

Budget Process Policy

Purpose

Outline the principles and process for the adoption of the City's 2025 operating and capital budgets so that the decision points and roles of the committees and staff are clearly understood and agreed to.

Background

All Wisconsin municipalities must adopt an annual budget. See Wis. Stat. secs. 65.01 and 65.90. A budget is a projected financial plan or "fiscal blueprint" that outlines how municipal funds will be raised and spent. While the City produces a budget book that is over 100 pages, technically, for purposes of complying with state law, the legal budget is the 2-page resolution enacted by the governing body that meets the requirements of sec. 65.90(2). Before adopting the annual budget, a municipal governing body must hold a public hearing on the proposed budget to allow citizen comment. To inform the public about the proposed budget, the municipality must publish a class 1 notice under Wis. Stat. ch. 985, at least 15 days before the date of the public hearing on the budget.

There are different budget versions or phases that are created during the process. The table below describes the version, the final decision maker and the approximate time-frame. While the City strives to maintain a collaborative process between the Administration, Mayor and Common Council, it is important to recognize that each version has a final decision maker.

Budget Version	Decision Maker	Time Frame
Requested Budget	Department Directors	June-July
Executive Budget	City Administrator and Mayor	August- September
Proposed Budget	Financial Affairs Committee	October
Adopted Budget	Common Council	November

The Budget itself is one of the most significant policy decisions the Council makes as it represents decisions among competing interests for limited resources.

Principles

1. While a policy document, the Budget is intended to be a financial policy. Policies with no financial implication, in general, should not be addressed through the budget process but through the normal committee and agenda setting process.
2. Council Standing Committees will be involved with budget development throughout the entire process and timeline
 - a. Consideration of new budget initiatives and policy changes should occur prior to July 30th although the Financial Affairs committee may refer an item during the budget process to the appropriate committee for their consideration. Depending on the complexity, some budget initiatives may require multiple years to plan and implement.

- b. Committees should recommend that a change be included in the Executive Budget or referred to the Financial Affairs committee for consideration in the Proposed Budget. Recommendations are advisory only and not binding.
 - c. Any recommendation must be voted upon by the Committee before it can be forwarded for inclusion in the Executive or Proposed Budget.
 - d. Alders are encouraged to meet and communicate with Department Directors and appropriate City staff but requests for budgetary changes should be made through the committee process
 - e. Alders on the Financial Affairs Committee may propose amendments to the Executive Budget during a meeting in which the Financial Affairs committee is considering the Executive Budget. It is preferred that initiatives be discussed in the appropriate committee prior to the release of the Executive Budget but recognizing that is not always possible, staff request that Alders notify the Finance Director and appropriate Department Director of any proposed amendment no later than two weeks after the publication of the Executive Budget. Alders not on the Financial Affairs Committee can seek to have a colleague on the Committee propose an amendment on their behalf or they may propose an amendment of the Proposed Budget when it is before the entire Common Council.
 - f. While not required, it is strongly encouraged that proposed changes to the budget include a funding source. If not, the decision-maker for that phase will ultimately have to balance the budget.
3. Committee involvement should be focused on high-level key decision points on which the Committee will vote. High-level decisions are defined as:
 - a. Overall policy decisions with a budgetary impact such as those in the Financial Resiliency Policy and Debt Policy. These would include the balance between development, expenditure reductions and revenue increases for example
 - b. Decisions that affect all departments such as the change in the property tax levy or changes to compensation
 - c. Significant departmental changes that affect the way in which services are provided, the service level that is provided or the cost of providing the service.
 - d. Changes in fees
4. The Financial Affairs Committee will vote upon the recommended property tax levy increase, cost of living increase and any significant health care design changes preferably prior to ~~May~~ June 30th following the presentation of the five-year forecast.
5. Staff will provide the committee as accurate financial information as is available recognizing that the earlier in the process information is provided, the higher margin of error.
6. Staff presentations will be focused on items with a financial impact on the budget. Informational presentations will be limited to items that require background information.
7. ~~Larger~~ ~~Departments~~ including Police, Fire and Public Works will provide annual updates to assigned committees or the Common Council in lieu of budget presentations. These presentations will take place from February through September.
8. Specific budget initiatives will be brought before the appropriate committee throughout the process when there is sufficient information available for a preliminary decision to be made.

9. The tentative release of the Executive Budget will be September 27, 2024 with the following meeting dates:
 - a. Committee of the Whole, Tuesday, October 1 2024 – Executive Budget Overview
 - b. Financial Affairs Committee, Tuesday, October 8, 2024– Departmental Review
 - c. Financial Affairs Committee, Tuesday, October 22, 2024 – Continued Departmental Review (special meeting due to 5-Tuesday month)
 - d. Financial Affairs Committee, Thursday, October 24, 2024 – Continued Departmental Review – if needed
 - e. Financial Affairs Committee, Tuesday, October 29, 2024 – Amendments and Adoption
 - f. Public Hearing, Tuesday, November 5
 - g. Budget Adoption, Tuesday, November 19
 - h. The Capital budget dates will be provided separately when they are available.
10. The October Financial Affairs Budget Committee review will be focused on how staff was able to remain with the overall guidelines established, significant departmental changes, amendments to the budget and adoption. Department Directors will be available to discuss changes to their budgets. The focus will be on budgetary changes as opposed to departmental overviews.
11. Enhanced public participation will be considered a future development
12. This policy will be reviewed and modified as necessary by the Financial Affairs Committee following the adoption of the 2025 budget.