

CHAPTER 3.05

BIENNIAL BUDGET

SECTION:

- 3.05.010: Biennial Budget Established
- 3.05.020: Rules
- 3.05.030: Definitions
- 3.05.040: Biennial Budget Authorized – Limitations
- 3.05.050: Budget Estimates – Submittal
- 3.05.060: Budget Estimates – Classification and Segregation
- 3.05.070: Proposed Preliminary Budget
- 3.05.080: Preliminary Budget
- 3.05.090: Budget Message – Hearings
- 3.05.100: Budget – Notice of Hearing
- 3.05.110: Budget – Hearing
- 3.05.120: Budget – Adoption
- 3.05.130: Budget – Mid-Biennial Review and Modification
- 3.05.140: Emergency Expenditures – Non-Debatable Emergencies
- 3.05.150: Emergency Expenditures – Other Emergencies – Hearing
- 3.05.160: Emergency Expenditures – Warrants – Payment
- 3.05.170: Registered Warrants – Payment
- 3.05.180: Adjustment of Wages, Hours, and Conditions of Employment
- 3.05.200: Funds – Limitations on Expenditures – Transfers and Adjustments
- 3.05.205: Administration, Oversight, or Supervision of Utility – Reimbursement from Utility Budget Authorized
- 3.05.210: Liabilities Incurred in Excess of Budget
- 3.05.220: Funds Received from Sales of Bonds and Warrants – Expenditures
- 3.05.230: Revenue Estimates – Amount to be Raised by Ad Valorem Taxes
- 3.05.240: Funds – Quarterly Report of Status
- 3.05.250: Contingency Fund – Creation
- 3.05.270: Unexpended Appropriations
- 3.05.280: Violations and Penalties

3.05.010: Biennial Budget Established: This chapter authorizes the establishment of a biennial budget in accord with RCW 35A.34. (Ord. 3550 Sec. 1 (part), 1994)

3.05.020: Rules: The City Manager may adopt and form such rules as he deems necessary to carry the provisions of this ordinance into effect. (Ord. 3550 Sec. 1 (part), 1994)

3.05.030: Definitions: Unless the context clearly indicates otherwise, the definitions in this section apply throughout this chapter.

(1) "Department" includes each office, division, service, system, or institution of the City for which no other statutory or charter provision is made for budgeting and accounting procedures or controls.

(2) "Fiscal Biennium" means the period from January 1 of each odd-numbered year through December 31 of the next succeeding even-numbered year.

(3) "Fund" and "funds" where clearly used to indicate the plural of "fund" means the budgeting or accounting entity authorized to provide a sum of money for specified activities or purposes.

(4) "Funds" where not used to indicate the plural of "fund" means money in hand or available for expenditure or payment of a debt or obligation.

(5) Except as otherwise defined in this chapter, municipal accounting terms used in this chapter have the meaning prescribed by the state auditor pursuant to RCW 43.09.200. (Ord. 3550 Sec. 1 (part), 1994)

3.05.040: Biennial Budget Authorized – Limitations: The City of Kennewick adopts a biennial budget effective January 1, 1995, in accord with this chapter and RCW 35A.34. The City may provide for reversion to a fiscal year budget effective as of the conclusion of a fiscal biennium. However, the City shall comply with chapter 35A.33 RCW in developing and adopting the budget for the first fiscal year following repeal of the ordinance. (Ord. 3550 Sec. 1 (part), 1994)

3.05.050: Budget Estimates – Submittal: On or before the second Monday of the fourth month prior to the beginning of the City's next fiscal biennium, the Treasurer shall notify in writing the head of each department of the City to file with him within fourteen days, detailed estimates of the probable revenue from sources other than ad valorem taxation and of all expenditures required by the department for the ensuing fiscal biennium. The notice shall be accompanied by the proper forms provided by the Treasurer, prepared in accordance with the requirements and classification established by the division of municipal corporations in the office of the state auditor. The Treasurer shall prepare the estimates for interest and debt redemption requirements and all other estimates, the preparation of which falls properly within the duties of the Treasurer's office. The City Manager shall submit to the Treasurer detailed estimates of all expenditures proposed to be financed from the proceeds of bonds or warrants not yet authorized, together with a statement of the proposed method of financing them. In the absence or disability of the official or person regularly in charge of a department, the duties required by this section shall devolve upon the person next in charge of that department. (Ord. 3550 Sec. 1 (part), 1994)

3.05.060: Budget Estimates – Classification and Segregation: All estimates of receipts and expenditures for the ensuing fiscal biennium shall be fully detailed in the biennial budget and shall be classified and segregated according to a standard classification of accounts to be adopted and prescribed by the state auditor through the division of municipal corporations after consultation with the Washington Finance Officers Association, the Association of Washington Cities, and the Association of Washington City Managers. (Ord. 3550 Sec. 1 (part), 1994)

3.05.070: Proposed Preliminary Budget: On or before the first business day in the third month prior to the beginning of the biennium, the Treasurer shall submit to the City Manager a proposed preliminary budget which shall set forth the complete financial program of the City for the ensuing fiscal biennium, showing the expenditure program requested by each department and the sources of revenue by which each such program is proposed to be financed.

The revenue section shall set forth in comparative and tabular form for each fund the actual receipts for the last completed fiscal biennium, the estimated receipts for the current fiscal biennium, and the estimated receipts for the ensuing fiscal biennium, which shall include the amount to be raised from ad valorem taxes and unencumbered fund balances estimated to be available at the close of the current fiscal biennium. However, if the City was not utilizing a fiscal biennium budget for the previous three years, it shall set forth its fiscal years' revenues to reflect actual and estimated receipts as if it had previously utilized a biennial budgetary process.

The expenditure section shall set forth in comparative and tabular form for each fund and every department operating within each fund the actual expenditures for the last completed fiscal biennium, the appropriations for the current fiscal biennium, and the estimated expenditures for the ensuing fiscal biennium. However, if the City was not utilizing a fiscal biennium budget for the previous three years, it shall set forth its fiscal years' expenditures to reflect actual and estimated levels as if it had previously utilized a biennial budgetary process. The expenditure section shall further set forth separately the salary or salary range for each office, position, or job classification together with the title or position designation thereof. However, salaries may be set out in total amounts under each department if a detailed schedule of such salaries and positions be attached and made a part of the budget document. (Ord. 3550 Sec. 1 (part), 1994)

3.05.080: Preliminary Budget: The City Manager shall prepare the preliminary budget in detail, making any revisions or additions to the reports of the department heads deemed advisable by him. At least sixty days before the beginning of the City's next fiscal biennium the City Manager shall file it with the clerk as his recommendation for the final budget. The clerk shall provide a sufficient number of copies of the preliminary budget and budget message to meet the reasonable demands of taxpayers therefor and have them available for distribution not later than six weeks before the beginning of the City's next fiscal biennium. (Ord. 3550 Sec. 1 (part), 1994)

3.05.090: Budget Message – Hearings:

(1) A budget message prepared by or under the direction of the City Manager shall be submitted as a part of the preliminary budget to the City Council at least sixty days before the beginning of the City's next fiscal biennium and shall contain the following:

- (a) An explanation of the budget document;
- (b) An outline of the recommended financial policies and programs of the City for the ensuing fiscal biennium;
- (c) A statement of the relation of the recommended appropriation to such policies and programs;
- (d) A statement of the reason for salient changes from the previous biennium in appropriation and revenue items; and
- (e) An explanation for any recommended major changes in financial policy.

(2) Prior to the final hearing on the budget, the City Council shall schedule hearings on the budget or parts thereof, and may require the presence of department heads to give information regarding estimates and programs. (Ord. 3550 Sec. 1 (part), 1994)

3.05.100: Budget – Notice of Hearing: Immediately following the filing of the preliminary budget with the clerk, he shall publish a notice once a week for two consecutive weeks stating that the preliminary budget for the ensuing fiscal biennium has been filed with him, that a copy thereof will be made available to any taxpayer who will call at his office therefor, that the City Council will meet on or before the first Monday of the month next preceding the beginning of the ensuing fiscal biennium for the purpose of fixing the final budget, designating the date, time, and place of the legislative budget meeting, and that any taxpayer may appear thereat and be heard for or against any part of the budget. The publication of the notice shall be made in the official newspaper of the City if there is one, otherwise in a newspaper of general circulation in the City. If there is no newspaper of general circulation in the City, then notice may be made by posting in three public places fixed by ordinance as the official places for posting the City's official notices. (Ord. 3550 Sec. 1 (part), 1994)

3.05.110: Budget – Hearing: The City Council shall meet on the day fixed by Section 3.05.100 for the purpose of fixing the final budget of the City at the time and place designated in the notice thereof. Any taxpayer may appear and be heard for or against any part of the budget. The hearing may be continued from day to day but not later than the twenty-fifth day prior to commencement of the City's fiscal biennium. (Ord. 3550 Sec. 1 (part), 1994)

3.05.120: Budget – Adoption: Following conclusion of the hearing, and prior to the beginning of the fiscal biennium, the City Council shall make such adjustments and changes as it deems necessary or proper and, after determining the allowance in each item, department, classification, and fund, shall by ordinance adopt the budget in its final form and content. Appropriations shall be limited to the total estimated revenues contained therein including the amount to be raised by ad valorem taxes and the unencumbered fund balances estimated to be available at the close of the current fiscal biennium. Such ordinances may adopt the final budget by reference. However, the ordinance adopting the budget shall set forth in summary form the totals of estimated revenues and appropriations for each separate fund and the aggregate totals for all such funds combined.

A complete copy of the final budget as adopted shall be transmitted to the Division of Municipal Corporations in the office of the State Auditor and to the Association of Washington Cities. (Ord. 3550 Sec. 1 (part), 1994)

3.05.130: Budget – Mid-Biennial Review and Modification: The City Manager shall prepare the proposed budget modification no sooner than September 1 nor later than December 31 of the first year of each biennium and shall provide for publication of notice of hearings. The procedures of KMC 3.05.100–.120 shall apply insofar as they are applicable. The budget modification shall be by ordinance approved in the same manner as are other ordinances of the City.

A complete copy of the budget modification as adopted shall be transmitted to the Division of Municipal Corporations in the office of the State Auditor and to the Association of Washington Cities. (Ord. 3655 Sec. 2, 1995; Ord. 3550 Sec. 1 (part), 1994)

3.05.140: Emergency Expenditures – Non-Debatable Emergencies: Upon the happening of any emergency caused by violence of nature, casualty, riot, insurrection, war, or other unanticipated occurrence requiring the immediate preservation of order or public health, or for

the property which has been damaged or destroyed by accident, or for public relief from calamity, or in settlement of approved claims for personal injuries or property damages, or to meet mandatory expenditures required by law enacted since the last budget was adopted, or to cover expenses incident to preparing for or establishing a new form of government authorized or assumed after adoption of the current budget, including any expenses incident to selection of additional or new officials required thereby, or incident to employee recruitment at any time, the City Council, upon the adoption of an ordinance, by the vote of one more than the majority of all members of the City Council, stating the facts constituting the emergency and the estimated amount required to meet it, may make the expenditures therefor without notice or hearing. (Ord. 3550 Sec. 1 (part), 1994)

3.05.150: Emergency Expenditures – Other Emergencies – Hearing: If a public emergency which could not reasonably have been foreseen at the time of filing the preliminary budget requires the expenditure of money not provided for in the budget, and if it is not one of the emergencies specifically enumerated in Section 3.05.140, the City Council before allowing any expenditure therefor shall adopt an ordinance stating the facts constituting the emergency and the estimated amount required to meet it and declaring that an emergency exists.

The ordinance shall not be voted on until five (5) days have elapsed after its introduction, and for passage shall require the vote of one more than the majority of all members of the City Council.

Any taxpayer may appear at the meeting at which the emergency ordinance is to be voted on and be heard for or against the adoption thereof. (Ord. 3550 Sec. 1 (part), 1994)

3.05.160: Emergency Expenditures – Warrants – Payment: All expenditures for emergency purposes as provided in this Chapter shall be paid by warrants from any available money in the fund properly chargeable with such expenditures. If, at any time, there is insufficient money on hand in a fund with which to pay such warrants as presented, the warrants shall be registered, bear interest, and be called in the same manner as other registered warrants as prescribed in RCW 35A.21.110. (Ord. 3550 Sec. 1 (part), 1994)

3.05.170: Registered Warrants – Payment: In adopting the final budget for any fiscal biennium, the City Council shall appropriate from estimated revenue sources available, a sufficient amount to pay the principal and interest on all outstanding registered warrants issued since the adoption of the last preceding budget except those issued and identified as revenue warrants and except those for which an appropriation previously has been made. However, no portion of the revenues which are restricted in use by law may be appropriated for the redemption of warrants issued against a utility or other special purpose fund of a self-supporting nature. In addition, all or any portion of the City's outstanding registered warrants may be funded into bonds in any manner authorized by law. (Ord. 3550 Sec. 1 (part), 1994)

3.05.180: Adjustment of Wages, Hours, and Conditions of Employment: Notwithstanding the appropriations for any salary or salary range of any employee or employees adopted in a final budget, the City Council may, by ordinance, change the wages, hours, and conditions of

employment of any or all of its appointive employees if sufficient funds are available for appropriation to such purposes. (Ord. 3550 Sec. 1 (part), 1994)

3.05.200: Funds – Limitations on Expenditures – Transfers and Adjustments:

(1) The expenditures as classified and itemized in the final budget shall constitute the City's appropriations for the ensuing fiscal biennium. Unless otherwise ordered by a court of competent jurisdiction, and subject to further limitations imposed by ordinance of the City, the expenditure of City funds or the incurring of current liabilities on behalf of the City shall be limited to the following:

- (a) The total amount appropriated for each fund in the budget for the current fiscal biennium, without regard to the individual items contained therein, except that this limitation does not apply to wage adjustments authorized by KMC 3.05.180;
- (b) The unexpended appropriation balances of a preceding budget which may be carried forward from prior fiscal periods pursuant to KMC 3.05.270;
- (c) Funds received from the sale of bonds or warrants which have been duly authorized according to law;
- (d) Funds received in excess of estimated revenues during the current fiscal biennium, when authorized by an ordinance amending the original budget; and
- (e) Expenditures authorized by budget modification as provided by KMC 3.05.130 and those required for emergencies, as authorized by KMC 3.05.140 and 3.05.150.

(2) Transfers between individual appropriations within any one fund may be made during the current fiscal biennium by order of the City Manager subject to such regulations, if any, as may be imposed by the City Council. Notwithstanding the provisions of RCW 43.09.210 or of any statute to the contrary, transfers, as authorized in this Section, may be made within the same fund regardless of the various offices, departments, or divisions of the City which may be affected.

(3) The City Council, upon a finding that it is to the best interests of the City to decrease, revoke, or recall all or any portion of the total appropriations provided for any one fund, may, by ordinance, approved by the vote of one more than the majority of all members thereof, stating the facts and findings for doing so, decrease, revoke, or recall all or any portion of an unexpended fund balance, and by said ordinance, or a subsequent ordinance adopted by a like majority, the monies thus released may be reappropriated for another purpose or purposes, without limitation to department, division, or fund, unless the use of such monies is otherwise restricted by law, charter, or ordinance. (Ord. 3550 Sec. 1 (part), 1994)

3.05.205: Administration, Oversight, or Supervision of Utility – Reimbursement from Utility Budget Authorized: If the City Manager's time, or the time of other management or general government staff, for administration, oversight, or supervision of a utility operated by the City is used to provide services to the utility, the utility budget may identify such services and budget for reimbursement of the City's current expense fund for the value of such services. (Ord. 3550 Sec. 1 (part), 1994)

3.05.210: Liabilities Incurred in Excess of Budget: Liabilities incurred by any officer or employee of the City in excess of any budget appropriations shall not be a liability of the City. The Treasurer shall issue no warrant and the City Council or other authorized person shall

approve no claim for an expenditure in excess of the total amount appropriated for any individual fund, except upon an order of a court of competent jurisdiction or for emergencies as provided in this Chapter. (Ord. 3550 Sec. 1 (part), 1994)

3.05.220: Funds Received from Sales of Bonds and Warrants – Expenditures: Monies received from the sale of bonds or warrants shall be used for no other purpose than that for which they were issued and no expenditure shall be made for that purpose until the bonds have been duly authorized. If any unexpended fund balance remains from the proceeds realized from the bonds or warrants after the accomplishment of the purpose for which they were issued, it shall be used for the redemption of such bond or warrant indebtedness. Where a budget contains an expenditure program to be financed from a bond issue to be authorized thereafter, no such expenditure shall be made or incurred until after the bonds have been duly authorized. (Ord. 3550 Sec. 1 (part), 1994)

3.05.230: Revenue Estimates – Amount to be Raised by Ad Valorem Taxes:

(1) Not later than the first Monday in October of the second year of each fiscal biennium, the City Manager shall provide the City Council with current information on estimates of revenues from all sources as adopted in the budget for the current biennium, together with estimates submitted by the Treasurer under KMC 3.05.070. The City Council and the City Manager shall consider the City's total anticipated financial requirements for the ensuing fiscal biennium, and the City Council shall determine and fix by ordinance the amount to be raised the first year of the biennium by ad valorem taxes. The City Council shall review such information as is provided by the City Manager and shall adopt an ordinance establishing the amount to be raised by ad valorem taxes during the second year of the biennium.

(2) The City Council shall hold a public hearing on revenue sources for the following year's operating budget. The hearing must include consideration of possible increases in property tax revenue and will be held prior to the actual passage of the ordinance fixing the amount to be raised by ad valorem taxes.

(3) Upon adoption of the ordinance fixing the amount of ad valorem taxes to be levied, the Treasurer shall certify the same to the County legislative authority as required by RCW 84.52.020. (Ord. 3655 Sec. 1, 1995; Ord. 3550 Sec. 1 (part), 1994)

3.05.240: Funds – Quarterly Report of Status: Quarterly, the Treasurer shall submit to the City Council and City Manager a report showing the expenditures and liabilities against each separate budget appropriation incurred during the preceding reporting period and like information for the whole of the current fiscal biennium to the first day of the current reporting period together with the unexpended balance of each appropriation. The report shall also show the receipts from all sources. (Ord. 3550 Sec. 1 (part), 1994)

3.05.250: Contingency Fund – Creation: See KMC 3.40.061. (Ord. 3550 Sec. 1 (part), 1994)

3.05.270: Unexpended Appropriations: All appropriations in any current operating fund shall lapse at the end of each fiscal biennium. However, this shall not prevent payments in the following biennium upon uncompleted programs or improvements in progress or on orders subsequently filled or claims subsequently billed for the purchase of material, equipment, and supplies or for personal or contractual services not completed or furnished by the end of the

fiscal biennium, all of which have been properly budgeted and contracted for prior to the close of such fiscal biennium, but furnished or completed in due course thereafter.

All appropriations in a special fund authorized by ordinance or by State law to be used only for the purpose or purposes therein specified, including any cumulative reserve funds lawfully established in specific or general terms for any Municipal purpose or purposes, or the contingency fund as authorized by KMC 3.40.061, shall not lapse, but shall be carried forward from biennium to biennium until fully expended or the purpose has been accomplished or abandoned, without necessity of reappropriation.

The accounts for budgetary control for each fiscal biennium shall be kept open for twenty (20) days after the close of each fiscal biennium for the purpose of paying and recording claims for indebtedness incurred during the fiscal biennium; any claim presented after the twentieth day following the close of the fiscal biennium shall be paid from appropriations lawfully provided for the ensuing period, including those made available by provisions of this Section, and shall be recorded in the accounts for the ensuing fiscal biennium. (Ord. 3550 Sec. 1 (part), 1994)

3.05.280: Violations and Penalties: Upon the conviction of any City official, department head, or other City employee of knowingly failing, or refusing, without just cause, to perform any duty imposed upon him by this Chapter in connection with the giving of notice, the preparing and filing of estimates of revenues or expenditures or other information required for preparing a budget report in the time and manner required, or of knowingly making expenditures in excess of budget appropriations, the official or employee shall be guilty of a misdemeanor and shall be fined not more than five hundred dollars (\$500.00) for each separate violation. (Ord. 3550 Sec. 1 (part), 1994)