CITY COUNCIL AGENDA ITEM COVER MEMO

Agenda Item Number_____

Meeting Type: Regular

Meeting Date: ~~7/9/2015~~ 7/23/15

Action Requested By:
Finance

Agenda Item Type
Ordinance

Subject Matter:

Master Budget Ordinance

Exact Wording for the Agenda:

Ordinance to amend and update the City' master budget ordinance.

Note: If amendment, please state title and number of the original

Item to be considered for: Introduction Unanimous Consent Required: No

Briefly state why the action is required; why it is recommended; what Council action will provide, allow
and accomplish and; any other information that might be helpful.

The City's master budget ordinance was adopted in 1990, and last updated in 1995. In connection with the implementation of a new financial system, and to update the budget processes and procedures, this revision is proposed.

Associated Cost:

Budgeted Item: Not applicable

MAYOR RECOMMENDS OR CONCURS: Yes

Department Head: _____ Date:

revised 3/12/2012

ORDINANCE NO. 15 - _____

BE IT ORDAINED by the City Council of the City of Huntsville, Alabama, that Chapter 2, Article IV, Section 2-152 (Budget Management) of the Code of Ordinances, City of Huntsville, Alabama, is hereby amended in its entirety, to read as follows:

(a) Purpose. It is the purpose of this section to establish a comprehensive system for budgeting and financial management which furthers the capacity of the mayor and the city council to plan and finance the services which the city provides for its citizens.

(b) Definitions. The following words, terms and phrases, when used in this section, shall have the meanings ascribed to them in this subsection, except where the context clearly indicates a different meaning:

"Department" means the a department of the city under the general supervision and control of the mayor.

(c) Duties of the director of the finance department relative to the city budget. The director of the finance department shall:

(1) Assist the mayor and the city council in the preparation and explanation of the proposed budget ordinance, including the coordination and analysis of department goals and objectives, and departmental budget requests;

(2) Assist departments in preparing their statement of goals and objectives, budget requests and reporting of program performance;

(3) Administer its responsibilities under this section so that the policy decisions and budget determination of the mayor and the city council are implemented to the fullest extent possible within the concepts of proper management; and

(4) Provide the mayor and the city council with budget information.

(d) Budget data to be submitted to director of finance by departments and other parties.

(1) Each department, on the date and in the form and content prescribed by the department of finance, shall prepare and forward to the director of finance the following program and financial information:

(a) If requested, the goals and objectives of the department programs, together with proposed supplements, deletions and revisions to such programs.

(b) If requested, its proposed plans to implement the goals and objectives, including estimates of future service needs, planned methods of administration, proposed modification of existing program services and establishment of new program services, and the estimated resources needed to carry out the proposed plan.

(c) The budget requested to carry out its proposed plans in the succeeding fiscal year.

(d) Where applicable, a report of the estimated revenues for the succeeding fiscal year.

(2) The department proposals prepared under subsection (d)(1) of this section shall describe the relationships of their programs services to those of other departments.

(3) If any department fails to transmit the program and financial information required under subsection (d)(1) on the specified date, the department of finance may prepare such information.

(4) All boards, commissions, agencies and organizations seeking appropriations from the city shall have a budget classification of "city agency transfers" or "outside agency appropriations", and shall submit budget information to the department of finance on or before the date requested, budgetary plans and data, which may include a long-range plan covering a period of not less than five years, setting forth the organization's projected goals, objectives and financial needs year by year.

(e) Formulation and presentation of mayor's proposed budget ordinance.

(1) The mayor shall formulate a budget ordinance to be recommended to the city council after considering each department's proposed programs and financial plan. The budget ordinance thereby submitted shall include the following:

a. Recommended appropriations for the operations of the city departments;

b. Recommended appropriations for the city's capital improvements programs; and

c. Identified sources of revenues to be available to the city to finance the recommended appropriations for operations and capital improvements.

(2) The proposed budget ordinance shall be presented by the mayor to the city council according to the timetable established

as provided in this section. The mayor's presentation shall include an explanatory report which summarizes recommended goals, plans and appropriations and shall contain the following information:

a. The program goals and objectives that the mayor recommends to guide the decisions on the proposed program plans and budget appropriations;

b. The program and budget recommendations of the mayor for the succeeding fiscal year;

c. A revised estimate of city revenues for the current fiscal year and an estimate for the succeeding fiscal year;

d. A summary of estimated expenditures for the current fiscal year and those recommended by the mayor for the succeeding fiscal year; and

e. Any additional information which will facilitate understanding of the mayor's proposed budget ordinance by the city council and the public.

(f) Responsibilities of the city council as to consideration and adoption of the budget ordinance. The city council shall:

(1) Consider the budget ordinance recommended by the mayor, including proposed goals and policies, tax rate and other revenue changes and long-range program plans;

(2) Adopt alternatives to the budget ordinance which it deems appropriate; however, in no event shall authorized expenditures exceed estimated revenues and resources.

(g) Timetable for adoption of budget ordinance.

(1) In order to provide for an orderly procedure for the adoption of the annual budget ordinance, the mayor, the president of the city council and the chairperson of the city council finance committee shall agree upon a timetable for the formulation of the mayor's proposed budget ordinance and for the city council's hearings, deliberations and adoption of the ordinance. The timetable for the budget shall be established prior to June 1 of each year.

(2) The budget timetable shall include adequate time for the mayor and the city council to consider the budget requests of the departments.

(3) The mayor shall transmit to the city council a proposed budget ordinance setting forth the mayor's financial program for the ensuing fiscal year by September 1 of each year.

(4) The policy of the city shall be that, by September 30 of each year, the city council shall adopt a budget ordinance making appropriations for the ensuing fiscal year.

(h) Six-month budget review. By May 1 of each year, the mayor and director of finance shall make a report to the city council of the revenues and expenditures of the city and its departments for the first six months of the fiscal year. After the review, the city council shall make budget adjustments that the city council deems advisable.

(i) Contingency reserves.

(1) The policy of the city shall be to maintain a portion of the fund balance of the general fund as a reserve for contingencies and unexpected financial events, which shall be referred to as a "reserve for contingencies."

(2) The city's goal in the adopted budget is establish a reserve for contingencies equal to at least 11.5 percent of the general fund's estimated revenues, without regard to revenue from grants. The mayor may recommend any amount in excess of this goal as the reserve in the budget proposal, or a reserve for any other fund of the city, which is subject to approval by the city council in the adopted budget.

(3) The reserve amount shall be included in the mayor's budget proposal to the city council, and the adopted budget.

(4) If the city must utilize the general fund reserve for contingencies to balance appropriations within estimated revenues of any fiscal year, subsequent adopted budgets must include a plan to restore the reserve amount to the stated goal until such is fully restored.

(j) General administration of programs and appropriations.

(1) The finance department shall maintain financial records and account for the financial activities in compliance with best established practices and generally accepted accounting principles. The finance department will maintain a fund accounting system that includes the number and types of funds necessary to satisfy the legal requirements and operational needs of the city.

(2) The finance department shall establish and maintain a chart of accounts in compliance with best established practices and accounting requirements. The chart of accounts shall include revenue, expenditure and other required accounts that shall provide city officials and the public meaningful financial

information about City financial activities and demonstrate compliance with city budget ordinances and legal requirements.

(3) The revenue and appropriation budgets of the city's funds shall be categorized as follows: revenue, personnel, operating, departmental capital, city agency transfers, outside agency appropriations, debt service, debt-related items, transfers with city funds, and capital projects spending.

(4) The city council shall adopt the budgets in the budget ordinance as follows, which represents the level of city council budgetary control:

a. For the expenditure accounts of departments, by personnel, operating and departmental capital.

b. For the funds accounting for the budgets of the city's long-range capital improvement plans, by budget category, except that accounts categorized as "capital project spending" shall be adopted at the subcategory level as presented in the long-range capital improvement plans.

c. For appropriations categorized as "city agency transfers" or "outside agency appropriations," by individual account.

d. For all other revenue and appropriation accounts, by budget category.

(5) The director of finance is authorized to adjust the estimated revenues or appropriations among the accounts within a budget category or subcategory to the extent the increases and decreases offset. An increase or decrease in the total amount of any budget category or subcategory must be authorized by the city council in advance. An increase or decrease to an appropriation categorized as "city agency transfers" or "outside agency appropriations" must be authorized by the city council in advance. In the event of an emergency or unusual situation, the director of finance is authorized to adjust an appropriation that must ordinarily be authorized by the city council pursuant to this paragraph, upon notification and approval of the city council president and city council finance committee chairperson.

(6) The mayor, mayor's designee or the city council is authorized to approve travel expenses of any officer or employee of the city who travels outside the city limits, which are incurred for the purpose of improving or furthering the city's goals or its business. Such approval by the mayor or mayor's designee shall be in writing stating the purpose and the object of such travel. Such approval by the city council shall be by resolution setting forth the purpose and the object of such

travel. All travel and related expenses shall be administered in compliance with city personnel policies and procedures.

ADOPTED this the _____ day of _____, 2015.

_____
President of the City Council of
the City of Huntsville, Alabama

APPROVED this the _____ day of _____, 2015.

_____
Mayor of the City of
Huntsville, Alabama