

CoNSTRuCt (Charter Non-Structural Technical Review Committee)

<u>SUGGESTION</u>	<u>PRO'S</u>	<u>CON'S</u>	<u>COMMENTS</u>
<p align="center">CHAPTER III - BUDGET PROCEDURE AND GENERAL FINANCE</p>			
<p>3.1 A) Change the Fiscal Year to begin on July 1, which would change date Mayor submits budget</p>	<p>Budget preparation is now far in advance of actual expenditure of that budget.</p>	<p>Too expensive to change - (what is the estimated cost?)</p>	<p>The fiscal year and the appearance of a disconnect between the millage and the budget approvals are in my opinion good for the City, rather than a problem. The fiscal year of 1/1 to 12/31 coincides with the collection of City taxes very well. We set the budget in the fall for the year starting the following January 1. We then collect out taxes during the first quarter of the year. If there are any short-falls in collections, they will surface early in the fiscal year. If they are significant, that gives us time to adjust the budget to more closely match receipts. Setting the millage rate and approving the budget are at the discretion of the Administration and the City Council. If it seems backwards in a particular year, it is the Administration and/or City Council fault, not the fault of the Charter.</p>
<p><u>Potential Ancillary Changes along with Changing Budget Year:</u></p> <p>Article 3.2: Would require changing this, suggest to shorten.</p> <p>Article 3.3.8: Change to reference all public acts, not just Section 15 of PA 2 of 1968.</p> <p>Article 3.6: Would require changing this, suggest to shorten.</p> <p>Article 3.8: Eliminate this paragraph and instead reference State Law PA 2 of 1968 as amended.</p>	<p>Budget preparation now starts with only 6 months of actuals, budget is prepared on projections.</p> <p>Majority of Cities have July 1 start of Budget Year.</p> <p>Simplify water/sewer rate computation</p> <p>Efficiencies of scale for July 1 Fiscal Year</p> <p>No tax collection issue by going to July 1.</p> <p>Establish a process so that the legal appropriation is adopted prior to the millage rate. This will assist with compliance of the charter - Millage shall be sufficient to cover "only budgeted expenditures for the fiscal year."</p> <p>This will allow coincidence with the fiscal year of various agreements/contracts such as MML, workers comp, W&S rates, MMRMA liability, property insurance, comp comparisons, etc. Calendar fiscal year adds unnecessary complexity and difficulty.</p> <p>Better opportunity for accurate budget as we will have 6 months of actual rev/exp when preparing Budget. Now budget prepared more on estimates as it is so far in advance.</p>	<p>Universal CON to all issues is cost of election, attorney time, staff time, etc.</p> <p>Would not effect change of approving budget prior to millage rate adoption ???</p> <p>Millage rate could be collecting more \$\$ than adopted budget.</p> <p>Snowball effect on other parts of the charter where budget is referred.</p> <p>Shorter time frame for budget discussion.</p> <p>Changing the timing for tax collection could be difficult.</p> <p>Administration must prepare the budget in less time.</p> <p>Change would require addressing two different millage years to create budget.</p>	