# STRATEGIC PLANNING AND BUDGET DEVELOPMENT PROCESS

The City of Suffolk's Annual Capital Planning process and Annual Operating and Capital Budget process begins each year in October and concludes after the final adoption by City Council, prior to June 30th of the following year. The budget process is designed to include an analysis of each department's budget and to allocate resources across departmental programs based on the strategic plans, goals and directions provided by City Council and a thorough examination of programs and justifications. Each activity that is funded is reviewed by the City's Director of Budget and Strategic Planning, the City Manager, and the City Council.

## Long and Short Term Strategic Planning:

A citizen survey is conducted biennially by an independently contracted company to obtain feedback and assess citizen satisfaction with the various services provided by the City. The survey is conducted on a statistical sample of the City's population. The Department of Media and Community Relations reports the results to Council at the annually held fall Council Retreat.

The annual Council retreat focuses on the City's goals, visioning, land use, and important financial matters. Topics include issues associated with the City's Ten Year Comprehensive Development Plan, and significant service issues from staff and Council. Council develops its vision and a list of priorities and staff provides Council with recommended strategic initiatives to be addressed in the short and long term future of the City.

Short and long term strategic initiatives are developed and updated for use in the development of the City's ten year Capital Improvements Plan (CIP) and Annual Operating and Capital Budget.

## Annual Five-Year Budget Forecast:

The Department of Budget and Strategic Planning produces a Five-Year Budget Forecast annually to evaluate the total amount of available resources and total amounts of anticipated costs over a five year period. It incorporates levels of anticipated revenues over the next five years, the projected levels of operating costs, the anticipated levels of debt service for the Capital Improvements Plan, and the anticipated operating costs associated with all new capital facilities. In turn, the first year of the Five-Year Budget Forecast is used as a framework from which to develop the guidelines and targets for the Operating Budget. The Five-Year Forecast is used to determine the level of funding the City will have to support its Capital Improvement Plan within the debt policy constraints adopted by the City.

## Development of the Annual Capital Improvements Plan (CIP):

The City of Suffolk begins the development of its Annual Capital Improvements Plan (CIP) in October to address in detail the five year plan and additional five year horizon for needed City capital improvements. A recommended CIP is developed by the City Manager with input from the various departments of the City.

The City Manager's recommended plan is reviewed by a CIP Committee consisting of the two Council elected representatives on the City's Finance Committee and two designated members of the City Planning Commission. The CIP Committee reviews the proposal and specific projects with the City Manager and directs adjustments and forwards its recommended plan to the full Planning Commission. The Planning Commission reviews, directs, edits, and recommends the document to the City Council who receives the plan, holds a public hearing, edits as necessary and adopts the plan.

The CIP process is concluded in February prior to the development of the Annual Operating and Capital Budget. The first year of the adopted CIP is incorporated into the City Manager's Proposed Annual Operating and Capital Budget.

**Development of the Annual Revenue Estimates and Operating and Capital Budget:**

The development of the Annual Operating and Capital Budget begins in November with the assembly of a budget development committee comprised of appointees by the City Manager. Standing committee members include the City Manager, the Deputy City Manager, and the Director of Budget and Strategic Planning.

The City Manager's budget committee holds a planning meeting in November to create the budget work plan and calendar with oversight responsibility assigned to the Director of Budget and Strategic Planning. This work plan is designed to incorporate a rigorous internal review of service areas, work processes, and cost centers in need of strategic analysis to address the efficiency and effectiveness of the City.

Community budget meetings are held in January to gather taxpayers' input, suggestions, and comments for the development of the City Manager's proposed budget. These comments are documented and shared with City Council.

Budget requests for each activity of the City are submitted electronically to the Director of Budget and Strategic Planning for compilation and review by the City's budget committee. Accountability exists to support every dollar requested with detailed support and explanations. Meetings are held with each department to review their submission and programs and address questions and possible solutions to improve efficiency and effectiveness. Follow-up meetings are later held to review the City Manager's recommended budget with each department and address any remaining issues.

Revenue estimates and projections are developed by the Director of Budget and Strategic Planning and affirmed through a cooperative review by the City's Treasurer, Commissioner of the Revenue, and Assessor. Estimates are derived at the line item level projecting the current year's revenue and estimating anticipated revenues for the following fiscal year based on both historic trend information and other known revenue factors. Such factors include actions of the State General Assembly and City Council as well as impacts of the current economy on local and State revenue receipts.

The City Manager submits a budget message and proposed operating and capital budget to the City Council at least sixty (60) days prior to the beginning of each budget year or July 1st. This budget includes all proposed revenue sources and estimates with recommended expenditures for all funds required to support the City's operations and capital projects. In accordance with the City Charter, the budget transmitted by the City Manager to the City Council must be balanced, meaning that expenditures recommended by the City Manager must not exceed estimated revenues.

Public information meetings are held to review the contents of the City Manager's proposed operating and capital budget with interested residents of the City.

Work sessions are conducted with City Council to review the contents of the proposed budget and receive comments and changes as directed by Council.

A public hearing is held for Council to receive public comment on the proposed Operating and Capital Budget. Prior to July 1, the City Council makes its final revisions to the proposed budget and adopts the budget by resolution.

Funds are appropriated at the Fund level through an appropriations resolution. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles applicable to governmental units. Budgeted amounts reflected in the financial statements are as originally adopted, unless amended by the City Manager or City Council.

Appropriations for all funds lapse at the fiscal year end with exception to outstanding encumbrances stated in a "not-to-exceed" amount in the adopted appropriations resolution for all ongoing projects and programs.

The City Manager is authorized to amend appropriations by transferring unencumbered amounts within the appropriated funds. Otherwise, amendments that alter the total appropriation of any fund must be approved by the City Council.

During the year, the City Council may approve amendments to original appropriations, primarily as a result of various federal and state grant awards. The City Manager is authorized to reallocate funding sources for capital projects, including bond interest earnings to minimize arbitrage rebates and penalties.