



TOWN OF  
CAPE CHARLES

**AGENDA TITLE:** Budget Management Policy

**AGENDA DATE**  
June 16, 2022

**SUBJECT/PROPOSAL/REQUEST:** Establish a budget management policy

**ITEM NUMBER:**  
7A

**ATTACHMENTS:** Resolution 20220616

**FOR COUNCIL:**  
Action (X)  
Information ( )

**STAFF CONTACT (s):**  
John Hozey, Town Manager

**REVIEWED BY:**  
John Hozey, Town Manager

**BACKGROUND:**

During the budget development process for FY23, it was noted that there was no formal guidance from the Town Council delegating responsibility to the Town Manager regarding his authority to manage funds within the budget once the budget has been adopted and appropriated.

**ITEM SPECIFICS:**

Draft management policies were developed for review during the FY23 budget work sessions. The policy allows the Town Manger some discretion within set parameters to move money within funds to react in real time to unanticipated needs of the Town. The procedures were also reviewed by the Town's auditors who agreed that these were reasonable and prudent policies.

**RECOMMENDATION:**

Staff recommends approval of Resolution 20220616 establishing a budget management policy.

## RESOLUTION 20220616

### ESTABLISHING A BUDGET MANAGEMENT POLICY

**WHEREAS**, Municipal budgets are more than just allocations of authorized expenditures; they are also policy documents from the governing body which outline an expected service level and capital investment for the time period covered; and

**WHEREAS**, only the Town Council has the authority to approve annual budgets/policies and to appropriate the funds necessary to support them; however, it is the responsibility of the Town Manager to implement and manage these budgets/appropriations; and

**WHEREAS**, it is not possible to accurately anticipate all operational conditions or external influences that may occur throughout the budgeted period when the budget documents are developed. Therefore, it is necessary to allow the Town Manager some level of discretion to react to actual circumstances in real time; and

**WHEREAS**, clear guidance is needed from the governing body to its management personnel, that provides for the needed discretion without subverting the policy goals of the document.

**NOW, THEREFORE, BE IT RESOLVED**, that the Town Council of the Town of Cape Charles hereby establishes a budget management policy as follows:

1. Appropriations to specific accounting Funds will remain within those Funds unless transferred to another Fund by the Town Council via budget resolution
2. Creation of new line items within any accounting Fund requires Town Council approval
3. Transfers between line items within an accounting Fund may be made by the Town Manager subject to the following limitations:
  - a. Transfers of greater than \$20,000 will be reported to the Town Council at their next regular meeting
  - b. Transfers between capital project line items of greater than \$10,000 will be reported to the Town Council at their next regular meeting
  - c. Transfers between capital project line items of greater than \$20,000 or 10% of total budgeted amount, whichever is smaller, requires Town Council approval
  - d. Transfers will not be artificially divided into smaller amounts to circumvent the limits of this policy
4. For purposes of this policy, accounting Funds are defined as the General Fund, the Special Activities Fund, the Capital Projects Fund, the Debt Service Fund, the Harbor Fund, the Utility Fund, and the Sanitation Fund.

This resolution shall become effective upon approval.

Adopted by the Town Council of Cape Charles on this 16<sup>th</sup> day of June 2022

\_\_\_\_\_  
Mayor

ATTEST: \_\_\_\_\_  
Clerk of the Council