

## **Fiscal Assessment**

City management recognizes its ethical and fiduciary responsibility to its citizens to carefully account for public funds.

We continue to focus efforts on sound long-range financial planning, and implementing cost and process efficiencies.

The Budget document reflects the City's commitment to sound budget and fiscal policies and processes. This plan ensures that the City is in a position to maintain its current level of service delivery for the community throughout the ensuing biennium. The plan makes the best choices for resource allocations, meets current operational needs, and addresses future fiscal capacity.

## **Budget Process**

This budget document represents months of hard work by City staff and the City Council. The budget as adopted by the City Council provides the plan and the resources to deliver citizen services and accomplish stated goals.

The City's Budget process incorporates a long-term perspective and linked departmental spending plans directly to the City Council's goals and desired budget outcomes. The process was also designed to promote involvement from citizens, staff, local businesses, and other interested stakeholders.

The City upheld the following long-standing ideals in preparing its spending plan:

- Living within our means by adopting a balanced budget (current revenues plus fund balance are sufficient to support current expenditures).
- Providing accurate and timely financial information – including the City's current or anticipated fiscal condition.
- Providing prudent and sound fiscal direction to help guide decision making.

- Maintaining a pay-as-you-go philosophy regarding debt and capital spending.
- Avoiding paying for ongoing expenditures with one-time revenues.
- Maintaining adequate General Fund reserves.
- Including maintenance and replacement funds to maintain essential facilities and equipment.

The City prepares budgets for all of its funds. Three of these are internal service funds, whose costs are allocated (based on usage) to the funds that utilize their services. Budgets are appropriated at the fund level, as presented in the Revenue section of the budget document.

## **Budget Planning Process**

Planning for the Budget begins in the first quarter of the prior year, immediately following the mid-biennial budget review.

The development and adoption of our City's budget is a lengthy and intense process, designed to provide adequate opportunity for public input and sufficient time for deliberation and enactment by the City Council.

The Budget Development Process can be found in Appendix B of the budget document.

The major steps involved in development of the budget are listed in the budget calendars located in Appendix B of the budget document.

## **Local Government Budgeting**

Local government budgeting began in the early 1900s to:

- Administer control over how public monies were spent.
- Mitigate the risk of over-spending.

## **Bothell's Biennial Budget**

Bothell's two-year biennial budget was established by Municipal Code 3.70.010, pursuant to RCW 35A.34.040.

Bothell's first biennial budget period was 2003-2004. Less than 50 Washington cities use biennial budgets.

### **Advantage:**

- Increases focus toward long-term planning.
- Reduces planning time, so more staff resources can be spent on achieving community goals.

### **Disadvantage:**

- Increases the challenge of forecasting revenues and expenditures from one to two years.
- Decreases the ongoing accuracy of the spending strategy because it is more realistic to plan for shorter periods when the economy is unstable or suddenly becomes volatile.

### **RCW 35A.34.050**

#### **Budget Estimates and Submittal**

A budget call is required on or before the second Monday of September in an even-numbered year. The budget call defines the parameters and guidelines for budget development, along with each department's role and responsibility within the process.

Fourteen days after notification, detailed estimates of probable revenues and all expenditures required by the departments for the ensuing fiscal biennium are due.

### **RCW 35A.34.070**

#### **Proposed Preliminary Budget**

On or before the first business day in September of an even-numbered year, the Finance Director shall submit to the City Manager a proposed preliminary budget setting forth the complete financial program of the city for the ensuing fiscal biennium by department.

### **RCW 35A.34.080**

#### **Preliminary Budget**

The City Manager shall make any revisions or additions they deem necessary to the department head's budget submittals, and shall file them with the City Clerk as the recommended final budget by November 1st of an even-numbered year.

### **RCW 35A.34.090**

#### **Budget Message**

A budget message prepared by or under the direction of the City Manager shall be submitted as part of the preliminary budget to the City Council by the first of November.

Prior to the final budget hearing, the City Council shall schedule hearings on the budget, and may require department heads to be present to provide information regarding estimates and programs.

#### **Budget Message Requirements**

- An explanation of the budget document.
- An outline of the recommended financial policies and programs.
- A correlation of the recommended appropriation to such policies and programs.
- A rationale for significant appropriation and revenue estimate changes.
- An explanation for any recommended major changes in financial policy.

### **RCW 35A.34.100**

#### **Budget Notice of Hearing**

Immediately following the filing of the preliminary budget, the City Clerk shall publish a notice once a week for two consecutive weeks in the City's official newspaper stating:

- The preliminary budget for the ensuing fiscal biennium has been filed, and a copy is available for review at the Clerk's Office by any taxpayer.
- The designated date, time, and place of the City Council budget meeting, and an invitation for any taxpayer to appear and be heard for or against any part of the proposed budget.

The City Council shall meet on or before the first Monday in December of an even-numbered year to receive taxpayer input and potentially update the final budget.

## **RCW 35A.34.110**

### **Budget – Hearing**

The City Council can continue the budget hearing (RCW 35A.34.100) from day to day, but not later than December 7th of an even-numbered year.

## **RCW 35A.34.120**

### **Budget – Adoption**

Following conclusion of the hearing but prior to the beginning of the fiscal biennium, the City Council shall make changes as it deems necessary or proper and shall by ordinance adopt the budget in its final form and content.

A copy of the final budget as adopted shall be transmitted to the State Auditor and the Association of Washington Cities.

### **Budget Foundation**

The foundation of the budget process is generating operational and financial plans, reviewing programs, and establishing the City Council's goals and desired budget outcomes that best serve the community - not just for the ensuing biennium, but also well into the future.

The budget process includes reassessing citywide goals and objectives and the means to accomplish them. Council meets and reconfirms their goals for developing the City's upcoming budget. These goals are all compatible with the City's vision and mission statements.

### **Financial Stability**

Maintain a long-range financial plan and biennial budget that provide sustainable levels of service within investment limits citizens are willing to make. Strive for cost-effective service delivery by encouraging operational efficiencies, cost containment, innovative revenue enhancement, and technology advancements.

### **Economic Development**

Create and sustain economic development, which builds and diversifies the City's revenue streams, while complementing and enhancing the quality of life for all who live, work and play in Bothell.

### **Quality of Life/Livability**

Achieve harmony between the built and protected natural environments, and target available resources to build infrastructure and provide services which strengthen and sustain our community.

### **Community Connections and Involvement**

Engage in ongoing dialogue with the public to increase citizens' understanding of and engagement in City issues, and to build strong partnerships.

### **Public Safety and Security**

Provide effective service to allow citizens to use and enjoy their community without fear of loss of life or property, while being proactive and responsive to community safety and security issues.

The needs of the community are best met through adept planning and exhaustive analysis. The City Manager, Finance Director, and departmental staff carefully evaluate all City programs and funding requests to ensure all budget appropriations clearly contribute to the accomplishment of the City Council's goals.

The City cannot meet all demands of the community because it has finite resources. Thus, an integral part of the budget process is to prioritize needs according to the City Council's goals for the upcoming two years, and to identify dependable funding sources.

The following questions are applied to evaluate priority and need of services:

## **Budget Prioritization Questions:**

- Is this service mandated by Federal or State law?
- Should the City provide the service?
- Is the service provided by other public sector service providers?
- Is the service included in the City's Comprehensive Plan?
- Does the service alleviate identified deficiencies?
- Is there strong public and political support for the service?
- Does this service address life-safety issues?
- Are the benefits derived in line with the cost of providing the service?
- Should the service be contracted out?
- Are other potential revenue sources available to fund the service?
- Would other services be impacted if this service was eliminated?
- Does the service contribute to economic growth?

## **City Manager's Budget Message**

The Budget Message provides the following information to stakeholders:

- Outlines the City's long-range vision and mission, current City needs and available resources, along with the City Council's goals.
- Summarizes the City's budget planning process and financial policies. Describes the City's fiscal position and long-term sustainability strategies.
- Communicates and highlights the City Council's desired budget outcomes.

**The City Manager's Budget Message is located in the Introduction Section of the budget document.**

## **Budget Amendments**

Washington State law requires the City Council to adopt a balanced budget. Biennial appropriations are therefore limited to total estimated revenues for the upcoming biennium, plus any unencumbered fund balance estimated to be available at the close of the current fiscal biennium.

Modifications to the adopted biennial budget may take place no sooner than eight months after the beginning of the biennium, nor later than the conclusion of the first year of the fiscal biennium.

The City Manager and Finance Director prepare the annual budget modification for the Council's consideration.

The City Clerk publishes hearing notices consistent with the publication requirements for adoption of other city ordinances.

The budget modification must be by ordinance, and approved in the same manner as other ordinances of the City - including making the proposed amendments available to the public and providing time for public input.

A complete copy of the budget modification as adopted is transmitted to the State Auditor's office and to the Association of Washington Cities.

The Finance Director approves administrative budget transfers that do not move budget appropriations between funds. Administrative budget transfers are documented and tracked by the Finance Department.