



TOWN OF TAOS BUDGET POLICIES RESOLUTION 19-31

**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 2019-2020 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 June. 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, and shall be prepared by the Manager consistent with the goals established by the Town Council. Due to the dependence in New Mexico of municipalities on GRT's as their primary source of revenue and the impact this can have on municipal finances, the Town of Taos is required by state law to maintain an unrestricted cash reserve of at least 1/12th of its annual General Fund operating budget. In addition, it has been the policy of the Town that an additional 2/12th, for a total of 3/12th cash reserves, shall be maintained to provide a buffer against economic uncertainty, as well as to establish an available reserve for cash match and cash flow in order to receive reimbursable grants. In FY 2019-2020, due to the number of variables in the economy as well as changes in insurance coverages and aging infrastructure the Town will commit to establishing an additional 1/12th for a total of 4/12th cash reserves. It is recommended that the 4/12th reserves be the long-term goal and policy of the Town.

Section 2. Budget as a Public Record.

At budget meetings called by the Mayor, the Council will review the proposed budget. The proposed budget, 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 pursuant to Resolution 13-06 *Fees for Public Records*. The budget is also available on the Town's website.

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 the budget message along with a budget summary for the citizens to review. The Town Clerk shall cause to be published a notice of the place and time of the hearing 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 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 practicable 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 the budget, the Finance Director shall report this to the Manager and 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 balance activities using the Incode software provided by the Finance Department and reconcile said fund balances with the Finance Department's 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 ensure that appropriations are not exceeded. He/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 shall show the amount of the appropriation, the amounts paid therefrom, 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 of the New Mexico Department of Finance and Administration.

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 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.

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 for employees of the Town provided such travel is necessary to transact the business of the Town, or for authorized professional training.

The Town Manager is 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 generally defines small purchases as expenditures of less than \$60,000 for the procurement of goods and services. Resolution 10-19, the Town of Taos Purchasing Policy, sets forth the Town's regulations and guidelines for the Procurement of goods, construction and services for purposes of Small Purchases and as a supplement to the State Procurement Code and related Statutes. Except as specifically amended by this Resolution or subsequent Resolution duly adopted, the terms of the Town of Taos Purchasing Policy shall continue to operate as the Town's guidelines for procurement.

A. The following Small Purchase Thresholds are established by this Resolution:

1. \$0 to \$500.00: Micro-purchases by means of Procurement card. P-card authorization must be obtained from the Finance Director and the Town Manager prior to procurement card purchase. At least one (1) emailed or written quotation must be obtained based on best obtainable price and in

the best interests of the Town. Violation will result in suspension or revocation of p-card privileges.

2. \$0 to \$15,000.00: one (1) emailed or written quotation must be obtained based upon the best obtainable price and in the best interests of the Town. The Finance Department reserves the right to request documentation to substantiate that best obtainable price was accomplished. Failure to comply will result in denial of purchase in question.
3. \$15,000.01 to \$30,000.00: two (2) emailed or written quotations based on the description of the scope of work and/or tangible items provided. Required quotations must include the following: company letterhead, contact person, contact information, date, time and amount quoted.
4. \$30,000.01 to \$59,999.99: three (3) emailed or written quotations based on the description of the scope of work and/or tangible items provided. Required quotations must include the following: company letterhead, contact person, contact information, date, time and amount quoted.
5. All purchases \$60,000.00 and above: shall require formal advertising for competitive bids or proposals through the Purchasing Division except architects, engineers, landscape architects or surveyors.

B. Professional Services Exceptions (pursuant to NMSA 13.1.66.1, 13.1.91, 13.1.120 – 13.1.124, and 13.1.125)

Contracts for technical and professional services, including but not limited to contracts for legal services, appraisal services, engineering consulting, or other consulting services, when the contract is for less than \$60,000.00, a determination shall be issued by the Purchasing Division (pursuant to NMSA 13.1.76).

1. For professional services less than \$60,000.00, informal competitive proposals shall be solicited. A small purchase will be awarded to the responsible offeror or offerors whose proposal is most advantageous to the Town, except for the services of architects, engineers, landscape architects or surveyors for public works projects (pursuant to NMSA 13.1.125.B for competitive sealed qualifications based proposals).
2. Architects and Engineers on a public works project up to \$50,000.00 – a small purchase awarded to the responsible offeror or offerors whose proposal is most advantageous to the Town (pursuant to NMSA 13.1.120 through 13.1.124 for competitive sealed qualifications based proposals).
3. Surveyors and Landscape Architects up to \$10,000.00 – a small purchase awarded to the responsible offeror or offerors whose proposal is most advantageous to the Town (pursuant to NMSA 13.1.120 through 13.1.124 for competitive sealed qualifications based proposals).

All of the above thresholds are *exclusive* of gross receipts tax.

C. Uniform Grant Guidelines in accordance with Appendix II of the Code of Federal Regulations (CFR) §2200.0 -0200.521.

The Town of Taos follows the Uniform Grant Guidance in relation to Federal Grant requirements. For any procurement funded in part or in full by grants from the State of New Mexico, the Federal Government or other funding sources, the solicitation documents and contracts must conform to the terms and requirements of the grant agreement. The Town will comply with the government agency that has the most restrictive standards.

- a. <http://cfo.gov/cofar>
- b. http://www.whitehouse.gov/omb/grants_docs

D. Expenditure Authority

Both the Town Manager and the Mayor are authorized to approve small purchases and contracts of less than \$30,000, exclusive of GRT, provided all supporting documentation is provided to them by the requesting department. The Mayor is authorized to approve all purchases and contracts of less than \$60,000, exclusive of gross receipts tax, provided all supporting documentation is provided to him by the requesting department. The Governing Body (Town Council) must approve any purchases over \$60,000 exclusive of GRT and any major construction contracts (NMSA 13-1-100).

E. Procurement Authority

The certified chief procurement officer or certified designee may do the following, except those persons using procurement cards:

1. make determinations, including determinations regarding exemptions, pursuant to the Procurement Code and Town Policy;
2. issue purchase orders and authorize small purchases pursuant to the Procurement Code and Town Policy; and
3. Approve procurement pursuant to the Procurement Code and Town Policy.

Section 11. Approval of Change Order and/or Amendments.

Any change order, or other 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

\$30,000, and that sufficient monies are appropriated in the budget to accommodate the change order or amendment.

Any change order(s) or amendment(s) in aggregate or greater than \$30,000 will require the specific approval of the Town Council. If it is determined that an emergency or urgent situation exists such that delays will cause damage, increases in cost, or loss of construction time, and it is in the best interest of the Town of Taos, a determination may be issued by the Purchasing Officer with detailed documentation which supports the determination and signed by the Town Manager/Mayor and the Project Manager/Department Head that the contract modification or change order over \$30,000.00 may be issued, subject to Town Council approval at the earliest date possible after the issuance.

For construction contracts, the contractor shall submit cost or pricing data prior to the execution of any change order or contract modification regardless of whether or not the pricing data was required in connection with the initial award of the contract if the change order or modification involves aggregate increases or decreases expected to exceed \$30,000.00.

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

Section 12. Procurement and/or Town Purchasing Policy Violations

All employees, authorized users and their supervisors are responsible for knowing, understanding, and adhering to the provisions of the state laws, regulations and Town of Taos Purchasing Policy.

A. Penalties

Pursuant to NMSA 1978, Section 13-1-199 (2013), any business or person that willfully violates the Procurement Code is guilty of:

1. a misdemeanor if the transaction involves fifty thousand dollars (\$50,000.00) or less; or
2. a fourth degree felony if the transaction involves more than fifty thousand dollars (\$50,000.00).

B. Disciplinary Action

Individual Violations: Any Department and/or Town employee who knowingly and/or intentionally violates this policy shall be subject to disciplinary action.

C. Corrective Action

Any purchase which is not approved or which does not comply with the provisions of the State Statutes, including the State Procurement Code, the provisions of The Town of Taos Purchasing Policy and Town of Taos Budget Resolution 19-31 shall be considered an unauthorized purchase and thereby not subject to payment by the Town of Taos. All unauthorized and questionable purchases shall be submitted to the Town Manager for review and determination under the provisions of this policy. In addition to disciplinary action, violations by individuals will be subject to the following progressive corrective action plan:

1. For each violation, the employee and Department Head will receive a "Procurement Violation Response Form" that must be completed and returned within three (3) days of issuance to the Purchasing Division to be submitted to the Town Manager for final determination. The employee and Department Head may be held financially responsible for payment due to vendor for goods or services.
2. Second Violation: The violating employee and Department Head must complete additional training at the State of NM General Services Division State Purchasing Division – Procurement Code Overview and present proof of attendance and certificate of completion to the Finance Department.
3. A department exceeding three or more purchasing violations in one fiscal year must attend and present procurement violations to the Finance Audit Committee where the offending department will be responsible for explaining purchasing violations.
4. A department exceeding more than six purchasing violations in one fiscal year must attend and present procurement violations to the Town Council for recommended corrective action and/or advisement.

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 - Personnel, 02 - Operating, 03- Capital Outlay), 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. The Town Manager has approval to transfer monies between categories (i.e. 01 – Personnel, 02 – Operating, 03 – Capital), inter-fund transfer and budget increases including new projects up to the lesser of \$30,000 or 10% of any department budget.

Budget adjustments requiring Local Governmental Division Approval include; any budget increases; any transfer of budget between funds; transfers of cash, both permanent and temporary between funds; and any combination of the above.

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 allow the approval of purchase orders by the Procurement Officer for contracts in the total amount of contract upon availability of funds.

Section 17. Procurement Card payments for tangible goods or materials.

The Procurement card is to be used for official purchases; the Town Manager will approve requests for issuance of cards as well as monthly limitations.

The Procurement card policy is approved for purchasing and paying for travel, conference dues and registrations, certain purchases as approved exempt in the procurement code and one-time purchases with prior approval of the Town Manager and Finance Director. Purchases are limited to \$500 per transaction and must not be used for capital expenditures, construction, services or grants (*unless* approved by granting

agency). Amounts exceeding the \$500 one-time limit will require approval from the Finance Director.

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 to a collection agency. Any debt under \$50 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's 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. Administrative Fee Charge.

The Finance Director shall have the authority to charge a 5% administrative fee to the Enterprise Funds and up to 5% of budgeted operations for any current and future multi-jurisdictional and fiscal agent agreements.

Section 21. 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 electronic transfer, the Finance director will sign the transaction and will obtain a signature from the Mayor and Town Manager.

The Payroll Administrator and Assistant Finance Director 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. In addition to payroll transactions, the two shall have the authority to transfer New Mexico Gross Receipts tax liabilities to the State of New Mexico Taxation and Revenue Department account.

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

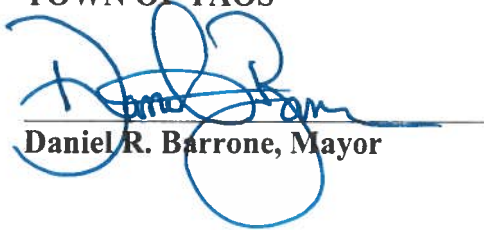
The Customer Service Manager and Lead Customer Service Technician shall have the authority to transfer monies electronically to appropriate bank accounts once a month for automatic bank drafts for utility payments.

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

PASSED, APPROVED, AND ADOPTED this 25th day of June 2019, at the Regular Meeting of the Town Council by the following vote:

Mayor Pro Tem Nathaniel Evans	<u>yes</u>
Councilmember Darien D. Fernandez	<u>yes</u>
Councilmember George "Fritz" Hahn	<u>yes</u>
Councilmember Pascualito Maestas	<u>yes</u>

TOWN OF TAOS



Daniel R. Barrone, Mayor

ATTEST:



Francella Garcia, Town Clerk

ADMINISTRATIVE APPROVAL:



Richard Bellis, Town Manager

APPROVED:

By 
Marietta S. Fambro, Finance Director