

# Budget Manual Training



Budget Fiscal Year 2016-2017  
Monday, May 9<sup>th</sup>, 2016



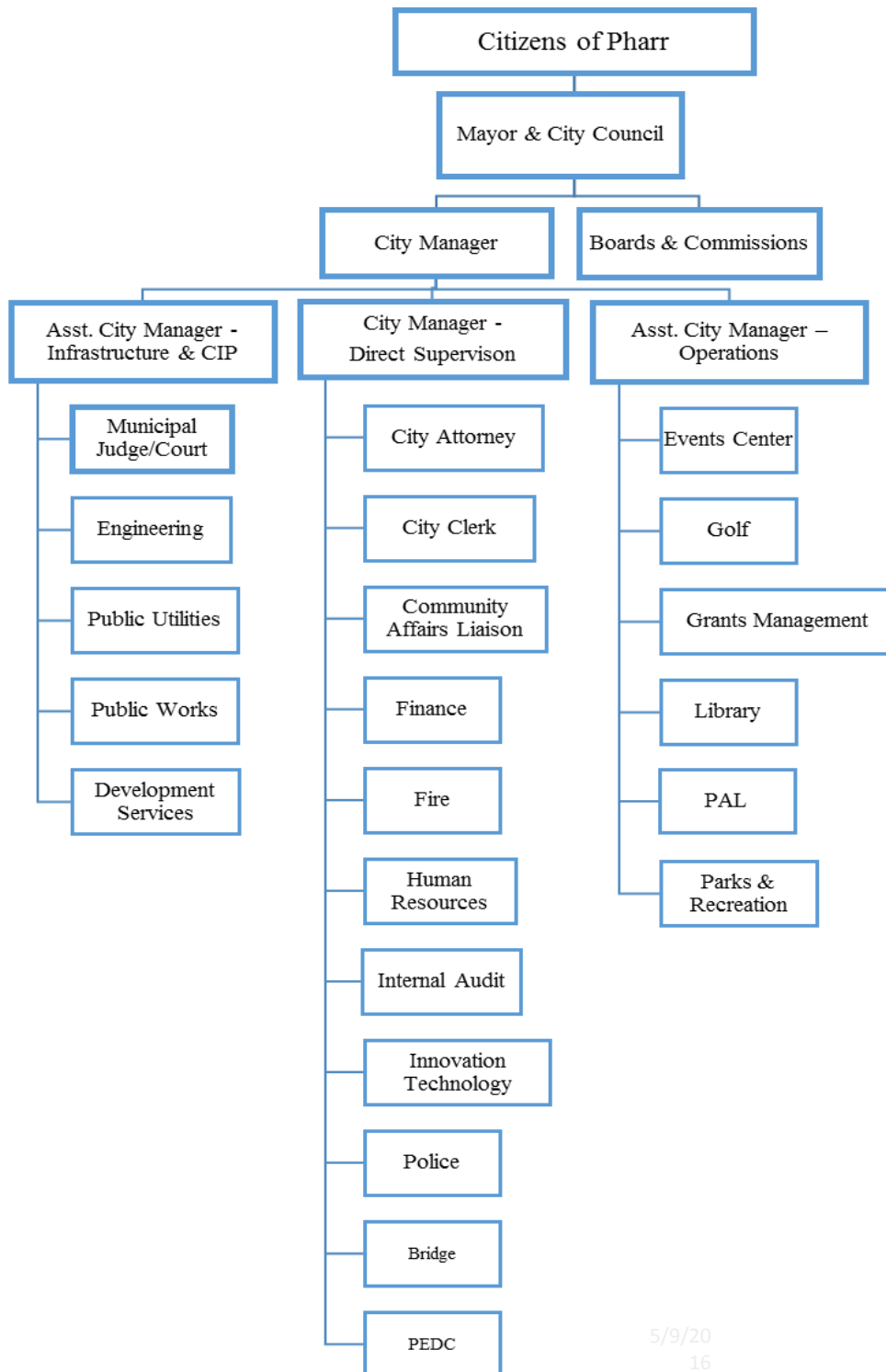


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# CITY OF PHARR ORGANIZATIONAL CHART



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# CITY'S BUDGET DEFINITION

A plan of Financial Operation embodying an estimate proposed expenditures for a given period (a fiscal Year) and the proposed means of financing them. Prepared for adoption and approved by the City Commission, which makes it a legal constraint.

## BUDGET AS A LEGAL CONSTRAINT

### Local Government Code. Chapter 102.009 Municipal Budget :

- (a) After final approval of the budget, the governing body may spend municipal funds only **in strict compliance with the budget, except in an emergency.**
- (b) The governing body may authorize an emergency expenditure as an amendment to the original budget only in a case of grave public necessity to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonably diligent thought and attention. If the governing body amends the original budget to meet an emergency, the governing body shall file a copy of its order or resolution amending the budget with the municipal clerk, and the clerk shall attach the copy to the original budget.



## WHO SERVES AS THE BUDGET OFFICER IN CITY OF PHARR?

### Local Government Code. Chapter 102.001 Municipal Budget :

- (a) The mayor of a municipality serves as the budget officer for the governing body of the municipality except as provided by Subsection (b).
- (b) If the municipality has the **City Manager form of government, the city manager serves as the budget officer.**

## ITEMIZED BUDGET; CONTENTS

### Local Government Code. Chapter 102.003 Municipal Budget :

- (a) The budget officer shall itemize the budget to allow as clear a comparison as practicable between expenditures included in the proposed budget and actual expenditures for the same or similar purposes made for the preceding year. The budget must show as definitely as possible each of the projects for which expenditures are set up in the budget and the estimated amount of money carried in the budget for each project.

# MANUAL OVERVIEW AND INTRODUCTION

## PURPOSE

This Manual provides instructions and information facilitating City Staff to prepare and submit budget requests for the fiscal year beginning October 1, 2016 and ending September 30, 2017. There has been only minor changes to the process compared to previous years.

## BUDGET PROCESS

The Finance Department begins the budget process by providing this manual and setting up a Budget Calendar. Based on total budget submissions, departmental reviews may be held with Finance staff as required.

The City Manager reviews departmental proposals with appropriate managers and directors, Finance staff and Assistant City Manager.

The City Manager determines the funding and service levels for the actual budget proposal recommended budget to City Commission.

The City Manager's recommended Budget is presented to City Commission in late July or beginning of August to provide the commissioners an opportunity to examine the primary issues of service levels and funding in-depth. The City Manager presents the key policy issues reflected in budget.

In compliance with specific legal requirements, a public notice is published and a public hearing on the budget is conducted by City Council. The final budget is then adopted and ordained by the Council in September. On October 1, the new fiscal year budget goes into effect and implementation begins.

## COMMUNICATION LINES

The Finance Department needs to maintain communication channels with ALL departments. This communication is vital to convey decisions affecting the allocation of resources.

In general, STEPS templates provided by Finance will serve as a tool to make requests by departments.

The Finance staff is committed to open and timely communications. Departmental staffs are encouraged to contact Finance for information at any point in the budget process.

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# BUDGET ROLES AND RESPONSIBILITIES

The preparation of the annual operating budget represents a cooperative effort. The responsibilities of the various departments are detailed below.

## **CITY COMMISSION RESPONSIBILITY:**

- Sets fiscal policies and goals
- Participate in budget workshops
- Hold City Commission reviews of the draft budget
- Certify collection rates
- Hold public hearings if tax rate increase is proposed
- Certify tax rates
- Hold public hearings on budget
- Adopt the Budget
- Approve or deny agenda items throughout the year based on budgetary/funding availability

## **CITY MANAGER/BUDGET OFFICER RESPONSIBILITY:**

- Review departmental budget requests
- Preliminary prioritize new programs/projects before City Commission review
- Ensure adequate departmental participation
- Deliver a budget message to the City Commission
- Present a balanced budget to the City Commission
- Ensures appropriate execution of the budget after approved by City Commission
- Ensuring compliance with City charter
- Approve departmental budget adjustments and submit budget amendments for City Commission approval

## **FINANCE RESPONSIBILITY:**

- Plan for and determine informational needs for policy makers to assist in budgeting review process
- Provide budget manual and training to departments for development and presentation of their respective operating budget
- Calculate and analyze tax collection and rates
- Compile debt information for budgetary funding
- Review and analyze budget requests for accuracy and for compliance with established instructions. Particular attention to:
  - Review the department's strategic objectives, accomplishments, and program highlights and position summary
  - Examining the expenditure and revenue assumptions upon which the department has built its budget request
  - Determining if expenditures are budgeted at realistic levels
  - Determine revenues are budgeted at somewhat conservative achievable levels
  - Determining cost effectiveness of program and services



# BUDGET ROLES AND RESPONSABILITIES-continued

## **FINANCE RESPONSIBILITY-continued:**

- Determining whether or not a department has achieved its established budget target
- Meet with department administrators and/or their fiscal staff to discuss key budget issues
- Verify that all line item detail is consistent and ties to the final adopted budget appropriations
- Assist the City Manager/Budget Officer in developing and presenting a balance budget
- Assist the City Manager in ensuring compliance with City Charter
- Prepare Budget Document
- Post approved Budget in the City's computer system
- File the approved budget with the City Secretary, Library, and post online in the City's webpage
- Review and approve departmental budget amendments and adjustments for City Manager approval and submission to City Commission if needed
- Update the City's computer system with approved budget amendments and adjustments
- Monitor budget status throughout the year

## **DEPARTMENT HEADS RESPONSIBILITY:**

- Review the Budget Manual Requirements
- Attend appropriate budget training
- List major services and programs provided by the department and set rank priorities from highest to lowest
- Prepare a written one page executive summary highlighting key policy issues and budget themes to begin presentation , highlight major points of departmental budget
- Forecast the projected ending balance of the current budget for inclusion in the budget document
- Develop budget requests and complete all required forms according to the specific instructions and time lines (See Budget Calendar)
- Inform the Building Manager (now under Parks and Recreations) of planned building improvement requests for consideration, prioritization and inclusion into the budget.
- Forward the completed sets of budget forms and supplemental information to the Finance Department
- Coordinate budget requests with the Finance Department and City Manager/Budget officer
- Modify the budget request forms with any changes discussed and agreed upon with the Finance Department and/or City Manager/Budget Officer.
- Assure that budget requests are fiscally conservative
- Ensure that budgets are well-researched, accurate, fully documented, and supported by facts
- Present the department budget request to the City Commission during Budget Workshop
- Ensure that budgets are prudently managed and executed after adoption by the City Commission

# BUDGET CALENDAR FOR FISCAL YEAR 2016-2017

DATE	RESPONSIBLE	EVENT
May 9	Finance	Budget Kickoff – Communicate department budget policies, calendar, and request procedures.
May 9	Finance	Budget Training - Provide two training sessions for department management and employees to prepare for upcoming budget requirements.
June 13	Departments	Departmental Goals & Payroll Changes Budget Request - STEP 1 and 2 are due.
June 13	IT/Garage	Departmental IT & Vehicle Fleet Budget Requests/Needs - Reconciliation with City Garage and IT Department is due and need to be turned. Only to be turned in by IT & Garage, not to Finance.
June 20	Departments	Departmental CIP Budget Requests (narrative) are due to Finance. STEP 7, 7-1.
June 20	Departments	Departmental grant budgets are due to Finance Department. STEP 5 is due.
June 24	Finance	Projected Current Budget Ending Status - The projected year end balance of the current budget needs to be estimated based on expected results.
June 24	Departments	Departmental Budget Requests - Remaining Budget Manual Steps 3, a and 6 are due.
June 24	Finance	Preliminary Revenue Estimates - must be calculated based on historical information and expected future changes.
July 8	Finance	Updated Budget Estimates - Update preliminary budget revenues and expenditures for City Manager and Departmental review.
July 4 through 8	Finance/Departments	Budget Request Review - Finance will review budget requests with departments to prioritize before presenting to City Manager.
July 11 through 15	City Manager/Finance	Budget Request Review - will review budget requests with departments to prioritize before presenting to City Commissioners.
JULY 31**	Appraisal District	Certified Appraisal Roll Totals.
Aug 1 through 6*	City Commission	Budget Workshop - Commission is presented with departmental budget request and Finance overview. Present draft budget.
AUGUST 22	Finance	Present proposed budget.
AUGUST 22**	Finance/City Commission	Certify Anticipated Debt Collection Rate.
AUGUST 22**	Finance/City Commission	Certify Effective & Rollback Tax Rate; discussion of tax rates (vote on intention to raise taxes).
AUGUST 24**	Finance/County Tax Collector	Publish Certified Effective & Rollback Tax Rate.
AUGUST 24**	Finance	Publish Budget Public Hearing.
SEPTEMBER 5	City Commission	Public hearing on budget.
SEPTEMBER 5	City Commission	City Commission adoption of tax rate.
SEPTEMBER 5	Finance/City Commission	Present updated proposed budget to the City Commission.
SEPTEMBER 12	City Commission	City Commission adoption of the budget.
SEPTEMBER 13	Finance	File adopted budget with the City Secretary's Office and City Library.

\*Tentative dates until set by city council.

\*\* Tentative dates depending on the submission of Appraisal District's certification and Appraisal Roll

# STEPS



# STEP 1

## DEPARTMENTAL BACKGROUND



## STEP 1- DEPARTMENTAL BACKGROUND

- This step is to introduce your department and document the following information:
1. What is the main purpose of your department?
  2. What are the main duties of your department?
  3. What divisions make up your department?
  4. What is your Mission Statement?
  5. What are your current and future GOALS?
  6. **PERFORMANCE MEASURES!**

Who  
Are You?

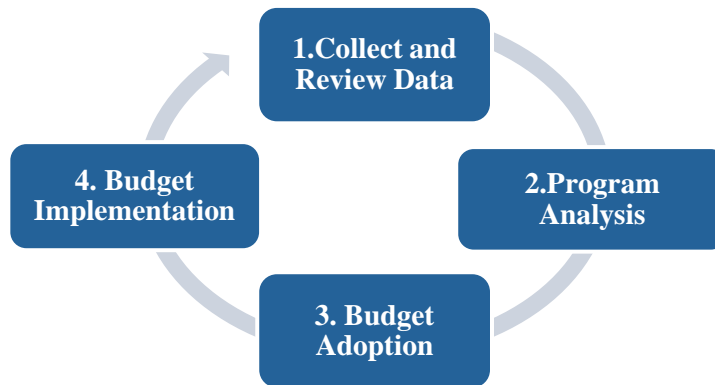


Please submit Department Organizational Chart to Finance via email along with this step:  
[Karla.moya@pharr-tx.gov](mailto:Karla.moya@pharr-tx.gov)

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# How are performance measures used in the Budget Process?

Performance Measures inform the City Commission of staff activities and in return, provide policy direction to staff through the budget. That policy direction is provided by setting funding levels adopting budget performance targets. The integration of performance measures into budget development is shown below:



## 1. Collect and Review Data

The first step is to collect prior year performance data. Data provided monthly on City Manager's reports will be totaled for this current fiscal year and added to STEP 1 for review.

## 2. Program Analysis

During budget process, staff must review prior year outcomes, and compare results to targets and past performance issues, so program analysis can be performed. This allows new strategies or different funding levels to be considered.

In other cases, reported outcomes also ensure that City staff are on-target with the City's priorities that guide budget development, and they provide the City Manager and City Council information to adjust funding allocations, if different outcomes are desired.

Finally, based on the funding and performance targets adopted by the City Commission in the annual budget, staff modify departmental strategies in an effort to reach the targeted performance level.

## 3. Budget adoption

Based on staff recommendations, the City Commission approves funding levels and performance targets by adopting the annual budget. This step provides a reaffirmation of Commission priorities and provides direction to staff regarding what level of performance is expected, and what level of expenditures are approved.

## 4. Budget Implementation

After the budget and performance measures targets are adopted, staff begin implementing strategies to reach or exceed the targeted level of performance. The process will repeat itself at the end of the budget year.

Finance Department will provide guidance if needed in how to compile year-total performance measures. Contact Lizette Gomez, Finance; [lizette.gomez@pharr-tx.gov](mailto:lizette.gomez@pharr-tx.gov).





**CITY OF PHARR**  
**BUDGET MANUAL TEMPLATE-STEP 1**  
**DEPARTMENTAL BACKGROUND INFORMATION**  
(1 OF 3)

Department:

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**Purpose of Department:**

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**Main Duties of Department:**

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**Divisions within your department (Please provide a copy of your departmental organizational chart electronically)**

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**Mission Statement:**

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**CITY OF PHARR**  
**BUDGET MANUAL TEMPLATE-STEP 1**  
**DEPARTMENTAL BACKGROUND INFORMATION**  
(2 OF 3)

Department: \_\_\_\_\_

**Goals Accomplished During the Current Year:**

- 1- \_\_\_\_\_
- 2- \_\_\_\_\_
- 3- \_\_\_\_\_
- 4- \_\_\_\_\_
- 5- \_\_\_\_\_
- 6- \_\_\_\_\_
- 7- \_\_\_\_\_

**New Goals for new Fiscal Year:**

- 1- \_\_\_\_\_
- 2- \_\_\_\_\_
- 3- \_\_\_\_\_
- 4- \_\_\_\_\_
- 5- \_\_\_\_\_
- 6- \_\_\_\_\_
- 7- \_\_\_\_\_

**Long-Term Goals:**

- 1- \_\_\_\_\_
- 2- \_\_\_\_\_
- 3- \_\_\_\_\_
- 4- \_\_\_\_\_
- 5- \_\_\_\_\_
- 6- \_\_\_\_\_
- 7- \_\_\_\_\_



**CITY OF PHARR**  
**BUDGET MANUAL TEMPLATE-STEP 1**  
**DEPARTMENTAL BACKGROUND INFORMATION**  
**(3 OF 3)**

Department:

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**Highlights and Challenges:**

Local Issues (If any):

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**Economic Factors:**

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**Priority Changes and Reasons why:**

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CITY OF PHARR

PUBLIC UTILITIES

PERFORMANCE INDICATORS

DEPARTMENTAL:

INPUTS

FT Employees  
PT Employees  
Department Expenditures\*

WATER TREATMENT PLANT:

INPUTS

FT Employees  
Expenditures

OUTPUTS

Average Treated MGD  
Maximum Treated MGD  
Total Treated MG  
Drinking Water Compliance Rate %  
Quality Control Analysis  
Quality Assurance Analysis  
O&M Cost Per Average Treated MG  
TCEQ Monthly Parameter Reports

\*Drinking water compliance rate (percent):  
(100 x number of day s in full compliance for the year  
(fiscal) / 365 days)

WATER DISTRIBUTION:

INPUTS

FT Employees  
PT Employees  
Expenditures

OUTPUTS

Water Leak Repairs  
New Meter Installation  
Reconnect Meter  
Disconnect Meter  
Excavation Permits  
Manhole Cover Repair  
Odor Complaints  
Sewer Clog Calls  
Sewer Customer Side  
Water Customer Side  
Standby Water Calls  
Standby Sewer Calls

WASTEWATER TREATMENT PLANT /  
WW COLLECTION:

INPUTS

FT Employees  
Expenditures

OUTPUTS

Average Effluent Discharge MGD  
Maximum Effluent Discharge MGD  
Total Effluent Discharge MG  
Average Reuse Water MGD  
Quality Control Analysis  
Quality Assurance Analysis  
Total Daily Analysis  
O&M Cost Per Average Treated MG  
TCEQ Effluent Monthly Parameter Reports

	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	FY 15/16
								Y-T-D Total

62

1

\$300,886.15

\$606,138.98

\$522,753.44

\$426,478.05

\$554,706.01

\$598,701.66

\$607,351.78

\$3,617,016.07

13

15

\$154,576.60

\$115,834.19

\$112,506.50

\$151,370.58

\$104,570.97

\$137,660.36

6,963

7,745

21,586

8,49

0

0

\$1,289.07

\$23,889.98

\$17,028.38

\$14,403.71

\$19,609.74

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# STEP 2

## PAYROLL CHANGES



## STEP 2- PAYROLL CHANGES

➤ This step is to be used for the following:

1. To Request New Positions (Full or Part Time)
2. To Request INCREASE/DECREASE Base Pay
3. To ADD/REMOVE Assignment Pay
4. To ADD Certification Pay
5. To ADD Education Pay
6. To ADD/REMOVE Car Allowance



**No appointments will be given to meet with HR department. STEP 2 is the only tool to submit requests.**

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**CITY OF PHARR**  
**BUDGET MANUAL TEMPLATE-STEP 2**  
**PAYROLL CHANGES REQUESTS**

Department: \_\_\_\_\_

POSITION	FTE	Base Pay	Certification	Longevity	Education	Assignment	Car Allowance	Total
								\$ -

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**JUSTIFICATION REQUEST:**



# STEP 3

## CONTRACTUAL OBLIGATIONS



## STEP 3-CONTRACTUAL OBLIGATIONS

- ▶ Contractual Obligations are those duties that each party is legally responsible for in a contract agreement.

Examples:

1. Consultants
2. Third-Party Outsourced Services
3. Professional Services other than legal

Make sure this step considers potential contractual obligations to enter in the Fiscal Year being budgeted.

IF Contract is already in place, please make sure to submit a FULLY executed copy to Finance.

Consulting Agreement Template

### Consulting Agreement

THIS CONSULTING AGREEMENT (the "Agreement") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (The "Effective Date")

**By and between**

XYZ Corporation, a \_\_\_\_\_ corporation duly organized under law and having a usual place of business at \_\_\_\_\_ (hereinafter referred to as the "Company")

**And**

\_\_\_\_\_ of \_\_\_\_\_ (hereinafter referred to as the "Consultant")

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**CITY OF PHARR  
BUDGET MANUAL TEMPLATE-STEP 3  
CONTRACTUAL OBLIGATIONS**

Department: \_\_\_\_\_

Purpose of Contract:	Is Contract in Place?		Business Name (If Known)	Length of Contract (in months)	Monthly Payment	FY Contract Cost
	Yes	No				
_____	_____	_____	_____	_____	_____	\$ -
_____	_____	_____	_____	_____	_____	\$ -
_____	_____	_____	_____	_____	_____	\$ -
_____	_____	_____	_____	_____	_____	\$ -
_____	_____	_____	_____	_____	_____	\$ -
_____	_____	_____	_____	_____	_____	\$ -
_____	_____	_____	_____	_____	_____	\$ -
_____	_____	_____	_____	_____	_____	\$ -
_____	_____	_____	_____	_____	_____	\$ -

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## STEP 3-CONTRACTUAL OBLIGATIONS-RENTAL AGREEMENTS

- Finance wants to account separate for any contractual agreement that is NOT for services.

### Examples:

1. Copier Rentals
2. Any Other Equipment Rental (with contract in place)

**IF Contract is already in place, please make sure to submit a FULLY executed copy to Finance.**

#### **Equipment Lease**

This Equipment Lease ("Lease") is made effective as of \_\_\_\_\_ (Date), by and between \_\_\_\_\_ ("Lessor") and \_\_\_\_\_ ("Lessee").  
The agreement of the parties is as follows:

1. Equipment subject to Lease. Lessor shall lease the Equipment ("Equipment") listed in Exhibit 1.
2. Payment Terms. The Lessee shall make \_\_\_\_ payments of \$ \_\_\_\_\_, for a total amount of \$ \_\_\_\_\_. Payments shall be due on the first day of each month, with the first payment due on \_\_\_\_\_. The lease payments shall be due without further notice to Lessee of any payment being due.
3. Late Charge. A late charge of 5% of the payment shall be due if any Lease payment is not received within 10 days of the due date. In addition, interest will be charged at the rate of 1.5% per month, or 18% per year, on any unpaid balances.
4. Insufficient Check Charge. Lessee shall be charged \$25 for each check that is returned to the Lessor for lack of sufficient or collectible funds or for any other reason whatsoever.
5. Security Deposit. Lessee shall pay a security deposit of two payments or \$ \_\_\_\_\_, at the time this Lease is signed. This deposit will be returned to the Lessee at the termination of this Lease, subject to the option of the Lessor applying it against Lease charges and damages. Any amounts refundable to the Lessee shall be paid at the time this Lease is terminated. The security deposit shall bear interest at an annual rate of 6% from the date paid to the Lessor until the date refunded, based on the total amount of the security deposit.
6. Lease Term. This Lease shall begin on the above effective date and shall terminate on \_\_\_\_\_ (Date), unless otherwise terminated in a manner consistent with the terms of this Lease.
7. Location or locations of the Equipment. The equipment shall be located at \_\_\_\_\_ during the lease term, and shall not be removed from that location without the Lessor's prior written consent.
8. Operation and Care of Equipment. The equipment must be used and operated in a careful and appropriate manner. Its use must comply with all laws, ordinances, and regulations relating to the possession, use, or maintenance of the equipment, including registration and/or licensing requirements, if any.
9. Maintenance and Repair. Lessee shall maintain at the Lessee's cost, the equipment in good repair and operating condition, allowing for reasonable wear and tear. Such costs shall include labor, material, parts, and any similar items.
10. Alterations. Lessee shall make no alterations to the equipment without the prior written consent of Lessor. All alterations shall be the property of Lessor and subject to the terms of



**CITY OF PHARR  
BUDGET MANUAL TEMPLATE-STEP 3-1  
CONTRACTUAL OBLIGATIONS-RENTALS**

**Department:**

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What is being Rented?:	Is Contract in Place? Yes/No	Business Name (If Known)	Length of Contract (in months)	Monthly Rental Payment	FY Contract	
					Cost	Cost
					\$	-
					\$	-
					\$	-
					\$	-
					\$	-
					\$	-
					\$	-
					\$	-
					\$	-
					\$	-
					\$	-

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# STEP 4

REQUESTS DIFFERENT FROM NORMAL  
OPERATIONS





## STEP 4-REQUESTS DIFFERENT FROM NORMAL OBLIGATIONS

This step focuses on expenditures requests outside the usual historical trend or one-time expenditures that do not meet the Capital Outlay Criteria.

Examples to use in Step 4 include:

- ❖ More supplies needed due to increase in staff and operations (Accounts 2201, 2208).
- ❖ Building Renovation or Improvements justified and needed to your Building/Department (Account 3301).
- ❖ Additional Training Requirements in addition to the regular yearly historically budgeted (Account 5503)
- ❖ Additional Subscriptions (Account 5505).
- ❖ TECHNOLOGY REQUESTS!

**This Year, Finance wants to make sure Departments try their best in estimating ALL items other than regular operations since City wants to avoid Budget Amendments or Adjustments through out the year.**



## STEP 4-1-REQUESTS DIFFERENT FROM NORMAL OBLIGATIONS- TECHNOLOGY REQUESTS

Specify in Step 4, Innovation and Technology requests such as:

- ❖ Laptops
- ❖ Desktops
- ❖ Tablets
- ❖ Radios
- ❖ Security Cameras
- ❖ Special software
- ❖ Cell Phones

These requests need to be pre-approved by Innovation and Technology Department prior to submittal to City Manager.

Item	Account No.
Laptops	2220
Desktops	2220
Tablets	2220
Radios	2220
Cellphones	5501
Special Softwares	2220
Security Cameras	3301



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## Notes:

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# STEP 5

## GRANT ACTIVITY



## STEP 5-GRANT ACTIVITY

This Step usually applies to the following Departments ONLY:

- ❖ Police
- ❖ Public Works
- ❖ Information and Technology
- ❖ PAL/Parks



This STEP will be reconciled and compiled by  
Grants Management Department.

Main Contact: Raul Garza  
raul.garza@pharr-tx.gov

**The City of Pharr has a new Grants Management Department which consolidates all Grant Activity and Information for all Departments. Finance will collect information from Grants Management Director.**



**CITY OF PHARR**  
**BUDGET MANUAL TEMPLATE-STEP 5**  
**GRANT ACTIVITY**

Department: \_\_\_\_\_

Agency	Grant Name	Purpose of Grant	Award Amount	City Match	Period	Notes:
5/9/2018			\$ -	\$ -		
			\$ -	\$ -		
			\$ -	\$ -		
			\$ -	\$ -		
			\$ -	\$ -		
			\$ -	\$ -		
			\$ -	\$ -		
			\$ -	\$ -		
			\$ -	\$ -		



# STEP 6

## FLEET AND OTHER EQUIPMENT



## STEP 6-FLEET REQUESTS

This Step is to be used to request the road and off-road units over \$5,000.

Examples include:

- ✓ Vehicles (All Departments)
- ✓ Mowers
- ✓ Tractors

This STEP will be reconciled and compiled by  
City Garage Department.

Main Contact: Roy Garcia

[roy.garcia@pharr-tx.gov](mailto:roy.garcia@pharr-tx.gov)



REPRESENTATIVE IMAGE

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[illegible]

## STEP 6-1-OTHER EQUIPMENT AND OTHER IMPROVEMENTS

- ▶ Capital Purchase is any Individual Equipment Item **over** \$5,000.
- ▶ Site or System Improvements that meet capitalization criteria
- ▶ Bulk purchases of equipment such as Computers, Laptops, tablets, etc. **DO NOT** meet criteria.
- ▶ Only EXEMPTION is Equipment such as:
  - ▶ Radio Systems (usually over \$10,000 as bulk)
  - ▶ Fire and Police Patrol Unit Equipment



[illegible]

# STEP 7

## Capital Improvement Projects





# STEP 7-CAPITAL IMPROVEMENT PROJECTS

This Step is to be used to request funding for current or upcoming projects over \$300,000. Any other proposed improvement less than this threshold will be budgeted in each department under STEP 6-1.

This step will be divided into:

- ❖ Step 7: CURRENT Capital Projects
- ❖ Step 7-1: PROPOSED Capital Projects

Departments to be in FULL communication about this STEP to account for ALL costs includes:

- ❖ Engineering
- ❖ Public Works
- ❖ CDBG
- ❖ Library
- ❖ Planning and Zoning
- ❖ Parks and Recreation



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CITY OF PHARR  
BUDGET MANUAL TEMPLATE-STEP 7-1  
**PROPOSED** CAPITAL IMPROVEMENT PROJECTS

Project:

\_\_\_\_\_

Project	Estimated Start Date:	Estimated Construction	Estimated Engineering	Estimated Other	Total Estimated Project Cost
		-	-	-	-
					-
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# GFOA BUDGET CRITERIA AND OTHER INFORMATION



## GOVERNMENT FINANCE OFFICERS ASSOCIATION DISTINGUISHED BUDGET PRESENTATION BUDGET AWARD CRITERIA

### The Budget as a POLICY DOCUMENT criteria:

**Criterion No. 1. Mandatory:** The document should include a coherent statement of entity-wide long-term financial policies.

**Criterion No. 2:** The document should include a coherent statement of entity-wide, non-financial goals and objectives that address long-term concerns and issues.

**Criterion No. 3:** The document should describe the entity's short-term initiatives that guide the development of the budget for the upcoming year.

### Criteria Location Guide Questions

1. Are short-term initiatives included?
2. Does the document discuss how the short-term initiatives guided the development of the annual budget?
3. Are changes in staffing levels for the budget year explained?
4. If there are no changes in staffing levels, is that item noted?

**Criterion No. 4. Mandatory:** The document shall include a budget message that articulates priorities and issues for the budget for the new year. The message should describe significant changes in priorities from the current year and explain the factors that led to those changes. The message may take one of several forms (*e.g., transmittal letter, budget summary section*).

### Criteria Location Guide Questions

1. Does the message highlight the principal issues facing the governing body in developing the budget (*e.g., policy issues, economic factors, regulatory, and legislative challenges*)?
2. Does the message describe the action to be taken to address these issues?
3. Does the message explain how the priorities for the budget year differ from the priorities of the current year?
4. 4. Is the message comprehensive enough to address the entire entity?

**Criterion No. 5:** The document should include clearly stated goals and objectives of organizational units (*e.g., departments, divisions, offices or programs*).

### Criteria Location Guide Questions

1. Are unit goals and objectives identified?
2. Are unit goals clearly linked to the overall goals of the entity?
3. Are short-term objectives quantifiable?

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## GOVERNMENT FINANCE OFFICERS ASSOCIATION DISTINGUISHED BUDGET PRESENTATION BUDGET AWARD CRITERIA

### The Budget as a FINANCIAL PLAN criteria:

**Criterion No. 1:** The document should include and describe all funds that are subject to appropriation.

**Criterion No. 2. Mandatory:** The document shall present a summary of major revenues and expenditures, as well as other financing sources and uses, to provide an overview of the total resources budgeted by the organization.

**Criterion No. 3. Mandatory:** The document must include summaries of revenues and other financing sources, and of expenditures and other financing uses for the prior year actual, the current year budget and/or estimated current year actual, and the proposed budget year.

**Criterion No. 4. Mandatory:** The document shall describe major revenue sources, explain the underlying assumptions for the revenue estimates, and discuss significant revenue trends.

**Criterion No. 5. Mandatory:** The document shall include projected changes in fund balances, as defined by the entity in the document, for appropriated governmental funds included in the budget presentation (fund equity if no governmental funds are included in the document).

**Criterion No. 6. Mandatory:** The document should include budgeted capital expenditures, whether authorized in the operating budget or in a separate capital budget.

**Criterion No. 7:** The document should describe if and to what extent significant nonroutine capital expenditures will affect the entity's current and future operating budget and the services that the entity provides.

### Criteria Location Guide Questions

1. Are anticipated operating costs associated with significant nonroutine capital expenditures described and quantified (*e.g., additional personnel costs, additional maintenance costs, or additional utility costs*)? (Information in a separate CIP document does not satisfy this criterion.)
2. Are anticipated savings or revenues expected to result from significant nonroutine capital expenditures described and quantified (*e.g., reduced utility costs, lower maintenance costs*)?

**Criterion No. 8. Mandatory:** The document shall include financial data on current debt obligations, describe the relationship between current debt levels and legal debt limits, and explain the effects of existing debt levels on current operations.

**Criterion No. 9.** The document shall explain the basis of budgeting for all funds, whether cash, modified accrual, or some other statutory basis.



## GOVERNMENT FINANCE OFFICERS ASSOCIATION DISTINGUISHED BUDGET PRESENTATION BUDGET AWARD CRITERIA

### **The Budget as a COMMUNICATION DEVICE criteria:**

**Criterion No. 1:** The document should provide summary information, including an overview of significant budgetary issues, trends, and resource choices. Summary information should be presented within the budget document either in a separate section (*e.g., executive summary*) or integrated within the transmittal letter or other overview sections, or as a separate budget-in-brief document.

**Criterion No. 2:** The document should explain the effect, if any, of other planning processes (*e.g., strategic plans, long-range financial plans, and capital improvement plans*) upon the budget and the budget process.

#### **Criteria Location Guide Questions**

1. Are other planning processes (*e.g., strategic plans, long-range financial plans, and capital improvement plans*) identified?
2. Are the effects of other planning processes on the current budget explained?
3. Are the long-term implications of other planning processes discussed?

**Criterion No. 3. Mandatory:** The document shall describe the process for preparing, reviewing, and adopting the budget for the coming fiscal year. It also should describe the procedures for amending the budget after adoption.

**Criterion No. 4. Mandatory:** Charts and graphs should be used, where appropriate, to highlight financial and statistical information. Narrative interpretation should be provided when the messages conveyed by the graphs are not self-evident.

**Criterion No. 5:** The document should provide narrative, tables, schedules, or matrices to show the relationship between functional units, major funds, and nonmajor funds in the aggregate.

**Criterion No. 6. Mandatory:** The document shall include a table of contents to make it easy to locate information in the document.

**Criterion No. 7:** The document should include statistical and supplemental data that describe the organization, its community, and population. It should also furnish other pertinent background information related to the services provided.

## GOVERNMENT FINANCE OFFICERS ASSOCIATION DISTINGUISHED BUDGET PRESENTATION BUDGET AWARD CRITERIA

### **The Budget as an OPERATIONS GUIDE criteria:**

**Criterion No. 1 (Mandatory):** The document shall describe activities, services or functions carried out by organizational units.

#### Criteria Location Guide Questions

1. Does the document clearly present the organizational units (*e.g., divisions, departments, offices, agencies, or programs*)?
2. Does the document provide descriptions of each organizational unit?

**Criterion No. 2:** The document should provide objective measures of progress toward accomplishing the government's mission as well as goals and objectives for specific units and programs.

#### Criteria Location Guide Questions

1. Are performance data for individual departments included in the document?
2. Are performance data directly related to the stated goals and objectives of the unit?
3. Do performance measures focus on results and accomplishments (*e.g., output measures, efficiency and effectiveness measures*) rather than inputs (*e.g., dollars spent*)?

**Criterion No. 3. Mandatory:** The document shall include an organization chart(s) for the entire entity.

**Criterion No. 4. Mandatory:** A schedule or summary table of personnel or position counts for prior, current and budgeted years shall be provided.

# BUDGET GLOSSARY

**Accrual Accounting:** A form of accounting attempting to record the financial effects on an enterprise of transactions and other events and circumstances that have cash consequences for an enterprise in **the** period in which those transactions occur.

**Ad Valorem Tax:** Tax on property imposed at a rate percent and based on the value commonly referred to, as property taxes are the charges levied on all real, and certain personal property according to the property's assessed valuation and the tax rate, in compliance with the State Property Tax Code.

**Appraised Value:** To make as estimate of value for the purpose of taxation. (Property values are established by the Hidalgo County Appraisal District).

**Appropriation:** Authorization granted by a legislative body to make expenditures and to incur obligations. The appropriation contains specific limitations as to the amount purpose, and time when it may be expended.

**Appropriation Ordinance:** The office enactment, by the City Commission, to legally authorize City Staff to obligate and expend resources.

**Assessed Value:** The total taxable value placed on real estate and other property as a basis for levying taxes.

**Authorized Personnel:** Personnel slots, which are authorized in the adopted budget to be filled during the year.

**Bond:** A written promise to pay a sum of money on a specific date at a specific interest rate. The interest payments and repayment of the principal are detailed in a bond ordinance. The most common types of bonds are general obligation and revenue bonds. These are most frequently used for construction of large capital projects, such as buildings, streets, and bridges.

**Budget:** A plan of financial operation embodying an estimate of proposed expenditures for a given period (a fiscal year) and the proposed means of financing them. Prepared for adoption and approved by the City Commission.

**Budget Calendar:** The schedule of key dates that the City follows in the preparation and adoption of the budget.

**Budget Document:** The instrument used by the budget-making authority to present a comprehensive financial plan of operations to the City Commission.

## BUDGET GLOSSARY-continued

**Budget Message:** A general discussion of the proposed budget as presented in writing by the City Manager to the City Commission.

**Capital Projects Fund:** A fund created to account for financial resources to be used for the acquisition or the construction of major capital facilities or equipment.

**Capital Outlay:** Expenditures which result in the acquisition of an addition to fixed assets, such as equipment, remodeling, minor building improvements and vehicles, that are funded from the operating budget benefiting current and future fiscal years.

**City Commission:** The Mayor and Commissioners collectively acting as the legislative and policymaking body of the City.

**City Manager:** The individual selected by the City Commission, who is responsible for the administration of the affairs of the City.

**Civil Service Personnel:** All certified police officers and fire fighters.

**Coding:** A system of numbering used to designate funds, departments, division, etc., in such a manner that the number quickly reveals required information.

**Component Units:** Legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations that, because of the nature and significance of their relationship with a primary government, must be included in the reporting entity's financial statements so that the statements are not misleading or incomplete.

**Contracted Services:** Payment for goods or services rendered and furnished to a government based on a contract(s) used in operation benefiting the current fiscal year.

**Current Taxes:** Taxes levied and becoming due within one year from October 1 to September 30.

**Debt Service:** Payment of interest and principal to holders of a government's debt instruments.

**Debt Service Fund:** The Debt Service Fund, also known as the interest and sinking fund, was established to account for funds needed to make principal and interest payments on outstanding bonds when due.

**Delinquent Taxes:** Taxes remaining unpaid on and after the due date on which a penalty for nonpayment is attached.

## BUDGET GLOSSARY-continued

**Depreciation:** The portion of the cost of a fixed asset, which is charged as an expense during the fiscal year. In accounting for depreciation the cost of a fixed asset, less any salvage value, is prorated over the estimated life of such an asset, and each period is charged with a portion of such cost. Through this process the entire cost of the asset is ultimately charged off as an expense.

**Distinguished Budget:** A voluntary program administered by the Government Finance Officers Association. This program encourages governments to publish efficiently organized and easily readable budget documents and to provide peer recognition and technical assistance to the fiscal officers preparing them.

**Encumbrance:** The commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for future expenditures.

**Enterprise Fund:** A fund established to account for operations that are financed and operated in a manner similar to private business enterprise-where the intent is that the cost of providing goods or services to the general public on a continual basis are financed or recovered primarily through user charges.

**Expenditure:** A decrease in the net financial resources for the purpose of acquiring an asset, service, or settling a loss.

**Expense:** Charges incurred (whether paid immediately or unpaid) for operation, maintenance, interest and other charges, which are presumed to benefit the current fiscal period.

**Fiscal Year:** The twelve-month financial period that is designated by the City signifying the beginning and ending period for recording financial transactions. The City of Pharr has specified October 1 to September 30 as its fiscal year.

**Fixed Assets:** An asset of a long-term nature, which is intended to continue to be held or used, such as land, building, improvements other than buildings, machinery, and equipment.

**Flow of Financial Resources:** The operating results of this measurement focus show the extent to which financial resources obtained during the period are sufficient to cover claims against financial resources incurred during the period.

**Franchise:** A special privilege granted by a government permitting the continued use of public property, such as City streets, improvements other than buildings, machinery, and equipment.

**Franchise Fee:** A fee paid by public service utilities for use of public property in providing their services to the citizens of the community.

## BUDGET GLOSSARY-continued

**Fund:** A fiscal and accounting entity with a self balancing set of accounts that record financial transactions cash and /or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

**Fund Balance:** The excess of fund assets over liabilities (assets minus liabilities). Accumulated balances are the result of continual excess of revenues over expenditures/expenses. A negative fund balance is a deficit balance.

**GASB-34:** The Governmental Accounting Standards Board (GASB) issued Statement 34 in June 1999. The intent of GASB Statement 34 is to more accurately reflect the financial activities of state and local governments in their financial reports. This statement represents the most significant changes made to governmental accounting and financial reporting standards since the Board's inception. GASB-34 provided the basic guidelines for the preparation of government financial statements and allowing comparisons among governments of similar size.

**General Obligation Bonds:** Bonds that finance a variety of public projects, which pledge the full faith and credit of the City.

**General Fund:** The largest fund within the City, the General Fund accounts for most of the financial resources of the government. General Fund Revenues include property taxes, licenses and permits, local taxes, service charges, and other types of revenue. This fund includes most of the basic operating services, such as fire and police protection, finance, parks and recreation, library, and general administration.

**Governmental Funds:** Four fund types used to account for a government's business-type activities. These are the General Fund, the Special Revenue Fund, the Debt Service Fund and the Capital Projects Fund.

**Income:** Proprietary fund excess of operating revenues, non-operating revenues and operating transfers in over operating expenses, non-operating expenses and operating transfers out.

**Infrastructure:** Long-term capital assets in the City of Pharr that are used to provide the standard services to the residents. Examples of these items include streets, water lines, wastewater lines, etc.

**Internal Service Funds:** Internal service funds were established to finance and account for services, materials and supplies furnished to the various departments of the City and, on a limited basis, to other local governmental agencies. These services are provided on a cost reimbursement basis.

## BUDGET GLOSSARY-continued

**Inter-Fund Transfers:** Authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended; i.e. transfers from the General Fund to Special Revenue Fund.

**Materials/Supplies:** Purchase of expendable goods to be used in operation classified as a current operating expenditure benefiting the current fiscal period.

**Maintenance:** All materials or contract expenditures covering repair and upkeep of City buildings, machinery and equipment, systems, and land.

**Modified Accrual:** The accrual basis of accounting adapted to governmental fund type expendable trust funds and agency funds spending a measurement focus. Under it revenues are recognized when they become both “measurable” and “available to finance expenditures of the current period”. Expenditures are recognized when the related fund liability is incurred.

**Objective:** A simply stated measurable statement of aim or expected accomplishment within the fiscal year. A good statement of objective should imply a specific standard for performance for a given program.

**Operating Budget:** Plans of current expenditures and the proposed means of financing them. The use of an annual operating budget is usually required by law to control government spending.

**Operating Costs:** Outlays for such current period items as expendable supplies, contractual services, and utilities.

**Operating Transfers:** Legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended.

**Ordinance:** A formal legislative enactment by the governing board of a municipality. Revenue raising measures, such as the imposition of taxes, special assessments and service charges, universally require ordinances. Ordinances and other legislation are not passed until the plans for and costs of endorsements are known.

**Performance Indicator:** Variables that measure the success of a department in meeting goals and objectives and/or the workload and performance of the department.

**Personnel Services:** The costs associated with compensating employees for their labor. This includes salaries and fringe benefits.

**Projected Revenues:** The amount of projected revenues to be collected, which are necessary to fund expenditures based on prior history and analysis of charges and fees that are assessed.

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## BUDGET GLOSSARY-continued

**Proprietary Funds:** Two fund types used to account for a government's business-type activities (e.g. activities that receive a significant portion of their funding through user charges). These are the Enterprise Fund and Internal Service Fund.

**Reimbursement:** Repayments of amount remitted on behalf of another party. Inter-fund transactions, which constitute reimbursements of a fund for expenditures initially made from it, which are properly applicable to another fund.

**Retained Earnings:** An equity account reflecting the accumulated earnings of an Enterprise or Internal Service Fund.

**Revenue:** An increase in assets due to the performance of a service or the sale of goods. In the General Fund revenues are recognized when earned, measurable, and reasonably assured to be received within sixty days.

**Revenue Bonds:** Bonds, which principal and interest, are payable exclusively from a revenue source pledged as the payment source before issuance.

**Risk Management:** An organized attempt to protect a government's assets against accidental loss in the most economical method.

**Sinking Fund:** Location where funds are deposited per the debt requirements and to be used to meet the semi-annual principal and/or interest payments.

**Special Revenue Fund:** A fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditures of specific purposes.

**Tax Base:** The total value of all real and personal property in the City as of January 1<sup>st</sup> of each year, as certified by the Hidalgo County Appraisal District. The tax base represents net value after all exemptions.

**Tax Levy:** The total amount of tax is stated in terms of a unit of the tax base. The assessor applies the rate to taxable value to compute a tax due on each property.

**Tax Rate:** The amount of tax that is stated in terms of units of the tax base. The assessor applies the rate to taxable value to compute a tax due on each property.

**Tax Rate Limit:** The maximum rate at which a government may levy a tax. A maximum tax rate permitted by the Constitution of the State of Texas and City Charter is \$2.50 per \$100 of assessed value.



# City of Pharr Expenditure Chart of Accounts STEP Reference

<u>Account Number</u>	<u>Account Name</u>	<u>Step/Reconciliation by:</u>
5XXX-11XX	Personnel Expenditures	Step 2/Human Resources/Finance
5XXX-2201	Office Supplies	Historical Trend/STEP 4
5XXX-2202	Postage	Historical Trend/STEP 4
5XXX-2206	Janitorial Supplies	Historical Trend/STEP 4
5XXX-2208	Other Operating Supplies	Historical Trend/STEP 4
5XXX-2220	Non-Capital Equipment	Historical Trend/STEP 4
5XXX-3301	Building & Equipment	Historical Trend/STEP 4
5XXX-4401	Office Equipment Rentals	STEP 3-1
5XXX-4402	Other Equipment Rentals	STEP 3-1
5XXX-5501	Communications.	STEP 4
5XXX-5502	Advertising	Historical Trend/STEP 4
5XXX-5503	Training and Travel	Historical Trend/STEP 4
5XXX-5505	Dues & Publications	Historical Trend/STEP 4
5XXX-5507	Utilities	Historical Trend
5XXX-5509	Streets Materials	STEP 3
5XXX-5530	Contractual Services	STEP 3
5XXX-5532	Insurance	Finance
5XXX-6601	Gas & Oil	Historical Trend/STEP 4
5XXX-6603	City Garage Repairs	Historical Trend/STEP 4
5XXX-6604	Outside Repairs	Historical Trend/STEP 4
5XXX-6605	Outside Repairs-City Garage	Historical Trend/STEP 4
5XXX-6606	City Garage Overhead Costs	Historical Trend/STEP 4
5XXX-77XX	Debt Service	Finance
5XXX-8803	Vehicles	STEP 6
5XXX-8804	Other Equipment	STEP 6-1
5XXX-8805	System Improvements	STEP 6-1
5XXX-8806	Site Improvements	STEP 6-1

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## SPECIFIC INSTRUCTIONS TO SUBMIT STEPS



READ THIS MANUAL!!!



Mark your Outlook Calendar with deadlines and be in constant communication with Finance for any questions.



If Departments need any assistance with Excel, please contact Finance staff to get it. Call Extension 1902, 1905, 1906 or 1910.



Submit all STEPS to Finance Director via email, [karla.moya@pharr-tx.gov](mailto:karla.moya@pharr-tx.gov) by deadline specified in Budget Calendar. No hard copies will be accepted.



Submit all STEPS in Excel. No Word documents will be allowed except for an Executive Summary required for City Manager review.



STEPS not submitted by deadline will not be considered in Budget Process. Accounts will be analyzed and budgeted for next fiscal year at Finance Discretion.



Have FUN doing it. It is not as bad as you think.

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