

CITY OF BARRE

BUDGET AND FINANCE PROCEDURE POLICY

PURPOSE: A budget is a financial plan that documents how much money will be available, where it comes from, and how it will be used. The preparation and adoption of a budget is the responsibility of the Barre City Manager. The budget is a tool for implementing the policies and priorities adopted by the City Council. It provides financial and operational direction. It facilitates decision-making and control of the activities and expenditure of government. A well-defined, sound budgeting process is an indispensable component of an effective and efficient local government.

REQUIREMENTS: - Barre City must prepare, adopt and operate with a budget. The budget must include both operating expense and revenues. Although not part of an annual or biennial budget, it is a good idea to develop a five year plan for long-term capital purchases, facilities upgrades and capital improvement projects. Each year, that year's capital plan can be integrated into the current budget and a new five- year capital plan can be developed.

FUND ACCOUNTING: - Barre City operates under an accounting standard called fund accounting. Budget projections for revenue and expenditures will typically be made within general categories by fund. The various funds of the City are generally grouped into generic types:

General fund- the chief operating fund. All financial transactions not properly accounted for in another fund go here to include **Debt Service Funds** – payment of principal and interest on one term debt other than special assessment and revenue bonds.

Special Revenue fund – these funds are used to account for resources that are legally or administratively restricted for special purposes (an example would be a grant-funded police officer position).

Capital Funds – used for the acquisition of capital equipment assets other than those specified by enterprise and special assessment funds. May involve long-term debt and intergovernmental grants.

Special Assessment Funds – used for revenue received from special assessments levied against properties specially benefited by the making of local improvements.

Enterprise Funds – These funds are used to account for operations that are financed and operated in a manner similar to business enterprises (water, sewer, sanitation).

Trust and Agency Funds – assets held by a governmental unit as trustee or agent for individuals, private organizations, and other governmental units (a good example is a Cemetery Perpetual Care Fund)

CHART OF ACCOUNTS: Within each of these funds, budgets will be broken down by department. Each department may have categories of expenses (sometimes called Charts of Accounts) that will include:

- Personnel expenses (wages, salaries, and benefits, training and development)
- Operating expenses (utilities, supplies, equipment maintenance, contract services)
- Capital outlay for assets acquisition less than \$5,000.

REQUIRED CONTENT:

- Actual revenues and expenditures completed in the last fiscal year
- Estimated total revenues and expenditures for the current fiscal year
- Estimated total revenues and expenditures for the ensuing budget fiscal year

APPROPRIATION LAPSE:

All appropriations (excluding appropriation for capital projects) shall lapse following the close of the budget year to the extent they are not expended or encumbered. See Barre City Charter Chapter

6, Sec. 601(b), allowing the City to carry forward a fund balance not to exceed 5% of the general fund budget.

BUDGET PREPARATION SCHEDULE, APPROVAL AND PRESENTATION TO VOTERS:

The Annual (Town) Meeting elections are held on the first Tuesday of every March. Polls will be open at the Civic Center Auditorium from 7:00AM-7:00PM. Voters vote by ward, based on the street they live on. Those interested in voting early or absentee, may request an Absentee Ballot at the clerk's office or call (802) 476-0242.

BUDGET AND FINANCE COMMITTEE:

Before the beginning of the budget preparation process, the City Manager shall appoint five (5) to seven (7) members of the public to the Citizens Budget and Finance Advisory Committee. The volunteer group will be assembled every year from the community to assist the City Manager to address the budget and financial issues of Barre City. The Committee is strictly advisory and will meet with the City Manager and various Department Heads and/or the City Council, as deemed necessary.

BARRE CITY CHARTER: Sec. 406. Budget:

The City Manager shall prepare his or her recommended budget for the next fiscal year and present the same to the City Council not later than 45 days prior to the annual meeting date each year. At the same time, the City Manager shall submit his or her request for a specific sum of money under provisions of Section 207 of this chapter. (Amend. of 05/10/05)

Sec. 207. Voting on requests of the City Manager:

(a) Annually, on the first Tuesday in March the legal voters of the city shall meet to vote on the request of the City Manager. (Amend. of 05/10/2005, Amend. of 11/07/06)

(b) If, at the annual March meeting, the voters disapprove the request of the City
(c) Manager, the Mayor, or in his or her absence or disability, the City Clerk shall warn a general meeting of the legal voters to consider the article disapproved by the voters, and to authorize a specific sum of money therefor. The meeting shall be in accordance with 17 V.S.A. §§ 2630-2689 and shall be held at the same location as the previous meeting with the polls open for the same hours as the previous meeting. If the voters continue to disapprove any portion of the request, similar meetings shall be held in the same manner. (Amend. of 9/13/88, Amend. Of 05/10/05, Amend. of 11/07/06)(Amend of 5/8/12)

RECOMMENDED BUDGET PREPARATION TIMELINE:

On or before **September 1st** – City Manager notifies Department Heads to begin drafting department budgets notifying them of any guidelines or restrictions in preparing the fiscal year budget under consideration. Department heads will be supplied with a budget breakout worksheet that will be used to fill in budget adjustments from the previous budget year.

- On or before **October 1st**- Departments must submit budget requests to City Manager.
- On or before **December 1st**- City Manager must prepare a proposed General Fund budget and submit to the City Council.
- On or before the **45th day** preceding the Annual (Town) Meeting Election- City Manager must present draft budget to the City Council.
- On or before the **30th day** preceding the Annual (Town) Meeting Election- City Council must approve the election warning, which includes the request for General Fund budget and any other funding proposals of the City Manager (including streets/paving, capital, equipment, facilities etc.).
- On the day after the warning is approved – Annual Report must be submitted to the printer in preparation for Barre City's Annual (Town) Meeting.
- When the legal voters have authorized a specific sum for the general fund budget, the City Council shall set the tax rate necessary to raise the specific sum(s) so voted.