

Financial Management (Article 5 of the NCL Model Charter)

Section 5.01 – Fiscal Year

The fiscal year of the city shall begin on the first day of July and end on the last day of June.

Section 5.02 – Submission of Budget and Budget Message

On or before the 1st of May of each year, the City Manager shall submit to the City Council a recommended budget for the ensuing fiscal year and an accompanying message.

Section 5.03 – Budget Message

The purpose of the Budget Message is to provide members of the City Council and citizens of the city with a clear and concise picture of the budget which would describe what the manager expects to accomplish in the coming year, the estimated cost, sources of revenue and changes in the city debt.

Section 5.04 – Budget (Caro Charter Section 9.3)

The budget document shall present a complete financial plan for the ensuing fiscal year and shall include those items required by the Uniform Budgeting and Accounting Act 2 of the Public Acts of 1968 and as required by law.

On or before May 1 each year the City Manager shall submit to the Council a recommended budget for the next fiscal year which, considering any anticipated unexpended balance or deficit at the end of the current fiscal year, is within the tax limit and other anticipated revenue of the city. Such recommended budget shall include therein at least the following information:

- (a) The detailed estimates by the City Manager, with supporting explanation of proposed expenditures for each office, department, and board of the city, with a comparison of the actual expenditures for the corresponding items for the last two (2) fiscal years in full, and the expenditures for the current fiscal year to March 31 and an estimate of the expenditures for the balances of the current fiscal year;
- (b) Statements of the indebtedness of the city, showing the principal and interest requirements for the next fiscal year, the debt authorized and unissued and the condition of the sinking and debt retirement funds, if any;
- (c) Detailed estimates of all anticipated revenues of the city from sources other than taxes, with a comparative statement of the amounts estimated for and actually received from each of the same or similar sources for the last two (2) years in full, for the current fiscal year to March 31 and estimated revenues therefrom for the balance of the current fiscal year;

- (d) A statement of the estimated accumulated cash and unencumbered balances, or deficits at the end of the current fiscal year;
- (e) An estimate of the amount of money to be raised from taxes to be levied, from delinquent taxes, and the amount to be raised from bond issues which, together with available unappropriated funds and any revenues from other sources, will be necessary to meet the proposed expenditures;
- (f) Such other supporting information as the Council may request; and
- (g) Capital Improvement Plan projects being recommended for implementation including an estimate of operation and maintenance costs.

Section 5.05 – City Council Action on Budget

- (a) Notice and Hearing. The City Council shall publish the general summary of the budget and a notice stating:
 - (1) The times and places where copies of the message and budget are available for inspection by the public, and
 - (2) The time and place, not less than two weeks after such a publication, for a public hearing on the budget.
- (b) Amendment Before Adoption. After the public hearing, the City Council may adopt the budget with or without amendment. In amending the budget, it may add or increase programs or amounts and may delete or decrease any programs or amounts, except expenditures required by law or for debt service or for an estimated cash deficit, provided that no amendment to the budget shall increase the authorized expenditures to an amount greater than total estimated income.
- (c) Adoption. The City Council shall adopt the budget on or before the 30th day of June of the fiscal year currently ending. If Council fails to adopt the budget by this date, the budget presented at the public hearing shall go into effect. If a default budget goes into effect, another public hearing on the budget shall be held within 30 days.
- (d) “Publish” Defined. Publishing in a newspaper shall be defined as stated in MCL 691.1051. City Council may also define additional publication locations as they deem necessary.

Section 5.06 – Budget – Appropriations; Charging of Expenditures; Interim Accounting (Caro Charter Section 9.7)

- (a) No money shall be drawn from the treasury of the city except in accordance with an appropriation thereof for such specific purposes, nor shall any obligation for the expenditure of money be incurred without an appropriation covering all

payments, which will be due under such obligation in the current fiscal year. Except for funds subject to contractual or statutory limitations, the Council may transfer any actual unencumbered appropriation balance, or any portion thereof, from one account, department, fund or agency to another. Any expenditure of city funds shall not be authorized or incurred, except in pursuance with the authority and appropriations of the City Council. All city expenditures shall be incurred in compliance with the requirements of Uniform Budgeting and Account Act 2 of the Public Acts of 1968.

- (b) The Council may make additional appropriations during the fiscal year for unanticipated expenditures required by the city.
- (c) Except in those cases where there is no other logical account to which expenditures can be charged, expenditures shall not be charged directly to the contingency fund (or other similar fund). Instead, the necessary part of the appropriation from the contingency fund (or other similar fund) shall be transferred to the logical account, and the expenditure charged to such account.
- (d) At the beginning of each quarterly period during the fiscal year, and more often if required by the Council, the City Manager shall submit to the Council data showing the relation between the estimated and actual revenues and expenditures to date; and if it shall appear that the revenues are less than anticipated, the Council shall reduce appropriations, except amounts required for debt and interest charges, to such a degree as may be necessary to keep expenditures with the revenues.
- (e) The balance in any budget appropriation which has not been encumbered at the end of the fiscal year shall, subject to restrictions imposed or permitted by law, revert to the general fund.

Section 5.07 – Amendments after Adoption – Commission voted to not include this section.

Section 5.08 – Administration and Fiduciary Oversight of the Budget – Commission voted to not include this section.

Section 5.09 – Capital Improvement Plan

In accordance with state law, the Planning Commission with the assistance of the Planning and Zoning Administrator shall prepare and submit to the City Council a multi-year Capital Improvement Plan no later than three (3) months before the final date for adoption of the budget.

Section 5.10 – Action on Capital Improvement Plan

- (a) Notice and Hearing. The Planning Commission shall publish the general summary of the Capital Improvement Plan and a notice stating:

- (1) The times and places where copies of the Capital Improvement Plan are available for inspection by the public, and
 - (2) The time and place, not less than two (2) weeks after such publication, for a public hearing(s) on the Capital Improvement Plan.
- (b) Recommendation by Planning Commission. Following the public hearing the Planning Commission shall vote to recommend that the Capital Improvement Plan with or without amendment be presented to City Council.
 - (c) Adoption. The City Council by resolution shall adopt the Capital Improvement Plan with or without amendment on or before June 30 of each year.

Section 5.11 – Independent Audit (Caro Charter Section 9.10)

An independent audit shall be made of all accounts of the city government at least annually and more frequently if deemed necessary by the Council. Such audit shall be made by certified public accountants. The auditor's report of the city's business shall be made available to the public in such form as will disclose pertinent facts concerning the activities and finances of the city government.

Section 5.12 – Public Records. Commission voted to not include this section. It is required by state law which is referenced in other Articles.

Additional Sections to Include from Caro Charter:

Depositories (Caro Section 9.8)

The Council shall designate depositories for city funds in accordance with law and shall provide for the regular deposit of all city money by the City Treasurer, under the direction of the City Manager, pursuant to the written Investment Policy approved by the Council.

Investments (Caro Section 9.9)

Surplus funds may be invested in any manner permitted by law, pursuant to the written investment policy approved by the Council.

Withdrawal of Funds (Caro Section 9.11)

All funds drawn from the treasury shall be drawn in accordance with the authority and appropriation of the Council and upon checks signed by two officers of the city to be designated by resolution of the Council. Each such check shall specify the fund or funds from which it is payable and shall be paid from no other fund or funds.