

2021 Budget Instructions



The City's Budget is

- Required by State Law – Must be passed by December 31st of each year.
- The legal authority for the city officials & staff to incur & pay expenses.
- A guiding document establishing control over how much money can be spent.

The Budget should

- Reflect the City's priorities and goals.
- Provide information to the public on how City funds are being expended.
- Provide for the needs to maintain and operate the City efficiently and effectively to support the necessary services provided to the community now and into the future.
- Be flexible to meet the public needs and adjust to financial and economic changes.

Budgeting guidelines for elected officials – (from AWC Small City Resource Manual)

1. The adoption of the annual budget is generally the single most important issue to be addressed. It is required that each city adopts an annual (or biennial) budget, and without doing so, the city cannot expend resources.

2. The budget should be a reflection of the community's priorities, and elected officials should recognize that those priorities change over time.

3. Virtually all small cities engage in "incremental" budgeting. The base tends to be fixed, and annual budgets generally only add or subtract programs and levels of expenditures at the margin.

4. City officials should recognize that there is interdependence between capital and operations and maintenance expenditures. New capital expenditures can reduce ongoing expenditures, and failure to properly invest in capital assets can increase ongoing expenditures. Failure of a city to repave thoroughfares can result in increased expenditures for patching and other related costs. It can be very dangerous to continually defer necessary capital expenditures.

5. The budget process can be contentious and combative, and in an environment of shrinking revenues few city officials are satisfied with the outcome.

6. Elected officials should avoid using the budget to drive public policy determinations. Such determinations should be established outside of the budgetary process, subject to an open public process, and then implemented in the budget.

7. There will never be sufficient city resources to address all of the demands and expectations of the citizenry. Budgeting is about making choices and establishing priorities in an environment of limited fiscal resources.

8. Finally, city officials need to openly communicate with their citizens the fiscal limitations of their city, and why they're unable to satisfy everyone's expectations.

Budget Process – Who does What? (See Flow Chart-Calendar)

City Council – The Council sets the policy, priorities, and/or goals which provide the direction the staff will take in developing the estimates. Legally mandated expenditures, contractual obligations, operating needs and capital needs – both short and long term - of the City should be a part of the

discussion in determining the direction for the future. After all the hearings have been held, the Council is responsible to adopt the final budget before December 31st.

Mayor/City Administrator – Provide guidance and responsible for ensuring the preparation of the budget so that it meets the needs of the City and follows the direction and policy set by the City Council. Either or both may prepare the City’s Budget Message to be included in the document.

Clerk/Treasurer – Prepare the revenue projections working with other staff. Prepare estimates for the legal obligations of the City such as contractual obligations, debt service payments, collective bargaining wages, and transfers supporting the operations of the City. Provide this information to the Department Heads. Receives the Estimates back from the Department Heads and prepares the preliminary numbers for review. Sets and publishes the three required public hearings and prepares all documents necessary to present the budget to the Council and the public for review under the guidance of the Mayor and Administrator. Upon adoption of the final Budget the Clerk prepares the final Budget document.

Department Heads - Prepare estimates for the expenditures needed to operate the city for the future year effectively and efficiently to meet the needs of the citizens and providing for the health, safety and public welfare and meeting all regulatory requirements. Capital needs of all departments are a part of this process which includes preparing the draft Capital Facilities Plan. Estimates are returned to the Clerk/Treasurer. Department Heads participate in the public hearings to present their requests.

Things to Consider

1. City Obligations
 - Water – Provide Clean/Safe Drinking Water
 - Sewer – Handle Sewer Per Regulations for Public Health & Safety
 - Stormwater – Ensure Stormwater controls - Control Flooding
 - Streets/Sidewalks – Public Safety
 - Public Safety – Police Services
 - Building – Public Safety
 - Planning – Responsible Growth for the Future
 - Debt Service - Contracts/Agreements/Bargaining Agreements
 - Community Services – Library – Tourism
 - Personnel – Retention-Job Safety-Benefits-Regulations
 - Available Resources – Sustainability of programs – revenue stream
2. Facilities – Capital Needs
 - Age of Infrastructure – Useful Life
 - Replacement timelines
 - Replacement - Future Costs
3. Citizens - What is Important to the citizens/community?
 - Economic Effects on community/citizens
4. Future – What is needed to meet community growth?
 - Economic Growth – Business – Downtown – Employment
 - Effects on the current Infrastructure
 - Sustainability