

**VILLAGE OF RED HOOK
RESOLUTION #4 of 2024
DATED: February 12, 2024**

A meeting of the Village of Red Hook Board of Trustees was convened in public session at the Village Hall, 7467 South Broadway, Red Hook, NY on February 12, 2024. The meeting was called to order by Mayor Karen Smythe and, upon roll being called, the following were present:

PRESENT: Mayor Karen Smythe, Deputy Mayor Melkorka Kjarval, Trustee Charlie Laing, Trustee Steven Appenzeller, Trustee Kym Bradley-Rickard, and Village Clerk Jen Cavanaugh

ABSENT: None

RESOLUTION TO ESTABLISH A FUND BALANCE POLICY FOR THE VILLAGE GENERAL FUND

WHEREAS, for increased financial stability for the Village that will ensure a prudent level of financial resources to protect against reduced service levels or raising taxes and fees because of temporary revenue shortfalls, unexpected one-time expenditures, emergencies, and disasters, and

WHEREAS, the Office of the New York State Comptroller (OSC) recommends that municipalities establish fund balance policies based on the Board's determination of the needs of their municipality, and

WHEREAS, the Village of Red Hook has established a healthy fund balance and agrees it is time to establish a fund balance policy for the future.

NOW THEREFORE BE IT RESOLVED, that the attached Fund Balance policy be adopted for the Village of Red Hook. This policy establishes a minimum of 15% to a maximum of 25% for the unassigned fund balance at fiscal year-end of the subsequent year's budgeted expenditures.

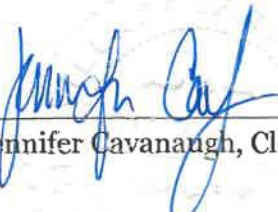
Motion by: Trustee Laing

Seconded by: Deputy Mayor Kjarval

Vote:

Mayor Smythe	<input checked="" type="checkbox"/> Aye	<input type="checkbox"/> Nay	<input type="checkbox"/> Abstain	<input type="checkbox"/> Recuse	<input type="checkbox"/> Absent/Excused
Deputy Mayor Kjarval	<input checked="" type="checkbox"/> Aye	<input type="checkbox"/> Nay	<input type="checkbox"/> Abstain	<input type="checkbox"/> Recuse	<input type="checkbox"/> Absent/Excused
Trustee Laing	<input checked="" type="checkbox"/> Aye	<input type="checkbox"/> Nay	<input type="checkbox"/> Abstain	<input type="checkbox"/> Recuse	<input type="checkbox"/> Absent/Excused
Trustee Appenzeller	<input checked="" type="checkbox"/> Aye	<input type="checkbox"/> Nay	<input type="checkbox"/> Abstain	<input type="checkbox"/> Recuse	<input type="checkbox"/> Absent/Excused
Trustee Bradley-Rickard	<input checked="" type="checkbox"/> Aye	<input type="checkbox"/> Nay	<input type="checkbox"/> Abstain	<input type="checkbox"/> Recuse	<input type="checkbox"/> Absent/Excused
Vote Total	5				
Result	Motion: Passed				

I hereby attest that the above Resolution was approved by the Board of Trustees at its February 12, 2024 meeting, and that I have been authorized to sign this Resolution by decision of the Board of Trustees


Jennifer Cavanaugh, Clerk

2/12/24
Date

Village of Red Hook

Fund Balance Policy for the General Fund

Purpose

For increased financial stability, the Village Board of Trustees desires to manage its financial resources by establishing a fund balance policy for the General Fund. This will ensure that the Village maintains a prudent level of financial resources to protect against reduced service levels or raising taxes and fees because of temporary revenue shortfalls, unexpected one-time expenditures, emergencies, and disasters.

Background

The Governmental Accounting Standards Board (GASB) issued GASB Statement Number 54, Fund Balance Reporting and Governmental Fund Type Definitions. Statement 54 abandons the reserved and unreserved classifications of fund balance and replaces them with five new classifications for Governmental Funds: Non-spendable, Restricted, Committed, Assigned, and Unassigned. The last three classifications comprise the unrestricted fund balance.

Definitions

- 1) Fund balance - is a measurement of available financial resources and is the difference between total assets and total liabilities.
- 2) Non-spendable - amounts that are not in a spendable form (e.g. inventory) or are legally contractually required to be maintained intact (e.g., pre-paid insurance)
- 3) Restricted – amounts that can be spent only for the specific purposes stipulated by external parties either constitutionally or through enabling legislation (e.g., established reserve funds)
- 4) Committed (unrestricted) – amounts that can be used only for the specific purposes determined by a formal action of the Village Board of Trustees. Commitments may be changed or lifted only by referring to the formal action that imposed the constraint originally (e.g., the board’s commitment to a future construction project)
- 5) Assigned (unrestricted) – amounts *intended* to be used by the government for specific purposes. Intent can be expressed by the Village Board of Trustees or by a designee to whom the governing body delegates the authority.
- 6) Unassigned (unrestricted) – includes all balances remaining after considering the other four classifications for the General Fund and could result in a surplus or deficit. Unassigned amounts are available for any legal purpose.

Policy

The responsibility for designating unrestricted funds to specific classifications shall be as follows:

Committed Fund Balance – The Village Board of Trustees is the Village’s highest level of decision-making authority, and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Village Board.

Assigned Fund Balance – The Village Board of Trustees has authorized the Village Treasurer as the official authorized to assign fund balance to a specific purpose as approved by this fund balance policy.

Minimum Unassigned Fund Balance

It is the goal of the Village to achieve and maintain an unassigned fund balance in the general fund at fiscal year-end ranging from 15% to 25% of the subsequent year’s budgeted expenditures.

Replenishing deficiencies – in the event the unassigned fund balance falls below the minimum 15% range for any fiscal year, the Village Board shall strive to restore the balance to the minimum target level in the next budget year.

Surplus Unassigned Fund Balance

Should the unassigned fund balance of the General Fund exceed the maximum 25% range, the excess may be utilized for any lawful purpose approved by the Village Board. To minimize the long-term effect of such use, the excess shall be appropriated to fund one-time expenditures or expenses that are non-recurring in nature, and which will not require additional future expense outlays for maintenance, additional staffing, or other recurring expenditures.

Order of Expenditure of Funds

When multiple categories of fund balance are available for expenditure (e.g., a project is being funded partly by a grant, funds set aside by the Board, and unassigned fund balance), the Village will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

Implementation and Review

Upon adoption of this policy, the Village Board of Trustees authorizes the Village Treasurer to establish any standards and procedures, which may be necessary for its implementation. The Village Treasurer shall review this policy annually and make any recommendations for changes to the Village Board.