

VILLAGE OF AVOCA

Budget Policy

The Village of Avoca establishes the following policy concerning annual budget preparation, implementation and monitoring.

Information

A good annual budget begins with sound estimates and well-supported budgetary assumptions. Spending levels and financial resources must be accurately gauged at budget preparation time to ensue that planned services are properly funded. To develop sound estimates the budget officer should avail themselves of as much pertinent data as possible. While valuable information is available from a number of sources, the budget officer should also work closely with department heads to develop a realistic annual budget.

Sources of information used in preparing the budget:

- Modified budgets for prior and current year
- Prior year's financial reports
- Current year revenue and expenditure information to date
- Debt service requirements, contracts and other commitments
- Current economic conditions affecting revenue generation or expenditures
- Revenue projections
- State and federal aid information
- Collective bargaining agreements
- Service contracts for equipment or with other governments
- Vehicle and equipment replacement plan
- New and pending legislation
- Rate of inflation
- Current interest rates
- Tax and debt limit information (if applicable)
- Input from taxpayers or other interested groups

Preparation

The Village of Avoca will use the following steps in preparation of the annual budget:

- The Village Clerk/Treasurer will prepare the budget as the appointed budget officer. The Village Board reserves the right to appoint a separate budget officer, but that person cannot be a member of the Village Board.
- The budget calendar will be:
 - Budget request forms distributed to Department Heads by February 1st. These forms will contain the current year budgeted amounts and a year to date accounting of each category.
 - Department Heads will be required to return the budget request forms to the Budget Officer by February 20th.
 - Tentative Budget is prepared and is on file in the Village Clerk's Office no later than March 5th.

- The Village Board will set three budget workshops during the month of March. The first one being on or before March 10th. The Village Clerk/Treasurer will present the budget in whole and will provide backup documentation if requested by the Village Board.
- The Village Board shall set a Public Hearing for the Tentative Budget on a date between April 1st and April 15th. A notice concerning this hearing will be published a minimum of 5 days and a maximum of 10 days prior to the hearing.
- Final revisions shall be made after the Public Hearing, but prior to adoption. Adoption must occur no later than the 20th of April. The Village Board may adopt the budget after the close of the Public Hearing if no revisions are required.
- The Real Property Tax Levy will be established by the adoption of the Budget and the Village Clerk/Treasurer will certify this amount and the Tax Warrant to the Steuben County Real Property Office. The tax warrant will include any outstanding water bills, which are being relieved by the Village Board.
- The budget is the key instrument in the day to day operations of the local government and it is essential that it is properly constructed. It is important to use realistic estimates based on the most current and accurate information available and not to rely on one shot revenues to support recurring expenditures. The following categories will be used by the Budget Officer to establish the budget:
 - Expenditure estimates
 - Debt Service
 - Employee Salaries
 - Employee Benefits
 - Appropriations for Contingencies
 - Revenue estimates
 - Non Property Taxes
 - Departmental Incomes
 - Intergovernmental Charges
 - Use of Money and Property (interest income)
 - Fines and Forfeitures (Court Fees)
 - Sale of Property and Compensation for Loss
 - Miscellaneous Revenues
 - Inter Fund Revenues
 - State and Federal Aid
 - Inter Fund Transfers
 - Estimates of Available Fund Balances
- The Village will follow its Fund Balance Policy and Reserve Fund Policy when deciding to retain a “reasonable amount” of any remaining estimated un-appropriated, unreserved fund balance.

Implementation

- A separate account (line item) will be kept for each appropriation showing the amount appropriated, the amount encumbered, the amount expended, and the unencumbered balance.
- A separate account (line item) will be kept for each revenue item showing the amount estimated to be earned and recognized as revenue, the actual amounts recorded to date, and the balance expected to be realized.
- As a rule, no expenditure will be made, or any liability incurred, unless an amount has been appropriated for the particular purpose and is available or is authorized to be borrowed pursuant to the Local Finance Law.
- Whenever it appears that resources will not be sufficient to meet appropriations, the Budget Officer &/or the Village Clerk/Treasurer will notify the Village Board stating the probable amount of the deficiency. The Budget Officer and/or the Village Clerk Treasurer will provide recommendations regarding possible actions to be taken.
- If, during the fiscal year, the Village Board determines that sufficient revenues will not be generated to finance the total appropriations provided for in the original budget. The Village Board may reduce appropriations to prevent making expenditures in excess of money available.
- The Village Board may make supplemental appropriations. These may be provided by transfer from the unexpended balance of an appropriation, from the appropriation for contingencies within a fund, or by borrowing pursuant to Local Finance Law. The un-appropriated, unreserved fund balance may be utilized for this purpose only to the extent that the total of all revenues of a fund recognized or reasonably expected to be recognized in the current fiscal year, together with un-appropriated, unreserved fund balance, exceeds the total of all revenues of the fund and appropriated fund balance as estimated in the budgets.
- The Village Board may appropriate certain revenues that were not included in the original budget at any time for the applicable objects or purpose. These revenues may include grants received from the State and Federal Governments, gifts that are required to be expended for particular objects or purposes, and certain insurance proceeds.

Monitoring

- Once the budget is approved it is the responsibility of the Village Board, the Budget Officer and/or the Village Clerk/Treasurer, and the Department Heads to see that services are delivered within the limits provided in the budget. They will closely monitor the progress of actual revenues and expenditures throughout the year and identify any variances that might cause the Village to end the year with a significant surplus or deficit.
- The Budget Officer and/or the Village Clerk/Treasurer will create a report / worksheets which will monitor the overall budget. This worksheet will show the original budget amount, the account code, any authorized amendments, all transactions to date, and a current balance. This report will be made available

to the Village Board and Department Heads for review at the end of each month.

- The Budget Officer and/or the Village Clerk/Treasurer will create a report stating all accounts (line items) which may show a shortfall and are in need of corrective action. This report will contain the Budget Officers and/or the Village Clerk/Treasurers recommendations for the corrective action. The following actions will be considered if a problem arises:
 - Transfer between appropriations
 - Use of contingency funds
 - Appropriation of fund balance

Review

This policy shall be reviewed by the Village Board on an annual basis.

This policy stands adopted by the Avoca Village Board on _____.