

"A Historic Past"



"A Bright Future"

CITY OF DELAWARE CITY

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**CITY OF DELAWARE CITY
DELAWARE CITY, DELAWARE**

ORDINANCE NO. 12-0410-01

**AN ORDINANCE TO ESTABLISH A BUDGET RESERVE FUND AND A CAPITAL
RESERVE ACCOUNT
Chapter 9 – Finance**

WHEREAS, pursuant to Article V, Section 5-02(A) of The City of Delaware City Charter ("Charter"), and pursuant to the "Powers of the City," outlined in Article II, § 2-1 of the Charter, the Mayor and the Council of The City of Delaware City ("City Council") possess the authority to adopt, amend, modify or repeal The City of Delaware City Code; and

WHEREAS, the Mayor and City Council desire to establish and adopt Chapter 9, Article I, Sections 9-1 and 9-2, as part of The City of Delaware City Code as set forth below ("Proposed Code Sections"); and

WHEREAS, the Mayor and Council of The City of Delaware City believe that establishment of Budget Reserve Accounts and Capital Reserve Accounts is financially prudent and is in the best interest of The City of Delaware City; and

WHEREAS, pursuant to Article V, Section 5-02(B) of the Charter, the Proposed Code Sections were introduced by a member of Council at a regular meeting, duly read in full or in abstract, and prominently posted for seven (7) days in The City of Delaware City.

NOW, THEREFORE, the Mayor and the City Council of The City of Delaware City hereby ordains:

Section 1. Chapter 9, Article I, Sections 9-1 and 9-2, upon an affirmative vote of the City Council, are adopted as The City of Delaware City Code, which shall read as follows:

Chapter 9

Finance

Article I Financial Reserves

Section 9-1 Capital Reserve Account

Section 9-2 Budget Reserve Fund

Section 9-1 Capital Reserve Account

There is hereby established a special account to be known, maintained, and designated as the Capital Reserve Account within the General Account of The City of Delaware City. The Capital Reserve Account shall be cumulative in nature.

(a) Funding Limitations. Each fiscal year that the Capital Reserve Account contains less than five hundred thousand dollars (\$500,000), five percent (5%) of the anticipated annual revenues for each fiscal year shall be paid to the Capital Reserve Account, thereby placing a limit on The City of Delaware City's Operating Budget spending at ninety-five percent (95%).

(b) Using Capital Reserve Account. The City of Delaware City Council by adoption of a Capital Expenditure Budget may appropriate from the Capital Reserve Account as may be necessary to fund any major capital project or minor capital improvement project required during any given fiscal year.

(c) Changing Allocation Percentage. Any changes to the percentage allocation to the Capital Reserve Account shall be approved by The City of Delaware City Council by a four-fifths vote of its elected members.

Section 9-2 Budget Reserve Fund

There is hereby established a special fund to be known, maintained, and designated as the Budget Reserve Fund of The City of Delaware City. The Budget Reserve Fund shall be cumulative in nature.

(a) Funding Limitations. On or before September 1 of each year, the excess of any unencumbered funds remaining from the prior fiscal year shall be paid into the Budget Reserve Fund, provided however, that no such payment shall be made that increases the total of the Budget Reserve Fund to more than five hundred thousand dollars (\$500,000).

(b) Calculating Budget Reserve Contribution Amount. The excess of any unencumbered funds shall be determined by subtracting the actual unencumbered funds at the end of any fiscal year from an estimated amount necessary to fund all payments and liabilities attributable to the prior fiscal year's expenses.

(c) Using Budget Reserve Fund. The City of Delaware City Council by a four-fifths vote of its elected members may appropriate from the Budget Reserve Fund such additional sums as may be necessary to fund any actual or unanticipated deficit during any given fiscal year.

(d) Changing Allocation Amount. Any changes to the Budget Reserve Fund shall be approved by The City of Delaware City Council by a four-fifths vote of its elected members.

Section 2. Inconsistent Ordinances and Resolutions Repealed. All Ordinances or parts of Ordinances and all resolutions or parts of resolutions that may be in conflict herewith are hereby repealed.

Section 3. Severability. The provisions of this Ordinance shall be severable. If any provisions of this Ordinance are found by any court of competent jurisdiction to be unconstitutional or void, the remaining provisions of this Ordinance shall remain valid, unless the court finds that the valid provisions of this Ordinance are so essentially and inseparably connected with, and so dependent upon, the unconstitutional or void provision that it cannot be presumed that City Council would have enacted the remaining valid provisions without the unconstitutional or void one; or unless the court finds that the remaining valid provisions, standing alone, are incomplete and incapable of being executed in accordance with City Council's intent.

Section 4. Effective Date. This Ordinance shall become effective immediately upon its adoption by a majority vote of the City Council.

(Signature page follows)

Attest:



Secretary

Approved:



Mayor

Approved:




Councilmember



Councilmember



Councilmember



Councilmember



Councilmember

Approved as to form:



City Solicitor

First Reading: April 10, 2012

Second Reading and Adoption: MAY 21, 2012