

# How to Appropriate Unanticipated Revenues

March 2003

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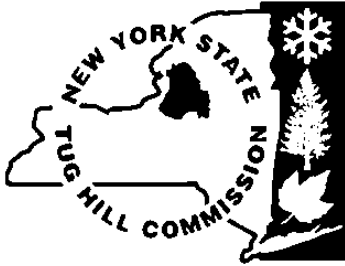
317 Washington Street

Watertown, New York 13601-3782

315-785-2380/2570 or 1-888-785-2380 fax: 315-785-2574

**Email:** [tughill@tughill.org](mailto:tughill@tughill.org) **Website:** <http://www.tughill.org>





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**How to Appropriate Unanticipated Revenues**

This paper was prepared in cooperation with Laird Petrie, Office of the State Comptroller.

Information current as of March 2003

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 :**

Town A’s appropriated fund balance (A599) is \$10,000 on January 1, 2002. The town expected total revenues in their 2000 budget of \$50,000, 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, 2002 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, 2000 were \$33,380 and the actual fund balance at the first of the year (A909) 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:

	<b>Column A</b>	<b>Column B</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 as demonstrated below:

	<b>Column A</b>	<b>Column B</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 at any time:

- 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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