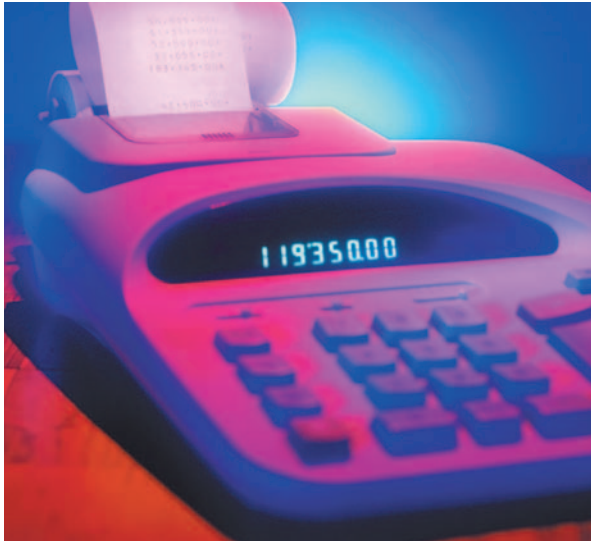


About the Budget and the Budget Process



The fiscal 2005 Budget is presented as a policy document, an operations guide, a financial plan and a communications device. This document will be submitted to the Government Finance Officers Association (GFOA) for review and consideration of a Distinguished Budget Award.

What?

The budget includes the financial planning and legal authority to obligate public funds. Additionally, the budget provides significant policy direction by the City Council to the staff and the community. As a result, the City Council, Staff, and public are involved in establishing the budget for the City of North Las Vegas.

The budget provides four functions:

1. A Policy Document

The budget functions as a policy document in that the decisions made within the budget will “reflect the general principles or plans that guide the actions taken for the future.” As a policy document, the budget makes specific attempts to link desired goals and policy direction to the actual day-to-day activities of the City staff.

2. An Operational Tool

The budget of the City reflects its operation. Activities of each City function and organization have been planned, formalized and described in the following sections. This process will help to maintain an understanding of the various operations of the City and how they relate to each other, and to the attainment of the policy issues and goals of the City Council. In this effort, the budget addresses areas which may not be traditional budget document topics. These include current and future debt management, staffing levels, long-range planning, capital spending plans and the tax base and its relationship to the provision of services.

3. A Link With the General Public

The budget provides a unique opportunity to allow and encourage public review of City operations. The budget describes the activities of the City, the reason or cause for those activities, future implications, and the direct relationship to the citizenry.

4. A Legally Required Financial Planning Tool

Traditionally a financial planning tool, the budget is also a State law requirement of all cities as stated in Nevada Revised Statutes (NRS) 354.598. The budget must be adopted as a balanced budget and must be in place prior to the expenditure of any City funds. The budget is the legal authority to expend public monies and controls those expenditures by limiting the amount of the appropriation at either the fund or department level. The revenues of the City are estimated, along with available cash reserves, to indicate funds available. The staff requests for appropriations comprise the disbursement side of the budget.



How Does the Budget Compare to the Annual Report?

The City prepares an annual financial report in conformance with generally accepted accounting principles (GAAP). The budget is prepared using the same basis of accounting. The Governmental Fund types are budgeted on a modified accrual basis and can be directly compared to the operating statements in the City annual report. The Proprietary Fund types are budgeted on a full accrual basis and depicted in the annual report using a full accrual basis.

Why?

The budget is a requirement of State law, and as adopted, constitutes the legal authority for expenditures. The City's budget is adopted at the fund level so expenditures may not legally exceed appropriations at that level. The City's budget is generally amended once a year. All appropriations, except operating grants and capital projects, lapse at year end. Unexpended resources must be reappropriated in the subsequent period.

In addition, the budget process affords both an interesting and challenging opportunity to reassess plans, overall goals and the means for accomplishing them.

It is through this effort that the budget is the single most important policy document produced each year. Much effort is expended to ensure the budget plan will achieve the goals and objectives of the City Council.

How?

The Budget Process

Determining Policies and Goals - The Budget process for the City of North Las Vegas is, in some respects, an ongoing, year-round activity. The formal budget planning begins in the fall with discussions between the City Manager, departments, and the City Council about the status of ongoing programs, new goals, and objectives for the future.

Reporting and Monitoring

The budget and its policies are implemented through the individual departments and the accounting controls of the Finance Department. The budget is monitored by a reporting system consisting of monthly reports available to the department directors and divisional managers. Financial reports are prepared by the Finance Department comparing actual expenditures and revenues with the budget. In these reports, financial data is presented at the same level of detail as the final budget.

Financial reports are submitted to the City Council on a quarterly basis. The budget is formally augmented by Council action at year end.

Staff Planning and Preparation

Budget preparation begins in October, with the projection of City reserves, revenues, expenditures, and financial capacity. It is with this "groundwork" that departmental budget requests are made and subsequently reviewed. One of the key foundations to the City's budget is the City Work Plan. This schedule appears on the following pages.

Components of the Budget

There are three components of the budget: the base budget, capital improvements and supplemental requests.

1. Base Budget Approach

The base budget consists of budget proposals sufficient to maintain the operation of programs that have been authorized in earlier budgets. Fiscal 2005 budget allocation targets were established at fiscal 2004 levels.

2. Capital Improvements

The budget includes capital projects previously authorized by City Council as part of the five-year Capital Improvement Plan (CIP). The budget CIP authorizes a series of projects scheduled for construction in fiscal 2005. The Council approves specific projects up to the funding approved in the budget. If more funds become available, or third party



funding can be arranged, a budget amendment is considered.

The City's capital program is funded primarily by interlocal funds of other governmental agencies, the issuance of general obligation bonds, and federal and state loan and grant programs.

3. Supplemental Requests:

Departments may request funding above the base budget amount in order to maintain current levels of service; to provide for the expansion of existing programs; or to enable the implementation of new services or programs. These are considered to be supplemental requests. All supplemental funding requests must be adequately described and include a concise justification that reflects consideration of reasonable alternatives, particularly, if the request involves addition of permanent personnel.

Tentative Budget

In March, the budget is ready for the City Manager's review. The tentative budget is prepared and available for City Council and citizen review by April 15th of each year in accordance with NRS 354.596. The Council holds a workshop on the tentative budget to examine the budget in detail. The City Council then conducts a preliminary budget hearing before acting formally on the budget.

A public hearing is scheduled for the City Council meeting on the third Tuesday in May, with the final budget being adopted by June 1st.

Final Budget

The final budget is issued as a formal published document in the same format as the tentative budget, but as modified by the City Council. The actual appropriations implementing and amending the budget are contained in the budget adopted by the City Council.

Amending the Budget

The City Manager is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total of a fund must be approved by the City Council.

The status of the budget is comprehensively reviewed in June to identify any needed adjustments. All requests for amendments are filed with the Finance Director.

A public hearing is scheduled for the City Council meeting on the third Tuesday in May, with the final budget being adopted by June 1st.



Tentative Workplan for Fiscal 2005

Budget preparation allows the City the opportunity to reassess goals and objectives and the means for accomplishing them. The budget document is the method of presenting, in financial terms, the overall plan for the 2005 fiscal year.

The following goals guided the development of the budget and set the direction of activity for the various departments during the upcoming year.

Department	Goal
City Clerk	<p>Fully implement all features of the KoVis Records Management System to utilize Optical Character Recognition (OCR) for minutes archives and other appropriate applications.</p> <p>Once KoVis is fully implemented, begin the audit process for each department, ensuring compliance with the adopted City of North Las Vegas Records Retention Schedule.</p> <p>Determine the feasibility of interactive forms on the City Clerk's Office portion of the City website. Appropriate forms would include Agenda Mailing/E-Mailing, and willingness to serve on an Advisory Board.</p> <p>Continue to determine the feasibility of further automation of City Council /Redevelopment Agency agenda process to reduce resources such as printing and paper costs.</p>
Community Development	<p>Create and implement the Rental Housing Inspection Program.</p> <p>Lead the Task Force for the next BLM auction.</p> <p>With the Public Works Department, jointly evaluate North Las Vegas Boulevard to determine if a Special Improvement District would benefit the area.</p> <p>Modify the Windsor Park Housing Guidelines to allow for the acquisition of a greater variety of properties.</p> <p>Expand the business retention and expansion program, utilizing the Manufacturers' Roundtable to increase manufacturing jobs in North Las Vegas.</p>
Detention Center	<p>Assist with the performance audit of the Detention Center.</p> <p>Identify areas that can be Automated.</p> <p>Explore ways to reduce Detention Center costs, and maximize revenue through strategic planning and bed management.</p> <p>Continue the development and construction of the Justice Center.</p>
Finance	<p>Maintain the GFOA Certificate of Achievement for Excellence in Reporting.</p> <p>Prepare an operating budget that will receive the GFOA Distinguished Budget Award.</p> <p>Coordinate budget preparation and provide linkage between the City's annual budget program and capital budget.</p> <p>Increase collections and assessments from Business License audit activities while reducing delinquency rates.</p> <p>Provide Quarterly Financial Statements to the City Manager.</p>



CITY OF NORTH LAS VEGAS

Department	Goal
Finance (cont.)	<p>Convert to automated Business License and utility billing system while continuing to expand other systems to increase service to our customers.</p> <p>Develop and implement policies and procedures for credit collections.</p> <p>Assist the Detention Center with coordinating a performance audit with a consultant or internal audit unit.</p>
Fire	<p>Assist with negotiating a new Collective Bargaining Agreement between the City and the International Association of Firefighters Local 1607.</p> <p>Develop and schedule Emergency Management Exercises.</p> <p>Plan Annex, develop and submit terrorism Risk Assessment and Emergency Operations.</p>
Human Resources	<p>Enhance employee relations while decreasing costly employment litigation.</p> <p>Return injured workers back to positions as soon as possible.</p> <p>Expand the curriculum of training classes offered.</p>
Information Technology	<p>Perform an automation audit of each department to determine areas ripe for automation.</p> <p>Increase availability of electronic City services, both external & internal.</p>
Library District	<p>Identify and obtain funds for the construction of the new Alianté Library (books, equipment, computers, furniture, and operations).</p> <p>Implement new programming in adult areas.</p> <p>Implement new programming in children areas.</p> <p>Seek funding to continue to offer English as a Second Language (ESL) Classes.</p>
Municipal Court	<p>Implement Electronic Payment Package that enables customers to pay on-line.</p> <p>Streamline processes using new Case Management System.</p> <p>Revise court schedule - may need Monday court.</p>
Parks and Recreation	<p>Complete the adoption process for the Updated Parks Master Plan.</p> <p>Develop Park Maintenance Standards and Policy Procedures.</p> <p>Recommend Parks, Trails and Recreational Facilities in new growth areas.</p>
Planning and Zoning	<p>Develop a financial model with a consultant that compares resulting revenues (taxes and fees generated) with expenses (services provided) based on current and possible changes in land use.</p> <p>Update the City's Comprehensive Plan with consultants incorporating both regional initiatives identified in the Memorandum of Understanding and local initiatives identified by the City Council and City stakeholders.</p> <p>Prepare planning materials and documents for the November 2004 auction, Phase II of the 7,500 Acre Bureau of Land Management release.</p> <p>Update the Single-Family Design Guidelines to incorporate the standards adopted in the Small Lot Ordinance.</p>



Department	Goal
Police	<p>Open the area command at Washburn and Allen.</p> <p>Lead a Task Force in designing a police facility for the 7,500 Acres.</p> <p>Establish a Regional Police Academy in partnership with the Community College of Southern Nevada and Henderson Police Department.</p> <p>Continue the public/private partnership with Buena Vista Springs.</p> <p>Continue to develop and implement community-oriented policing strategies within the City of North Las Vegas.</p>
Public Works	<p>Complete the construction of Craig Road - Phase II.</p> <p>Complete a comprehensive land development guide that will assist the public in navigating our system.</p> <p>Revise the Final Map process to reduce overall processing time.</p> <p>Establish Citywide safe school walking routes and companion maps.</p> <p>Establish North Las Vegas as a destination for Light Rail.</p> <p>Design and begin construction on Gowan / Simmons Park.</p> <p>Complete construction of Las Vegas Wash Trail (Northern Beltway to Lower Detention Basin).</p> <p>Staff will complete design of the Lower Las Vegas Wash Detention Basin Park.</p>
Strategic Planning	<p>Assist Department Directors in developing Performance Measures.</p> <p>Implement and administer city-wide Grants Management Program.</p> <p>Assist departments in developing business plans as they relate to the City's overall priorities.</p> <p>Develop and monitor measures to be used in moving the City's Capital Improvement Plan forward in accordance with the City Council's priorities.</p>
Utilities	<p>Automate the meter reading system to the latest technology.</p> <p>Develop and implement the Hansen Utility Billing Module.</p> <p>Provide Internet Service options for making utility payments and implement an interactive voice system that allows customers to pay bills via telephone through centralized IT.</p>

Budget Basis and Financial Structure

City's Organizational Units

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in these funds based upon

the purposes for which they are to be spent and the means by which spending activities are controlled.

Departments are responsible for carrying out a major governmental activity, such as Police or Public Works services. A department is comprised of one or more unique divisions to further define a service delivery, such as the Highways and Street Division of the Department of Public Works.



Budgeting by Function

Presentation of the operating budget is also structured by functions which delineate budget expenditures in terms of broad goals and objectives.

Major functions include:

- (1) General Government
- (2) Judicial
- (3) Public Safety
- (4) Public Works
- (5) Health
- (6) Culture & Recreation
- (7) Community Support
- (8) Debt Service

Functions are prescribed by the Governmental Accounting Standards Board (GASB). Functions may transcend specific fund or departmental boundaries in that a function encompasses all associated activities, regardless of fund or department, directed toward the attainment of a general goal or objective.

Financial Structure

Governmental Fund Types

General Fund - The general fund is the general operating fund of the City. All general tax revenues and other receipts that are not required either legally or by generally accepted accounting principles (GAAP) to be accounted for in other funds are accounted for in the general fund.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The City has many special revenue funds though the largest are the Public Safety Tax Fund and the Street Maintenance, Parks and Fire Station Fund.

Debt Service Funds - Debt service funds are used to account for the accumulation of resources for,

and the payment of general long-term debt principal, interest, and related costs. The City's budget includes two debt service funds.

Capital Projects Funds - Capital projects funds are used to account for financial resources used for the acquisition or construction of major capital facilities. The City has a number of capital projects which are summarized and reported by function.

Proprietary Fund Types

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's enterprise funds consist of the Water Fund, Wastewater Fund and the Golf Course Fund.

Internal Service Funds - Internal service funds are for the financing of goods or services provided by one department or agency to other departments or agencies of the city, or to other governmental units, on a cost reimbursement basis. There are two internal service funds, the Motor Equipment Fund and the Self Insurance Reserve Fund.

Fiduciary Fund Types

Trust Funds - Trust funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

Measurement Focus

Governmental fund types are accounted for on a "spending" or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on the balance sheets. Accordingly, the reported undesignated fund balances (net current assets) are considered a measure of available, spendable, or appropriable resources. Governmental fund type operating



statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Proprietary and fiduciary fund types are accounted for on an "income determination" measurement focus. Accordingly, all assets and liabilities are included on their balance sheets, and the reported fund equity (total reported assets less total reported liabilities) provides an indication of the economic net worth of the fund. Operating statements for proprietary fund types (on an income determination measurement focus) report increases (revenues) and decreases (expenses) in total economic net worth.

Basis of Accounting and Measurement Focus

The City of North Las Vegas develops the revenue and expenditure/expense estimates contained in the annual budget in accordance with GAAP. Enterprise fund budgets are prepared in conformance with GAAP, except that capital outlay expenses are budgeted for interim management purposes and subsequently recorded as fixed assets at year end. Depreciation expense is budgeted. Because the revenue and expenditure/expense estimates are based on GAAP, it is important for the reader to have an understanding of accounting principles as they relate to these estimates. The following is a brief overview of the measurement focus and basis of accounting.

All governmental fund types are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets.

Primary revenues, including property taxes, special assessments, intergovernmental revenues and charges for services, are treated as susceptible to accrual under the modified accrual basis. Other revenue sources are not considered measurable and available, and are not treated as susceptible to accrual.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) principal and interest on general long-term debt which is recognized when due; (2) accumulated sick pay and accumulated vacation pay, which are not recorded as expenditures until paid; and (3) certain inventories of supplies which are considered expenditures when purchased.

All Proprietary Funds use the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Fiduciary Funds are accounted for on the modified accrual basis.

Relationship between Budget and Accounting

During the year, the accounting system is maintained on the same basis as the adopted budget. This enables departmental budgets to be easily monitored, monthly, via accounting system reports. Accounting adjustments are made at fiscal year end to conform to GAAP. The major differences between this adopted budget and GAAP for governmental fund types are: (a) encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP); (b) certain revenues and expenditures, (e.g. compensated absences) not recognized for budgetary purposes are accrued (GAAP).

Enterprise Fund differences include:

(a) encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP); (b) certain items, e.g., principal expense and capital outlay are recorded as expenditures for budgetary purposes as opposed to adjustments of the appropriate balance sheet accounts (GAAP); (c) depreciation is recorded as an expense (GAAP) at year-end.

