



City of West Covina

Budget Policy

Updated – May 19, 2020

INTRODUCTION

This document defines the policies and procedures for the budget for the City of West Covina.

The procedures serve as a guide for maintaining the City's reputation for fairness and integrity of fiscal responsibility in preparation of the annual budget using proper checks and balances. The budget functions will be conducted using the highest ethical standards.

The objective of the budget policy is to establish a budget process that helps decision makers make informed choices about the provision of services and capital assets and to promote stakeholder participation in the process. The term "stakeholder" refers to anyone affected by or has a stake in the City of West Covina with priority to residents and West Covina businesses. The use of "shall" is synonymous with will.

POLICY PURPOSE

Policy and procedures have been established in order to provide the most efficient and effective operations of preparing the budget. The budget process will cover four main Goals:

1. Establish Broad Goals to Guide City Decision Making

- The City Council does adopt broad goals on an annual basis that provide overall direction for the City and serve as a basis for decision making.
 - i. Assess community needs, priorities, challenges and opportunities.
 - ii. Identify opportunities and challenges for City services, capital assets, and management.
 - iii. Develop and disseminate broad goals.

2. Develop Approaches to Achieve Goals

- The City will utilize specific policies, plans, programs, and management strategies to define how it will achieve its long-term goals.
 - i. Adopt and review financial policies.
 - ii. Develop programs, services, operating, and capital policies and plans.
 - iii. Develop management strategies.

3. Develop a Budget Consistent with Approaches to Achieve Goals

- A financial plan and budget that moves toward achievement of goals, within the constraints of available financial resources, is to be prepared and adopted.
 - i. Develop a process for preparing and adopting a budget.
 - ii. Make choices necessary to adopt a budget.

4. Evaluate Performance and Make Adjustments

- Programs and financial performance will be continually evaluated, and adjustments made, to encourage progress toward achieving goals.
 - i. Monitor, measure, and evaluate performance.
 - ii. Make adjustments as needed.

Goal # 1 - Establish Broad Goals to Guide City Decision Making

i. Assess Community Needs, Priorities, Challenges, and Opportunities

- A. Identify Stakeholder Priorities, Needs, and Concerns
 - The City Council meetings are an open forum providing opportunity to stakeholders to bring forth concerns, needs, and priorities.
 - Among other mechanisms that might be considered are special public hearings, surveys, meetings of leading residents and resident interest groups, City strategic planning processes, meetings with City employees, and workshops involving City administrative staff and/or the City Council.
- B. Evaluate Community Condition, External Factors, Opportunities, and Challenges¹
 - The City Council will regularly collect and evaluate information about trends in community condition, the external factors affecting it, opportunities that may be available, and problems and issues that need to be addressed.
 - Some mechanisms will involve data gathering from pre-existing sources or through opinion surveys.
 - Other mechanisms will be subjective, such as observing physical characteristics of geographic areas within the community or talking to residents, experts, business and community leaders, and legislative bodies. Formal studies of particular issues or trends may also be undertaken.
 - The frequency and extensiveness of the evaluation should be consistent with how frequently the information changes and the relative importance of the information being gathered.

ii. Identify Opportunities and Challenges for City Services, Capital Assets, and Management

- A. Assess Services and Programs, and Identify Issues, Opportunities, and Challenges
 - The City shall inventory, identify, and assess the programs and services that it provides, their intended purpose, and factors that could affect their provision in the future.

¹ *The intent of this practice is for the City to have up-to-date information with which to evaluate community conditions and major issues that are integral to the development and achievement of goals. In evaluating community condition, the City may want to consider local, regional, national, and global factors affecting the community (i.e. economic and financial factors, demographics, physical or environmental factors, changes in technology, etc.).*

- Identify the changes in community conditions or other factors that may result in a program or service no longer addressing the needs it was intended to serve. Also, identify any changes in the operating environment that may affect the cost or effectiveness of service delivery in the future.
- The review will involve each department's assessment of the programs'
- purposes, beneficiaries and needs served, their success in achieving goals, and issues, challenges, and opportunities affecting their future provision.
- The inventory of programs and services will identify the organization responsible for service delivery if it is not the City itself. An evaluation of factors affecting service delivery will also be undertaken, such as funding issues; changes in technology; economic, demographic, or other factors that may affect demand; and legal or regulatory changes. These reviews will typically utilize a variety of information sources.
- Stakeholder involvement in these reviews is encouraged, such as through budget study workshops.

B. Assess Capital Assets, and Identify Issues, Opportunities, and Challenges

- The City will identify and conduct an assessment of its capital assets, including the condition of the assets and factors that could affect the need for or ability to maintain the assets in the future. The capital assets of the City and their condition are critical to the quality of services provided, and hence are important in determining whether the needs and priorities of stakeholders can be met.
- The City shall establish a process for inventorying its capital assets and assessing the need for and the condition of these assets. (See Capital Asset Management Policy)
- The City will assess and evaluate issues, challenges, and opportunities affecting the provision of capital assets in the future, such as community needs and priorities; the impact of deferred maintenance; funding issues; changes in technology; economic, demographic, or other factors that may affect demand; and legal or regulatory changes. This review may be undertaken in conjunction with an evaluation of the program or service utilizing the particular assets.
- The assessment of capital asset condition must consider the impact of any deferred maintenance and needed improvements. Identification or development of measurement standards for the condition of capital assets (including what is regarded as acceptable) are a valuable output of this practice.

C. Assess City Management Systems, and Identify Issues, Opportunities, and Challenges

- The City will identify and analyze its organization and management systems, including system strengths and weaknesses and factors that could affect these systems in the future. The support systems established to manage the City are integral to the achievement of goals.
- The City will inventory management systems by department and routinely identify, analyze, and address issues related to the City's organization and management systems and the environment in which these systems operate.
- Each department will include an examination of strengths and weaknesses of the organizational structure, interdepartmental communication and cooperation, communication of goals and directives, motivation of staff, conflict management, and provision of other internal needs and support systems.
- The review will also include an assessment of management policies, procedures, and systems that support achievement of goals.

iii. Develop and Disseminate Broad Goals

A. Identify Broad Goals

- The City is to identify broad goals based on its assessment of the community it serves and its operating environment. Broad goals define the priorities and preferred future state of the community or area served. They provide a basis for making resource allocation decisions during the budget process and serve as a focal point for assessing and coordinating various long-range or strategic plans.
- Goals are to be expressed in written form and should reflect stakeholder concerns, needs, and priorities as well as factors affecting the community and the City.
- They must be sufficiently specific to help define the services to be emphasized and make difficult resource allocation decisions in the budget process.
- Define priorities among goals to improve their usefulness in allocating resources.

B. Disseminate Goals and Review with Stakeholders

- The City will disseminate broad goals and review them with stakeholders. Disseminating and reviewing goals helps foster participation, awareness, consensus, pride, and a sense of direction.
- Dissemination may occur by conducting public forums and by publishing goals in key public documents, such as strategic and other planning documents and budget documents. Electronic media may also be used including the City website.

Goal # 2 - Develop Approaches to Achieve Goals

i. Adopt and Review Financial Policies

A. Develop Policy on Stabilization Funds

- The City developed policies to guide the creation, maintenance, and use of resources for financial stabilization purposes. (See Fund Balance Policy²).
- The policy establishes how and when the City builds up stabilization funds and will identify the purposes for which they may be used.

B. Develop Policy on Fees and Charges³

- The City has established a master fee schedule that identifies the manner in which fees and charges are set and the extent to which they cover the cost of the service provided.
- The fee schedules are to be evaluated annually in the budget process to review all fees and charges, the level of cost recovery for services and the reason for any subsidy, and the frequency with which cost-of-services studies will be undertaken.
- Policies on fees and charges are publicly available and summarized in materials used in budget preparation.

C. Develop Policy on Debt Issuance and Management

- The City has established a Debt Management Policy to guide the issuance and management of debt. Issuing debt commits the City's revenues several years into the future and may limit the City's flexibility to respond to changing service priorities, revenue inflows, or cost structures. Adherence to a debt policy helps ensure that debt is issued and managed prudently in order to maintain a sound fiscal position and protect credit quality. compliance.

² *The Fund Balance Policy is reviewed annually to assess the alignment with set goals established in the budget process. The City should evaluate reserves set in the fund balance policy. These funds may be used at the City's discretion to address temporary cash flow shortages, emergencies, unanticipated economic downturns, and one-time opportunities.*

³ *Costs of service include direct and indirect costs such as operating and maintenance costs, overhead, and charges for use of capital. The City may choose not to recover all costs, but it must identify such costs. Reasons for not recovering full costs will be identified and explained. State and local law may govern the establishment of fees and charges.*

- Debt policies are available to the public and other stakeholders. Because these policies are essential to budget decision making, particularly capital budgets, they will be reviewed by decision makers during the annual budget process and as an appendix in the budget document. Debt Policy will be reviewed for every debt issuance for The City Council has a debt policy and compiles it with other financial policies.

D. Evaluate the Use of Unpredictable Revenues

- One-time or short-term revenues will be identified clearly in the budget process. Unpredictable revenue sources cannot be relied on as to the level of revenue they will generate.
- For each major unpredictable revenue source, the City identifies those aspects of the revenue source that make the revenue unpredictable. Such as, grant supported operating costs.
- One-time revenues will never cover the costs of continuing operating budgets. One-time revenues will only cover one-time costs such as matching requirements, one-time purchases, one-time payments to unfunded liabilities, etc.

E. Develop Policy on Balancing the Operating Budget

- The City defines its Balanced Operating Budget as uses of resources for operating purposes does not exceed available resources over the budget period, July 1 to June 30th.
- The City is committed to a balanced budget under normal circumstances and will provide disclosures when a deviation from a balanced operating budget is planned or when it occurs. A balanced budget is a basic budgetary constraint intended to ensure that the City does not spend beyond its means.
- Operating resources (revenues) includes all taxes, licenses and permits, fines and forfeitures, use of money and property, charges for services, interdepartmental charges, miscellaneous revenues and intergovernmental revenues in the General Fund, Special Revenue Funds, Capital Projects, Debt Service Funds, and Internal Service Funds.
- Operating uses (expenditures) are personnel service costs, material and service costs, capital purchases, and interdepartmental allocations.

ii. Develop Programs, Services, Operating, and Capital Policies and Plans

A. Prepare Policies and Plans to Guide the Design of Programs and Services

- Service and programs directly relate to strategies identified by the City to achieve set goals.

- Each department of the City, such as City Council, City Manager, City Clerk, Police, etc. identify the programs and services along with groups or populations to be serviced, service delivery issues, specific programs listed with standards of performance (including level of service standards or other measures to gauge success), expected costs, time frames for achievement of goals, issues pertaining to organization structure, and priorities for service provision.
 - Each department identifies their goals and achievements by department which should correlate to overall goals of the City.
 - Each department identifies the resources (revenues) used to obtain the goals.
- B. Prepare Policies and Plans for Capital Asset Acquisition, Maintenance, Replacement, and Retirement
- The City will annually evaluate the need to budget for acquisition, maintenance, replacement, and retirement of capital assets to help ensure that needed capital assets or improvements receive appropriate consideration in the budget process and that older capital assets are considered for retirement or replacement. This is necessary to plan for large expenditures and to minimize deferred maintenance.
 - Annual budget evaluation may address inventorying capital assets and evaluating their condition, criteria for acceptable condition, criteria for continued maintenance versus replacement or retirement of an existing asset, and identification of funding for adequate maintenance and scheduled replacement of capital assets.
 - Any assets identified as coming due for replacement will be addressed in multi-year budgets to address replacement and renewal schedules and must recognize the linkage of capital expenditures with the annual operating budget.
 - Plans for addressing deferred maintenance may also be an output of this practice. Once adopted, which may be included in the Capital Improvement Program (CIP) Budget, the plan will be made publicly available, particularly as set forth in budget, management, and planning documents.
- C. Develop Options for Meeting Capital Needs and Evaluating Acquisition Alternatives⁴
- The City develops Capital Improvement Program Budgets to address

⁴ City is to conduct quarterly reviews of existing capital projects in relation to goal attainment and to maintain, renovate, and replace, City facilities. Various considerations to be part of evaluation (i.e. costs, impacts on service, funding levels, use of non-General Funds, stakeholder input, etc.).

- capital needs that are consistent with financial, programmatic, and capital policies and to evaluate alternatives for acquiring the use of capital assets. Capital project planning is necessary to give adequate consideration to longer-range needs and goals, evaluate funding requirements and options, and achieve consensus on the physical development of the community.
- Annually in the budget process the City evaluates alternative mechanisms to help ensure that the best approach for providing use of a capital asset or facility is chosen based on the policies and goals of the City.
- The City uses the CIP Budget to identify capital projects that are needed to achieve goals and a general time frame in which these assets will be needed.

D. Develop Performance Measures

- The City will annually, during the budget process, review and develop and utilize performance measures for functions, programs, and/or activities. Performance measures are used for assessing how efficiently and effectively functions, programs, and activities are provided and for determining whether program goals are being met.
- Performance measures may be linked to specific program goals and objectives.
- The measures are to be valid, reliable, and verifiable.
- Whenever feasible, they should be expressed in quantifiable terms.
- Measures will be reported in periodic reviews of functions and programs, staff reports, and should be integral to resource allocation decisions.
- They also are to be reported in the budget document and may be reported in separate management reports or reports to residents.
- Different aggregations of performance measures may be appropriate for different audiences.

iii. Develop Management Strategies

A. Develop Strategies to Facilitate Attainment of Program and Financial Goals

- The City has an organizational structure and management strategies that facilitate attainment of program and financial goals. Goals are more likely to be achieved if organizational and management strategies are developed to support and encourage organizational and individual performance directed toward goal attainment.
- The City has developed a means to review, improve, and implement strategies that encourage the City and its employees to work toward achievement of goals.
- These strategies include both positive incentives and penalties.

- They also include support systems such as technology support, education, and training.

B. Develop Mechanisms for Budgetary Compliance

- Finance provides monthly budget to actual reports to each department head and City Manager to ensure proper review for compliance with the adopted budget. Appropriate management processes and systems allow the City to detect and correct significant deviation if it occurs.
- On a quarterly basis Finance provides budget to actual reports to department heads and City Council.
- These reports provide measures of departments' budget.
- Budgetary compliance is encouraged through use of data collection and reporting systems that control disbursements of funds and that facilitate the evaluation of revenue and expenditure trends and financial projections.
- City Manager will address any deviation of the budget to actual report (i.e. budget amendments).
- The City has instituted procedures to review the budget quarterly and decide on actions to bring the budget into balance, if necessary.

C. Develop the Type, Presentation, and Time Period of the Budget

- The City will annually present the budget, which will cover the fiscal year July 1st through June 30th. The type of budget, the time period covered, and the manner of presenting materials in the budget documents can have a significant practical impact on the City's approach to planning, control, and overall management of its programs, services, and finances, and on the quality of information provided to stakeholders.
- The output of the budget will provide fund level and department level program information for the full fiscal year. The adopted budget will be provided to all stakeholders on the City website.
- A formal review will be undertaken periodically to ensure that the budget type, time period, and approach to presenting the budget continue to meet the needs and priorities of the City. Such a review will be broadly focused, and not directed simply at the format of individual pages.

Goal# 3-Develop a Budget Consistent with Approaches to Achieve Goals

i. Develop a Process for Preparing and Adopting a Budget

A. Develop a Budget Calendar

- The City publishes a comprehensive budget calendar that specifies when budget tasks are to be completed and that identifies timelines for those tasks. This includes budget workshops available to the public. Stakeholders need to be aware of when key budget tasks, events, and decisions will occur so they have an opportunity to plan and to participate in the process. The preparation of a calendar helps ensure that all aspects of the budget process have been considered and that adequate time has been provided.
- Multiple calendars can be produced, each with different levels of detail and emphasis to meet the needs of the different types of stakeholders. (i.e. Internal Calendar and Public Calendar).
- Calendars list the dates of key events and deadlines.
- At least one calendar describes the overall budget and planning process and identify roles, responsibilities, and assignments.
- To ensure the greatest impact, calendars will identify when and how stakeholders can participate in the process.

B. Develop Budget Guidelines and Instructions

- The City will develop annual general policy guidelines and budget preparation instructions for each budget cycle and accompany the internal budget calendar. Budget guidelines and instructions help ensure that the budget is prepared in a manner consistent with government policies and the desires of management and the City Council. Instructions are necessary so that all participants know what is expected, thereby minimizing misunderstanding and extra work.
- Budget guidelines are specific to the particular budget under development and will incorporate relevant aspects of the City's financial policies.
- Each department is required to provide the Projected Actuals for revenues and expenditures of the current year for their respective department.
- Each department is required to provide Proposed Revenues and Appropriations for the upcoming fiscal year for their respective department.
- Guidelines and instructions may set forth financial constraints and key assumptions that will be used to guide development of the budget, as well as policy direction.
- Instructions often include sample forms to be completed by the operating departments. Guidelines and instructions are prepared in a

written format but may also be presented in an electronic format or through training and/or an oral presentation.

C. Develop Mechanisms for Coordinating Budget Preparation and Review

- The City has developed mechanisms and assigned responsibilities to provide for overall coordination of the preparation and review of the budget. The complete budget process involves many levels, departments, and individuals in the City, as well as a number of distinct processes and disparate groups of stakeholders. Coordination is needed to ensure that processes move forward as planned, to prevent confusion and misinformation, and to ensure appropriate stakeholders are involved.
- The Finance Department is the single point of coordination for all departments.
- The Finance Department's coordination process will involve a number of tasks: developing a calendar, identifying responsibilities for completing various tasks, ensuring that various parts of the budget process are properly integrated, keeping the process on schedule, producing reports, identifying issues and problems, and ensuring that other requirements are met and quality standards are maintained.
- The Finance Director has ultimate responsibility for coordinating the budget process and will respond to stakeholder issues and concerns that arise in the context of the budget process with direction from the City Manager and City Council.

D. Develop Procedures to Facilitate Budget Review, Discussion, Modification, and Adoption

- The City has a process to facilitate the review, discussion, modification, and adoption of a proposed budget. Appropriate procedures are needed to resolve conflicts, to promote acceptance of the proposed budget by stakeholders, and to assist in timely adoption of the budget.
- This process allows stakeholders to be informed of the budget proposal and to allow the legislative body to achieve consensus and adopt a budget.
- Some examples include: small group meetings, hearings, workshops, independent analysis, specific decision-making techniques and procedures, conflict resolution processes, and methods for presenting portions of the budget.

E. Identify Opportunities for Stakeholder Input

- The City provides opportunities in the budget process for obtaining stakeholder input.⁵ By definition, stakeholders are affected by the City's resource allocation plans and service and program decisions. Stakeholders should have clearly defined opportunities to provide input. This helps ensure that stakeholder priorities are identified and enhances stakeholder support for the approved budget.
- Stakeholder input can be obtained in a number of ways, including public hearings, advisory commissions, informal conversations, roundtable briefings, televised and live online broadcast, opinion surveys, neighborhood meetings, office hours, letter writing, telephone calls, and e-mail.
- The budget calendar should identify specific opportunities for resident input where City officials are available to explain issues and choices and to receive comments.

ii. Make Choices Necessary to Adopt a Budget

A. Prepare and Present a Recommended Budget

- The City will prepare and present a recommended comprehensive program and financial plan (the "budget") for review by stakeholders and consideration for adoption by the City Council. A complete plan is necessary to allow stakeholders to be informed on how well all the different aspects of the plan fit together and whether there is an appropriate balance of resources and assigned uses.
- The proposed budget will consist of a set of recommended actions regarding programs and services to be funded, including service level, quality, and goals to be achieved.
- It will also identify funding requirements and sources of funds and provide the supplemental information necessary to review the plans.
- The budget is to be consistent with policies and goals set by the City.
- The recommended budget must also comply with any statutory requirements.

⁵ *The budget process should include opportunities for all stakeholders to participate. A general-purpose public hearing shortly before final decisions are made on the budget is not adequate as the sole means of soliciting stakeholder input, especially on major issues. The process developed for obtaining stakeholder input should ensure that information is gathered in a timely and complete manner to be useful in budget decision making, such as City workshops.*

B. Present the Budget in a Clear, Easy-to-use Format

- Budget documents and related materials made available to stakeholders is to be presented in a clear and readily comprehensible format. The budget is the guide that determines the direction of the City. It is arguably the single most important document routinely prepared by the City. To be usable, it not only must contain the appropriate information, but must also be prepared in a manner that is clear and comprehensible.
- Some items in a budget document that will assist the reader include: a table of contents, summaries, a consistent format, high-level summary information that describes overall funding sources and the organization as a whole, a description of the overall planning and budgeting process and the interrelationships of those various processes, supplementary information about the City and the area for which it has responsibility, charts and graphs to better illustrate important points, succinct and clearly-written summaries, uncluttered pages, and detailed information placed in appropriate locations so that it does not overwhelm the reader.
- Similar requirements apply to the non-written means (e.g., audio, video) of presenting budget material to stakeholders at various times during the budget process.

C. Adopt the Budget

- The City should adopt a budget that meets all statutory requirements prior to the beginning of the fiscal year.⁶ The timely adoption of a budget permits the City to proceed with implementing programs and services that further the achievement of goals.
- The adopted budget will clearly present the financial, operating, and capital plan.
- It includes all operations and funds, although not necessarily at the same level of detail.
- Non-appropriated funds, revolving funds, and any other planned revenues and expenditures are also included.
- Whenever feasible, the adopted budget should include (though not necessarily in a single document) all statutorily required materials such as the appropriation ordinance.
- Legally required documents that otherwise do not contribute to an understanding of the budget may be included as an appendix.

⁶ *If there are delays in adopting the budget, actions are to be taken to minimize uncertainty when the new budget period starts, as appropriate. A continuing appropriation may be legally required.*

Goal# 4 - Evaluate Performance and Make Adjustments

i. Monitor, Measure, and Evaluate Performance

A. Monitor, Measure, and Evaluate Program Performance

- The City quarterly evaluate the performance of the programs and services it provides. The City functions, programs, and activities will also be periodically reviewed to determine whether they are accomplishing intended program goals and making efficient use of resources.
- Performance measures, including efficiency and effectiveness measures, are to be presented in basic budget materials, including the operating budget document, and be available to stakeholders.
- Performance measures should be reported using actual data, where possible.
- At least some of these measures should document progress toward achievement of previously developed goals and objectives.
- More formal reviews and documentation of those reviews should be carried out as part of the overall planning, decision-making, and budget process.

B. Monitor, Measure, and Evaluate Budgetary Performance

- At a minimum, the City will, on a quarterly basis, evaluate its financial performance relative to the adopted budget. Regular monitoring of budgetary performance provides an early warning of potential problems and gives decision makers time to consider actions that may be needed if major deviations in budget-to-actual results become evident. It is also an essential input in demonstrating accountability.
- Budget-to-actual or budget-to-projected actual comparisons of revenues, expenditures, cash flow, and fund balance will be reviewed quarterly during the budget period. Staffing levels are also monitored.
- Comparisons for at least the current year will be included in the budget document and be generally available to stakeholders during discussions related to budget preparation and adoption.
- Expenditures shall be limited to the amount budgeted. Expenditures shall be continuously monitored and projected to the end of the year. If the projected expenditures exceed the budget, appropriate remedies shall be implemented immediately.

C. Monitor, Measure, and Evaluate Financial Conditions

- The City will monitor and evaluate its financial condition at least quarterly. The financial health of the City is critical to its ability to meet

- the needs of stakeholders. Financial condition should be evaluated to identify potential problems and any changes that may be needed to improve performance over both the short and long terms.
- Financial indicator measures often are developed to monitor financial condition and achievement of explicitly set financial goals.
- Indicators to monitor factors that affect financial performance are also reported.
- A report on financial condition will be periodically prepared and updated.
- The report may be a separate document or incorporated into other relevant documents, including the budget document.

D. Monitor, Measure, and Evaluate External Factors

- The City is to constantly monitor and evaluate external factors that may affect budget and financial performance and achievement of goals at least quarterly. Factors outside the City's control, such as the national or regional economy, demographic changes, statutory changes, legislation, mandates, and weather, may affect achievement of stated goals. Monitoring these factors helps the City to evaluate and respond to the effect of these external influences on goals, programs, and financial plans.
- External factors that are likely to be important in achieving goals are to be identified and monitored regularly.
- The results of this analysis will be factored into the assessment of program and financial performance and considered in adjusting these programs.
- Trends and significant issues may be described in reports to stakeholders discussing program, budget, and financial performance.
- The assessment of external factors is to be reported, at least in summary form, and available to stakeholders.

E. Monitor, Measure, and Evaluate Capital Improvement Program Implementation

- The City will monitor, measure, and evaluate capital improvement program implementation at least quarterly. Monitoring the status of capital projects helps to ensure that projects progress as planned, problems (such as delays in key milestones and cost overruns) are identified early enough to take corrective action, funds are available when needed, and legal requirements are met.
- Reports on capital project implementation will be prepared for decision makers and other stakeholders.
- Summary information is to be considered for projects that are progressing as planned.
- Project milestones, such as dates for completion of such tasks as planning, land acquisition, engineering and design, and construction,

should be identified and progress in meeting these milestones should be reported at least annually, and as available.

- The City will monitor quality compliance and financial performance.

ii. Make Adjustments as Needed

A. Adjust the Budget

- The budget may be adjusted during the budget period should unforeseen events require changes to the original budget plan. The budget is a plan based on a set of assumptions that may not always match actual experiences during the execution phase. The City should watch for significant deviations from expectations and make timely adjustments so that the plan is consistent with revised expectations.
- The City has procedures in place to determine when deviations from the budget plan merit adjustments to the budget.
- Budget adjustments, whether to programs or to revenues and expenditures, are to be made as appropriate in a timely manner.⁷
- Any changes to the budget are to be reported.
- The timing and way this is done depends on the stakeholder group and the level of materiality of the changes.

B. Adjust Policies, Plans, Programs, and Management Strategies

- The City may adjust its policies, plans, programs, and management strategies during the budget period, as appropriate. Changing conditions or programs and services that are not producing the desired results or efficiently utilizing resources may require adjustments for the City to continue to meet the needs of stakeholders and to meet its own goals.
- The City's management team will evaluate their monthly budget to actual report for review, decision making, and implementation of changes to policies, plans, programs, and management strategies during the budget period.
- Adjustments are based on findings obtained from monitoring and assessing program and financial results, stakeholder input, and external circumstances.
- Regular briefings to management and elected officials on the contents of the reports permit timely adjustments as needed to the plan or program activities.

⁷ Budget adjustments may be administrative or legislative depending on the adjustment needed and on statutory requirements such as the legal level of control of the budget appropriations. City Manager may make adjustment within the fund across departments as long as the overall appropriation is not changed.

C. Adjust Broad Goals, if Appropriate

- The City will modify or change its broad goals if conditions change sufficiently that these goals are no longer appropriate. Goals may need to be adjusted in response to new information about program results, stakeholder needs, and external circumstances in order to be more relevant for the community or more practically attainable.
- The City department heads meet to evaluate performance or changes in the annual budget plan to ensure that goals are reviewed during the budget period and adjusted when appropriate.
- Adjustments are based, in part, on findings obtained from monitoring and assessing program and financial results, stakeholder input, and external circumstances.
- Opportunities and challenges facing the City are also to be considered.