

ISSUE PAPER SERIES

How to Appropriate Unanticipated Revenues

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NEW YORK STATE TUG HILL COMMISSION

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This paper was prepared in cooperation with Laird Petrie,
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The Tug Hill Commission Technical and Issue Paper Series are designed to help local officials and citizens in the Tug Hill region and other rural parts of New York State. The Technical Paper Series provides guidance on procedures based on questions frequently received by the Commission. The Issue Paper Series provides background on key issues facing the region without taking advocacy positions. Other papers in each series are available from the Tug Hill Commission. Please call us or visit our website for more information.



How to Appropriate Unanticipated Revenues

A specific revenue that is in excess of its particular estimate is not a surplus. Total actual revenues recognized or reasonably expected to be, together with the actual surplus at the beginning of the fiscal year, must exceed **all** estimated revenues and appropriated surplus in the budget (including any subsequent modifications) before a surplus exists (Town Law, Section 112(1); Village Law, Section 520 (4)).

Here is an example of how this would work:

While preparing it's 2018 General Fund Budget Town A's appropriated fund balance (A599) was \$10,000 and the town expected total revenues in their 2018 budget of \$50,000 (A510), part of which (\$500) was an estimated amount for Fines and Penalties from Dog Cases (A2611). Due to an increase in the number of violations, as of July 1, 2018 the town had received \$850 from dog fines and penalties. The town board had to now decide whether they could appropriate these unanticipated revenues (no other modifications had been made to the Town Budget prior to July). Actual total revenues received (A980) as of July 1, 2018 were \$38,800 and the actual unappropriated, unreserved fund balance at the first of the year (A912) was \$9,015. In order for the board to determine the amount of surplus fund balance that they could appropriate, the calculation below must be performed:

	Column A	Column B
	Actual	Budget Estimate
Revenues	\$38,800	\$50,000
Available Surplus	\$ 9,015	\$10,000
Subtotal	\$47,815	\$60,000
Subtotal A – Subtotal B (if negative enter \$0)		\$0

In this example, **no** portion of the additional dog violation revenues could be appropriated because the formula has computed a negative amount. However, in the above example, if actual total revenues (A980) had been \$53,800 and all other amounts remained the same, the town board would then have the opportunity to appropriate additional fund balance, demonstrated as follows:

	Column A	Column B
	Actual	Budget Estimate
Revenues	\$53,800	\$50,000
Available Surplus	\$ 9,015	\$10,000
Subtotal	\$62,815	\$60,000
Subtotal A – Subtotal B (if negative enter \$0)		\$ 2,815

In this example the town board could appropriate up to \$2,815 to increase appropriations. The accounting entry would credit appropriations (A960) and debit estimated revenues (A510).

There are exceptions to using the formula outlined above. The following can be appropriated by resolution of the governing board at any time for the stated object and purpose:

- 1) Federal or State grants in aid;
- 2) Gifts that must be spent for a particular object or purpose;
- 3) Insurance recoveries for loss, theft, damage or destruction of property that are used to repair or replace the item damaged, stolen, etc.

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