

LOCAL BUDGET ORDINANCE 89-A37

AN ORDINANCE ESTABLISHING STANDARD PROCEDURES FOR THE TOWN OF CAMP VERDE FOR PREPARING, ENACTING, AND ADMINISTERING ITS ANNUAL BUDGET, ENCOURAGING LONG-TERM PLANNING FOR BOTH PROGRAMS AND CAPITAL OUTLAY AND PLACING RESPONSIBILITY FOR THE TASKS RELATED THERETO.

WHEREAS, it is deemed desirable and to the best interest of the Town of Camp Verde to establish orderly procedures for preparing and enacting its annual budget for both operations and capital outlay, the control of its fiscal affairs, the evaluation of programs already undertaken or proposed to be undertaken, the estimation of revenue from taxes and all other sources including grants and to encourage long-term planning for both programs and capital outlay.

NOW, THEREFORE, THE COMMON COUNCIL OF THE TOWN OF CAMP VERDE DOES ORDAIN AS FOLLOWS:

ARTICLE I
DEFINITIONS

- Section 1. "BUDGET YEAR" means the fiscal year for which a budget is made.
- Section 2. "CURRENT YEAR" means the fiscal year in which a budget is prepared and adopted; i.e., the fiscal year next preceding the budget year.
- Section 3. "PREVIOUS YEAR" means the last complete fiscal year before the current year.
- Section 4. "BUDGET OFFICER" means Town Manager.
- Section 5. "CHIEF FINANCIAL OFFICER" means Town Manager.

ARTICLE II
PURPOSE, FISCAL YEAR, POWERS AND DUTIES

Section 1. PURPOSE

The purpose of this ordinance is to adopt rules governing the Common Council of the Town of Camp Verde, in its proceedings for administering the financial affairs of the Town, and to establish a standard procedure for the making and administration of budgets, to place responsibility for the tasks related to budget preparation and administration, the determination of the amount of taxes and other revenues

in such manner that budgets may be balanced on the basis of actual revenues and obligations within the budget period, the establishment of appropriations, the payment of debt, and the control of other expenditures. Its provisions are intended to enable the Common Council to make financial plans for both current and capital expenditures, to insure that executive staffs administer their respective functions in accordance with these plans, and to permit taxpayers and investors to form intelligent opinions based on sufficient information as to the financial policies and administration of the Town. For the accomplishment of this purpose, the provisions of this ordinance shall be broadly construed, and shall be in effect until repealed or amended. This ordinance may be repealed or amended by a majority vote of the Common Council in the same manner as required for the adoption of an ordinance except that in no case may a vote be taken on amendment or repeal of this ordinance at the meeting at which it is first proposed.

Section 2. POWERS AND DUTIES

Within the provisions and for the purpose of this ordinance, officers and employees shall have the power and be subject to the duties expressly stated or necessarily implied.

Section 3. FISCAL YEAR

The fiscal year shall begin on the first day of July of each year.

ARTICLE III
PROCEDURE FOR ADOPTION OF BUDGET

Section 1. PREPARATION AND SUBMISSION OF BUDGET

The budget officer, at least sixty (60) days prior to the beginning of each fiscal year, shall submit to the Common Council a budget and an explanatory budget message in the form and with the contents provided in Article IV. For such purpose, not less than ninety (90) days prior to the beginning of the fiscal year, he or an officer designated by him shall obtain from the head of each office, department, or agency estimated of revenues and expenditures of that office, department, or agency, detailed by: (a) service activities within each department, (b) object of expenditure (1) personal services, (2) contractual services, (3) materials and supplies, (4) capital outlay, (5) debt service - and such other supporting data as he may request; together with a list of all new programs and

capital projects pending or which such department head believes should be undertaken (a) within the budget year, and (b) within the five (5) next succeeding years. In preparing the budget, the budget officer shall review the estimates, shall hold conferences with department heads thereon, and may revise the estimates as he may deem advisable. He also shall obtain from the responsible officer or officers or develop on his own initiative estimates of anticipated state and federal grants and require matching funds where applicable.

Section 2. BUDGET. A PUBLIC RECORD

The proposed budget and budget message and all supporting schedules shall be a public record in the office of the clerk, open to public inspection by anyone. The budget officer shall cause the proposed budget to be printed or otherwise reproduced and sufficient copies thereof made available for the use of all offices and departments and for the use of interested persons and civic organizations.

Section 3. PUBLICATION OF NOTICE OF PUBLIC HEARING

At the meeting of the Common Council at which the budget message and budget are submitted, the Common Council shall determine the place and time of the public hearings on the budget, and shall cause to be published a notice of the places and times, not less than seven (7) days nor more than twenty-one (21) days before the public hearings.

Section 4. PUBLIC HEARING ON BUDGET

At the times and places so advertised, or at any time and place to which such public hearings shall from time to time be adjourned, the Common Council shall hold public hearings on the budget as submitted, at which all interested persons shall be given an opportunity to be heard, for or against the revenue estimates or any proposed appropriation therein.

Section 5. FURTHER CONSIDERATION OF BUDGET

After the conclusion of such public hearing, the Common Council may insert new items or may increase or decrease the items of the budget, except to the extent limited by statute or prescribed by subsections (a), (b), and (c) of Section 9 of Article IV of this ordinance, but where it shall increase the total proposed expenditures, it shall also increase the total anticipated revenue at least to equal such total proposed expenditures.

Section 6. ADOPTION OF BUDGET

The budget shall be adopted by the favorable votes of at least a majority of all the members of the governing body.

Section 7. DATE OF FINAL ADOPTION: FAILURE TO ADOPT

The budget shall be finally adopted not later than the date established by statute. Should the governing body take no final action on or prior to such day, no expenditure may be made for any purpose except salaries, for a period of sixty calendar (60) days, until the budget has been finally adopted by the governing body.

Section 8. EFFECTIVE DATE OF BUDGET, CERTIFICATION, COPIES

Upon final adoption, the budget shall be in effect for the budget year. A copy of the budget, as finally adopted, shall be certified by the budget officer and filed in the office of the chief financial officer. The budget, so certified, shall be printed or otherwise reproduced, and sufficient copies, thereof shall be made available for the use of all offices, departments, and agencies, and for the use of interested persons and civic organizations. A summary of the budget shall be published for the general public.

Section 9. BUDGET ESTABLISHES APPROPRIATIONS

From the effective date of the budget, the several amounts stated therein, as proposed expenditures, shall be and become appropriated to the several objects and purposes therein named.

ARTICLE IV

CONTENTS OF BUDGET MESSAGE, SCOPE, AND FORM OF BUDGET

Section 1. BUDGET MESSAGE: CURRENT OPERATIONS

The budget message submitted by the budget officer to the Common Council shall be explanatory of the budget; shall contain an outline of the proposed financial policies for the fiscal year; and shall describe in connection therewith the important features of the budget plan. It shall set forth the reasons for important or significant changes from the current year in appropriation and revenue items and shall explain any major changes in financial policy.

Section 2. BUDGET MESSAGE: CAPITAL IMPROVEMENT

As part of the budget message, with relation to the proposed expenditures for the budget year for capital projects, stated in the proposed budget, the budget officer shall include a statement of pending capital projects and proposed new capital projects, relating the respective amounts proposed to be raised during the budget year by appropriations from: (1) estimated revenues for the budget year, (2) the issuance of bonds, (3) state or federal grants, (4) loans or other sources.

The budget officer shall also include in the message, or attach thereto, a capital program of proposed capital projects for each of the five (5) fiscal years next succeeding the budget year, together with his comments thereon and any estimates of costs prepared by the department of public works or other office, department or agency.

Section 3. BUDGET MESSAGE: SUPPORTING SCHEDULES

Attached to the budget message shall be such supporting schedules, exhibits, and other explanatory material, in respect to both current operations and capital improvements, as the budget officer shall believe useful to the governing body.

Section 4. BUDGET

The budget shall provide a complete program and financial plan for all funds for the budget year. It shall contain in tabular form for each fund:

- (a) a general summary
- (b) detailed estimates of all anticipated revenues applicable to proposed expenditures
- (c) all proposed expenditures

The total of such anticipated revenues shall equal the total of such proposed expenditures.

Section 5. ANTICIPATED REVENUES

Anticipated revenues shall include revenue from all sources, including grants and loans and shall be classified in accordance with the chart of accounts of the municipality.

Section 6. ANTICIPATED REVENUES, COMPARISON WITH OTHER YEARS

In parallel columns, opposite the several items of anticipated revenue, there shall be placed : (a) the amount of each such item actually received during the next preceding fiscal year, and (b) the total of the amount of each item actually received to the time of preparing the budget, plus anticipated receipts for the remainder of the current fiscal year estimated as accurately as may be, and (c) the amount of each item anticipated to be received during the budget year estimated as accurately as may be.

Section 7. FUND BALANCE

All appropriations which are not obligated, encumbered or expended at the end of the fiscal year shall lapse and shall become a part of the unencumbered fund balance which may be appropriated for the next fiscal year.

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. This estimate shall be reviewed by the budget officer as soon as practical after the end of the current fiscal year when the actual "Fund Balance" is determined. At this time, the estimates of revenue and authorized appropriations shall be revised if necessary.

Section 8. ANTICIPATED SURPLUS FROM MUNICIPAL UTILITY OR OTHER PUBLIC SERVICE ENTERPRISE (Where Applicable)

The anticipated revenue and proposed expenditures of each utility or other public service enterprise owned or operated by the Town shall be stated in a separate section of the budget (each bearing the name of the utility); and as to each such utility, an anticipated surplus, if legally available for general purposes and to the extent such surplus is to be used to support budget operations, shall be stated as an item of revenue in the budget.

Section 9. PROPOSED EXPENDITURES

The proposed expenditures shall be itemized as set out in Section 1, Article III, and each item numbered in accordance with the classification system of the municipality. Separate provision shall be included in the budget for at least:

- a) interest, amortization, and redemption charges on bonds outstanding;
- b) other statutory expenditures;
- c) any budgetary deficit of current year;
- d) administration, operation, and maintenance of each office, department, and service, function or activity;
- e) contingent expense in an amount not more than ten percent (10%) of the total amount stated pursuant to subsection "d" of this section; and,
- f) expenditures proposed for capital projects.

The proposed expenditures shall be prepared on a modified zero based budget process.

Section 10. PROPOSED EXPENDITURES, COMPARISON WITH OTHER YEARS

In parallel columns, opposite the several items of proposed expenditures, there shall be placed: (a) the amount of each such item actually expended during the prior fiscal year, and (b) the total of the amount actually expended to the time of preparing the budget plus the expenditures for the remainder of the current fiscal year estimated as accurately as may be, and (c) the amount of each item to be appropriated for the budget year.

Section 11. BUDGET SUMMARY

At the front of the budget there shall appear a summary of the budget, which need not be itemized further than by principal sources of anticipated revenue, and by departments and kind of expenditures, in such a manner as to present to taxpayers a simple and clear summary of the detailed estimates of the budget.

ARTICLE V
ADMINISTRATION OF BUDGET, FINANCIAL CONTROL

Section 1. APPROVAL OF EXPENDITURES

The chief financial officer 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 all expenditures to insure that appropriations are not exceeded. He shall exercise financial budgetary control over each office, department, and agency 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 appropriation, the amounts paid therefrom, the unpaid obligations against it, and the unencumbered balance. The same classification and numbering system used in the budget and required by Section 9, Article IV, shall be used. Unless he shall certify that there is sufficient unencumbered balance available, no appropriation shall be encumbered and no expenditure shall be made.

Section 2. WORK PROGRAMS, ALLOTMENTS

Before the beginning of the budget year, the head of each office, department or agency shall submit to the budget officer, at the time required by him, a work program for the year, which program shall show the requested allotments of said appropriations for such office, department or agency, by quarterly periods, for the entire budget year. The budget officer shall review the requested allotments in the light of the work program of the office, department or agency concerned and may revise, alter or change such allotments before approving the same. The aggregate of such allotments shall not exceed the total appropriation available to said office, department or agency for the budget year. The budget officer shall certify a copy of the allotments approved to the chief financial officer who shall authorize all expenditures for the offices, departments and agencies to be made from the appropriations on the basis of approved allotments and not otherwise. The approved allotment may be revised during the budget year in the same manner as the original allotment was made. If, at any time during the budget year, the budget officer shall ascertain that the available income, plus balances, for the year will be less than the total appropriations, he shall reconsider the work programs and allotments of the several offices, departments and agencies and shall revise the allotments so as to forestall the making of expenditures in excess of said income.

Section 3. PURCHASING ACCOUNTS

The Town Manager may establish a single signature checking account for purposes of direct purchasing. The balance of funds in this account shall not exceed five thousand dollars (\$5,000.00). The account shall be replenished by transfer

of funds from that fund for which purchases were made, upon presentation of paid invoices and checking account summaries. The monthly statements shall be reconciled to the records of the Town Accountant. The Town Manager shall have budget authority up to five hundred dollars (\$500.00) on any one item.

Section 4. WHEN CONTRACTS AND EXPENDITURES PROHIBITED

No office, department or agency shall, during any 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 the general classification of expenditures pursuant to this ordinance. Any contract, verbal or written, made in violation of this ordinance shall be null and void.

Section 5. APPROPRIATIONS LAPSE AT END OF YEAR

All appropriations shall lapse at the end of the budget year to the extent that they shall not have been expended or lawfully encumbered.

Section 6. FUND STRUCTURE

The following funds may be established and shall be used as necessary to provide for the proper accounting of all financial activities of this municipality:

- a) The general fund to account for the general governmental operations and all financial transactions not properly accounted for in another fund.
- b) Special revenue funds to account for the proceeds of special revenue sources, other than special assessments, or to finance specified activities as required by law or administrative regulation.
- c) Debt service funds to account for the payment of interest and principal on long-term debt other than special assessment and revenue bonds.
- d) Capital projects funds to account for the receipt and disbursement of monies including bond funds used for the acquisition of capital facilities other than those financed by special assessment and enterprise funds.

- c) Enterprise (Utility) funds to account for the financing of services to the general public where all or most of the costs involved are paid in the form of charges by users of such services.
- f) Trust and agency funds to account for assets held by a governmental unit as trustee or agent for individuals, private organizations, and other governmental units.
- g) Internal service funds to account for the financing of special activities and services performed by a designated organization unit within a governmental jurisdiction for other organization units within the same governmental jurisdiction.
- h) Special assessment funds to account for special assessments levied to finance public improvements or services deemed to benefit the properties against which the assessments are levied.

Section 7. SELF-BALANCING ACCOUNTS

A complete self balancing group of accounts shall be established and maintained for each fund used. This group of accounts shall include all general ledger accounts and subsidiary records necessary to reflect compliance with legal provisions and to set forth the financial position and the results of financial operations of the fund.

Section 8. ADDITIONAL ACCOUNTS

Additional accounts, as follows shall be maintained:

- a) A fixed asset account for the purpose of accounting for those assets which are (1) are of a tangible nature, (2) have a life longer than one fiscal year, and (3) have a significant value (or have a value greater than three hundred dollars (\$300.00)). General fixed assets shall be recorded at original cost, shall not be depreciated and shall be removed from the account when disposed of. Enterprise funds fixed assets may be depreciated.
- b) A long-term debt account for the purpose of accounting for a long-term debt and for recording and fairly representing the liability for long-term debt at any time from date of issuance until the debt is retired.

Section 9. BASIS OF ACCOUNTING

To the extent possible, the modified accrual basis of accounting shall be used so that expenditures, other than accrued interest on long-term debt, are recorded at the time liabilities are incurred and revenues are recorded when cash is received, except for material or available revenues which shall be accrued to reflect properly the taxes levied and the revenues earned. All receipts and disbursements shall be posted promptly and at least on a monthly basis. To the extent possible, all interfund transfers shall be cleared by the end of the fiscal year.

Section 10. ANNUAL PAY ADJUSTMENTS

The Common Council shall annually, in conjunction with the budget process provided for herein, consider adjustments to the payroll schedule, along with any proposed adjustments that would apply across the entire pay chart. Within the individual line items of the budget, provision shall be made for adequate funds to cover the reasonably predictable cost of salaries, wages and benefits (burden). The precise amounts provided for in the adopted budget shall not be construed as an obligation to adjust salaries or wages to reflect the amounts provided for. The actual amounts of salaries or wages to be established for the year shall be set by a vote of the Common Council and shall be based upon a report of the proposed salaries and wages to be filed by the Chief Budget Officer for such purposes.

Section 11. DEPARTMENTAL BUDGET AUTHORITY

The several Department Heads of the Town of Camp Verde shall be deemed to have budget authority to the extent that the budget provides a line item budget for each department. However, expenditures on any item or group of items which exceed one hundred dollars (\$100.00) shall require the specific approval or countersignature of the Chief Budget Officer. All contracts in excess of five hundred dollars (\$500.00) shall be signed by the Chief Executive Officer (Mayor) following approval by the Common Council. All work or acquisition of supplies, equipment or materials shall be obtained by:

Sealed Bid w/Advertisement: When the estimated cost projected exceeds ten thousand dollars (\$10,000.00)

Sealed Bid: When the estimated cost is less than ten thousand dollars (\$10,000.00) but more than two thousand dollars (\$2,000.00)

Written Quotation: When the estimated cost is less than two thousand dollars (\$2,000.00) but more than five hundred dollars (\$500.00)

Verbal Quotation: When the estimated cost is less than five hundred dollars (\$500.00) but more than one hundred dollars (\$100.00)

The Town of Camp Verde shall award the bid to the lowest responsible bidder except in cases where the lowest bid provides for equipment that does not fit the needs or requirements of matching existing equipment. The Town shall reserve the rights to refuse any or all bids, waive minor irregularities and further negotiate with the low bidder(s).

Section 12. SIGNATURE STATUS OF ACCOUNTS

In all cases other than the purchasing checking account, the Town of Camp Verde's accounts shall have dual signature status such that one member of the staff (either the Town Manager or his second) and one member of the Common Council (either the Mayor or Vice Mayor) shall be required to sign all checks or drafts upon said accounts.

ARTICLE VI
EMERGENCY APPROPRIATIONS AND BORROWING

Section 1. EMERGENCY APPROPRIATIONS

At any time in any budget year, the governing body 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 or welfare. Such appropriation shall be by resolution adopted by the favorable votes of at least a majority of the members of the governing body, and shall be made only upon recommendation of the budget officer. The total amount of all emergency appropriations made in any budget year shall not exceed the amount of contingency provided for in the adopted budget.

Section 2. BORROWING IN ANTICIPATION OF REVENUES

In any budget year in anticipation of collection of the revenues for the budget year, but not in excess of twenty-five percent (25%) of such revenue then uncollected, the governing body may by resolution borrow money and issue negotiable notes of the Town.

ARTICLE VII
REPORTS

Section 1. MONTHLY BUDGET REPORTS

The budget officer shall, within a reasonable period of time after the end of each month report to the governing body on the status of the various programs authorized. The report shall include a tabular statement comparing the receipts to date by source with the revenue estimate and a tabular statement indicating for each appropriation the amount originally appropriated, the amount expended or encumbered to date, and the available balance. Within forty five (45) days of the end of the fiscal year, sufficient copies of the final report shall be made available for the use of all offices, departments and agencies and for the use of interested persons and civic organizations.

Section 2. ANNUAL REPORTS

Within a reasonable period after the end of the fiscal year, a comprehensive annual financial report covering all funds and financial operations shall be prepared and published. A summary of this report, containing at least a statement of revenues and expenditures as of the close of the preceding fiscal year and the combined balance sheet for all funds and account groups, shall be published in a newspaper of general circulation in the municipality.

Section 3. BI-ANNUAL INDEPENDENT AUDIT

All funds, accounts and financial transactions of the Town shall be subjected to an bi-annual audit by an independent certified public accountant who is to be selected by the governing authority of the Town. The audit shall be conducted in accordance with generally accepted auditing standards (GAAS) promulgated by the American Institute of Certified Public Accountants (AICPA). The Council may, by vote, elect to have an annual audit performed.

ARTICLE VIII
SEVERABILITY

If any provision of this ordinance or the application thereof to any person or circumstance is held invalid, the invalidity shall not affect other provisions or application of the ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are severable.

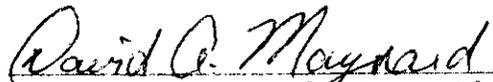
Ordinance 89-437
Page 14

PASSED, APPROVED AND ADOPTED by the Mayor and Common Council of
the Town of Camp Verde, Yavapai County, Arizona this 11th day of
October, 1989.



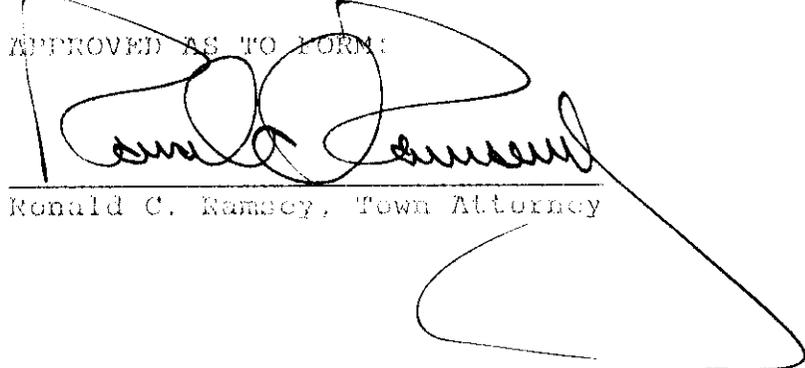
T.A. Parsons, Mayor

ATTEST:



David A. Maynard, Town Clerk

APPROVED AS TO FORM:



Ronald C. Ramsey, Town Attorney