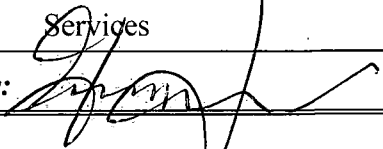




POLICY AND PROCEDURE

Subject: Annual Budget Process	Index: Finance Number: 201-10-1
Effective Date: October 31, 2011	Prepared By: Finance & Administrative Services
Supersedes: February 1, 2006	Approved By: 

1.0 PURPOSE:

To establish general policy guidelines for the budget preparation and modification process.

2.0 ORGANIZATIONS AFFECTED:

All departments and divisions.

3.0 REFERENCES:

City of San Clemente's Municipal Code Section 2.12.020
Budget Instruction's (published annually in January)
City Policy and Procedures (Policies within Section #201-10)
Annual Adopted City Budget

4.0 POLICY:

- 4.1 The fiscal budget is prepared by the City Manager annually and must be adopted by the City Council prior to the beginning of each fiscal year.
- 4.2 The proposed budget, as presented by the City Manager, shall represent a balanced budget; recommended allocations shall not exceed projected revenues.
- 4.3 The proposed budget as presented by the City Manager, shall reflect the continuation of current service levels wherever appropriate and/or shall include an explanation of any decreases or increases, and funding for identified Council priorities. Any new programs or capital items not contained in the previous budget shall be identified and presented to the City Council in formal "decision packages".
- 4.4 A budget calendar shall be prepared by the City Manager in January prior to the beginning of the fiscal year and will be distributed to the City Council, City Commissions and upon request, to the public. This calendar shall contain the following elements:

- 4.4.1 Timeframe for the City Manager to prepare, print, and distribute the proposed budget document.
- 4.4.2 Schedule of the City Council's review and adoption of the annual budget.
- 4.5 Public input/review of the proposed budget is encouraged. The entire budget document shall be made available at City Hall for review by the public. The City Council shall hold at least one public meeting prior to their adoption of the annual budget before June 30.
- 4.6 After adoption, the annual budget may be amended. A transfer of budgeted appropriations within the same Fund may be approved by the City Manager when there is no increase in the adopted budget. (Separate City Policy and Procedure's address the following: Supplemental Appropriations - Policy #201-10-2, Budget Transfers - Policy #201-10-3 and Reappropriations - Policy#201-10-4).
- 4.7 The City Manager shall provide the City Council with quarterly budget analysis comparing actual expenditures and revenues receipts to budgeted amounts.
 - 4.7.1 Line item budgets may be exceeded provided that the total department/division budget does not exceed the allocated budget
- 4.8 A Comprehensive Annual Financial Report (CAFR) and final audit of the fiscal year's expenditures and revenue receipts shall be available by November of the succeeding year.
- 4.9 Budget Instructions describing the current fiscal year budget process are published by the Finance and Administrative Services Department in January of each year.

5.0 DEFINITIONS:

- 5.1 Budget – The budget is a financial planning tool and is utilized to allocate financial resources and staff to specific programs in order to accomplish the City Council's priorities.
- 5.2 CAFR – The Comprehensive Annual Financial Report is an audited final review of the actual expenditures and revenues for a completed fiscal year. The CAFR is prepared after the auditors have reviewed the City's financial records. The CAFR is to be completed by November of each year.
- 5.3 Decision Packages – Are requests by departments for new programs, positions, capital equipment and reclassifications of existing positions during the budget development process. See the annual Budget Instruction's for additional information on this subject.
- 5.4 Fiscal year: July 1 – June 30 of each year.