

ARTICLE V. FINANCIAL PROCEDURES¹

City Council and Charter Review – no changes:

Sec. 5.01. Fiscal year.

The fiscal year of the city shall begin on October 1 and end on September 30 or as prescribed by general law.

State law reference(s)—A fiscal year beginning October 1 and ending September 30 is mandated by F.S. §§ 166.241(1) and 218.33(1).

Initial Version/Comments from City Council:

Sec. 5.02. Submission of proposed budget and budget message.

At least two months prior to the beginning of the fiscal year, the city manager shall submit to the city council a proposed balanced budget and additional recommendations of needs of the city for the ensuing fiscal year and an accompanying message. Without prior city council approval, the city manager's proposed general fund component of the budget shall not be increased by greater than three percent of the approved general fund component of the budget for the prior year, or the percentage change in the Consumer Price Index for All Urban Consumers, U.S. City Average, all items 1967=100, or successor reports for the preceding calendar year as initially reported by the United States Department of Labor, Bureau of Labor Statistics, whichever is greater. Nothing herein shall prohibit the city council from adopting a budget in excess of this limitation, so long as the approved budget is otherwise in accordance with law.

Percent of budget increase currently based on 3% should be based on CPI. (Feinsod)

Regarding the prior year approved general fund budget dollar “base” utilized to determine the proposed three percent increase limitation for the following years budget – it would be beneficial to specifically consider excluding any large one-time extraordinary items from the prior year approved general fund base. Significant one-time extraordinary items could serve to unintentionally inflate future budgets off an unreasonable base. A recent example of an extraordinary one-time item was the EMS startup costs in fiscal 2020. (Cautero)

¹State law reference(s)—Municipal finance and taxation generally, F.S. § 166.201 et seq.; financial matters relating to political subdivisions generally, F.S. ch. 218; local financial management and reporting, F.S. § 218.20 et seq.

State law reference(s)—Expenditures not to exceed revenues, F.S. § 166.241.

Charter Review Committee Recommendation:

At least two months prior to the beginning of the fiscal year, the city manager shall submit to the city council a proposed balanced budget and additional recommendations of needs of the city for the ensuing fiscal year and an accompanying message. Without prior city council approval, the city manager's proposed general fund component of the budget shall not be increased by greater than three percent of the approved general fund component of the initial proposed budget for the prior year, or the percentage change in the Consumer Price Index for All Urban Consumers, U.S. City Average, all items 1967=100, or successor reports for the preceding calendar year as initially reported by the United States Department of Labor, Bureau of Labor Statistics, whichever is greater. Nothing herein shall prohibit the city council from adopting a budget in excess of this limitation, so long as the approved budget is otherwise in accordance with law.

City Council and Charter Review – no changes:

Sec. 5.03. Budget message.

The city manager's message shall explain the proposed budget both in fiscal terms and in terms of work programs. It shall outline the proposed financial policies of the city for the ensuing fiscal year, describe the important features of the proposed budget, indicate any major changes from the current year in financial policies, expenditures, and revenues together with the reasons for such changes, summarize the city's debt position and include such other material as the city manager deems necessary and proper.

City Council and Charter Review – no changes:

Sec. 5.04. Budget.

The proposed budget shall provide a complete financial plan of all city funds and activities for the ensuing fiscal year and, except as required by law or this Charter, shall be in such form as the city manager deems desirable or as the city council may require. In organizing the proposed budget, the city manager shall utilize the most feasible combination of expenditure classification by fund, organizational unit, program, purpose or activity, and object. It shall begin with a clear general summary of its contents, shall show in detail all estimated income, indicating the proposed property tax levy, and all proposed expenditures, including debt service, for the ensuing fiscal year and shall be so arranged as to show comparative figures for actual and estimated income and expenditures of the current fiscal year and actual income and expenditures of the preceding fiscal year. It shall indicate in separate sections:

- (a) *Operating expenditures.* Proposed expenditures for current operations during the ensuing fiscal year, detailed by offices, departments, and agencies, in terms of their respective work programs, and the method of financing such expenditures.

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- (b) *Capital expenditures.* Proposed capital expenditures during the ensuing fiscal year, detailed by offices, departments and agencies when practicable, and the proposed method of financing each such capital expenditure.
 - (c) *Subsidiary expenditures.* Anticipated net surplus or deficit for the ensuing fiscal year of each utility owned or operated by the city and the proposed method of its disposition. Subsidiary proposed budgets for each such utility giving detailed income and expenditure information shall be included in the proposed budget.

State law reference(s)—Requirements for budget, F.S. § 200.065.

City Council and Charter Review – no changes:

Sec. 5.05. Capital program.

- (a) *Submission to the city council.* At least three months prior to the beginning of the fiscal year, the city manager shall, after consulting with the Local Planning Agency, prepare and submit to the city council a proposed five-year capital program which shall be in accordance with the city comprehensive plan.
- (b) *Content.* The program shall include:
 - (1) A clear summary of its contents.
 - (2) A list of all capital improvements which are proposed to be undertaken during the next ensuing five fiscal years, with appropriate supporting information as to the necessity for such improvements.
 - (3) Cost estimates, method of financing and recommended time schedules for each such improvement.
 - (4) The estimated annual cost of operating and maintaining the facilities to be constructed or acquired.
- (c) *Capital program.* The capital program shall be revised and extended each year with regard to capital improvements still pending or in process of construction or acquisition.

City Council and Charter Review version – same changes:

Sec. 5.06. City council action.

The city council shall adopt a balanced budget. The city council shall publish notice in one or more newspapers of general circulation in the city the places and times where of public hearings on the budget pursuant to state law and capital program will be held. After such public hearings the city council may adopt the budget with or without amendment, provided that the total authorized expenditures shall not be greater than the total anticipated funds for any fiscal year. If the budget is not adopted by the city council before the first day of any fiscal year, the amounts appropriated for current operations for the current fiscal year shall be deemed

adopted for the ensuing fiscal year on a month-to-month basis until such time as the city council adopts a budget for the ensuing fiscal year. The budget shall be adopted in the form of an ordinance and shall constitute appropriation of the amounts specified therein as expenditures of the funds indicated.

City Council and Charter Review – no changes:

Sec. 5.07. Finance department.

- (a) *Establishment.* There shall be a finance department within the city administration which shall be headed by the finance director.
- (b) *Responsibilities.* The finance department shall have the responsibility to account for all city funds and status of bond issues and other city indebtedness, for day to day receipts and disbursements of city funds, for encumbering the budget appropriations, and for all internal auditing procedures of all city departments. The finance department shall make reports and audits of other departments as required by the city manager or the city council.

State law reference(s)—Financial matters, F.S. ch. 218.

City Council and Charter Review – no changes:

Sec. 5.08. Depositaries and investments.

Depositaries of city funds for demand deposit and time deposit accounts shall be selected by the city council. The policy for investment of all other city funds shall be established by the city council.

State law reference(s)—Similar provisions, investment of local government surplus funds, F.S. § 218.401.

Initial Version:

Sec. 5.09. Surety bonding.

The city council shall determine what city positions shall be bonded and the amount of such bond.

State law reference(s)—Annual audits required, F.S. §§ 218.32, 218.39.

Charter Review Committee Recommendation:

~~Sec. 5.09. Surety bonding.~~

~~The city council shall determine what city positions shall be bonded and the amount of such bond.~~

State law reference(s)—Annual audits required, F.S. §§ 218.32, 218.39.

City Council and Charter Review – no changes:

Sec. 5.10. Audits.

- (a) *Financial audits.* The city council shall provide for an independent financial annual audit of all city accounts and provide for such more frequent audits as it deems necessary. Each audit shall be as extensive and serve such special purpose as the city council may deem necessary from time to time. Such audits shall be made by an independent certified public accountant or a firm of such accountants who have no direct interest in the fiscal affairs of the city government or any of its officers. The city council may, without requiring competitive bid, designate such accountant or firm annually or for a period not exceeding three years, provided that the designation for any particular fiscal year shall be made at least 90 days prior to the end of such fiscal year. If the State of Florida makes such an audit, the city council may accept such audit as satisfying the requirement of this section.
- (b) *Managerial audits.* The city council shall provide for an independent managerial audit of such city departments as it may deem necessary from time to time. Such audits shall be made by a competent individual or firm who has no direct interest in the managerial affairs of the city or any of its officers. The city council may, without requiring competitive bids, designate such individual or firm.

City Council and Charter Review – no changes:

Sec. 5.11. Disclosure of financial records.

- (a) *Budget.* Copies of the budget as adopted by ordinance shall be a public record.
- (b) *Capital program.* Copies of the capital program as adopted by ordinance shall be a public record.
- (c) *Audits.* Copies of financial audits shall be public record.

State law reference(s)—Public Records Act, F.S. ch. 119.