BUDGET POLICY

Sound financial practice and the desire to maintain a strong credit rating dictate that our budgets be balanced, constantly monitored, and responsive to changes in service demands. With these concepts in mind, the Town Council adopts the following budget policy statements:

1. Annual operating budgets will be adopted for the General Fund, special revenue funds, and Debt Service Fund. Project-length budgets will be adopted for all capital projects.

2. Annual operating budgets will be adopted on a balanced basis, where operating revenues (estimated revenues) are used to fund operating expenditures/expenses (appropriations). Operating revenues include taxes, charges for services, interest earnings, license and permit fees, fines and forfeitures, regularly recurring governmental aid, debt proceeds and transfers in from other funds for operating (non-capital) purposes. Operating expenditures/expenses include salaries and wages, employee benefits, non-capital equipment and improvements, depreciation (proprietary funds only), materials, supplies, contractual costs, and transfers out to other funds for operating (non-capital) purposes. Fund balance should not be considered a source of funds for operating expenditures/expenses. Nothing in this policy shall prohibit the use of operating revenues for capital expenditures/expenses.

3. The Town Council will adopt an annual spending plan for the General Fund that includes a contingency equal to at least one (1.5%) percent of the total General Fund appropriations of the previous year. This contingency will be used to provide for expenditures that exceed or revenues that do not meet budget estimates, and/or for new or increased program requirements required by law or desired and approved by Town Council resolution.

4. One-time revenues that are not required by law or agreement to be expended for a particular purpose will only be used to fund capital or emergency expenditures/expenses in the adopted budget. One-time revenues include, but are not limited to, proceeds from the sale of property and other major assets, governmental aid that is not regularly received and is unlikely to recur on a regular basis, major gifts or donations, and major insurance recoveries.

5. Assignment of Fund Balance will follow the procedures in the Town's Fund Balance Policy.

6. The Budget Officer may at any time during the fiscal year transfer part or all of any available appropriation balance among programs or accounts within any

department. The Council may by resolution transfer part or all of any available appropriation balance among programs or accounts within and/or between any funds or departments.

7. 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 available balance thereof.

8. Budgets shall be presented using best practices from the Government Finance Officer's Association (GFOA) and using the criteria listed in the GFOA's *Detailed Location Criteria Guide*, as much as practical.

9. Budgets shall be adopted in accordance with GAAP, the laws of the State of New York, and practices published by the Division of Local Government and School Accountability, Office of the State Comptroller.

10. For all water districts that are extensions from Water District 3, a joint-infrastructure charge must be appropriated. The total number of EDUs served by the pump and water tower of District 3 shall be calculated annually. The cost of the pump and water tower, which is about 16% of the entire Water District 3 project, is calculated by multiplying the amount of debt service principal by 16%. That quotient is then divided by the number of total EDUs served to calculate the cost of the joint-infrastructure charge per EDU for each district.

11. When a position becomes vacant, the Budget Officer will transfer the balance of personal services and employee benefits to the contingency account in the General Fund.