

# **TOWN OF CANANDAIGUA**

## **BUDGET DEVELOPMENT POLICY**

Adopted: November 20, 2017 by Resolution # 2017-335

### **PURPOSE**

The Town Board of the Town of Canandaigua is adopting these budget development policy guidelines in order to provide direction to the Budget Officer and all Town Departments in terms of the expectations of the Town Board in the development of the annual fiscal budget.

### **POLICY STATEMENT**

The Town of Canandaigua has benefited from years of sound financial management. In order to solidify the sound practices currently in effect, increase public understanding of the framework within which the Town's budget is developed, and focus attention on future budgetary challenges, the Town Board believes formal financial budget development policies should be established in the following areas:

- A. **Balanced Budget** – The annual budget shall be balanced in accordance with the laws of the State of New York with current revenue equal to or greater than current expenses while continuing to provide a level-service delivery approach with an eye toward service enhancements where possible.
- B. **Revenue Projections** – All revenue projections or estimates shall be conservative in nature based on historical data and known trends and forecasts. All tax revenue estimates shall be based on reasonable Town previously adopted rates. Any new sources of revenues and new tax rates shall be adopted and included only after the Town Board has held a public hearing, received comment, and approved.
- C. **Expenditure Projections** – All expenditures shall be based on actual known costs, reliable historical data or estimates provided after careful research and investigation by staff and the Town Board. All expenditures, projects and reserves budgeted shall be included only if they are necessary and essential in the individual department's efforts to meet the goals and objectives established by the Town Board.
- D. **General Fund Reserves** – The General Fund balance should be adequate to handle unexpected revenue shortfalls and be able to accommodate a reasonable level of extraordinary, unbudgeted expenditures. The Town Board has adopted a Fund Balance Policy setting required unassigned fund balance levels. Please see the Fund Balance Policy for more detailed information. Each year, available fund balance (carryover), the cumulative excess of revenues over expenditures, may be used as a source of funding to be applied to the next fiscal year's budget. Annual budgets should reference the projected fund balance in accordance with the Fund Balance Policy.

- E. Capital Expenditures – In order to maintain and improve the Town’s infrastructure, facilities, and equipment; the Town Board adopted a long term capital improvement plan. The Town Board periodically updates the capital improvement plan after further review and discussion. Expenditures of a capital investment in development of the budget should be in keeping with the capital improvement plan.
- F. Budget Practices – In preparing the budget, the Budget Officer should continue to review the Town’s revenue sources to identify: grant funding from federal, state, and other sources; fees, licenses, permits; sales and use tax; and all other possible sources of revenue. Any new sources should be proposed to the Town Board prior to the presentation of the draft budget.

### **BUDGET PREPARATION TIMELINE**

The Budget Officer shall cause to be published a budget calendar by June 30<sup>th</sup> of each year. The calendar shall include dates for Town Board meetings, public hearings, six month revenue and expense summary report, accounting software access for department heads, solicitation of vendors and providers, finance committee meetings relative to the proposed budget, and department head meetings with Budget Officer relative to the upcoming fiscal budget.

The Budget Officer shall cause for the proposed budget to be submitted for consideration by the Town Board in the month of September. The Town Board shall hold a public hearing on the proposed plan in the month of September or October, but no later than the Thursday immediately following the general election. The Town Board should adopt the next calendar year’s budget not later than November 20<sup>th</sup> per Town Law Section 109.

### **BUDGET MONITORING**

In order to improve its ability to monitor the implementation of the Town budget, the Town Board will receive quarterly reports on revenues and expenditures during the fiscal year. The Budget Officer will present to the Town Board any variances in revenue or expenditures beyond projections as soon as they are known at the next meeting. All budget transfer requests shall be presented by the Budget Officer to the Town Board. In addition, the Town Board will receive monthly reports on the use and balance of monies in appropriated reserve and unassigned fund balance from the Budget Officer and/or Town Supervisor.