



CITY OF SHAVANO PARK
900 Saddletree Court
Shavano Park, TX 78231

CITY POLICY NO. 2

SUBJECT: Budget Adjustments and Purchasing Policy

1. References.

- a) Chapter 2, Article VI, Section 2-180 of the City of Shavano Park Code of Ordinances
- b) Ordinance O-2018-014

2. **Purpose.** The Purpose of this policy is to define how budget adjustments and purchasing is handled by the City of Shavano Park.

3. Policy.

Sec. 2-180. - Budget adjustments and purchasing policy.

- (a) *Budget administration.* Department directors are responsible for the administration of their departmental budget. This includes the goals and objectives adopted as part of the budget and monitoring the department budget for compliance with spending limitations. The point of budget control is at the department level for all funds. Department Directors shall manage budgets to ensure that appropriations are not exceeded. Budgets are approved by the City Council within a departmental or program budget category (personnel, supplies, maintenance, capital, etc.). No recognized or significant salary or capital budgetary savings in any Department shall be spent by the Department Head without authorization.
- (b) *Budget adjustments.* This policy provides a method to amend appropriations. City Management has the authority to transfer balances within departments and programs. A Department Director may request a budget adjustment between line items, or categories of items through the Finance Director and City Manager. The City Council must authorize all budget adjustments over \$10,000.00. In addition, the City Council may authorize:

- *Supplemental appropriations.* If the City Manager certifies that revenues are available in excess of those estimated in the budget, an amendment ordinance may be prepared for City Council approval. In general, the supplemental appropriations will be evaluated using the following criteria:

- Why was the item not budgeted in the normal budget process?
- Why can't an adjustment be done within the Department to remedy the condition?

- *Emergency appropriations.* To meet public emergency affecting life, health, property or the public peace.

- *Reduction of appropriations.* If at any time during the fiscal year it appears probable that expected revenues will be insufficient to finance expenditures for which appropriations have been authorized, the City Council may adopt an ordinance to reduce appropriations.

All budget adjustments require approval as outlined in Table One below. All budget adjustments will be included in the Finance Director's monthly financial report to City Council.

Table One
Budget Adjustments

Category	Amount	Dept. Head	Finance Director	City Manager	City Council
Within Budget Category	<\$5,000.00	X	X		
	\$5,000.00— \$10,000.00		X	X	
Between Budget Categories and within Dept.	\$1,000.00— \$5,000.00		X		
	\$5,000.00— \$10,000.00			X	
	Over \$10,000.00				X (Ord.)
Between Depts.	ALL			X	X (Ord.)
**Supplemental Appropriations	ALL				X (Ord.)
Emergency Appropriations	ALL			X	X (Ord.)

**City Staff Must Identify Revenue to Cover the Increase in Appropriations.

- (c) *Purchasing administration.* This policy shall be used as a guide and aid in securing professional services, materials and supplies needed to operate each department. City employees shall solicit professional services, materials and supplies through a process that involves competition, either formal or informal. The process shall be conducted in such a manner that is fair to bidders and provides the City with the best qualified bid and the best product. Each City employee authorized to purchase supplies, equipment or services must be familiar with the City's purchasing procedures and shall adhere to them in order to obtain the best results. With adequate planning and teamwork by all departments, much can be accomplished toward furthering the services provided to our community.

All City purchases of goods or services will be made in accordance with State law. Current State law indicates that any purchase of goods or materials over \$50,000.00 requires a formal bid. Multiple quotes (a minimum of three) are required for all purchases of over \$1,000.00. Contracts greater than \$50,000.00 must be approved by the City Council. The following is the purchasing dollar limits:

- (1) Purchases under \$1,000.00 shall be made by using the City's purchase order system via check requests.
- (2) All purchases between \$1,000.00 and \$9,999.00 require a tabulation sheet with at least three competitive bid quotations. Bid quotations may be informal - verbal or email.
- (3) All purchases between \$10,000.00 and \$49,999.00 require at least three formal (ie written), competitive bid quotations.
- (4) For purchases of \$50,000.00 or more, a formal bid process is required. This includes development of specifications, publication of the bid notice through the City's website or other media as deemed appropriate.
- (5) Services and capital items under \$250,000.00 will follow the above guidelines and may be authorized by the City Manager if previously budgeted and approved by City Council and purchased through an approved BuyBoard.
- (6) All items over \$250,000.00 require City Council approval by ordinance, which may be by budget amendment.

The following chart illustrates the purchasing authority allowed under City policy:

**Table Two
Purchasing Authority**

Amount	Supervisor	Director	Finance Director	City Manager	City Council
Less than \$1,000.00	X	X			
\$1,000.00— \$5,000.00		X	X		
\$5,000.00— \$24,999.00				X	
\$25,000.00— \$49,999.00				X	X
\$50,000.00— \$249,999.00 Formal Bid				X	X (Ord.) or
\$250,000.00 + Formal Bid					X (Ord.)

All purchases over \$25,000.00 will be included in the Finance Director's monthly financial report to the City Council.

Note. Purchases contracted through BuyBoard or HGAC will not follow the previously defined bidding as those agencies have subjected their approved vendors to a competitive bidding process.