

COMMISSIONERS' ORDINANCE NO. Δ-32-19

AN ORDINANCE CREATING FINANCIAL MANAGEMENT POLICIES, INCLUDING: I) A POLICY FOR CREATING ANNUAL BUDGETS AND MAKING AMENDMENTS THERETO; AND II) REPORTING OF FINANCIAL MATTERS BY THE CITY MANAGER TO THE BOARD OF COMMISSIONERS OF THE CITY OF COVINGTON, KENTUCKY.

\* \* \* \*

WHEREAS, the Board of Commissioners recommended that City staff prepare certain financial management items in the format of an ordinance; and

WHEREAS, City staff prepared an outline detailing the City's budget process, including procedures for amendments thereto; and

WHEREAS, the policy establishes clear guidelines which the Board of Commissioners and City Manager can utilize to both expend funds in accordance with the budget ordinance, and to amend such budget ordinance when necessary; and

WHEREAS, this ordinance further provides a financial management policy requiring the submission of quarterly progress reports on general financial matters and capital projects; and

WHEREAS, City staff recommend adoption of the following policies which will strengthen the City's financial management procedures.

NOW THEREFORE, BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE CITY OF COVINGTON, KENTON COUNTY, KENTUCKY:

Section 1

Chapter 43, Sections 43.01 to 43.03 which read as follows, are added to and amend the Covington Code of Ordinances:

**Title IV: FINANCIAL REGULATIONS**

**CHAPTER 43: CITY FINANCIAL MANAGEMENT**

**§ 43.01 DEFINITIONS**

**As used in this chapter, unless the context clearly requires a different meaning.**

**Budget Year. The term "budget year" means the fiscal year for which a budget is made.**

**Current Year.** *The term “current year” means the fiscal year in which a budget is prepared and adopted, i.e., the fiscal year next preceding the budget year.*

**Previous Year.** *The term “previous year” means the last complete fiscal year before the current year.*

**Fiscal Year.** *The fiscal year shall begin on the first day of July and end on the next following June 30<sup>th</sup>.*

#### **§ 43.02 BUDGET POLICY**

**(A) Budget Submission.** *The City Manager is responsible for preparing and submitting an annual budget for the ensuing fiscal year to the City’s Board of Commissioners for formal review and adoption. The Board of Commissioners shall thereupon pass an annual appropriation ordinance based on the budget submitted by the City Manager.*

**(B) The City Manager is responsible for issuing the budget calendar, coordinating all budget activities and preparing the annual budget, as well as the day-to-day management of the annual budget.**

**(C) The City Manager is responsible for preparation of the annual revenue budget projection for the General Fund and other major funds. Budgeted expenditures for each fund must be equal to or less than the budgeted revenues for the applicable fund.**

#### **(D) Budget Schedule**

- (1) Timing and Format.** *The budget shall be approved by June 30th each fiscal year. The budget shall be in the format of an ordinance, with a number assigned to each fund of the City demonstrating the maximum expenditures for that fund.*
- (2) Not less than ninety (90) days prior to the beginning of the fiscal year, the City Manager shall provide his or her budget instructions and shall obtain from the head of each City department estimates of expenditures of the department, detailed by organization units within the department, and such other supporting data as the City Manager may request, together with a list of all new programs and capital projects pending or which such department head believes should be undertaken.**
- (3) At least sixty (60) days prior to the beginning of the fiscal year, the City Manager shall provide to the Board of Commissioners the City’s revenue projections and departmental expenditures under consideration in the following format:**

1) Format of information provided to Board of Commissioners:

- i. A detailed statement of anticipated revenues;
  - ii. Schedule of City personnel by department for the current year, budget year, and any proposed changes;
  - iii. General fund department detail for each department:
    1. General Fund operating budget personnel schedule for the current year and budget year;
    2. Total operating budget showing current year and budget year amounts and any proposed changes;
    3. Operating budget by division showing current year and budget year amounts and any proposed changes;
    4. The budgets for departments and divisions shall have two categories: Personnel Services and Non-Personnel Services;
      - a. Personnel Services categories shall include separate line items for payroll, pension, medical and hospital insurance, uniform allowances, workers compensation insurance, and other benefits;
      - b. Non-Personnel Services categories shall include separate line items for contractual services, materials and supplies, other services, capital outlay, and debt service;
  - iv. A description by budget year of revenues and expenditures for all other funds; and
  - v. A description of all capital projects.
- 2) The Board of Commissioners shall schedule budget work session(s) for reviewing the proposed budget. During the work sessions, the City Manager shall identify: (i) all new programs and capital projects pending or which the department head believes should be undertaken; (ii) important features of activities anticipated in the budget; (iii) the reasons for

significant changes in program goals and appropriation levels from the previous year; (iv) any major changes in financial policy; and (v) any such other information the City Manager believes would be beneficial for the Board of Commissioners' understanding of the budget.

**(4) At least thirty (30) days prior to the beginning of each fiscal year, the City Manager shall submit to the Board of Commissioners a final budget recommendation and an explanatory budget message. The budget message shall describe the important features of the budget plan. It shall set forth the reasons for salient changes from the current year in appropriation and revenue items, any new initiatives and important features of activities anticipated in the budget, and an explanation of any major changes in financial policy.**

**(5) Content**

**(a) The budget shall only provide a dollar amount for each department's maximum expenditures in personnel and non-personnel expenses for that fiscal year. The budget shall not incorporate line item expenditures.**

**(b) In addition to the budget ordinance, the City Manager shall produce a Supplemental Budget Report which shall contain:**

**a. Letter of transmittal/final budget message;**

**b. City of Covington organizational chart;**

**c. Budget ordinance;**

**d. All funds budget summary by department;**

**e. All funds budget summary by category;**

**f. A detailed statement of anticipated revenues;**

**g. Schedule of City personnel by department for the current year, budget year, and any proposed changes;**

**h. General fund department detail for each department including:**

**i. Statement of department mission, accomplishments, and goals;**

- ii. General fund operating budget personnel schedule for the current and budget year, including any proposed changes;
- iii. Total operating budget showing proposed budget, current year budget, previous year budget and actual amounts, and any proposed changes;
- iv. Operating budget by division showing current year and budget year amounts and any proposed changes;
- v. The budgets for departments and divisions shall have two categories: Personnel Services and Non-Personnel Services;
  - 1. Personnel Services categories shall include separate line items for payroll, pension, medical and hospital insurance, uniform allowances, workers compensation insurance, and other benefits;
  - 2. Non-Personnel Services categories shall include separate line items for contractual services, materials and supplies, other services, capital outlay, and debt service;
- i. A description of the fund purpose, revenues and expenditures for all other funds;
- j. Miscellaneous statements including:
  - i. Capital budget by fund;
  - ii. Five year forecast;
  - iii. Transfer forecast;
  - iv. Outstanding debt service;
  - v. Encumbered funds from previous fiscal years; and
  - vi. Such other exhibits and information designed to help the public understand the City's budget.

(6) Authority to move funds.

- (a) Budget amendments are defined as changes which: i) increase or decrease revenues, expenditures, or reserves in an operating fund above or below the levels adopted by the original budget ordinance for that fiscal year for a department; ii) move funds between personnel and non-personnel services for a department; or iii) move funds interdepartmentally. Budget amendments shall require approval of the City's Board of Commissioners by ordinance.**
- (b) Certain Contracts and Expenditures Prohibited. No department or agency shall, during any budget year, expend or contract to expend any money or incur any liability, or enter into any contract which by its terms involves the expenditures of money for any purpose in excess of the amounts appropriated for that general classification of expenditure. Any contract, verbal or written, made in violation of this division shall be null and void.**
- (c) Appropriations Lapse at End of Year. All general fund appropriations shall lapse at the end of the budget year.**
- (d) The City Manager may approve and execute change orders for any contract up to an amount, in the aggregate, not to exceed ten (10) percent of the original contract price authorized by the City to complete the work contemplated, not to exceed in total the amount of funds budgeted for the contract.**
- (e) Budget transfers are defined as changes to the budget revenues, expenditures, or reserves in an operating fund as adopted in the original budget ordinance for the fiscal year that do not result in a net increase or decrease in an operating fund, and do not transfer funds between personnel and non-personnel services, or between departments. Budget transfers also include moving funds within a department to cover personnel, contracts, or other line item expenses. Budget transfer shall only require approval of the City Manager.**
- (7) Budget transfer procedures. Departments may request transfer of appropriated amounts within certain accounts in their own budgeted fund through the City Manager.**
- (E) Budget availability to the public. The City shall provide detailed budget information for the public.**
- (1) Each annual budget and supplemental budget report shall be posted on the City's website.**

- (2) Citizens shall be provided an opportunity to comment on each fiscal year's budget prior to its passage.
- (3) Copies of the annual fiscal year budget shall be available at City Hall for inspection.

### § 43.03 Reporting of Financial Matters

#### (A) City Manager to Submit Quarterly Reports on Capital Projects

- (1) The City Manager shall present quarterly progress reports on capital projects to the Board of Commissioners. The progress reports shall be made within 30 days of the last day of October, January, April, and July.
- (2) Each department head shall provide updated information for capital projects managed by their department to the City Manager at least two weeks prior to the final date for submission of the quarterly progress report on capital projects to the Board of Commissioners.
- (3) Upon the completion of a capital project, the City Manager shall prepare for the Board of Commissioners a Certificate of Completion for the project to include the name, project description, contractor's name, address, and other contact information, the original budget, actual cost, start date, and completion date.

#### (B) City Manager to Submit Quarterly Financial Reports

- (1) The City Manager shall make quarterly financial reports to the Board of Commissioners. The progress reports shall be made within 30 days of the last day of October, January, April, and July.
- (2) The Finance Director shall provide an updated report of City finances to the City Manager two weeks prior to the final date for submission of the quarterly financial reports to the Board of Commissioners.
- (3) The Finance Director shall, within fifteen (15) working days after the end of each month, report to the Board of Commissioners on the status of the budget. The report shall include a tabular statement comparing the receipts to date by source with the revenue estimate and a tabular statement indicating for each appropriation the amount originally appropriate, the amount expended or encumbered to date, and the available balance.

Section 2

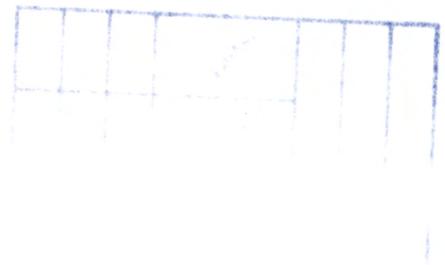
That this ordinance shall take effect and be in full force when passed, published, and recorded according to law.

Joseph U Meyer  
MAYOR

ATTEST:

Margaret M Ryan  
CITY CLERK

Passed: 10-29-19 (Second Reading)  
10-15-19 (First Reading)



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<b>Meeting Date:</b>					
<b>ORD.: 1ST</b>		<b>2ND</b>			
<b>OR:</b>					
	<b>Bowman</b>	<b>Downing</b>	<b>Smith</b>	<b>Williams</b>	<b>Meyer</b>
<b>Yeas</b>					
<b>Nays</b>					
<b>Present, not Voting</b>					