

Reason for
expense: _____

Signature person requesting:

Approved by Village
Manager: _____

SECTION C

FINANCIAL POLICY

SCOPE

There are many advantages to a formal written and public financial policy document. The principal ones being that it serves to amalgamate and clarify existing implicit policies, and it serves to develop new policies which provide necessary financial planning.

Both the local public and The National Credit Industry, which assess municipal bonds, respond with credibility and confidence to an adopted fiscal policy providing sound financial management and integrity.

While such a policy helps to "fast track" and simplify responsible fiscal decision-making, it also emphasizes the Village's over-all financial position and objectives and creates a link between long-run planning and day-to-day operations. It provides a permanent, stable, yet not inflexible foundation from which to view and evaluate such matters as tax rates, proposed expenditures, projected reviews, and pre-planning for possible financial emergencies.

A. OPERATING BUDGET POLICY

1. The village will develop a budget format to provide the Mayor and board of Trustees and public with information necessary for sound financial decision-making.
2. The Village will pay for all current expenditures with current revenues. The Village will avoid budgetary procedures that balance current expenditures at the expense of meeting future years' expenses, such as postponing expenditures or accruing future years' revenues.
3. The budget will provide for adequate maintenance of capital plant and equipment and for their orderly replacement.
4. The Village will provide a budgetary control system to help adhere to the budget.
5. The Village Administration will prepare monthly reports comparing actual revenues and expenditures to budgeted amounts.
6. Where possible, the Village will integrate performance measurements and productivity indicators with the budget.
7. The village shall maintain an undesignated fund balance in the range of 7%-10% of the operating budget.

B. CAPITAL BUDGET POLICY

1. The village will develop a multi-year plan for capital improvements and update it annually.
2. The village will make all capital improvements in accordance with the Capital Improvement Program.
3. The Village will enact an annual capital budget.
4. The Village will coordinate development of the Capital Improvement Budget with development of the Operating Budget. Future operating costs associated with new capital improvement will be projected and included in operating budget forecasts.

5. The Village will use intergovernmental assistance to finance only those capital improvements that are consistent with the Capital Improvement Plan and Village priorities.

6. The Village will maintain all it's assets at a level adequate to protect the Village's Capital Investment and to minimize future maintenance and replacement costs.

7. The Village will develop a multi-year plan for Capital Equipment Replacement and up-date it annually.

8. The Village will identify the estimated costs and potential funding sources for each Capital Project Proposal before it is submitted to the Mayor and Board of Trustees for approval.

9. The Village will determine the least costly financing method for all new projects.

C. DEBT POLICY

1. The Village will confine short and long term borrowing to capital projects that cannot be financed by current revenue.

2. Where possible, the Village will use Special Assessment, Revenue, or other self-supporting bonds instead of general obligation bonds.

3. The Village will not use long-term debt for current operations.

4. Total debt service for general obligation debt will not **exceed** 10% of operating revenues.

5. The Village will establish good communications with Bond Rating Agencies about its financial condition. The Village will follow a policy of full disclosure on every financial report.

D. REVENUE POLICY

1. The Village will try to maintain a diversified and stable revenue system to shelter it from short-term fluctuations in any one revenue source.

2. The Village will estimate annual revenue on a realistic basis by an objective, analytical process.
3. The Village will project revenues on an annual basis, with each existing and potential revenue re-examined annually.
4. The Village will follow an aggressive policy of collecting property tax revenues and accounts receivable.
5. The Village will develop an updated user fee system, and recalculate the full costs of activities supported by user fees to identify the impact of inflation and other cost increases.

E. INVESTMENT POLICY

1. The Village will make a cash-flow analysis of all funds on a regular basis. Disbursement, collection, and deposit of all funds will be scheduled to insure maximum cash availability.
2. When permitted by law, the Village will pool cash from different funds for investment purposes.
3. The Village will invest at least 100% of its idle cash on a continuous basis.
4. The Village will analyze market conditions and investment securities to insure obtaining maximum yields.

F. ACCOUNTING, AUDITING, AND FINANCIAL REPORTING POLICY

1. The Village will establish and maintain a high standard of accounting practices.
2. The accounting system will maintain records on a basis consistent with accepted standards and the New York State Uniform System of Accounts.
3. Regular monthly and annual financial reports will present a summary of financial activity by major types of funds.
4. The reporting system will also provide monthly information on the total cost of specific services by type

of expenditure.

5. An independent public accounting firm will perform an annual audit and will publicly issue a financial opinion.