

AN ORDINANCE AMENDING CHAPTER 34 OF THE TOWN OF SMITHFIELD MUNICIPAL CODE ENTITLED "FINANCIAL MANAGEMENT".

IT IS HEREBY ORDAINED BY THE TOWN OF SMITHFIELD AS FOLLOWS:

Section 1. Chapter 34 of the Smithfield Municipal Code is hereby amended to read as follows:

§ 34-1 Definitions.

The following terms, when used in this chapter, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

BUDGET ACCOUNT NUMBER

Refers to the numerical code assigned to each element of Town government to identify that element's approved portion of the total budget, as well as to indicate the general accounting category for expenditures charges during the fiscal year.

BUDGET SUBACCOUNT NUMBER

Refers to the numerical code assigned to each subcategory of each budget account to identify categorically the budget amount applicable to that subaccount, as well as to indicate the general accounting subcategory for expenditures charges during the fiscal year.

§ 34-2 Purpose.

This chapter is adopted for the purpose of establishing a financial management system for the documentation and control of the approved Town budgets on an account and subaccount basis.

§ 34-3 Authorities.

- A. The Town Treasurer is authorized to execute the responsibilities assigned and to promulgate procedures deemed necessary to implement the provisions and intent of this chapter.
- B. The Town Council reserves the authority to render decisions on any and all matters included in, or related to, this chapter and its implementation. Such decisions shall be final and binding on all parties involved, unless subsequently found to be in violation of the Council's delegated authority, or unless subsequently changed by the Council.

§ 34-4 Responsibilities.

- A. Town department heads, office supervisors and all other persons responsible for the preparation and execution of any portion of the annual budget of the Town shall be responsible for:
 - 1) Submitting annual budget requests which project the needs of the submitting element for the fiscal year, by account and subaccount categories, as accurately as possible;
 - 2) Executing their approved portions of the budget in such a manner that over expenditure of any subaccount is precluded;
 - 3) Obtaining approval of the Town Council to transfer funds from one subaccount to another prior to any subaccount being over expended; in this respect no expenditures shall be committed against any subaccount if such commitment would result in over

expenditure of that subaccount. Transfer of funds from one subaccount to another, or from one account to another, or any combination thereof, shall in all cases be with the prior approval of the Town Council only; disapproval of such a request shall be binding on the status of any and all subaccounts involved; and

- 4) Ensuring that expenditures made from, or commitments made against, any subaccount are appropriate to the category of the subaccount cited in the transaction.

B. The Town Treasurer shall be responsible for:

- 1) Establishing a budget accounting system in such a manner as to identify every budget account by subaccount category and reflecting the amount of funds allocated to each subaccount at the start of each fiscal year. Such subaccount categories shall be defined, and the amount of funds authorized for each, by the Town Council prior to the start of any fiscal year;
- 2) Maintaining continuing records of expenditures from each subaccount, for each account, in such a manner as to reflect an accurate balance in each subaccount on a monthly basis;
- 3) Informing the Town Council, in writing, by the 10th day of each month, of any and all subaccounts, by account identification as well, which have been over expended, or, in the Treasurer's judgment may be over expended before the end of the fiscal year if not carefully administered. In addition, the Treasurer shall inform the person responsible for the accounts involved of the situation and of the report being rendered to the Town Council, prior to the report being submitted;
- 4) Transferring funds from one account to another, from one subaccount to another or any combination thereof, only by prior approval, in writing, from the Town Council; and
- 5) Reviewing each expenditure document submitted for assurance that the purpose of the expenditure is in consonance with the subaccount category against which the expenditure has been recommended by the submitter. In those cases where the expenditures and the recommended subaccount under which the expenditure has been identified are not considered compatible, the Treasurer shall attempt to resolve the issue with the submitting element; if resolution cannot be made, the matter shall be referred by the Treasurer to the Town Council for decision, with the submitter so prior informed.

C. The Town Council shall be responsible for:

- 1) Providing the Town Treasurer with the account and subaccount categories, with authorized budget amounts applicable to each, prior to the start of any fiscal year;
- 2) Receiving reports from the Town Treasurer, by the 10th of each month, on the over expenditure or potential over expenditure of subaccounts, and taking appropriate action thereon;
- 3) Making decisions on requests for transfer of funds from one account to another, from one subaccount to another or any combination thereof; such decisions shall be documented in writing; and
- 4) Making decisions on any matters brought to its attention by the Treasurer in regard to any

- 2) Proposed capital expenditures during the ensuing fiscal year, detailed for each fund by organization unit when practicable, and the proposed method of financing each such capital expenditure; and
- 3) The anticipated income and expense and profit and loss for the same fiscal years outlined above for each utility or other enterprise fund operated by the Town, including, but not limited to, the Smithfield Sewerage System, Smithfield Water Department, and Smithfield Ice Rink.

For any fund, the total of proposed expenditures shall not exceed the total of estimated income plus carried forward fund balance, exclusive of reserves. See Town Charter § 5.05.

§ 34- 8 Submission of the Budget.

The Budget and Financial Review Board shall submit its printed report comprising the budget and budget message to the Town Council no later than May 15th. See Town Charter § 5.06.

§ 34- 9 Adoption of the Budget.

Subsequent to the submission of the budget by the Budget and Financial Review Board, the Town Council shall hold a public hearing on the proposed budget and decide whether to make any changes prior to final adoption by the Town Council. Changes to the proposed budget may include the addition or deletion of programs and/or increase or decreases in program funding, except for expenditures required by law or for debt service or for an estimated cash deficit. No change to the proposed budget shall increase the authorized expenditures to an amount greater than total estimated income, less any required reserve. See Town Charter § 5.07.

§ 34- 10 Reserve Funds.

A Capital Reserve Fund and a Land Trust Reserve Fund have been established by the Town Charter. The Capital Reserve Fund shall be available to the Town as necessary for expenditures relating to certain capital expenditures pursuant to local ordinance. The Land Trust Reserve Fund shall be used exclusively by the Smithfield Land Trust for the acquisition and preservation of real property pursuant to the legislative charter of said land trust.

Beginning in fiscal year 2020 the undesignated fund balance shall be 8% of the subsequent year's appropriation, the excess shall be divided 80% for the Capital Reserve Fund and 20% for the Land Trust Reserve Fund. Expenditures from the Capital Reserve Fund and Disbursements from the Land Trust fund shall be considered as part of the annual budget adoption. See Town Charter § 5.08.

§ 34- 11 Appropriation and Revenue Resolutions.

To implement the adopted budget, the Town Council shall adopt, prior to the beginning of the ensuing fiscal year:

- 1) An Appropriation Resolution making appropriations by department or major organizational unit and authorizing a single appropriation for each program or activity;

unresolved subaccount classification issues, or any other matter dealing with this chapter requiring decision.

§ 34-5 Preparation of the Budget.

The Town Manager shall receive from the head of each department and agency, including the School Committee, an estimate of the amount necessary to carry on its work during the coming fiscal year. School Committee estimates shall be provided to the Town Manager no later than the third Monday in February. These estimates accompanied by a message from the Town Manager shall be submitted to the Budget and Financial Review Board on or before March 1st, which shall then prepare its budget recommendations (including an estimated tax rate) for submission to the Town Council. In preparing its budget recommendations the Budget and Financial Review Board shall investigate the recommendations of the various department budget requests, including the School Committee, and may request that the head of any of said departments explain their estimates and recommendations. The Budget and Financial Review Board shall confer with the Town Council and shall hold one or more public hearings in preparing the budget, the first of which shall be held at least three weeks after receipt of the budget from the Town Manager. The public hearings for the proposed municipal and school budgets shall be advertised by the Town Clerk at least once in each of the two weeks preceding the hearings in two newspapers of general circulation either daily or weekly which serve the Town of Smithfield, as well as the Town's website. The advertisement shall provide a general summary of the budget and the times and place where copies of the budget and budget message are available for public inspection. See Town Charter § 5.03.

§ 34-6 Budget Message.

The Town Manager's message shall explain the budget both in fiscal terms and in terms of the work programs. It shall outline the proposed financial policies of the Town for the ensuing fiscal year, describe the important features of the budget, indicate any major changes from the current year in financial policies, expenditures, and revenues together with the reasons for such changes, summarize the Town's debt position and include such other material as the Town Manager deems desirable. See Town Charter § 5.04.

§ 34- 7 Budget Content.

The budget shall provide a complete financial plan of all Town funds and activities for the ensuing fiscal year and, except as required by law or the Town Charter, shall be in such form as the Town Manager deems desirable or the Town Council may require. The budget shall begin with a clear general summary of its contents; shall show in detail all estimated income, indicating the proposed property tax levy, and all proposed expenditures, including debt service, for the ensuing fiscal year; and shall be so arranged as to show comparative figures for the budgeted and revised income and expenditures of the current fiscal year and actual income and expenditures of the preceding two (2) fiscal years. It shall indicate in separate sections:

- 1) The proposed goals and objectives and expenditures for current operations during the ensuing fiscal year, detailed for each fund by organization unit; program, purpose or activity; and, the method of financing such expenditures;

without first adopting an Emergency Ordinance. Any such diverted funds shall be restored not later than the close of the ensuing fiscal year.

See Town Charter § 5.10.

§ 34- 13 Lapse of Appropriations.

Every appropriation, except an appropriation for a capital expenditure, shall lapse at the close of the fiscal year to the extent that it has not been expended or encumbered. An appropriation for a capital expenditure shall continue in force until expended, revised or repealed; the purpose of any such appropriation shall be deemed abandoned if three (3) years pass without any disbursement from or encumbrance of the appropriation. See Town Charter § 5.11.

§ 34- 14 Administration of the Budget.

The Town Council shall provide by Resolution the procedures for administering the budget. See Town Charter § 5.12.

§ 34- 15 Overspending of Appropriations Prohibited.

No payment for any item over one thousand dollars (\$1,000) for any Town department, including the School Department, shall be made or obligation incurred against any allotment or appropriation except in accordance with appropriations duly made and unless the Town Manager or the Manager's designee, or in the case of the School Department the School Superintendent or the Superintendent's designee, first certifies that there is a sufficient unencumbered balance in such allotment or appropriation and that sufficient funds therefrom are or will be available to cover the claim or meet the obligation when it becomes due and payable. Any authorization of payment or incurring of obligation in violation of the provisions of this Charter shall be void and any payment so made illegal. A violation of this provision shall be cause for removal of any officer who knowingly authorized or made such payment or incurred such obligation. Such officer may also be liable to the Town for any amount so paid. Except where prohibited by law, however, nothing in this Charter shall be construed to prevent the making or authorizing of payments or making of contracts for capital improvements to be financed wholly or partly by the issuance of bonds or to prevent the making of any contract or lease providing for payments beyond the end of the fiscal year, but only if such action is made or approved by Ordinance.

However, if at any time during the fiscal year the Town Manager shall ascertain that the remaining unexpended balance of appropriations of the School Department for the year will be insufficient to cover proposed work programs for the School Department, the Town Manager shall advise the School Department to reconsider their work programs and allotments and to revise their allotments so as to forestall the making by them of expenditures in excess of appropriations. See Town Charter § 5.13.

Section 2. These Ordinance Amendments shall take effect Thirty (30) days after their adoption by the Smithfield Town Council.


- 2) A Tax Levy Resolution authorizing the property tax levy or levies and setting the tax rate or rates; and
- 3) Any other Resolutions required to authorize new revenues or to amend the rates or other features of existing taxes or other revenue sources.

See Town Charter § 5.09.

§ 34- 12 Amendments After Adoption.


- A. Emergency Appropriations. To meet a public emergency affecting life, health, property or the public peace, the Town Council may make Emergency Appropriations. Such appropriations may be made by Emergency Ordinance in accordance with the provisions of § 2.14 of the Town Charter. To the extent that there are no available unappropriated revenues or a sufficient fund balance to meet such appropriations, the Council may by such Emergency Ordinance authorize the issuance of emergency notes, which may be renewed from time to time, but the emergency notes and renewals of any fiscal year shall be paid not later than the last day of the fiscal year next succeeding that in which the Emergency Appropriation was made. Furthermore, the amount of the Emergency Appropriation cannot exceed two percent (2%) of the current operating budget.
- B. Reduction of Appropriations. If at any time during the fiscal year it appears probable to the Town Manager that the revenues or fund balances available will be insufficient to finance the expenditures for which appropriations have been authorized, the Manager shall report to the Town Council without delay, indicating the estimated amount of the deficit, any remedial action taken by the Manager and recommendations as to any other steps to be taken. The Council shall then take such further action to prevent any deficit and for that purpose it may by Ordinance reduce one or more appropriations, excluding the School Department.
- C. Transfer of Appropriations. At any time during the fiscal year, the Town Manager may transfer part or all of any unencumbered appropriation balances among programs within a department or organizational unit and shall report such transfers to the Council in writing within fifteen (15) days.
- D. Limitation Effective Date. No appropriation for debt service may be reduced or transferred, and no appropriation may be reduced below any amount required by law to be appropriated or by more than the amount of the encumbered balance thereof. The supplemental and Emergency Appropriations and reduction or transfer of appropriations authorized by this section may be made effective immediately upon adoption.
- E. Limitation Utility or Enterprise Funds. Furthermore, no utility or enterprise fund shall exceed its adopted budget or the income raised by it, whichever is lower, without the approval of the Town Council. Moreover, the Town Council shall not divert any funds collected by an enterprise fund

APPROVED AS TO FORM AND LEGALITY:



Anthony M. Gallone, Jr.
TOWN SOLICITOR

ADOPTED: 3/19/2024



T. Michael Lawton
TOWN COUNCIL PRESIDENT



Lyn M. Antonuccio
TOWN CLERK

