

ORDINANCE 14-08

**AN ORDINANCE REPLACING RESOLUTION 03-03
AND ESTABLISHING LEGISLATIVE INTENT AND
PROCEDURES FOR THE CALCULATION OF
EXPENDITURE LIMITATIONS AS PROVIDED BY
SECTION 1.04 OF THE MARCO ISLAND CITY
CHARTER.**

WHEREAS, the Marco Island electorate adopted the Marco Island City Charter on August 27, 1997; and

WHEREAS, Section 1.01(6) of the City Charter established limitations to an increase in expenditures from one year to the next; and

WHEREAS, the limitation to budgetary expenditures, referred to as the "spending cap" was amended by the Marco Island electorate on September 10, 2002; and

WHEREAS, it is determined to be in the best interests of the City to establish legislative policies for the interpretation and methodology to calculate annually the expenditure limitation in compliance with Section 1.04 of the City Charter; and

WHEREAS, Resolution 03-03, passed in open and regular session of the City Council of the City of Marco Island, Florida, on January 13, 2003, established legislative intent and procedures for calculating expenditure limitations.

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF MARCO ISLAND, FLORIDA, that:

Section 1. The City Council of Marco Island, Florida, affirms its intent to comply with the spirit of the "spending cap" section of the City Charter by adopting policies that more closely align the calculation methodology with the legislative intent.

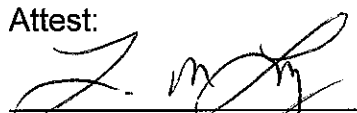
Section 2. Resolution 03-03 is hereby revoked in its entirety.

Section 3. Policies are hereby confirmed and established as provided in Exhibit "A" attached hereto and incorporated herein.

Section 4. This Ordinance shall take effect immediately upon its adoption following its second reading.

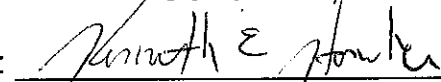
ADOPTED BY THE CITY COUNCIL OF THE CITY OF MARCO ISLAND this 18th day of August 2014.

Attest:



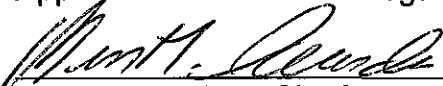
Laura M. Litzan, City Clerk

CITY OF MARCO ISLAND, FLORIDA

BY: 

Kenneth E. Honecker, Chairman

Approved as to form and legal sufficiency:



Burt L. Saunders, City Attorney

EXHIBIT A

POLICIES AND PROCEDURES USED TO CALCULATE THE SPENDING CAP LIMITS AS PROVIDED IN SECTION 1.04 OF THE MARCO ISLAND CITY CHARTER

1. The term "operating expenditures" shall be interpreted as "expenditures from the operating budget of the City's Government Fund."
2. Expenditures from the operating budget shall include transfers into capital asset funds for future use.
 - a. GASB states that "expenditures represent the use or expected use of current financial resources" and that "expenditures of governmental fund resources" may give rise to general capital assets, which are defined as "capital assets of the government that are not specifically related to activities reported in proprietary or fiduciary funds."
 - b. GASB Codification Chapter 1600.116 defines "expenditures" as "decreases in net financial resources."
3. The term "prior year's expenditures" shall be interpreted as the City's determination of actual expenditures for the current year at the time the spending cap calculation is to be undertaken.
4. The term "then-current Federal C.O.L.A. (Department of Labor, Bureau of Statistics, Consumer Price Index)" shall be interpreted as the prior year's COLA released by the Social Security Administration in October. That is starting with Fiscal Year 2015 the COLA used will be the SSA COLA released in October 2013 (effective date January 1, 2014).
5. All other limitations, exclusions and applications as set for the in Section 1.04 of the City Charter shall be interpreted as per the language in that Section.
6. Provided as a calculation guide is attached Exhibit B.

EXHIBIT B

CALCULATION GUIDE FOR DETERMINING EXPENDITURE LIMITS, USING AS AN EXAMPLE A CALCULATION FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2014

Expenditures fiscal year ending September 30, 2013	\$	16,940,955
General Fund transfer to Capital Improvement Fund		2,193,056
Debt service		1,482,666
Total funds subject to spending cap	\$	20,616,677
Less expenditures funded by:		
Grants and gifts	(1,795,426)	
Enterprise funds	(781,423)	(2,576,849)
Fiscal year 2013 expenditures subject to the spending cap	\$	18,039,828
Plus percentages permitted by City Charter:		
3% general expenditure increase	541,195	
1.5% expected COLA as of calculation date	270,597	811,792
Fiscal year 2014 spending cap	\$	18,851,620
Fiscal year 2014 general fund expense budget adopted in City Council on September 16, 2013	\$	17,303,900

