

Policy for St. James Township, Beaver Island, Michigan

Policy Title: **Budget Document and Development**

Adoption Date:

Revision Date:

Budget Document Policy

The operating budget approved by the Township Board shall serve as the annual financial plan for the township. The budget shall provide the resources to meet board approved goals and objectives.

The Clerk and the Supervisor (Budget Officer) will prepare the annual operating budget. The budget will be presented to the Township Board no later than the 1st Wednesday of February and the budget will be approved by the March 31st.

Balanced Budget

St James Township operates with a balanced budget as its annual financial plan for all funds. This means that the revenues shall equal or be greater than expenses for all governmental funds. In years where extraordinary events occur, expenditures may actually be greater than revenues. The difference will be taken from the fund balance. As long as the fund balance remains positive the budget will continue to be considered balanced.

Township Budget Requirements

In addition to a balanced budget, the Township Board has two self-imposed budget requirements for the General Fund. First, capital improvements must equal 10% of the General Fund operating budget. Second; the General Fund unassigned fund balance must be equal to or greater than 6 months operating expenses within 5 years of adoption of this policy.

Development

The township shall use the following approaches to develop the budget, as recommended by the Government Finance Officers Association:

1. The budget shall be based on expected revenues, including base revenues, any new revenue sources and the potential use of fund balance.
2. The results or outcomes that matter most to citizens will be identified, and based on that, the township board shall determine what programs are most important to their constituents.
3. The budget allocations shall be made in a fair and objective manner.
4. The board shall budget available dollars to the most significant programs and activities to maximize the benefit of the available resources.

Timetable

The proposed budget shall be developed according to the following schedule:

FY 18 & BEYOND	FISCAL YEAR 17 <small>(April 1, 2017-March 31, 2018)</small>	ACTION
December 1	Wednesday January 4, 2017	Twp Board Appoints Budget Area Leaders: General Fund, Sewer Fund, Municipal Dock Fund, and Road Fund. Budget Officer distributes instructions, worksheets and reviews budget procedures with Budget Area Leaders.
December 1 – January 15	January 5 – January 25	Budget Area Leaders prepare budget requests which include goals and objectives for next fiscal year
January 15 – 31	January 25 – 31	Budget Officer meets with Budget Area Leaders to review and discuss needs and prepare a preliminary budget request.
1 st Wednesday in February	Wednesday February 1	Preliminary budget document is delivered to the Township Board

FY 18 & BEYOND	FISCAL YEAR 17 (April 1, 2017-March 31, 2018)	ACTION
1 st Wednesday in February	Wednesday March 1	Budget Officer presents Township Board with draft budget for tentative approval. Township Board sets a public hearing for the budget proposal. Last Saturday in March
Last Saturday in March	Saturday March 25	Township Board adopts budget at its Annual Meeting.
April 1 st each year	April 1, 2017	New Budget Year Begins
1 st Wednesday in October	October 4, 2017	Township Board accepts annual independent audit and amends current year budget if necessary

Methods

The township board shall use the line item approach when developing the proposed budget. The budget shall be adopted at the revenue by source and expenditures by activity level.

Format

The proposed and adopted budgets shall:

1. Provide financial data on revenues, other resources and expenditures for at least a three-year period, including prior year actual, current year budget and/or estimated current year actual, and proposed budget

The proposed and adopted budgets shall also include a narrative that:

1. Summarizes the major changes in priorities or service levels from the current year and the factors leading to those changes
2. Identifies the priorities and key issues for the new budget period
3. Identifies and summarizes major financial factors and trends affecting the budget, such as economic factors; long-range outlook; significant changes in revenue collections, tax rates or other changes; current and future debt obligations; and significant use of or increase in fund balance or retained earnings