



VILLAGE OF DOBBS FERRY BOARD OF TRUSTEES
REGULAR MEETING AGENDA

MEETING DATE: March 26, 2024
AGENDA ITEM SECTION: Resolutions
AGENDA ITEM NO. : 16
AGENDA ITEM: <u>Resolution:</u> Consider a resolution approving changes to the Fund Balance Policy
ITEM BACKUP DOCUMENTATION: <ol style="list-style-type: none">1. Draft resolution2. Operating Position and Fund Balance Policy3. 2024 updated Fund Balance Policy

**RESOLUTION OF THE BOARD OF TRUSTEES OF THE VILLAGE OF DOBBS
FERRY APPROVING CHANGES TO THE VILLAGE'S FUND BALANCE
POLICY**

WHEREAS, the Village's Fund Balance Policy is the guide to follow setting levels of year end fund balance position, and from time to time areas are identified that improve such policy; and

WHEREAS, the Village of Dobbs Ferry has identified some procedural changes that it believes will improve the Village's fund balance position at fiscal year end

NOW, THEREFORE, BE IT

RESOLVED, that the Board of Trustees of the Village of Dobbs Ferry hereby adopts the updated Fund Balance Policy as attached hereto; and be it further

RESOLVED, that this Resolution shall take effect immediately.

Operating Position and Fund Balance Policy

Operating position refers to the Village's ability to balance its budget on a current basis, maintain reserves for emergencies, and maintain sufficient cash to pay its bills on a timely basis. Our operating position policy requires that:

- (a) The Village will pay all current operating expenditures with current operating revenues.
- (b) Budgetary procedures that fund current expenditures at the expense of future needs shall be avoided.
- (c) The Village will establish a contingency appropriation in the operating budgets of the General Fund of up to 4% of total appropriations (excluding the contingency appropriation) to:
 - 1. Provide for non-recurring unforeseen expenditures of an emergency nature;
 - 2. Provide orderly budgetary adjustments when revenues do not meet projections;
 - 3. Provide the local match for public or private grants that may become available;
 - 4. Provide for settlement of pending labor contract negotiations;
 - 5. Provide for expected payment of accrued vacation and sickness liabilities; and to meet unexpected small increases in service delivery costs.
- (d) Encumbrances represent commitments related to unperformed contracts for goods or services, and will be recorded when incurred. Encumbrances outstanding at year-end will be reported in accordance with GASB 54 reporting requirements.
- (e) The Village Board realizes that general fund unassigned fund balance levels vary based on many factors unique to each municipality. That said, the Government Finance Officers Association suggests that a government "maintain unrestricted fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures." The Board of Trustees believes that expenditure fluctuations from year to year are less volatile than revenue fluctuations can be. Therefore, the Village shall maintain a general fund unassigned fund balance at a level of no less than 10% and no greater than 15% of the most current year's budgeted appropriations.

In the event general fund unassigned fund balance falls below the 10% floor due to emergencies or other circumstances, Village Administration and the Village Board of Trustees will develop a plan to re-establish at least a 10% floor within a period of no more than 3 years.

In an effort to maintain a strong financial position, the Board of Trustees realizes that the Village should create and fund reserves. With that in mind, the Board of Trustees understands that capital needs in the form of infrastructure, buildings, and equipment

can vary greatly from year to year and can be the largest expenditures the Village makes. Annually, the Board of Trustees along with Administration will create and/or update a capital plan of no less than three years. The Board of Trustees will create capital reserves with the intention of those reserves offsetting long-term financing costs for identified capital needs.

The Board does not intend to overtax Village taxpayers. It believes that total unassigned fund balance should not exceed 15% of the most current year's budgeted appropriations, and fund balance restricted for capital reserves shall be at a level of no more than fully funded capital reserves supported by an assessment of capital needs identified in the capital plan.

If unassigned fund balance exceeds 15% of the most current year's budgeted appropriations AND established capital reserves are fully funded, the excess amount shall be appropriated for capital expense as per the most recent approved capital plan, an emergency, or to pay down a liability that is on the balance sheet.

The general fund has restricted fund balance for Length of Service Award Programs (LOSAPs) for the Dobbs Ferry Volunteer Fire Department and the Dobbs Ferry Ambulance Corps. The Village shall strive to keep these fully funded as determined by the annual actuarial study, and will be excluded from the balance policy described above.

The use of the unassigned fund balance shall be at the discretion of the Village Board of Trustees subject to the limitations set out above.

- (f) Commit and assign all fund balances by resolution of the Village Board.
- (g) Use fund balances for one-time capital or emergency expenditures only if:
 - 1. There are surplus balances remaining after all reserve and fund allocations are made,
 - OR -
 - 2. the Village has made a rational analysis, with justifying evidence, that it has an adequate level of short and long term resources.
- (h) Prepare quarterly reports summarizing budget versus actual operating revenues and operating expenditures, as well as major balance sheet items, to the extent practical.

Fund Balance Policy

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