

Budgetary Policies and Procedures

Kansas law prescribes the policies and procedures by which the City prepares its annual budget. The City maintains budgetary control to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. The annual budget contains an itemized estimate of the anticipated revenue and the proposed expenditures necessary to meet the City's financial needs, detailed by program and object of expenditures. The annual budget must be balanced so that total resources equal obligations. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts not disbursed are carried over as a designation of fund balance for the following year.

Kansas Statutes (K.S.A. § 79-2927 et seq.) require that an annual operating budget be legally adopted for the General Fund, Special Revenue Funds (unless specifically exempted by statute), Debt Service Funds, and certain Enterprise Funds.

A legal annual operating budget is not required for the Capital Projects Fund or Trust Funds and the following Special Revenue Funds:

Airport Improvement Fund	Outside Agency Fund
Capital Improvement Reserve Fund	Wee Folks Scholarship Fund
Equipment Reserve Fund	Fair Housing Assistance Fund
Guest Tax Reserve Fund	Community Development Fund
Liability Reserve Fund	Rehabilitation Escrow Fund
Sales Tax Reserve Fund	Home Program Fund
Law Enforcement Grant Fund	Transportation Planning Fund
Worker's Compensation Reserve Fund	Law Enforcement Trust Fund
Summer Youth Fund	

The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- a. Preparation of budget for the succeeding calendar year on or before August 1 of each year.
- b. Publication of proposed budget and notice of public hearing on or before August 5 of each year.
- c. Public hearing on or before August 15 of each year, but at least ten days after public notice.
- d. Adoption of final budget on or before August 25 of each year.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time.

The statutes permit management to transfer budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds (the legal level of budgetary control). Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting modified further by the encumbrance method of accounting. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations lapse at year-end.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the City.

Administrative policies of the City that guide the development of the budget include policies regarding the issuance of industrial revenue bonds, temporary notes and bonds, cash management, fixed assets, investments and payroll. Policies are in place regarding the accumulation of reserves (fund balance) in the general fund, the procurement of city vehicles and the allocation of the transient guest tax.

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In addition to written administrative policies, there are a number of departmental policies and procedures that effect the budget. For instance, there are procedures for the replacement of city vehicles and computer hardware.

Horizon 2020 and other long range and strategic plans also effect the City's budget. These plans allow the various city departments to forecast their future staffing, equipment, and facility needs and the costs associated with them based on growth and population projections. This allows city staff to estimate the revenue that will be needed to meet these needs, to what amount the issuance of debt will be necessary, if fee and rate increases will be required, etc..

The budget calendar is developed early each year according not only to the state statutes but also an administrative policy. The 2004 Budget Calendar is on page A-33 of this document.

Early in the year, each department submits a budget request including payroll projections, capital outlay requests, and program improvement decision packages. Due to the revenue shortfalls anticipated for 2004, it was necessary to make adjustments and reductions to the budget proposals submitted by the department directors.

A number of study sessions are held throughout the year with city staff and the City Commissioners to discuss various elements of the budget. A goal setting session is held, giving the Commissioners an opportunity to determine priorities for the budget year. Staff in the various departments can then work toward accomplish of those goals through their daily operations. The City Commission goals are on pages A-27 through A-28 of this document.

Other sessions are held to discuss the multi-year Capital Improvement Plan, to review Debt, and to provide the City Manager and staff with direction for allocation to contractual agencies [see pages B-48 (general overhead), C-1 through C-3 (Guest Tax), G-1 through G-3 (Special Alcohol)].

Once again this year, the City Commissioners had budget conferences with each department. The conferences provided the Commissioners the opportunity to review the requests with department staff, learn more about program improvement packages and ask questions about the issues presented by department staff in their budget proposals.

The first opportunity for public comment is in June. Another study session is held to review the Multi-year CIP Budget (see pages J-9 through J-24 for Capital Improvement Budget Summary) and to allow the Commissioners to provide additional direction to staff.

The City Manager then prepares a recommended budget that is reviewed and revised by the Commissioners before being published in the Journal World.

A second opportunity for public comment is held in early August. A final budget is then adopted by the City Commission and filed with the County Clerk in late August.

The budget is then formatted into this printed document, reproduced and made available for the public. In addition to dollar amounts, this documents contains narrative information on the purpose and mission, the accomplishments, goals and objectives, and performance indicators of each department and division.

2003 OPERATING BUDGET CALENDAR

<u>Friday, March 1</u>	Budget materials and forms mailed to Contractual Agencies* (general fund)																																																								
<u>Wednesday, March 14</u>	RFP forms mailed to Contractual Agencies* (alcohol fund)																																																								
<u>March 27</u>	City Commission Budget Study Session (2:30 p.m.)																																																								
<u>April 9-10</u>	Meetings with Dept. Heads re: budget forecast and Budget Conference format																																																								
<u>Friday, April 12</u>	Budget materials available on-line to Department Directors																																																								
Monday, April 15	Requests Due From Contractual Agencies* (general fund)																																																								
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<u>May 1&2</u>	City Commission Conferences w/Contractual Agencies* (general fund)																																																								
<u>Friday, May 10</u>	<u>Department Budget Information Submitted to Assistant City Mgrs.</u>																																																								
<u>Wednesday, May 15</u>	City Commission Study Session (9:00 a.m.) <ul style="list-style-type: none"> · 2003 Operating Budget/Multi-Year CIP/Debt Review · Provide direction on Contractual Agency* allocations 																																																								
<u>May 20-22</u>	Budget Conferences with Department Heads: <table border="0" style="width: 100%;"> <tr> <td style="width: 40%;">Library</td> <td style="width: 15%;">Monday</td> <td style="width: 15%;">May 20</td> <td style="width: 30%;">2:00 p.m.</td> </tr> <tr> <td>Administrative Services</td> <td>Monday</td> <td>May 20</td> <td>2:30 p.m.</td> </tr> <tr> <td>Planning</td> <td>Monday</td> <td>May 20</td> <td>3:00 p.m.</td> </tr> <tr> <td>Police</td> <td>Monday</td> <td>May 20</td> <td>3:30 p.m.</td> </tr> <tr> <td>Legal Services</td> <td>Monday</td> <td>May 20</td> <td>4:30 p.m.</td> </tr> <tr> <td>Information Systems</td> <td>Tuesday</td> <td>May 21</td> <td>12:30 p.m.</td> </tr> <tr> <td>Utilities</td> <td>Tuesday</td> <td>May 21</td> <td>1:00 p.m.</td> </tr> <tr> <td>Human Relations</td> <td>Tuesday</td> <td>May 21</td> <td>2:00 p.m.</td> </tr> <tr> <td>Tues Public Works</td> <td>Tuesday</td> <td>May 21</td> <td>2:30 p.m.</td> </tr> <tr> <td>Finance</td> <td>Tuesday</td> <td>May 21</td> <td>3:30 p.m.</td> </tr> <tr> <td>Neighborhood Resources</td> <td>Wednesday</td> <td>May 22</td> <td>1:00 p.m.</td> </tr> <tr> <td>Public Transit</td> <td>Wednesday</td> <td>May 22</td> <td>1:30 p.m.</td> </tr> <tr> <td>Parks & Recreation</td> <td>Wednesday</td> <td>May 22</td> <td>2:00 p.m.</td> </tr> <tr> <td>Fire/Medical</td> <td>Wednesday</td> <td>May 22</td> <td>2:45 p.m.</td> </tr> </table>	Library	Monday	May 20	2:00 p.m.	Administrative Services	Monday	May 20	2:30 p.m.	Planning	Monday	May 20	3:00 p.m.	Police	Monday	May 20	3:30 p.m.	Legal Services	Monday	May 20	4:30 p.m.	Information Systems	Tuesday	May 21	12:30 p.m.	Utilities	Tuesday	May 21	1:00 p.m.	Human Relations	Tuesday	May 21	2:00 p.m.	Tues Public Works	Tuesday	May 21	2:30 p.m.	Finance	Tuesday	May 21	3:30 p.m.	Neighborhood Resources	Wednesday	May 22	1:00 p.m.	Public Transit	Wednesday	May 22	1:30 p.m.	Parks & Recreation	Wednesday	May 22	2:00 p.m.	Fire/Medical	Wednesday	May 22	2:45 p.m.
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<u>Wednesday, May 29</u>	Joint Study Session w/County & USD 497 (9:00 a.m.)																																																								
<u>Monday, June 3</u>	Receive recommendations from Alcohol Advisory Board re: agency awards																																																								
<u>Tuesday, June 4</u>	2003 Budget – Public comment item on CC Regular Agenda																																																								
<u>Wednesday, June 12</u>	City Commission Study Session (9:00 a.m.) <ul style="list-style-type: none"> · Review Multi-Year CIP Budget · Provide Direction on Operating Budget 																																																								
<u>Tuesday, June 25</u>	Budget Distributed to City Commission																																																								
<u>Wednesday, July 3</u>	City Commission Study Session (9:00 a.m.) <ul style="list-style-type: none"> · City Manager's Recommended Budget 																																																								
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<u>July 19/20</u>	City Commission Goal Setting Session																																																								
<u>Tuesday, July 23</u>	City Commission authorizes publication of Budget																																																								
<u>Wednesday July 24 - Noon</u>	Budget material provided to Journal World for publication 07/27/02																																																								
<u>Tuesday, August 6</u>	Public Hearing on Budget - Budget Ordinance first reading																																																								
<u>Tuesday, August 13</u>	Budget adopted by City Commission - Budget Ordinance second reading																																																								
<u>Friday, August 23</u>	Budget filed with County Clerk																																																								
<u>Friday, November 1</u>	Budget published in book format																																																								
<u>Monday, November 11</u>	Budget submitted to GFOA for review																																																								

*Contractual Agencies – agencies seeking City funding from general fund or alcohol fund