

## Article XI. - Fiscal Administration.

### Sec. 1100. - Fiscal year.

The fiscal year of the city government shall begin on the first day of July of each year and end on the thirtieth day of June of the following year.

### Sec. 1101. - Annual budget—Preparation by the city manager.

At such date as he/she shall determine, the City Manager, through the Finance Officer, shall obtain from each department head estimates of revenue and expenditure for his/her department, detailed in such manner as may be prescribed by the City Manager. In preparing the proposed budget, the City Manager shall review the estimates, hold conferences thereon with the department heads, respectively, and may revise the estimates as he/she may deem advisable.

(Amended November 6, 2007).

### Sec. 1102. - Budget—Submission to city council.

At least thirty-five days prior to the beginning of each fiscal year, the City Manager shall submit to the City Council the proposed budget as prepared by him/her. After reviewing same and making such revisions as it may deem advisable, the City Council shall determine the time for the holding of a public hearing thereon and shall cause to be published a notice thereof not less than ten days prior to said hearing, by at least one insertion in the official newspaper.

(Amended November 6, 2007).

### Sec. 1103. - Budget—Public hearing.

At the time so advertised, or at any time to which such public hearing shall from time to time be adjourned, the city council shall hold a public hearing on the proposed budget, at which interested persons desiring to be heard shall be given such opportunity.

### Sec. 1104. - Budget—Further consideration and adoption.

After the conclusion of the public hearing, the City Council shall further consider the proposed budget and make any revisions thereof that it may deem advisable and on or before June 30th, it shall adopt the budget with revisions, if any, by the affirmative votes of at least four Members. Upon final adoption, the budget shall be in effect for the ensuing fiscal year. A copy thereof, certified by the City Clerk, shall be filed with the person retained or appointed by the City Council to perform auditing functions for the City Council

and a further copy shall be placed, and shall remain on file, in the Office of the City Clerk where it shall be available for inspection. The budget so certified shall be reproduced and copies made available for the use of departments, offices and agencies of the City.

(Amended November 6, 2007).

Sec. 1105. - Budget—Appropriations.

From the effective date of the budget, the several amounts stated therein as proposed expenditures shall be and become appropriated to the several departments, offices and agencies for the respective objects and purposes therein named. All appropriations shall lapse at the end of the fiscal year to the extent that they shall not have been expended or lawfully encumbered.

At any meeting after the adoption of the budget, the city council may amend or supplement the budget by motion adopted by the affirmative votes of at least five members.

Sec. 1106. - Repealed November 6, 2007.

Sec. 1107. - Tax system.

The procedure for the assessment, levy and collection of taxes upon property for municipal purposes shall be prescribed by Ordinance of the City Council consistent with the applicable provisions in the State Constitution.

(Amended November 6, 2007).

Sec. 1108. - Bonded debt limit.

The bonded indebtedness of the city may not exceed the sum of fifteen percent of the total assessed valuation of all the real and personal property within the city.

No bonds which shall constitute general obligation bonds of the city may be issued unless authorized by the affirmative votes of two-thirds of the electors voting on such proposition at any election at which the question is submitted to the electors and unless in full compliance with the provisions of the state constitution and of this Charter.

Sec. 1109. - Contracts on public works.

Every project involving an expenditure of more than fifty thousand dollars (\$50,000.00) for the construction or improvement of public buildings, works, streets, drains, sewers, utilities, parks and playgrounds shall be let by contract to the lowest responsive and responsible bidder after notice by publication in the official newspaper by one or more insertions, the first of which shall be at least ten days before the time for opening bids. This threshold amount shall be adjusted annually by the Finance Officer by

memorandum to his/her official file, beginning July 1, 2008, in accordance with the Engineering Construction Cost Index—U.S. City Average as published by the Engineering News Record. In the event this Cost Index is no longer available, the Finance Officer shall use a similar index that is standard in the industry to account for inflation in any adjustment.

The City Council may reject any and all bids presented and may re-advertise in its discretion. The City Council, after rejecting bids, or if no bids are received, may declare and determine that, in its opinion, based on estimates approved by the City Manager, the work in question may be performed better or more economically by the City with its own employees and, after the adoption of a Resolution to this effect by at least five affirmative votes of the City Council, may proceed to have said work done in the manner stated without further observance of the provisions of this Section.

Such contracts likewise may be let without advertising for bids, if such work shall be first determined and authorized by the City Manager and thereafter confirmed by the City Council to be of urgent necessity for the preservation of life, health or property, and shall be authorized by motion passed by at least five affirmative votes of the City Council and containing a declaration of the facts constituting such urgency.

Pursuant to the authority contained in Section 200 of this Charter, the City Council may establish procedures to implement public works contracting processes through Ordinance or Resolution. Such procedures may include the use of design-build contracting.

(Amended November 6, 2007; Amended January 12, 1977).

Sec. 1110. - Repealed November 6, 2007.

Sec. 1111. - Competitive bidding—Supplies, materials or equipment.

Before making purchases of, or contracts for, supplies, materials or equipment, ample opportunity shall be given for competitive bidding, under such rules and regulations and with such exceptions as the City Council may prescribe in the Ordinance setting up such rules and regulations. When making purchases for the City, local merchants shall be given preference, quality and prices being equal.

(Amended November 6, 2007).

Sec. 1112. - Cash basis fund.

The City Council shall maintain a revolving fund to be known as the "Cash Basis Fund," for the purpose of placing the payment of running expenses of the City on a cash basis. An operating reserve shall be built up in this Fund from any available sources in an amount that the City Council deems sufficient with which to meet all lawful demands against the City for the first five months, or other necessary period, of the

succeeding fiscal year prior to the receipt of ad valorem tax revenues. Transfers may be made by the City Council from such Fund to any other fund or funds of such sum or sums as may be required for the purpose of placing such funds, as nearly as possible, on a cash basis.

All moneys so transferred from the Cash Basis Fund shall be returned thereto before the end of the fiscal year.

(Amended November 6, 2007).

Sec. 1113. - Repealed November 6, 2007.

Sec. 1114. - Repealed November 6, 2007.

Sec. 1115. - Presentation of demands.

Each invoice or similar demand or request for payment against the City shall be presented to the Finance Officer, who shall examine the same. If the amount thereof is legally due and there remains a sufficient balance in the approved budget appropriation against which the invoice or payment request may be charged, the Finance Officer shall approve such invoice or payment demand or request and authorize a check or electronic payment to be issued and drawn on the City Treasury therefor, payable out of the proper fund. Objections of the Finance Officer may be overruled by the City Council and the check or electronic payment ordered drawn.

(Amended November 6, 2007: Amended January 12, 1977).

Sec. 1116. - Repealed November 6, 2007.

Sec. 1117. - Actions against city.

No suit shall be brought on any claim for money or damage against the City or any board or officer thereof until a demand for the same has been presented as herein provided and rejected in whole or in part. If rejected in part, suit may be brought to recover the whole. Except in those cases where a shorter time is otherwise provided by law, all claims for damages against the City must be presented to the City Clerk in accordance with the time limitations set forth in Government Code Section 911.2 and its successor statutes. Claims for equitable indemnity against the City shall be presented to the City Clerk in accordance with Government Code Section 901 and its successor statutes. All claims shall meet the requirements as set forth under state law, this Section, and as enacted by Ordinance.

In all cases, such claims shall be approved or rejected in writing and the date thereof given. Failure to act upon any claim or demand within forty-five days from the day the same is filed with the City Clerk shall be deemed a rejection thereof.

(Amended November 6, 2007; Amended January 12, 1977).

Sec. 1118. - Independent audit.

The City Council shall employ, at the beginning of each fiscal year, a qualified accountant who, at such time or times as may be specified by the City Council, shall examine the books, records, inventories and reports of all officers and employees who receive, handle or disburse public funds and all such other officers, employees or departments as the City Council may direct. At the end of the year, a final audit and report shall be submitted by such accountant to the City Council, one copy thereof to be distributed to each Member, one each to the City Manager, Finance Officer and City Attorney, respectively, and three additional copies to be placed on file in the Office of the City Clerk where they shall be available for inspection by the general public.

(Amended November 6, 2007).

Sec. 1119. - Public water system—Water fund.

A fund is hereby created to be known as the Water Fund. All revenues derived by the City from the sale of water or otherwise from the operation of waterworks or the provision of water service, within or without the boundaries of the City, shall be credited to the Water Fund.

The Water Fund is created for the purpose of providing a source of operational funds, capital outlay funds, debt service funds and incidental funds for the acquisition, construction, operation, maintenance, expansion, upgrade, and improvement of waterworks and water distribution system in or near the City of Merced, including compliance with all applicable state and federal regulations, the retirement of revenue bonds issued for the acquisition thereof, and the retirement of revenue bonds or other evidences of indebtedness issued for the improvement thereof.

Except as herein stated, such fund, once created, shall remain inviolate for the purpose for which it was created. No other use may be made of such fund unless the use of such fund for some other purpose is authorized by the affirmative vote of a majority of the electors voting on such proposition at a general or special election at which proposition is submitted.

The City Council shall, by Ordinance or Resolution, establish a schedule of rates and charges, and shall have the authority to modify such schedule of rates and charges upon a finding of the necessity for modification thereof, provided, however, that such rates and charges shall be based upon reasonable classifications of service, throughout the area served by said water system.

Adequate reserves shall be established within said Water Fund, to meet anticipated operating, upgrading, regulatory compliance and administrative costs, capital outlays, depreciation, obsolescence, retirement of bonds or other evidences of indebtedness which may be issued or created in connection with the

acquisition, improvement, upgrade, or expansion of said system, and a contingency reserve for unanticipated costs and expenses connected with said water system.

Accumulation of moneys not needed for the purposes stated above shall not be permitted. If it shall appear that excess funds have accumulated or will accumulate within a given fiscal year by reason of the continuance of any schedule or rates and charges, then the City Council shall, within a reasonable time, proceed to adjust said schedule of rates and charges to prevent the accumulation of such excess funds, provided that accumulation of moneys in a reserve fund for future capital improvement, upgrade, and compliance with regulatory requirements of said water system and accumulation of moneys in a fund for advance retirement of water system revenue bonds shall not be deemed to be the accumulation of excess funds.

(Amended November 6, 2007: Amended January 18, 1973).