

§ C9-14. Expenditures and Accounting.

No purchase shall be made by any board, department, commission or officer, other than the Board of Education, except through the office of the **Manager**. ***The Manager shall prescribe the time and the manner in which persons receiving money on account of the Town shall pay the same to the Treasurer.*** The **Manager** shall record the amount of authorized purchases and contracts for future purchases as encumbrances against the appropriation from which it is to be paid. No voucher, claim or charge against the Town shall be paid until the same has been audited by the **Manager or his agent and approved by the Manager** for correctness and validity. Payment of all approved claims shall be authorized by the **Manager**, which authorization shall be valid when countersigned by the Treasurer, provided, in the absence or inability of either to act, the **Chairperson of the Council** is authorized to substitute temporarily for either, but not both. No department, commission, officer or board shall involve the Town in any obligation to spend money for any purpose in excess of the amount appropriated therefor until the matter has been approved by the Council. Each order drawn upon the Treasurer shall state the department, commission, board or officer and appropriation against which it is to be charged. ***Upon request transmitted by the Manager, the Council may by resolution transfer any unencumbered appropriations, balance or portion thereof from one department, commission, board or office to another. No transfer shall be made from any appropriations for debt service and other statutory charges. The Council, by resolution, may make appropriations to be funded by grants or gifts, and other additional and supplementary appropriations not to exceed an aggregate of forty thousand dollars (\$40,000) in any fiscal year.*** In addition, following a public hearing, the Council, by resolution, may make further additional and supplementary appropriations upon recommendation and certification of the Manager that there are available unappropriated funds in excess of the proposed additional appropriations. Unencumbered appropriations shall lapse at the end of the fiscal year for which they were made, and any balance shall be credited to the general fund, provided that an appropriations for ***a capital outlay shall not lapse until the object for which the appropriation was made has been accomplished or no expenditure from or encumbrance of the appropriation has been made for three (3) consecutive fiscal years.*** Every payment made in violation of the provisions of this Charter shall be deemed illegal, and every official authorizing or making such payment shall be regarded as having taken part therein, and every person receiving such payment or any part thereof shall be jointly and severally liable to the Town for the full amount so paid or received. If any officer or employee of the Town shall knowingly incur any obligations or shall authorize or make any expenditures in violation of the provisions of this Charter take any part therein, such action shall be cause for removal.

Suggested Changes:

1. Consider increasing the \$40,000 threshold to \$250,000 or as a percentage of the general fund budget for additional appropriations without holding a public hearing and only for funds that have legally adopted appropriations.

Clarification: There are certain situations where we have had to request an additional appropriation. For example, we may have been awarded an unanticipated grant in the general or capital fund that requires allocation and approval for an appropriation. Sometimes those additions can be significant. If a large value appropriation is approved then it adds up quickly to meet the annual threshold. Any small appropriation after that for the remainder of

the year will then require a costly process of a public hearing, i.e., advertising, printing costs, staff work, etc. Increasing the threshold can help save expenditures and time and money spent preparing several Council agendas.

2. Consider changing some of the language relating to the use of the Manager and Chairperson of the Council to the positions that relate more for specific oversight or treasury duties.

Clarification: For example, the Manager doesn't record encumbrances in the financial system. The Finance staff do that with various approval processes in place that include the final approval by the Town Manager. The Finance Director/Treasurer also play major roles in the expenditure approvals and cash management.

3. Remove limitation for transfers from debt service and other statutory charges.

Clarification: Currently various levels of transfers can be made within the approved appropriations within departments by the Town Manager/Finance Director and between departments when approved by Town Council. Sometimes there are savings in one department or freezes established in order to manage other unanticipated expenditures such as during a severe winter storm season. On occasion there may be a chance during a bond sale or refinancing that budgeted appropriations for bonding payments may result in some savings. There is a current ordinance in place that allows for those savings to be deposited into the debt service reserve fund to help offset the cost of future debt payments. But there are times that those funds may have been needed to cover other areas of need. The Charter limitation does not permit any of those savings to be used for anything else.

4. Change the lapse of appropriations of 3 years for capital outlay and projects but also state that the expenditures must comply with any bonding spend-down requirements.

Clarification: There are occasions where certain capital projects have to be delayed after they have been approved due to unforeseen circumstances. Sometimes it takes several years to build up sufficient funding, grant approvals, contractor delays, etc. If we do not begin a project within the 3 years we risk losing the appropriation for the project. Certain bonding requirements however require us to spend down the bonded funds within timeframes so any change in timing of appropriations lapsing should include language requiring any bonding laws to take precedence.

5. Possibly consider authorizing the Town Manager to have authority to transfer funds between departments up to a certain dollar value.

Clarification: There are occasions where the Town Manager may have to implement a freeze on spending or there may be other savings in other departments that are needed to fund expected shortages in other departments. Currently the Town Council has the authority by resolution to move those funds from one department to another upon recommendation from the Town Manager. In order to save time and the cost of preparing agenda items it might be

helpful to consider providing the ability for the Town Manager to move funds between departments. A dollar threshold could be set or you could choose unlimited amounts. A threshold would provide some ability to manage the needs of the departments and anything on a higher level could be approved by Council.