

CITY OF DECATUR BUDGET POLICY

1.0 POLICY STATEMENT: This policy is established in compliance with 65 ILCS 5/8-2-9.1 et. Seq. and Chapter 18.1 of the City Code and sets forth the procedures to be used in the preparation of the annual budget of the City and the administration of the budget during the fiscal period.

- 1.1 The City has adopted the budget method as set forth in the Illinois Municipal Code and Chapter 18.1 of the City Code and will operate as a budget city, with annual budget presentation to and adoption by the City Council before the end of the fiscal year preceding the budget fiscal year period.
- 1.2 The annual budget shall attempt to align the budget with the priorities set forth by the City Council and measure progress towards those priorities in an effort to obtain the best value for monies expended by the City.
- 1.3 The annual budget will be presented to the City Council and the City Clerk in sufficient time for public hearing to be held and the budget timely passed.
- 1.4 The budget officer or his designee shall be responsible for the required public notices required on the dates set forth in Chapter 18.1 of the City Code.
- 1.5 The approved annual budget shall be balanced such that expenditures cannot exceed revenues plus cash reserves.

2.0 PROCEDURES:

- 2.1 Budget Officer Responsibilities:
 - a. In addition to the duties set forth in Chapter 18.1 of the City Code, the Budget Officer is responsible to prepare the annual budget of the City and present the annual budget to the City Council for approval and adoption before the beginning of the fiscal year to which it applies.
 - b. The Budget Officer will work with the City Council to define and establish City Council goals and objectives prior to the preparation of the annual budget.
 - c. The Budget Officer will prepare the annual budget in accordance with defined goals and objectives as defined by the City Council.
 - d. The Budget Officer will present the annual budget to the City Council in sufficient detail defining Departmental and Fund goals and objectives, line item expenditures, and performance metrics for the same.

- e. The Budget Officer will schedule Council Study Sessions, as required, for City Council discussion and review of the budget. Other than the public hearing required pursuant to Chapter 18.1 of the City Code, public discussion will be allowed as per Council policies and discretion.
- f. Council will not act on the ordinance approving the annual budget at the same Council meeting as the public hearing on the proposed budget ordinance as required pursuant to Chapter 18.1 of the City Code unless required in order to adopt the annual budget prior to the beginning of the fiscal year to which it applies.
- g. Reports on revenues and expenditures will be prepared monthly and reviewed by the City Council during the fiscal year.
- h. Prior to the end of the fiscal year, a budget reconciliation ordinance will be presented to Council for approval.

2.3 Budget Officer Authority:

- a. In addition to the duties set forth in Chapter 18.1 of the City Code, the Budget Officer shall have the authority to affect expenditures in support of operations as defined in the annual budget as approved and adopted by the City Council.
- b. The Budget Officer may include long range capital expenditures in the budget presented to Council for approval and Council may approve an annual budget containing long range capital expenditures.
- c. The Budget Officer will present an annual budget that attempts to maintain all its assets at a level such that it protects the City's capital investment and minimizes future maintenance and replacement costs.

3.0 RESPONSIBILITY: The City Manager is responsible for the administration of this policy, under the approval authority of the City Council.

- 3.1 This policy is subject to and may be amended only upon action of the City Council.

**CITY COUNCIL MEMORANDUM
NO. 2019-07**

August 29, 2019

TO: Honorable Mayor Moore Wolfe and City Council

FROM: Scot Wrighton, City Manager
Wendy Morthland, Corporation Counsel

SUBJECT: Budget

On the Agenda for the September 3, 2019 Council meeting are several items pertaining to the adoption of a budget system for the City of Decatur. At the City Council study session of August 6, 2019, Council informally agreed to move the City from an appropriation method of operation to the budget method of operation. As a result, several actions will need to be acted upon by the Council. These items include the following:

- Ordinance Adopting Chapter 18.1 which is a new City Code Chapter that will implement the new budget system.
- Motion adopting City Budget Policies
- Ordinance Amending City Code Chapters 7, 10, 18, 19 and 21 as these chapters all contained language pertaining to an appropriation system (revisions to Chapters 10, 18, 19 and 21 are not substantive, and are included under the Consent Agenda).

The Ordinance Adopting Chapter 18.1 largely mirrors the language set forth in state statute. In some instances, that language was slightly modified to more closely align with the budget practices discussed in the study session for Decatur.

The Budget Policy sets forth the specific practices and procedures that will be followed by the City in adopting the annual budget. It also sets forth the specific practices and procedures that will be followed during the fiscal year regarding revenues and expenditures. Any changes to the Budget Policy would be required to be adopted by City Council. It is anticipated that additional budget and finance policies will be brought to the City Council later this year (including reserve policies).

The amendment on the Agenda for Chapter 7 inserts a section authorizing the City Manager to spend up to \$40,000 without additional Council approval but only if the money is for items that are specifically set forth in a specific line item in the budget approved by Council that cites the exact project or expenditure. If the money is for an item that is not specifically set out in a line item detail in the Council-approved budget, then the \$20,000 remains the limit, as it is currently.

It is recommended that all of the actions necessary for implementation of the budget method be adopted.