

BALANCED BUDGET POLICY VILLAGE OF NORTH BENNINGTON

PURPOSE. The trustees of the Village of North Bennington believe that sound financial management requires that the annual Village budget be developed and administered in such a way that annual revenue from property taxes and other sources equals annual expenses. Adoption and administration of balanced budgets will help maintain the stability of the Town tax rate and reduce the need for borrowing.

BUDGET DEVELOPMENT AND APPROVAL. Each year, the trustees will develop and present to the voters an operating budget that balances annual revenues and annual expenditures for all funds. The trustees will avoid proposing annual budgets that overestimate revenues, defer maintenance or replacement of essential capital assets, roll over short-term debt, or inadequately fund Village obligations. Upon voter approval of the Village budget, and after the grand list has been lodged in the office of the town clerk, the trustees will set the tax rate necessary to raise the specific amounts voted, in accordance with 17 V.S.A. § 2664.

BUDGET ADMINISTRATION. The trustee board administers the Village budget through its authority to sign orders for payment of Village funds. 24 V.S.A. §§ 1576, 1621 and 1622. To approve orders, the trustees must, by a majority of the total number of trustees of the board, vote to authorize the treasurer to disburse money. In order to carry out this responsibility effectively, the trustees must have timely and accurate information about the status of the village's finances. To this end, the trustees and treasurer have adopted a financial reporting policy under which the treasurer prepares monthly financial reports for the trustees' budget management purposes.

The trustees recognize that unanticipated expenditures and revenue shortfalls caused by circumstances not foreseen at the time a budget is approved by the voters may require transfer of money between line items or even deficit spending. The trustees will endeavor to administer the Village budget to provide services in a manner consistent with the voters' expectations in light of actual circumstances that arise during the fiscal year, and will manage the budget to avoid, to the extent reasonably possible, deficit spending or the need to borrow money to pay current operating expenses.

LINE ITEM TRANSFERS. During the fiscal year, all transfers between budget line items will require a majority vote of the trustees. The vote will state the line items that are subject to transfer, the reason for the transfer, and the reason funds are available for transfer. Transfers will be made consistent with any applicable statute or legal obligations that may encumber or restrict the use of certain funds, including 19 V.S.A. § 312. At the close of the fiscal year, the treasurer will present a budget closing plan to the trustees, making recommendations for transfers between line items, and recommending the application of any budget surplus. Approval of the budget closing plan will require a majority vote of the trustees. Any annual budget deficit will be addressed in accordance with 24 V.S.A. § 1523(a).

The foregoing Policy is hereby adopted by the trustees and treasurer of the Village of North

Bennington, Vermont, this ____ day of _____ and is effective as of this date until amended or repealed.

SIGNATURES.

Treasurer

Chairperson

Trustee members:

