

FISCAL CHANGES

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

CITY OF EAST PROVIDENCE

RESOLUTION NO.

RESOLUTION ESTABLISHING THE LANGUAGE OF PROPOSED AMENDMENTS TO THE EAST PROVIDENCE CITY CHARTER AS WILL BE VOTED ON AT THE SUBSEQUENT CHARTER REFERENDUM

WHEREAS, the Home Rule Charter for the City of East Providence was originally adopted by the Town of East Providence in September 1954; and

WHEREAS, Article XIII, Sec. 8 of the Rhode Island Constitution allows for the legislative body of any city or town to propose amendments to the Charter, which amendments shall be submitted for approval to the qualified electors of the City at a general or special election; and

WHEREAS, the City Council desires to amend the City Charter as follows with regard to finance:

~~Sec. 4-3. Director of finance; salary. [Repealed].~~

~~The director of finance shall receive such salary as may be determined by ordinance, unless the duties of said office shall be performed by the Mayor.~~

Sec. 4-7. Transfer of appropriations.

The Mayor may at any time with council approval transfer any unencumbered appropriation balance or portion thereof between general classifications of expenditures within an office, department or agency. At the request of the Mayor and within the last three (3) months of the budget year, the Council may by resolution transfer any unencumbered appropriation balance or portion thereof from one office, department or agency to another. No transfer shall be made from the appropriations required by subsections (1), (2), (3), (4), (5), (6), (7), (8), (9) and (12) of article V, section 8 of this Charter.

Sec. 4-10. Unexpended appropriations.

All appropriations, except for capital unless if the Mayor in the budget message identifies cause for not allowing unexpended capital, shall lapse at the end of the budget year to the extent that they shall not have been expended or lawfully encumbered. All appropriations balance not expended shall be included in the monthly report to the City Council.

Sec. 4-13. Competitive bidding.

- (1) Before any purchase of or contract for supplies, materials or equipment or contract for any City improvement, opportunity shall be given for competitive bidding under such rules and regulations, and with such exceptions, as the Council may prescribe by ordinance.

-
- (2) All contracts for more than an amount to be determined by ordinance shall be awarded to the lowest responsible bidder after such public notice and competition as may be prescribed by ordinance. No transaction which is essentially a unit shall be divided for the purpose of evading the intent of this section. The Mayor shall have the power to accept or to reject any or all bids, and to re-advertise for same; provided, however, that the acceptance of any bid for a contract in excess of ~~fifty ten~~ thousand (\$~~510,000.00~~) dollars shall be subject to the approval of the City Council. Alterations in any contract may be made when authorized by the Council upon the written recommendation of the Mayor.

Sec. 4-16. Emergency appropriations.

At any time in any fiscal year, the Council may, pursuant to this section, make emergency appropriations to meet a pressing need for public expenditure, for other than a regular or recurring requirement, to protect the public health, safety or welfare. Such appropriation shall be by resolution adopted by the favorable votes of at least four-fifths of the members of the Council, and shall be made only upon recommendation of the Mayor.

Sec. 4-17. Emergency appropriations borrowing.

In the absence of unappropriated available revenues to meet emergency appropriations under the provisions of article IV, section 19, the ~~Council City~~ may ~~by resolution~~ authorize the issuance of notes, ~~each of which shall be designated "emergency note" and may be renewed in the same manner as set forth in Sec. 4-16.~~

Sec. 5-1. Fiscal year; "budget year" defined.

The fiscal year of the City government shall begin on the first day of November and shall end on the last day of October of each calendar year unless a uniform fiscal year for all cities and towns shall be established by state law. Such fiscal year may be changed by ordinance so long as any such change remains in compliance with state law. Such fiscal year shall also constitute the budget and accounting year. As used in this Charter, the term "budget year" shall mean the fiscal year for which any particular budget is adopted and in which it is administered.

~~The fiscal year of the government may be altered by the passage of an ordinance for the limited purpose of synchronizing the municipal fiscal year with the fiscal year of the State of Rhode Island.~~

Sec. 5-14. Cap on maximum tax rate increase.

- a) The State of Rhode Island, by and through its general assembly, has set forth laws controlling the process and procedures for municipal taxation. All property taxation processes and procedures are therefore defined and set forth by the general assembly and preempt any provision herein. The property taxation provisions of this Charter only apply to the extent that they do not conflict with the laws as enacted and as may be amended by the general assembly.
- ~~b) The City of East Providence may levy a tax in an amount not more than three and one half percent (3.5%) in excess of the total amount levied and certified for the previous fiscal year.~~
- ~~c) The amount levied by the City may exceed the increase specified herein only if the City or town qualifies under one or more of the provisions outlined in Rhode Island General Laws Title 44 Taxation, Chapter 5 Levy and Assessment of Local Taxes Subsection 2(d) Maximum levy, as may be amended from time to time.~~

Sec. 5-15. Fund balance and budget act

- (1) Except as explicitly authorized herein, every budget act enacted in any given fiscal year must allocate at least one percent (1%) of anticipated general fund operating revenues for any given fiscal year to the Fund Balance.

-
- (a) Any given fiscal year budget act's aggregate expenditures may only exceed ninety-nine percent (99%) of anticipated general fund operating revenues if the Fund Balance is greater than twelve percent (12%) of the prior fiscal year general fund operating revenues.
- (2) There is hereby established a Fund Balance. Said Fund Balance is funded with monies that are not otherwise allocated within any given fiscal year budget act.
- (a) The Fund Balance shall be segregated into two (2) parts, the restricted Fund Balance and the unrestricted Fund Balance.
- (b) The restricted Fund Balance shall take funding priority over the unrestricted Fund Balance. No funds may be allocated to the unrestricted Fund Balance until the restricted Fund Balance is equal to at least seven percent (7%) of the general fund operating revenues.
- (c) The restricted Fund Balance must be kept in reserve and will not be included in the general fund operating budget, unless:
- i. The City forecasts or experiences a loss in total revenues and the loss is certified by the director of finance;
 - ii. The City experiences or anticipates an emergency situation, which shall be deemed to exist when the City experiences or anticipates health insurance costs, retirement contributions or utility expenditures which exceed the prior fiscal year's health insurance costs, retirement contributions or utility expenditures by a percentage greater than ten and one-half percent (10.5%);
 - iii. The City forecasts or experiences debt services expenditures net of any state aid reimbursement which exceed the prior year's debt service expenditures by an amount greater than three and one-half percent (3.5%) and which are the result of bonded debt issued in a manner consistent with general law or a special act;
 - iv. The City experiences substantial growth in its tax base as the result of major new construction which necessitates either significant infrastructure or school housing expenditures by the City or a significant increase in the need for essential municipal services and such increase in expenditures or demand for services is certified by the director of finance.
- (d) The amount between the applicable percentage in subsection (1) and one hundred percent (100%) of the anticipated general fund operating revenues for any fiscal year shall be transferred in any given fiscal year into the Fund Balance; provided, however, that no such payment will be made which would increase the total of the Fund Balance to more than ten percent (10%) of only the anticipated general operating fund as set by subsection (1).
- (e) In the event that the payment to be made into the Fund Balance would increase the amount in said account to more than twelve percent (12%) of anticipated general operating fund revenues that said amount shall be transferred to a capital fund to be used solely for funding capital projects.
- (3) Capital Projects shall not include debt reduction, principal or interest payments on debt, or for any other type of financing arrangement, but shall only be used for payment of direct actual expenses incurred for capital projects, except that funding a synchronization of the City Fiscal Year to coincide with the Rhode Island Fiscal Year may be considered a Capital Project.
- (4) For the purpose of this section, general fund operating revenues is defined as the city and school budget, less the state aid and federal aid restricted to the school budget.

(Amd. of 8-24-2017)

M. Moore FISCAL CHANGES:

Sec. 5-5. Revenues anticipated.

- (1) Anticipated revenues shall be classified as "amount to be raised by property tax," "miscellaneous revenues" and "surplus." Miscellaneous revenues shall be sub-classified by each source and shall be estimated as hereinafter prescribed.
- (2) Miscellaneous revenues shall include all anticipated revenues not included within the "amount to be raised by property tax," including but not limited to the amount of federal aid to be received; state aid to be received; the amount by which the City is expected to benefit from taxes collected by the state; the amounts estimated to be received from services and sales, fines, forfeitures and fees, pension assessments, special assessments and any other special or nonrecurring sources.
- (3) The anticipated revenues and proposed expenditures of each utility or other public service enterprise owned, or operated, by the city, shall be stated in a separate section of the budget (each bearing the name of the utility); and as to each such utility, an anticipated surplus, if legally available for general purposes, shall be stated as an item of miscellaneous revenue in the budget.
- ~~(4) No miscellaneous revenue from any source shall be included as an anticipated revenue in the budget in an amount in excess of the average of the amount actually realized in cash from the same source in the next preceding fiscal year, and that actually realized in the first ten (10) months of the current fiscal year plus that to be received in the remaining two (2) months of the year estimated as accurately as may be, unless the Mayor shall determine that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the budget year and shall certify such determination in writing to the Council.~~
- ~~(5)~~ (4) Revenues from the collection of special assessments on property specially benefited shall not be stated in an amount which is in excess of the amount of the receipts so derived which it is estimated will be held in cash on the first day of the budget year.
- ~~(6) No revenue from a new source not previously stated in the budget shall be included unless the Mayor shall determine that the facts clearly warrant the expectation that such revenue will be actually realized in cash during the budget year in the amount stated and shall certify such determination in writing to the Council.~~

Sec. 5-6. Anticipated revenues compared with other years.

In parallel columns opposite the several items of anticipated revenues there shall be placed the amount of each such item in the budget of the last completed fiscal year, the amounts of such items actually received during the year, the amount of each such item in the budget of the current fiscal year and the amount actually received ~~to the time of preparing the budget plus receipts for the remainder of the current fiscal year estimated as accurately as may be.~~

~~Sec. 5-7. Surplus. [Repealed]~~

~~Surplus shall include:~~

- ~~(1) Revenue receipts made available by the lapsing of unencumbered appropriation balances at the beginning of the budget year;~~
- ~~(2) Receipts from unanticipated miscellaneous revenues for the last completed fiscal year;~~
- ~~(3) Receipts from anticipated miscellaneous revenues for the last completed fiscal year in excess of the estimates in the budget for that year;~~

~~(4) Receipts during the last completed fiscal year from taxes or liens against which a complete reserve has been established.~~

Sec. 5-8. Expenditures proposed.

The proposed expenditures shall be itemized in such form and to such extent as shall be provided by law, and in the absence of such provision, by regulations established by ordinance. Separate provision shall be included in the budget for at least:

- (1) Interest, amortization and redemption charges on the public debt for which the faith and credit of the City is pledged;
- (2) Other statutory expenditures;
- (3) The payment of all judgments;
- ~~(4) The amount by which the total receipts of miscellaneous revenues in the last completed fiscal year failed to equal the total of the budget estimates of receipts from miscellaneous revenues in that year;~~
- ~~(5) An amount equal to the aggregate of all taxes levied for the third fiscal year prior to the budget year which are delinquent and outstanding on the sixtieth day prior to the beginning of the budget year, except to the extent the City may have made provision therefor by reserving the full amount of said delinquent taxes;~~
- ~~(6) An amount equal to the aggregate of all cancellations, remissions, abatements and refunds of taxes, that have been made during the current fiscal year;~~
- (74) An amount equal to the aggregate of all special revenue notes which it is estimated will be outstanding at the end of the current fiscal year in anticipation of the collection of revenues other than the property tax;
- (85) An amount equal to the aggregate of all emergency notes which it is estimated will be outstanding at the end of the current fiscal year;
- (96) If the City is required to make up the deficit arising from the operations of utility or other public service enterprises, an amount equal to the deficit from such operations during the last completed fiscal year, separately stated for each utility or other public service enterprise which appears in a separate section of the budget;
- (107) Administration, operation and maintenance of each office, department or agency of the City itemized by character and object of expenditure;
- (118) Contingent expense in an amount not more than three (3) per centum of the total amount pursuant to subsection (10) of this section;
- (129) Expenditures proposed for capital projects.

Sec. 5-9. Proposed expenditures compared with other years.

In parallel columns opposite the several items of proposed expenditures, there shall be placed the amount of each such item in the budget of the last completed fiscal year, the amount of such items actually expended during such year, the amount of each such item in the budget of the current fiscal year and the amount actually expended ~~to the time of preparing the budget plus the expenditures for the remainder of the current fiscal year estimated as accurately as may be~~ in the first six (6) months.

Sec. 5-15. Fund balance and budget act

*M. Moore version

-
- (1) Except as explicitly authorized herein, every budget act enacted in any given fiscal year ~~must shall~~ allocate at least one ~~and one quarter~~ percent (1.25%) of anticipated general fund operating revenues for any given fiscal year to the Fund Balance.
- ~~(a) Any given fiscal year budget act's aggregate expenditures may only exceed ninety-nine percent (99%) of anticipated general fund operating revenues if the Fund Balance is greater than twelve percent (12%) of the prior fiscal year general fund operating revenues.~~
- (2) There is hereby established a Fund Balance. Said Fund Balance is funded with monies that are not otherwise allocated within any given fiscal year budget act.
- (a) The Fund Balance shall be segregated into two (2) parts, the restricted Fund Balance and the unrestricted Fund Balance.
- (b) The restricted Fund Balance shall take funding priority over the unrestricted Fund Balance. No funds may be allocated to the unrestricted Fund Balance until the restricted Fund Balance is equal to at least seven percent (7%) of the general fund operating revenues.
- (c) The restricted Fund Balance must be kept in reserve and will not be included in the general fund operating budget, unless:
- i. The City forecasts or experiences a loss in total revenues and the loss is certified by the director of finance;
 - ii. The City experiences or anticipates an emergency situation, which shall be deemed to exist when the City experiences or anticipates health insurance costs, retirement contributions or utility expenditures which exceed the prior fiscal year's health insurance costs, retirement contributions or utility expenditures by a percentage greater than ten and one-half percent (10.5%);
 - iii. The City forecasts or experiences debt services expenditures net of any state aid reimbursement which exceed the prior year's debt service expenditures by an amount greater than three and one-half percent (3.5%) and which are the result of bonded debt issued in a manner consistent with general law or a special act;
 - iv. The City experiences substantial growth in its tax base as the result of major new construction which necessitates either significant infrastructure or school housing expenditures by the City or a significant increase in the need for essential municipal services and such increase in expenditures or demand for services is certified by the director of finance.
- (d) The amount between the applicable percentage in subsection (1) and one hundred percent (100%) of the anticipated general fund operating revenues for any fiscal year shall be transferred in any given fiscal year into the Fund Balance; provided, however, that no such payment will be made which would increase the total of the Fund Balance to more than ~~ten twelve~~ percent (102%) of only the anticipated general operating fund as set by subsection (1).
- (e) In the event that the payment to be made into the Fund Balance would increase the amount in said account to more than twelve percent (12%) of anticipated general operating fund revenues that said amount shall be transferred to a capital fund to be used solely for funding capital projects.
- (3) Capital Projects shall not include debt reduction, principal or interest payments on debt, or for any other type of financing arrangement, but shall only be used for payment of direct actual expenses incurred for capital projects, except that funding a synchronization of the City Fiscal Year to coincide with the Rhode Island Fiscal Year may be considered a Capital Project.
- (4) For the purpose of this section, general fund operating revenues is defined as the city and school budget, less the state aid and federal aid restricted to the school budget.

(Amd. of 8-24-2017)

NOW, THEREFORE, BE IT RESOLVED that these proposed Charter amendments be summarized on the ballot in the next special election.

BE IT FURTHER RESOLVED that the ballot question expressly state that these amendments shall become effective upon passage without further action insofar as the Rhode Island Constitution's Home Rule Charter provisions allow.

Adopted by the City Council:

Attest:

City Clerk of East Providence, Rhode Island