

PONTIAC CITY COUNCIL

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It is this Council's mission "To serve the citizens of Pontiac by committing to help provide an enhanced quality of life for its residents, fostering the vision of a family-friendly community that is a great place to live, work and play."

Garland S. Doyle, M.P.A.
Interim City Clerk

SPECIAL MEETING

May 17, 2019

12:00 P.M.

86th Session of the 10th Council

Call to order

Roll Call

Authorization to Excuse Councilmembers

Approval of the Agenda

Ordinance

An Ordinance to Amend Ordinance #2288 to change how City Council adopts the budget from functional basis to line item basis for Fiscal Year 2019-2020

Public Comment

Adjournment

ORDINANCE NO.

AN ORDINANCE TO AMEND ORDINANCE NO. 2288 TO PROVIDE FOR THE MAYOR TO SUBMIT A PROPOSED TWO-YEAR BALANCED BUDGET TO THE CITY COUNCIL FOR CONSIDERATION, TO ESTABLISH MINIMUM REQUIREMENTS FOR THE PROPOSED BUDGET DOCUMENT, AND TO REQUIRE THE CITY COUNCIL TO ADOPT A BUDGET BY JUNE 9 OF EACH YEAR.

The City of Pontiac ordains:

Section 1. Title.

The title of this ordinance shall be the "Executive Balanced Budget Ordinance."

Section 2. Definitions.

- a. **Balanced Budget** – The phrase "balanced budget" shall mean that the total proposed expenditures, including an accrued deficit, shall not exceed proposed revenue, including an available surplus.
- b. **Budget Request Packet** – The phrase "budget request packet" shall mean the formal documents prepared by the Finance Director in which all budget requests shall be justified and made by department heads.

Section 3. Budget Preparation.

- a. On or before March 15 in each year, the Finance Director shall distribute the budget request packet to each department head, whom shall return the completed budget request packet to the Finance Director on or before April 1 in each year.
- b. On or before April 15 in each year, the Finance Director shall transmit the departmental requests to the Mayor, who may revise or alter the estimates, and then shall return a copy of a balanced budget as revised to the Finance Director for tabulation on or before May 1 each year along with a list clearly indicating the changes the Mayor made in order to arrive at a balanced budget.
- c. The Finance Director shall recalculate the balanced budget proposed by the Mayor and shall inform the Mayor of any inconsistencies.
- d. On or before May 15 in each year, the Mayor shall submit to the City Council the proposed budget and appropriations ordinance for the ensuing two fiscal years and the proposed tax rate for the ensuing fiscal year. The proposed budgets shall be balanced. The Mayor shall provide a budget message with the proposed budgets that identifies revenues, expenditures, and significant revenues and significant expenditures.

Section 4. The budget document.

The budget for each fund of the city shall be presented in a format that is readable and understandable to the general public and classified by character, object, function, and activity consistent with the uniform chart of accounts prescribed by the state treasurer, provided that long-term and short-term goals and measurable objectives of the program are clearly identified (MCL 141.421). The Finance Director shall prepare the budget document and make it available to the public during the time the budget is available for public inspection, and shall revise the

document upon adoption of the resolution adopting the budget. The budget document shall consist of the following components, not necessarily in the order presented:

a. Part I. Revenues.

Part I shall contain estimates of all anticipated revenues for the two ensuing fiscal years applicable to proposed expenditures. It shall include a summary statement of anticipated revenues classified by fund and source; a comparison between revenues actually received during the last completed fiscal year, those received and anticipated for the current fiscal year, and those anticipated for the next two ensuing fiscal years; the estimated surplus or unobligated balance of the current fiscal year, and any additional information required by the Mayor.

b. Part II. Expenditures.

Part II shall contain estimates of all operating and capital outlay expenditures for the two ensuing fiscal years. It shall include a statement of proposed expenditures for all funds classified by function. It shall show, in the same classification of expenditure, the expenditures of the last completed fiscal year, those anticipated for the current fiscal year, estimated expenditures for the budgetary center for the next two ensuing fiscal years; it shall include as separate items any deficit from the preceding fiscal year that was not included in the budget for the current year and any anticipated deficit resulting from operations of the current year; and any other additional information required by the Mayor.

c. Part III. Capital Outlay.

Part III shall consist of the capital improvement plan. These recommendations shall be accompanied by a statement indicating recommended priorities for projects and shall set forth for each project:

1. the intended use of the land, building, or equipment requested;
2. the total estimated cost at completion;
3. appropriations and expenditures made to date;
4. actual expenditures and encumbrances at the close of the last completed fiscal year;
5. estimated expenditures and encumbrances for the current fiscal year;
6. estimates of the amount of money necessary for the next five fiscal years; and,
7. estimates of annual operating costs, if any, and the method of financing those costs, for the next five fiscal years.

d. Part IV. Supplementary Information.

Part IV shall consist of the following information, at a minimum, that shall be included at some point in the budget document:

1. a table of contents to assist the reader in locating information;
2. an explanation of the budget process and accounting procedures followed by the city in the preparation of the budget;
3. a glossary of terminology that may not be readily understood by the average reader;
4. a community profile;

5. a current organizational chart that denotes all departments and offices and the positions in those departments and/or offices within the executive branch and the legislative branch;
6. a list of all contracts, identification of service provided, value of the contract, and expiration date of the contract;
7. a list of all full-time employees, their salaries, the total value of fringe benefits, and an indication if the employee could potentially receive a defined benefit pension or other post employment benefits upon retirement;
8. a comparable summary of personnel in each office from the previous fiscal year to the ensuing fiscal year and an explanation of proposed changes;
9. a description of funds subject to appropriation;
10. a description of activities, services, and functions subject to appropriation;
11. a ten-year history of property tax levies and taxable value;
12. a list of outstanding debt obligations of the city;
13. a description of proposed capital outlays included in the budget as identified in the City's capital improvement plan;
14. a budget message from the Mayor that summarizes its proposed budget and any significant changes from previous years;
15. charts, graphs, graphics, organizational charts, and other data used effectively to describe allocations and operations and measure results;
16. the proposed tax rate to support the budget;
17. a budget summary of revenues and expenditures;
18. a proposed general appropriations ordinance; and
19. additional information that the Mayor deems appropriate.

Section 5. Budget Adoption.

- a. Before June 2, the City Council shall authorize and publish a notice of public hearing on the proposed budget and tax rate and shall introduce the proposed appropriation ordinance at a city council meeting.
- b. On or before June 4, the City Council shall have separate budget hearings with each department and/or office of the Executive Branch and each department or office of the Legislative Branch.
- c. The City Council shall not amend the proposed appropriation ordinance or tax rate until after the public hearing. The City Council shall be permitted to make unlimited amendments to the budget subsequent to the public hearing on the budget and before its adoption.
- d. No less than six days after the notice of public hearing on the proposed budget and tax rate is published and the proposed appropriation ordinance had been introduced at a city council meeting, the City Council shall hold a public hearing on the proposed budget and proposed tax rate.

- e. By June 9, the City Council shall adopt an appropriations ordinance and tax rate. The budget shall be adopted on a line item basis for expenditures, rather than on a departmental or functional basis.
- f. At the meeting wherein the City Council adopts the appropriations ordinance, the Council shall adopt a resolution setting user fees for the ensuing fiscal year. Such fees shall be amended or waived by the City Council from time to time during the fiscal year only upon recommendation from the Finance Director and Mayor.
- g. The Mayor shall be allowed to exercise the Mayor's veto authority as granted by the city charter.
- h. During the fiscal year, whenever it appears to the Finance Director that the actual and probable revenues in any fund will be less than the estimated revenues upon which appropriations from such fund were based, and when it appears that expenditures will exceed an appropriation upon which appropriations from such fund were based, the Finance Director shall present to the Mayor recommendations to prevent expenditures from exceeding available revenues or appropriations for the fiscal year. Such recommendations shall include proposals for reducing appropriations, increasing revenues or both. The Finance Director is hereby authorized to amend accounts within a line item or department that does not exceed Ten Thousand (\$10,000.00) Dollars. Any budget amendments to a line item or department that exceeds Ten Thousand (\$10,000.00) must be approved by the City Council prior to the amendment. The Mayor shall present such amendments for departments within the Executive Branch to the City Council for approval by resolution. The amendments to the budget for the Legislative Branch do not have to be presented by the Mayor but still must be approved by City Council resolution. Budget amendments shall be made by June 30 of each year.

Section 6. Penalty.

- a. Any violation of Sections 3, 4, or 5 by the Mayor shall result in the deduction of one month pay for every month or portion thereof that the Mayor is late in fulfilling the budget preparation duties.
- b. Any violation of Section 5 (f) by the Mayor shall result in the deduction of one month pay for every month that the Mayor is found to have violated this section of the Ordinance.
- c. Any violation of Sections 3, 4, or 5 by the City Council shall result in the deduction of one month pay for every month or portion thereof that the council is late in adopting the budget.
- d. The retroactive payment of compensation deducted in accordance with this section upon fulfillment of duties is expressly prohibited.
- e. The City Attorney, or any resident of the city, may file a complaint with the district court to enforce this section in the event that a deduction of pay is not made.

Section 7. Severability.

This ordinance and the various parts, sections, and clauses are hereby declared severable. If any clause, sentence, or paragraph or part of this ordinance shall, for any reason, be adjudged or decreed to be invalid by any Court of competent jurisdiction, such judgment or decree shall not effect, impair, or invalidate the remainder of this ordinance, but such judgment or decree shall be confined in its operation to the clause, sentence, paragraph, or part thereof, directly involved in the controversy in which such judgment or decrees shall have been entered.

Section 8. Repealer.

That all ordinances or parts of ordinances, of the City of Pontiac in conflict herewith are hereby repealed.

Section 9. Effective Date.

This Ordinance shall take immediate effect upon publication thereof after its adoption by the City Council.

Section 10. Publication.

The Clerk shall publish this Ordinance in a newspaper of general circulation.

Section 11. Effective Date.

This Ordinance shall be effective ten days after date of adoption.