

ORDINANCE NO. 4056-A

AN ORDINANCE AMENDING THE CITY OF MUSKOGEE CODE OF ORDINANCES, CHAPTER 2, ADMINISTRATION, ARTICLE IV, BUDGET; AMENDING SECTION 2-551, DEFINITIONS, BY MODIFYING TERMS; AMENDING SECTION 2-552, RESTRICTED BUDGETED FUNDS, BY PROVIDING FOR RESERVE ACCOUNT GROWTH STRATEGY; PROVIDING FOR REPEALER, SEVERABILITY, AND SETTING AN EFFECTIVE DATE.

NOW THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MUSKOGEE, OKLAHOMA, AS FOLLOWS:

AN AMENDED ORDINANCE

Section 1. The City of Muskogee Code of Ordinances, Chapter 2, Administration, Article IV, Budget, Section 2-551, Definitions, is hereby amended to read as follows:

SEC. 2-551. - DEFINITIONS.

As used in this in this article:

Account means an entity for recording specific revenues or expenditures, or for grouping related or similar classes of revenues and expenditures and recording them within a fund or department.

Appropriated fund balance means any fund balance appropriated for a fund for the budget year.

Appropriation means an authorization to expend or encumber revenues and fund balance of a fund.

Budget means a plan of financial operations for a fiscal year, including an estimate of proposed expenditures for given purposes and the proposed means for financing them.

Budget report means a tabular listing of revenues by source and expenditures by fund and by department within each fund for the budget year.

Budget year means the fiscal year for which a budget is prepared or being prepared.

Current year means the year in which the budget is prepared and adopted, or the fiscal year immediately preceding the budget year.

Department means a functional unit within a fund which carries on a specific activity, such as the fire department or public works department within the general fund.

Emergency means conditions resulting from a sudden unexpected happening or unforeseen occurrence or condition whereby the public health or safety is endangered caused by a "manmade disaster" meaning a disaster caused by acts of man including, but not limited to: an act of war, terrorism, chemical spill or release, or power shortages that require assistance from outside the City of Muskogee or a "natural disaster" meaning any natural catastrophe, including, but not limited to, a tornado, severe storm, high water, flood waters, wind-driven water, earthquake, landslide, mudslide, snowstorm, or drought which causes damage of sufficient severity and

magnitude to warrant hazard mitigation or the use of resources beyond the resources of the city to alleviate the damage, loss, hardship or suffering caused thereby.

Estimated revenue means the amount of revenues estimated to be received during the budget year in each fund for which a budget is prepared.

Expenditure of city funds means the disbursement of city funds, whether appropriated or non appropriated, excluding the transfer of funds between two or more departments or city agencies.

Fiscal year means the annual period for reporting fiscal operations which begins and ends on dates as the Legislature provides or as provided by law.

Fund means an independent fiscal and accounting entity with a self-balancing set of accounts to record cash and other financial resources, together with all liabilities, which are segregated for the purpose of carrying on specific activities or attaining certain objectives.

Fund balance means the excess of a fund's current financial assets over its current liabilities and encumbrances, as reflected by its books of account.

Minimum fund balance means five percent of the stabilization fund.

Stabilization account means the "restricted reserve" portion of the general fund balance which has been appropriated as reserve in a budget year. As a financial benchmark, the Stabilization account beginning fiscal year 2019 contained a balance of \$3,500,000.

Website means the City of Muskogee internet home page found at <http://www.muskogeeonline.org>.

Section 2: The City of Muskogee Code of Ordinances, Chapter 2, Administration, Article IV, Budget, Section 2-552, Restricted Budgeted Funds, is hereby amended to read as follows:

SEC. 2-552. - RESTRICTED BUDGETED FUNDS; EXCESS REVENUE ACCOUNTING.

(a) On November 1 of each year, the treasurer shall report prior fiscal year revenues and expenses to the city manager. Any such revenues that remain in the general fund after expenses are paid shall be deemed excess revenue and shall be utilized and accounted for as follows:

(1) If the stabilization account balance as of November 1 is less than twenty percent (20%) of the budgeted general fund revenues for the current fiscal year, then seventy-five percent (75%) of excess revenues shall be placed in the stabilization account. The remaining twenty-five percent (25%) of excess revenues shall be placed into the Special Project Fund created by Resolution 2742.

(2) If the stabilization account is at or above twenty percent (20%) of the budgeted general fund revenues for the current fiscal year, then such amount of excess revenue necessary to increase the stabilization account by one percent (1%) shall be placed in the stabilization account. All other remaining excess revenue shall be placed into the Special Project Fund created by Resolution 2742.

(3) If the stabilization account reaches thirty percent (30%) of the budgeted general fund revenues for the current fiscal year, then all excess revenue shall either be placed into the Special Project Fund or allocated to such other necessary purposes as the City Council may determine.

(b) Stabilization account funds set aside in the city budget as "restricted reserve" may be expended only when certain specific circumstances exist. The circumstances requiring the expenditure of stabilization account funds are not expected to recur on a routine basis. The circumstances when it is necessary to appropriate or spend stabilization amounts are subject to the objective criteria outlining the parameters of acceptable uses of stabilization funds are as follows and must be declared by a two-thirds majority vote of all of the members of the governing body establishing that one or more of the criteria listed below exists:

(1) Expenditures for emergency situations as defined above for life, health, or public safety issues for which no existing appropriation exists;

(2) Situations where an expense or unexpected revenue decline or shortfall, in excess of a specified amount or percentage, arises that could not have reasonably been foreseen, and for which new revenue is not available to offset and transfers of existing appropriations are not considered feasible or appropriate in maintaining existing service levels;

(3) Situations where amounts retained exceed established minimum levels and the proposed use is of a nonoperational nature involving capital or equipment purchases having a useful life of greater than five years;

(4) Situations where amounts retained exceed established minimum levels and the proposed use is of a nonrecurring nature, such as a study, for start-up costs of a program whose ongoing costs are otherwise funded, or to eliminate a significant financial liability of the city;

(5) To temporarily satisfy a judgment from a court of competent jurisdiction that will be reimbursed from property tax levies.

(b) Minimum fund balance amounts may be expended only under specific limited circumstances. The circumstances when it is necessary to appropriate or spend "minimum fund balance" amounts, even in circumstances where the amounts on hand may fall shy of established minimum levels are set out below. The circumstances when it is necessary to appropriate or spend minimum fund balance amounts are subject to the objective criteria outlining the parameters of acceptable uses of the funds are as follows:

(1) Expenditures for emergency situations as defined above for life, health, or public safety issues for which no existing appropriation exists;

(2) Situations where an expense or unexpected revenue decline or shortfall, in excess of a specified amount or percentage, arises that could not have reasonably been foreseen, and for which new revenue is not available to offset and transfers of existing appropriations are not considered feasible or appropriate in maintaining existing service levels;

(3) Correcting the results of an accounting or budgeting error.

Section 3. REPEALER. All other ordinances or parts of ordinances in direct conflict herewith are repealed to the extent of the conflict only.

Section 4. SEVERABILITY. Should any part section, subsection, sentence, provision, clause or phrase hereof be held invalid, void, or unconstitutional for any reason, such holding shall not render invalid, void, or unconstitutional any other section, subsection, sentence, provision, clause, or phrase of this ordinance, and the same are deemed severable for this purpose.

Section 4. EFFECTIVE DATE. This ordinance shall take effect thirty days from publication.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF MUSKOGEE, OKLAHOMA, THIS ____ DAY OF _____. 2018.

CITY OF MUSKOGEE

JOHN R. COBURN, MAYOR

ATTEST:

TAMMY L. TRACY, CITY CLERK

(seal)

Approved as to form and legality this _____ day of _____, 2018.

ROY D. TUCKER, CITY ATTORNEY