



TOWN OF TAOS BUDGET POLICIES RESOLUTION NO. 07-45

A RESOLUTION OF THE TOWN COUNCIL, TOWN OF TAOS ESTABLISHING THE BUDGET POLICIES TO BE FOLLOWED BY THE STAFF IN CARRYING OUT THE RESPONSIBILITIES PRESCRIBED BY THE COUNCIL DURING THE 2007-2008 FISCAL YEAR.

BE IT RESOLVED, BY THE TOWN COUNCIL, THAT:

Section 1. Preparation and Submission of the Budget.

The Town Manager shall submit to the Town Council a balanced budget no later than the first of May. Consistent with this policy, the Manager shall obtain from each department head estimates of revenues and expenditures for each department. The budgets will be prepared pursuant to a set of budgetary instructions, as shall be prepared by the manager consistent with the goals established by the Town Council. The Town of Taos shall maintain a fund balance equal to 1/12 of the expenditures in the general fund but shall in addition try to maintain up to an additional 1/12 that is possible based on budget constraints.

Section 2. Budget as a Public Record.

The Council at budget meetings called by the Mayor will hear the budget.

The proposed budget and budget message, and all supporting schedules shall be a public record in the office of the Finance Director, open to public inspection by any interested citizen. The Finance Director shall cause the proposed budget to be printed or otherwise reproduced and sufficient copies thereof made available for use in all line departments. Interested citizens may obtain a copy of the budget from the Town at a cost to cover the expense of printing.

Section 3. Public Hearing on the Budget.

At the regular meeting of the Town Council to be held in June of each year, the citizens of the Town of Taos shall be given an opportunity to hear and review the proposed budget in a public hearing. The Town Manager shall present the proposed budget and provide an executive summary of the budget for the citizens to review. The Town Clerk shall cause to be published a notice of the place and time of the hearing in the Taos News and radio stations, in such manner as prescribed by the open meetings act.

Section 4. Budget Establishes Appropriations.

From the effective date of the budget, the amounts stated therein, as proposed expenditures, shall be and become appropriated to the several funds and purposes therein named. Department Heads shall need the prior approval of the Town Manager and the Finance Director before initiating expenditures authorized through the approved budget. This shall ensure that the monies are expended pursuant to the approved budget policies, and that sufficient revenues are available prior to the procurement of goods and services.

Section 5. Fund Balances.

5.1 The fund balance available for appropriation shall be limited to the amount by which liquid or current assets are estimated to exceed liabilities at the beginning of the budget year. The Finance Director shall review this estimate as soon as practical after the end of the current fiscal year when the actual fund balance is determined. This fund balance will continue to be reviewed on a monthly basis by the Director as revenues are received, and compared to the amounts authorized by the Town Council in the approved operating budget. At any time that the revenue projections fall below an acceptable level, the

Finance Director shall report this to the Town Council. The Council will then determine if authorized appropriations need to be revised.

5.2 Each department director shall be responsible for keeping track of their department's fund balances activities using the electronic work book provided by the Finance Department and reconcile fund balance with the Finance Department monthly report.

Section 6. Approval of Expenditures.

The Finance Director shall have charge of the administration of the financial affairs of the Town, and to that end shall supervise and be responsible for the disbursement of all monies and have control over the expenditures to insure that appropriations are not exceeded. She shall exercise financial budgetary control over each office and department and shall cause separate accounts to be kept for the items of appropriation contained in the budget, each of which account shall show the amount of the appropriation, the amounts paid there from, the unpaid obligations against it, and the unencumbered balance.

Section 7. Appropriations Transfers.

The Town Council may at any time transfer by resolution any unencumbered appropriation balance or portion thereof between general classifications of expenditures within a department or activity. At the request of the Finance Director, and within the last 30 days of the budget year, the Town Council may, by resolution, transfer any unencumbered appropriation balance or portion thereof from one department to another. Transfers between departments shall also require the approval of the Local Government Division.

Section 8. Prohibited Contracts and Expenditures.

No office or department shall during the budget year, expend or contract to expend any money or incur any liability, or enter into any contract, which by its terms that involves the expenditure of money for any purpose in excess of the amounts appropriated for that classification. Any contract, verbal or written, made in violation of this policy shall be null and void.

Section 9. Out of State Travel.

The Town Manager is authorized to approve out of state travel for employees of the Town provided such travel is necessary to transact the business of the Town, or for authorized professional training. Out of state travel that has been authorized by the Town Council and listed in the approved operating budget has been delegated to the Town Manager for final review and approval.

The Town Manager is also authorized to approve out of state travel for emergency purposes or when deemed essential for government purposes. In the event the travel is being taken by the Town Manager, the Mayor shall be authorized to review and approve such travel. All other out of state travel, not listed in the approved budget shall require the approval of the Town Council.

Prior to consideration of any out of state travel, the employee shall prepare an Out of State Travel Request (TOT Form 104) and specify if such travel is on established per diem rates or on reimbursement for actual expenses. Department heads should consult with the Town Manager on any out of state request prior to incurring any costs related to that travel.

Section 10. Approval of Small Purchases.

The state procurement code defines small purchases as expenditures of less than \$20,000 for the procurement of goods and services. These procurements do not require competitive sealed bids, but do require oral or written estimates to be submitted along with the requisition to the central purchasing agent per Resolution 05-26 Internal Policy #9 related to the procurement of goods and services by Town of Taos, its Management and employees. The Town Manager or the Mayor are authorized to approve small purchases and contracts of less than \$20,000 provided all supporting documentation is provided to him by the requesting department. All purchases over \$20,000 shall require competitive sealed bidding and approval by the Town Council.

The procurement code allows for purchases under \$5,000 to be obtained by the Town at best obtainable price. As a result, the Town Council has authorized Department Heads with the authority to procure goods and services up to \$5,000 without having to seek quotations at best obtainable price, and the authority to sign service agreements up to the same amount.

Section 11. Approval of Professional Services.

The procurement code also allows for professional service contracts up to \$50,000 to be exempt from competitive sealed proposals. The Town Manager or the Mayor are authorized to approve professional service contracts up to \$50,000 provided all supporting documentation is provided by the requesting department per Resolution 05-26 Internal Policy #9 Related to the procurement of goods and services by Town of Taos, Management and employees. All professional service contracts over \$50,000 shall also require Council approval.

Section 12. Approval of Change Order and/or Amendments.

Any change order, or amendment to a contract that has previously been approved by the Town Council, may be approved by the Town Manager or the Mayor provided the amount of the change order or contract amendment is not greater than \$20,000.00, and that sufficient monies are appropriated in the budget to accommodate the change order or amendment.

Any change order or amendment greater than \$20,000 will require the specific approval of the Town Council. If it is determined that delays will cause increases in cost, loss of construction time and it is in the best interest of the Town of Taos, a determination may be issued by the Procurement Officer with detailed documentation which supports the determination and is signed by the Town Manager/Mayor and the Project Manager/Department Head that the field order/change order over \$20,000 may be issued, subject to Town Council approval at the earliest date possible after the issuance.

Any change order or amendment which will exceed the amount in the appropriated budget or term will require the specific approval of the Town Council, irregardless of the amount of the change order or amendment.

No Amendments will be allowed unless such amendment meets the provisions of the procurement code.

Section 13. Emergency Appropriations.

At any time during the budget year, the Town 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, and welfare of the community. Such appropriation shall be by resolution of the Council, adopted by a majority of the members of the Town Council, and upon the recommendation of the Mayor. The total amount of all emergency appropriations made in any budget year shall not exceed the amount of anticipated actual revenue in excess of the budget estimate, plus transfers from other appropriations.

Section 14. Budget Adjustment Requests.

Budget adjustment requests shall be kept to a minimum by each line department of the Town. With few exceptions, the Town Council shall authorize no budget adjustment requests during the first six months following the approval of the operating budget. Budget adjustment requests may be submitted by the respective department heads to the Town Manager following the completion of the mid-year budget evaluation. Such requests shall be based on the changes deemed necessary to meet the needs of the department through June 30th of the fiscal year.

Once this process has been completed, budget adjustment requests shall be curtailed until the first week of June, when department heads are authorized to prepare budget adjustment requests to balance their budgets prior to the end of the fiscal year.

For the purpose of this policy, budget adjustment requests are only required if a department head wishes to transfer monies between categories (i.e. 01, 02, 03), inter-fund transfer and budget increases

including new projects. Department heads have discretion to transfer monies between line items with the exception of monies appropriated for contracts, professional services, and utilities. Monies appropriated for contracts, professional services, and utilities, may be increased through a BAR, but cannot be reduced by transferring monies out to other line items.

Department Heads are reminded that once the Town Council in the annual operating budget approves a Capital Project, the monies appropriated for such purpose cannot be used for another project without requesting the specific approval of the Town Council. In this case, a Department Head would seek the approval of the Council for the new project, or additional funds for an existing project, and submit a BAR to transfer the monies from an existing project to the new project.

Section 15. Monthly and Quarterly Reports.

The Finance Director shall prepare monthly reports of the financial status of the Town, and present such reports to the Town Council. In addition, the Finance Director shall within 25 days following the end of each quarter, prepare a financial report and submit the same to the Local Government Division of the Department of Finance and Administration.

Section 16. Encumbrances against Approved Contracts.

The Finance Director is authorized to approve purchase orders for contracts in the total amount of contract.

Section 17. Procurement Card payments for Services.

The Procurement card policy is approved for purchasing and paying for small dollar items with a total value of \$1,000.00 per transaction. The Procurement card is to be used for official purchases, the Town Manager will approve requests for procurement Cards as well as monthly limitations.

Section 18. Manager's Authority to Write off Uncollectible Debt.

After the Utility Billing Department has made three attempts to collect monies owed to the Town and after the Legal Department has attempted to collect the debt, the Town Manager is authorized by the Town Council, the authority to declare such debt uncollectible for purpose of sending accounts above \$50.00 to a collection agency. Any debt under \$50.00 from a single account, the Town Manager is authorized to write off as uncollectible and send such memorandum of uncollectible debt to the Finance Department for the appropriate journal entries. Any credits that have been returned after an attempt has been made to refund such credit after holding such funds for twelve (12) months shall be signed off in a memorandum by the Town Manger to be deposited in the Town general fund.

Section 19. Annual Independent Audit.

All the funds, accounts, and financial transactions of the Town, shall be subjected to an annual audit by an independent certified public accountant that is to be selected by the Town Council. The audit shall be conducted in accordance with generally accepted auditing practices (GAAP and GAAS), and in accordance with the Office of the Auditors requirements for contracting and conducting audits of agencies. The completed audit and its resulting recommendations shall be presented to the Town Council for review and approval.

Section 20. Transfer of Internet Funds

The Finance Director shall have the authority to transfer monies electronically to appropriate bank accounts using the "two person rule" as a check & balance. Prior to the electronic transfer, the Finance Director shall consult with and obtain the concurrence of the Accountant to verify that the transfer is for a public purpose. Following each transfer, the Finance director will obtain a signature from either the Mayor or Town Manager.

The Payroll Administrator shall have the authority to transfer monies electronically to appropriate bank accounts to cover all payroll expenses, payroll direct deposits into employees' personal accounts, transfer benefits and employee deduction into Vendors accounts and transfer 941 Tax Liabilities to the Internal Revenue Service personal account.

The Finance Assistant shall have the authority to transfer monies electronically once a month to the appropriate bank accounts for recording the Gross Receipts Tax Distribution.

The Customer Service Manager shall have the authority to transfer monies electronically to appropriate bank accounts once a month for automatic bank drafts for utility payments.

All of the above employees shall follow the "two person rule" as a check and balance. Following each transfer, the Finance director will obtain a signature from either the Mayor or Town Manager.

RESOLVED IN SESSION, this ____ day of June 2006, at the Regular Meeting of the Town Council.

Town of Taos

By _____

Bobby F. Duran, Mayor

Attested to:

By _____

Renee Lucero, Town Clerk

Approved As to Legal Form

By _____

Renee Barela-Guiterrez

Town Attorney

Approved as to Fiscal Accountability

By _____

Marietta S. Fambro, Finance Director