

FISCAL POLICY OF THE VILLAGE OF PLEASANTVILLE

1. General Financial Goals

- a. To maintain a financial base sufficient to sustain an acceptable level of municipal service, which is directed to maintain the social well being and physical conditions of the Village.
- b. To be able to withstand local and regional economic trauma, to adjust to changes in the service requirements of the community, and to respond to other changes as they affect the village's residents.
- c. To maintain a good credit rating in the financial community and assure taxpayers that Pleasantville village government is well managed financially and maintained in sound fiscal condition.

2. Operating Budget Policies

- a. The tentative budget serves as the basis for the Village's annual financial planning. It provides for an acceptable level of services as defined by the Village's overall goals and objectives. The tentative budget will be prepared by the Village Administrator and submitted on or before the 20th of March. The tentative budget may incorporate newly-approved programs, contractual obligations, estimates and inflationary increases, and other expenses, and will be void of non-recurring expenses of the preceding year. Any analysis and review of new programs must be initiated prior to inception of the Board of Trustees' budget review process.
- b. Revenues and expenditures for the General Fund and all operating funds shall be projected for the upcoming fiscal year.
- c. Annual operating budgets should provide for acceptable design, construction, maintenance and replacement of the Village's capital, plant, and equipment in accordance with the Capital Plan.
- d. The Village Board will endeavor to budget sufficient funds to maintain all its assets at an acceptable level to protect the village's capital investment and to minimize future maintenance and replacement costs.
- e. The appropriate department heads will advise the Village Board on equipment replacement and maintenance needs for the next several years, and will update this projection every year. From this projection a maintenance and replacement schedule will be developed and followed.
- f. All general government current operating expenditures will be paid from current revenues and cash carried over from the prior fiscal year. Current revenues and operating expenditures will be reviewed quarterly by the Village Board with the Village Administrator and Village Treasurer. All budgetary procedures will conform to existing state and local regulations.

ADOPTED as Amended April 3,2017

- g. Surpluses in the General Fund may be used for one-time capital emergency expenditures or dedicated to the Capital Investment Program only if:
 - 1) There are surplus balances remaining after all reserve and fund allocations are made.
 - 2) A surplus is defined as the difference between the actual beginning fund balance and the budgeted beginning fund balance. It consists of unexpended and excess revenues over and above the amounts included in the following year's budget.
 - 3) The Village Board has made a determination that revenues for the ensuing year are sufficient to support budgeted General Fund operations.
- h. If Fund Balance surpluses are used to support one-time capital equipment or the Capital Investment Program, the funds must be specifically appropriated by the Village Board of Trustees.
- i. All supplemental appropriations for programs (appropriations requested after the original budget is adopted) will only be approved by the Village Board after consideration of the Village's availability of current revenues.
- j. The Village will appropriate a minimum 1.0% annual operating contingency in the following funds: General Water, Refuse Solid Waste/ Recycling. This operating reserve shall be created and maintained to provide sufficient cash flow to meet daily financial needs and will be based upon total operating expenses. For budgeting purposes, operating expenses will be calculated upon the funds' total expense budgets excluding ending fund balances, capital purchases, and the current year's portion of principal paid on outstanding debt.

3. Revenue Policies

- a. The Village will try to maintain a diversified and stable revenue system to shelter it from short-run fluctuations in any one revenue source. The revenue mix should combine elastic and inelastic revenue sources to minimize the effect of an economic downturn.
- b. Because revenues are sensitive to both local and regional economic activities, revenue estimates adopted by the Village Board of Trustees must be conservative.
- c. The Village will estimate its annual revenues by an objective, analytical process.
- d. The Village Board will periodically review all user charges to determine if they are set at a reasonable level related to the cost of providing the service.
- e. The Village will review user fees when necessary to adjust for the effects of inflation.
- f. The Village Board will set fees for other user activities, such as recreational services, at a level to support the direct and appropriate indirect costs of the activity.

4. Expenditure Policies

- a. The Village Board will maintain a level of expenditures which will provide for the public well being and safety of the residents of the community.
- b. The Village Board will analyze new operating expenditures to determine if they can be supported from ongoing operating revenues.
- c. Operating fund budgets will maintain expenditure categories according to state statute and administrative regulation.
- d. The Village will maintain good communications with bond rating companies regarding its financial condition and will maintain a policy of full disclosure on every financial report and bond prospectus.

5. Capital Investment Budget Policies

- a. The Village will make all capital improvements in accordance with an adopted capital investment program.
- b. The capital investment program and the base operating budget will be reviewed at the same time.
This will insure that the Village's capital and operating needs are balanced with each other.
- c. The Village Board will adopt a multi-year plan for capital improvements including operations and maintenance costs and update it every year. Future capital expenditures necessitated by changes in population, changes in real estate development, or changes in the economic base will be calculated and included in capital budget projections.
- d. The Village Administrator will identify the estimated costs and potential funding sources for each capital project proposal before it is submitted to Board of Trustees for approval. The Village will use intergovernmental assistance and other outside resources whenever possible.
- e. The Village will determine the least costly financing method for all new projects.

6. Short-Term Debt Policies

- a. Short-term debt covers a period of one year or less (i.e. Revenue Anticipation Notes/Bond Anticipation Notes).
- b. The Board of Trustees may use short-term debt to cover temporary cash flow shortages which may be caused by a delay in receipting tax revenues or issuing long-term debt.
- c. To the extent permitted by Finance Law, the Board may also issue Interfund loans rather than outside debt instruments to meet short-term cash flow needs. Interfund loans will be permitted only if an analysis of the affected fund indicates excess funds are available and the use of these funds will not impact the fund's current operations. All short-term borrowing will be subject to Board of Trustees approval by resolution, and will bear interest based upon prevailing rates.

7. Long-Term Debt Policies

- a. If consistent with its Capital Plan, the Village will utilize long-term borrowing instruments for capital improvements that cannot be financed from current revenues.
- b. Acceptable uses for bond proceeds shall include, but not be limited to, items which can be capitalized and depreciated, cost in excess of \$100,000 and have a period of probable usefulness of at least five (5) years.
Refunding bond issues designed to restructure currently outstanding debt is also an acceptable use of bond proceeds. When and if market conditions are favorable, the Board will consult with its fiscal advisors to undertake refunding.
- c. Where possible, the Village will use special assessment revenue, or other self-supporting bonds instead of general obligation bonds.
- d. The Village will not use long-term debt for current operations.
- e. The Village will maintain good communications with bond rating agencies about its financial condition. The Village will follow a policy of full disclosure on every financial report and bond prospectus.
- f. General Obligation Bond Policies
 - 1) Every project proposed for financing through general obligation debt should be accompanied by a full analysis of the future operating and maintenance costs associated with the project.
 - 2) Bonds cannot be issued for a longer maturity schedule than a conservative estimate of the useful life of the asset to be financed.

8. Fund Balance Policies

The Village will maintain minimum undesignated Fund Balances in each fund equivalent to the amount of debt service required to be appropriated within the specific fund on June 1st of its upcoming fiscal year.

9. Reserve Funds

The Village shall additionally maintain the following Reserve Funds:

- 1) Capital Equipment Reserve for general asset replacement for assets greater than \$100,000.

The Equipment Reserve Fund will be maintained at a level sufficient to meet scheduled equipment replacement to sustain an acceptable level of municipal services and prevent a physical deterioration of village assets;

- 2.) Capital Improvement Reserve for the cost of construction, reconstruction or capital improvement of Village properties and facilities.

ADOPTED as Amended April 3,2017

- 3.) Any statutorily required reserve funds to guarantee debt service; and
- 4.) Reserves for Economic Development purposes.

10. Multi-Year Fiscal Outlook Policy

- a. The Village will project revenues and expenditures for the next five years and will update this projection annually. The Finance Department will annually review and make available to the Village Board an analysis of each potential revenue source and expenditure estimate.

11. Investment Policies and Purchasing Policies

The Village Treasurer will annually submit an investment policy and purchasing policy to the Village Board of Trustees for review and adoption. Both investment policies and purchasing policies shall comply in all respects to the laws of the State of New York pertaining to villages.

12. Special Revenue Policies

The Village will establish and maintain Special Revenue Funds which will be used to account for the proceeds of specific revenue sources to finance specified activities which are required by statute.

13. Accounting, Auditing, and Financial Reporting Policies

- a. The Village will establish and maintain a high standard of accounting practices.
- b. The accounting system will maintain records on a basis consistent with accepted standards for local government accounting and the State of New York's Budgeting, Accounting, and Reporting Systems.
- c. Regular monthly and annual financial reports will present a summary of financial activity by major types of funds.
- d. Where possible, the reporting system will also provide monthly information on the total cost of specific services by type of expenditure and, if necessary, by fund.
- e. A fixed asset system will be maintained to identify all Village assets and their condition.
- f. Independent auditors will audit Village records annually and will issue a financial opinion.
- g. Aged receivables will be reviewed annually by the Village Treasurer. The Village Treasurer shall advise the Board on the disposition of aged receivables deemed uncollectible.

14. Annual Adoption of Budget Procedures and Fiscal Policies

The Village Board of Trustees shall review the Village's [Budget Procedures and Fiscal Policies](#) annually and put forth a resolution adopt them on or before the Annual Organization Meeting of the Board of Trustees.

End of Statement