

## Village of Ossining Financial Goals & Policies

**RESOLVED**, that the Board of Trustees does hereby approve and adopt the following Financial Goals and Policies for the Village of Ossining.

### **FINANCIAL GOALS AND POLICIES FOR THE VILLAGE OF OSSINING**

#### **Section 1 – Introduction**

The Village of Ossining (hereinafter referred to as the “Village” or “Ossining”) has an important responsibility to its citizens to carefully account for public funds, to manage municipal finances wisely and to plan the adequate funding of services desired by the public, including the provision and maintenance of public facilities.

The Financial Goals and Policies are intended to establish guidelines for the continued financial strength and stability of the Village of Ossining. While some of the goals are specific and may limit certain types of financial activity, the goal statements are not intended to restrict the Board of Trustees’ ability and responsibility to respond to emergencies or service delivery requirements above or beyond the limitations established by the Financial Goals and Policies.

The operating position policies (Section 2.1) are subject to modification, as economic conditions may vary over time, and as goals and priorities of the Board of Trustees may change. All sections of this Financial Goals and Policies statement are based on a desire for a sound financial foundation, strong internal controls and procedures, use of generally accepted accounting principles, and following legal requirements and guidance of the Office of the State Comptroller and other oversight and regulatory agencies. It is intended that this Financial Goals and Policies statement will be reviewed and reaffirmed annually. The financial goals and policy statements set forth herein were initially adopted as the Village’s Financial Goals and Policies, as a whole, by the Board of Trustees on June 2, 2009.

#### **Section 1.1 - Financial Goals**

Financial goals are broad financial positions the Village seeks to attain. The financial goals are:

To deliver quality services efficiently and on a cost-effective basis providing full value for each tax dollar.

To maintain an adequate financial base to sustain a sufficient level of municipal services, thereby preserving the quality of life in Ossining.

To have the ability to withstand local and regional economic shocks, to adjust to changes in the service requirements of Ossining, and to respond to changes in Federal, State, and County priorities and funding as they affect the Village's residents.

To maintain a good credit rating in the financial community to assure the Village's taxpayers that Village government is well managed and financially sound.

#### **Section 1.2 - Financial Policies**

**Financial policies support the financial goals and guide decision making in specific situations to ensure a decision will contribute to the attainment of the financial goals. Financial policies have been prepared for:**

- (a) Operating position;**
- (b) Revenues;**
- (c) Expenditures;**
- (d) Debt structure;**
- (e) Investments;**
- (f) Capital plant;**
- (g) Budget;**
- (h) Reserves; and**
- (i) Financial Reporting.**

## **Section 2 - Operating Position**

**Operating position refers to the Village's ability to:**

- (a) balance its budget on a current basis,**
- (b) maintain reserves for emergencies, and**
- (c) maintain sufficient cash to pay its bills on a timely basis (liquidity)**

### **Section 2.1 - Operating Position Policies**

**The Village shall:**

**(a) pay all current operating expenditures with current operating revenues. Budgetary procedures that fund current expenditures at the expense of future needs shall be avoided.**

**(b) establish, in the operating budget, a contingency appropriation reserve, at a targeted 1% of the General Fund operating budget, to:**

- (i) provide for non-recurring unforeseen expenditures of an emergency nature;**
- (ii) provide orderly budgetary adjustments when revenues do not meet projections;**
- (iii) provide the local match for public or private grants that may become available; and**
- (iv) to meet unexpected small increases in service delivery costs.**

**Additional amounts shall be set aside, if necessary, to provide for settlement of pending labor contract negotiations and for expected payment of accrued vacation and sickness liabilities.**

(c) strive to maintain the unreserved, undesignated fund balance of the General Fund at a reasonable level of the total General Fund budget, measured at the end of the Village's fiscal year. Such reserves shall be set aside for cash flow purposes and for unknown and unpredictable events, such as a catastrophic road failure, and shall not be used for predictable expenses such as back pay or accrued vacation or sickness liabilities.

While guidance from the Office of the State Comptroller, in past years, have recommended minimum unreserved, undesignated fund balances of between 10% to 20%, extreme economic distress (such as that in late 2008 and 2009) has caused local governments to draw upon their reserves as they balance reduced revenues and a reduced tax base with the costs associated with providing local government services.

(d) strive to reduce and eliminate the use of fund balance to reduce the amount of the real property taxes in the budget, and will use fund balance for one-time capital or emergency expenditures only if:

(i) there are surplus balances remaining after all reserve and fund allocations are made, or

(ii) the Village has made a rational analysis with justifying evidence that it has an adequate level of short and long term resources.

Village management recognizes that past Village budgets have included the use of surplus fund balance to reduce the amount of the real property tax levy, and that such budget practices cannot continue without fund balance being replenished through a combination of (1) revenues exceeding the amount estimated in the budget, and (2) expenditures being less than appropriated in the budget. A long-term goal for continued sound budgeting practices of the Village is to reduce and eliminate the use of appropriated fund balance as a budgetary financing source.

(e) achieve or maintain appropriate levels of fund balances in the Water and Sewer Funds, with user rates at levels to generate sufficient revenues to finance water and sewer operations.

(f) prepare a cash-flow analysis of all funds on a regular basis. Disbursements, collections and investments shall be managed to provide sufficient cash for daily financial needs.

(g) prepare periodic reports summarizing budget versus actual operating revenues and operating expenditures, as well as major balance sheet items to the extent practical.

### **Section 3 - Revenue**

#### **Section 3.1 - Revenue Policies**

The Village shall:

(a) strive to maintain a diversified and stable revenue base as protection from short-term fluctuations in any one revenue source.

(b) project revenue for the General Fund and all operating funds each year for at least the next five years. Each existing and potential revenue source shall be re-examined each year. Revenue estimates shall be conservative and developed in an objective and reasonable manner.

(c) strive to reduce reliance on the property tax by:

- (i) maintaining and diversifying the Village tax base;
  - (ii) seeking to develop additional revenue sources; and
  - (iii) establishing and evaluating annually all user charges and fees for use of Village services, facilities and equipment at a level related to the cost of providing the services.
- (d) strive to maintain the annual rate of property tax collections at 99 percent.
- (e) transfer to a Capital Projects Fund, Capital Reserve Fund, or other type of reserve fund revenues received from one-time events (e.g., lawsuits, unrestricted grants), when not otherwise earmarked or legally designated to another fund.
- (f) transfer to a Capital Projects Fund, Capital Reserve Fund, or other type of reserve fund revenue proceeds from the sale or rental of Village surplus properties, when not otherwise earmarked or legally designated to another fund.
- (g) for programs, operations or functions established by a regulation or law that requires costs to be recovered, such as Water and Sewer Funds, establish separate accounting funds so that the funds shall generate revenue sufficient to support the full direct and indirect costs of these entities.

#### **Section 4 - Expenditures**

##### **Section 4.1 - Expenditure Policies**

**The Village shall:**

- a. pay for all current operating and maintenance expenses in accordance with the adopted budget.
- b. provide full funding for all employee benefits in the annual operating budget.
- c. maintain a budgetary control system which will enable it to adhere to the adopted budget.
- d. prepare and maintain a system of periodic fiscal reports comparing actual revenues and expenditures to budgeted amounts.
- e. provide for the adequate maintenance of capital assets and equipment in the annual budget.
- f. maintain a payment review and approval process to ensure accuracy with special emphasis on large payments.
- g. encourage the delivery of services, in whole or in part, by other public and private organizations whenever and wherever greater efficiency and effectiveness can be expected.
- h. consider the integration of objective and quantitative performance and productivity measures into the budget, where possible, using modern measurement techniques.
- i. utilize technology and productivity advances that will help reduce or avoid increasing personnel costs.
- j. maintain an effective risk management program to minimize losses and reduce insurance costs.

- k. seek arrangements to share services with other municipalities/jurisdictions where cost reductions can be achieved and where the quality of service will not be jeopardized.

## **Section 5 - Debt Management**

### **Section 5.1 - Debt Management Policies**

**The Village shall:**

- a. not use short-term borrowing to finance operating needs except in the case of extreme financial emergency. Short-term borrowings include budget, tax, and revenue anticipation notes. If used, all short-term debt shall be fully paid in the current or immediately following fiscal year and not rolled over. If short-term debt is used in two or more consecutive fiscal years, reserves for the next budget should be increased by the amount of short-term borrowing.
- b. use long-term debt for only those capital improvements that cannot be readily financed from current revenues.
- c. ensure the final maturity date for any long-term debt will not exceed the expected life of the capital improvement so financed. Balloon payments and similar deferrals of debt repayment shall be avoided.
- d. ensure that the net (non-self-supporting) general obligation debt of the Village shall not exceed 5% of the total equalized market value of taxable property (i.e., constitutional debt limit).
- e. use special assessments, revenue bonds, and/or any other available self-liquidating debt instruments instead of general obligation bonds whenever possible and appropriate.
- f. encourage and maintain good relations with financial and bond rating agencies, and follow a policy of full and open disclosure on every financial report and bond prospectus.

## **Section 6 - Cash Management**

**The Village's investment policies shall be guided by four fundamental principles: legality; safety; liquidity; and yield.**

### **Section 6.1 - Cash Management Policies**

**The Village shall:**

- a. deposit its moneys only in banks or trust companies located and authorized to do business in New York State; and authorized as official Village depositories by the Board of Trustees in the Investment Policy.
- b. invest its moneys only in those investment vehicles authorized by State statutes.

- c. obtain the maximum possible return on all cash investments, subject to the safety of the investments.
- d. collateralize all deposits and investments at 102% of the market value of such deposits and investments.
- e. prepare a cash flow analysis of all funds on a regular basis. Disbursements, collections, deposits and investments will be managed to ensure maximum cash availability.
- f. pool cash from its various funds to obtain the maximum possible return on its investments, where possible and legal. Interest will be credited to the source of the invested moneys.
- g. adopt annually by Board resolution a written Investment Policy that meets the legal requirements recommended by the Office of the State Comptroller and required by statute.

## **Section 7 - Capital Assets**

Most of the Village's wealth is invested in its physical assets or capital plant - streets, buildings, utility networks, and equipment. These assets shall be properly maintained and replaced over time to adequately provide public services.

### **Section 7.1 - Capital Assets Policies**

The Village shall:

- a. prepare a five (5) year capital improvements program each year as part of its proposed and adopted budget.
- b. base all capital improvements and the quality of such improvements on the Village's long-term needs in order to balance initial costs with future maintenance and replacement cost.
- c. coordinate the development of the capital improvements program with the annual operating budget in order to avoid excessive fluctuations in the total tax levy.
- d. identify the funding source for each capital improvement prior to deciding to proceed with the project. Intergovernmental (e.g., federal, state and county funding) and private sources shall be sought out and used as available to assist in financing capital improvements.
- e. project all equipment replacement and maintenance needs each year. If resources allow, a maintenance and replacement schedule based on this projection will be developed for three years, and followed.

## **Section 8 - Budget Policy**

A budget is a plan of financial operation embodying an estimate of proposed revenues and expenditures for a given period.

The Village's fiscal year of January 1 through December 31 and its budget calendar shall be as provided for in Village Charter and Article 5 of the Village Law, as summarized below.

Budgets shall be adopted on a basis consistent with management and planning practices and generally accepted accounting principles. Annual appropriation budgets shall be adopted for the

General, Special Revenue (Water, Sewer, Section 8 Program), and Debt Service Funds. Project-length financial plans shall be adopted for all capital projects.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

Reserves represent those portions of fund equity not available for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

On or before the first regular meeting of the Board of Trustees in November of each year, the Village Manager shall submit a tentative budget for the ensuing fiscal year to the Board of Trustees. The proposed budget shall be prepared in a manner to maximize its understanding by citizens and elected officials.

After considering the tentative budget, but not later than the second regular meeting of November, the Board of Trustees shall hold a public hearing on the proposed budget.

After the public hearing, the Board of Trustees may amend the proposed budget by adding, increasing, decreasing or deleting programs and amounts, except expenditures required by law, or for debt service or for an estimated cash deficit.

The Board of Trustees shall adopt the proposed budget and determine the tax rate for the ensuing year on or before the first regular meeting of the Board of Trustees in December. Village department heads may, at any time during the fiscal year, transfer insubstantial unencumbered appropriation balances among programs or accounts within their department, office or agency under his/her supervision, subject to approval by the Village Treasurer. The Board of Trustees may, by resolution, transfer part or all of any unencumbered appropriation balance among programs or accounts of a board or commission, department, office or agency to another. No appropriation for debt service may be reduced or transferred, and no appropriation may be reduced below any amount required by law to be appropriated or by more than the amount of the unencumbered balance thereof.

All appropriations shall lapse at the close of the fiscal year to the extent that they shall not have been expended or encumbered.

**Critical Date Table:**

The Village must complete the following tasks by the indicated dates:

August 1	Village Manager shall notify in writing the department heads of the necessity for, and form of estimates of revenues and expenses for the ensuing fiscal year.
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<b>September 1</b>	<b>Department heads shall submit budget estimates to the Village Manager</b>
<b>First regular meeting in November</b>	<b>Village Manager shall file the tentative budget with the Village Clerk</b>
<b>During November</b>	<b>Review and amendments to tentative budget shall be made by Village Board</b>
<b>Prior to public hearing</b>	<b>Notice of public hearing on tentative budget shall be published and posted</b>
<b>Second regular meeting in November</b>	<b>Public hearing on tentative budget</b>
<b>First regular meeting in December</b>	<b>Adoption of budget</b>

## **Section 9 - Financial Reporting**

**The Village shall adhere to a policy of full and open public disclosure of all financial activity. Copies of financial documents shall be made available to all interested parties. Opportunities shall be provided for full citizen participation before final decisions on adopting the budget. Detailed budgetary information (e.g., specific sources of revenues and objects of expenditures) shall be available to the public and elected officials**

**The Village's accounting system shall maintain records on a basis consistent with generally accepted governmental accounting standards. The Village Treasurer shall prepare the Annual Financial Report in conformity with generally accepted accounting standards and financial reporting practices.**

**The Village Treasurer shall prepare regular periodic and annual financial reports presenting a summary of financial activity by major types of funds and programs.**

**The Village shall employ an independent public accounting firm to perform an annual audit of all funds and programs, and shall make the annual audited financial statements available to the Board of Trustees, general public, bond and financial consultants and interested citizens. The Village shall have the annual audit conducted in compliance with the single audit concept as set forth by the Federal Office of Management and Budget. The audit shall be completed and the annual audited financial statements shall be completed and submitted to the Board of Trustees within 270 days of the close of the Village's fiscal year, where possible.**