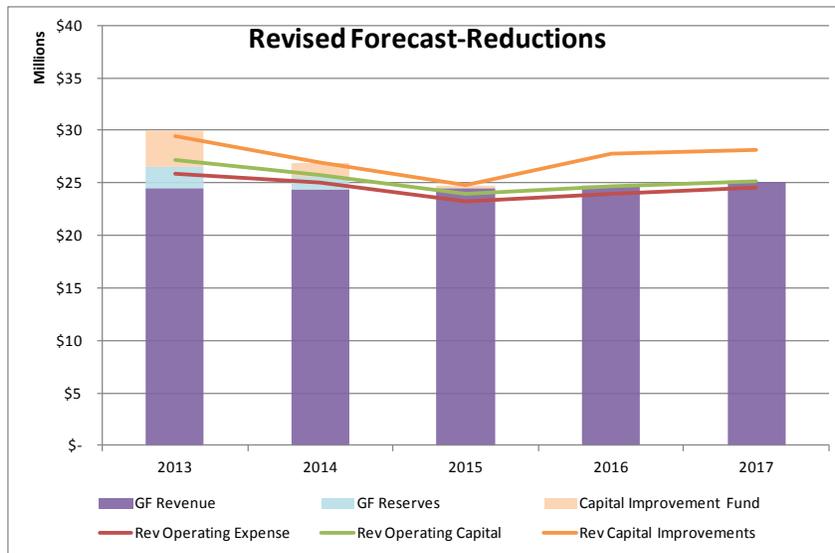
The estimated savings associated with these reductions is based on 2013 estimates of the direct costs of these operations, net of offsetting revenue where applicable. These proposed reductions eliminate 4 full-time positions, convert an additional 4 full-time positions to part-time, as well as eliminate 9 part-time and approximately 87 seasonal positions.

<b>Reduction</b>	<b>Net Savings</b>	<b>Description</b>
Elimination of Economic Development outreach function	\$92,000	Reducing the amount of economic outreach will directly limit the City's ability to service the business community. Business outreach is the most effective strategy for business retention and attraction. Reducing this service will force the City to be solely reactive instead of proactive in addressing the needs of the business community.
Reduce Planning & Development Department administrative support	\$29,000	The management and coordination of P.O.s, contracts, reports, phone calls, emails, correspondence, schedules and would have to be done by other staff members; taking attention away from economic development, building and planning and zoning activities.
Eliminate part-time Public Information staff support	\$18,000	The PIM will spend an undue amount of time on tactical projects such as writing the e-newsletter, social media and press releases rather than strategic branding and messaging.
Reduce Emergency Management support and eliminate Code Red notifications	\$33,000	No longer have the ability to provide emergency information via telephone to Gahanna residents. Deny the residents access to the weather warnings for severe weather and tornadoes. Retains only the basic ability to meet emergencies and maintain the EOP.
Reduce parks maintenance operations	\$100,000	Reduction in turf care in athletic facilities. Youth leagues will be required to pay additional for turf maintenance. Reduction in mowing standards. Increased no mow zones.
Close Gahanna Senior Center	\$98,000	The senior population will not have this amenity or the programming it offers. Will have to seek out private alternatives.

Close Herb Education Center	\$5,000	While only minimal direct cash savings would be achieved by closing the Herb Center, the City would be in a position to consider selling this asset for a one-time cash settlement that could be directed toward higher priority operations or projects.
Close Swimming Pools	\$267,000	Closing the swimming pools would significantly reduce the seasonal workload in the Parks department as well as Finance and Human Resources. The greatest direct savings from closing the pools come from staffing reductions made possible in those support departments as a result of this reduction in workload. These closures would also eliminate the City's long-term liability for the aging infrastructure at the pools—and remove the unfunded pool replacement project from the City's capital needs.
Reduce authorized and funded police staffing to 53 Officers	\$175,000	Currently authorized 60, budgeted 55. Reduction of two officers below budgeted strength impacts immediate police service to the public. Fifty-three officers return the department to 1999 - 2004 staffing levels.
Consolidate city-wide front desk operations	\$100,000	Front desk coverage in Parks, Service and the Mayor's office would be reduced or eliminated and consolidated with the Service Secretary at main reception. This would negatively impact project management, office coordination and customer service.
Eliminate non-union raise pool and reduce other compensation for non-union employees	\$257,000	While the City would maintain its philosophy of compensating employees at the market rate, it would not budget for performance raises on top of market pay. Additionally, service credit and wellness incentives would be eliminated for non-union employees.
Reduce employee training & professional development	\$25,000	Funding for employee training and professional development would be reduced by a third.
Revise benefit contributions and/or plan design to affect health-care cost savings	\$60,000	Non-union employees would be required to pay 15% toward vision and dental insurance and plan offering and coverage levels would be investigated to roll-out benefits that share a greater proportion of the costs with employees.
Unemployment Insurance offset placeholder	<\$59,000>	These proposed reductions create a significant potential for unemployment insurance liability. Changes in the unemployment program as well as the amount of time between now and the estimated impact of these reductions make it challenging to predict the exact liability. The Administration will continue to monitor this issue and allocate funds accordingly.
<b>Total</b>	<b>\$1,200,000</b>	

## **Conclusion**

Based on the 2013 reductions, 2014 Tax Budget proposal and further operating reductions for 2015, the Administration has created a forecast that minimizes the need to use excess reserves to fund planned operations.



Moving forward, the immediate action item required of Council will be passage of the 2014 Tax Budget. The Mayor’s recommended Tax Budget is included as an attachment to this memo. The Tax Budget is due to the county budget commission by July 19<sup>th</sup>.

Development and passage the tax budget is the first step in the City’s annual budgeting process. A summary of the major phases of the annual budgeting process is provided below.

#### TAX BUDGET (MAY-JULY)

- Finance Department prepares revenue and expenditure estimates.
- Administration reviews and updates Tax Budget as needed.
- Tax Budget is submitted to City Council for review and approval by motion resolution.
- Approved Tax Budget is submitted to County Budget Commission.

#### DEPARTMENT BUDGET REQUESTS (AUGUST-SEPTEMBER)

- Departments prepare budget submittals and key performance measurements.
- Finance Department reviews and analyzes budget requests and prepares summaries and recommendations for Mayor’s review.

#### FORMULATION OF THE MAYOR’S PROPOSED BUDGET (SEPTEMBER-OCTOBER)

- Mayor conducts budget review sessions with departments to review budget submittals.
- Final adjustments in revenue and expenditure estimates are prepared by the Finance Department.
- Mayor balances budget.
- Finance Department produces Budget document.

#### REVIEW, PUBLIC INPUT AND BUDGET MARKUP (OCTOBER-DECEMBER)

- City Council reviews recommended Budget.
- City Council holds budget work sessions.
- Public Hearing held on the Budget.
- City Council makes allocation and policy decisions.
- Finance Department produces final Appropriations ordinance and needed updates to line-item details.

#### ADOPTION (JANUARY)

- Council adopts the budget by ordinance on or about the first day of the year.