

Village of Rye Brook
Comprehensive Financial Policy Document

Transmittal

Submitted herewith is a Comprehensive Financial Policy Document, which incorporates and replaces any previous financial management policies previously adopted by the Village of Rye Brook.

These policies should be adopted by the Village Board. When necessary, they should be updated to reflect changes in law or generally accepted accounting principles. These policies may also be updated to enhance the implementation of sound financial practices, in response to changes and events that may affect the Village's financial well-being.

The Village of Rye Brook believes that the financial policies contained in this document represent the best practices of governmental financial management. Adhering to these policies will help to ensure that we maximize our revenues, minimize our expenditures, preserve the safety of our public funds, and maintain a strong position in the financial community.

The adoption of this Comprehensive Financial Policy Document confirms the Village's commitment to responsible financial management.

TABLE OF CONTENTS

I. <u>INTRODUCTION</u> -	3
II. <u>FINANCIAL GOALS</u> -	3
III. <u>FINANCIAL POLICIES</u> -	3
A. <u>Budget Policy</u> -	3
B. <u>Cash Management and Investment Policy</u> -	5
Scope-	5
Objectives-	5
Delegation of Authority-	5
Prudence-	5
Diversification-	6
Internal Controls-	6
Designation of Depositories-	6
Collateralizing of Deposits-	6
Safekeeping and Collateralization-	8
Permitted Investments-	8
Authorized Financial Institutions and Dealers-	9
Purchase of Investments-	9
Repurchase Agreements-	10
C. <u>Capital Asset Policy</u> -	10
Useful Lives and Thresholds of Capital Assets-	12
D. <u>Debt Management Policy</u> -	12
E. <u>Expenditure/Expense Policy</u> -	13
F. <u>Expense Account Reimbursement Policy</u> -	14
G. <u>Procurement Policy</u> -	16
H. <u>Operating Position Policy</u> -	19
I. <u>Revenue Policy</u> -	19
J. <u>Petty Cash Policy</u> -	20

I. INTRODUCTION

The Village of Rye Brook has an important responsibility to carefully account for public funds, to manage municipal finances wisely, and to plan and provide for the adequate funding of services desired by the public and as required by laws, rules, or regulations, including the provision and maintenance of public facilities and improvements. The financial goals and policies set forth in this document are intended to establish guidelines for the continued financial strength and stability of the Village of Rye Brook.

II. FINANCIAL GOALS

Financial goals are broad, fairly timeless statements of the financial position the Village seeks to attain. The financial goals for the Village of Rye Brook are:

- To provide full value for each tax dollar by delivering quality services efficiently and on a cost-effective basis.
- To preserve Rye Brook's quality of life by providing and maintaining adequate financial resources necessary to sustain a sufficient level of municipal services, and to respond to changes in the economy, the priorities of governmental and nongovernmental organizations, and other changes that may affect our financial wellbeing.
- To maintain a strong credit rating in the financial community.

III. FINANCIAL POLICIES

Financial policies support the financial goals. They are general statements that guide decision-making in specific situations, to ensure that a decision will contribute to the attainment of the financial goals. Federal and state laws, rules, and regulations and generally accepted accounting principles promulgated by the Governmental Accounting Standards Board ("GASB") and the Government Finance Officers Association of the United States and Canada ("GFOA") govern our financial policies and processes.

A. Budget Policy

Sound financial practice and the desire to maintain a strong credit rating dictate that our budgets be balanced, constantly monitored, and responsive to changes in service demands. With these concepts in mind, the Village of Rye Brook has adopted the following budget policy statements:

- The annual operating budget will be adopted for the General Fund Expenditures, Special Accounts (water, lighting, sewer), and Capital Fund Expenditures.

- Annual operating budgets will be adopted on a balanced basis, where operating revenues (estimated revenues) are used to fund operating

expenditures/expenses (appropriations). Operating revenues include taxes, charges for services, interest earnings, license and permit fees, fines and forfeitures, regularly recurring governmental aid, debt proceeds and transfers in from other funds for operating (non-capital) purposes. Operating expenditures/expenses include salaries and wages, employee benefits, noncapital equipment and improvements, materials, supplies, contractual costs, and transfers out to other funds for operating (non-capital) purposes. Fund balance should not be considered a primary source of funds for operating expenditures/expenses, except for minimal application of prior year operating funds not expended. Nothing in this policy shall prohibit the use of operating revenues for capital expenditures/expenses.

- The Village will seek to adopt an annual budget for the General Fund that includes a contingency account equal to one to two percent (1%-2%) of the total General Fund appropriations of that budget. This contingency will be used to provide for unanticipated expenditures, salary adjustments, expenditures that exceed budget estimates, revenues that do not meet budget estimates, and/or for new or increased program requirements required by law or desired and approved by Village Board resolution.
- Unreserved and undesignated fund balance may be appropriated as part of the adopted budget to fund capital or emergency expenditures/expenses. Unreserved and undesignated fund balance should not be used to fund operating expenditures/expenses in the adopted budget, except for minimal application of prior year operating funds not expended. The Village should strive to maintain the unreserved, undesignated General Fund balance between 12%-15% of the total General Fund appropriation. A level of under 5% is discouraged.
- One-time revenues that are not required by law or agreement to be expended for a particular purpose should be used to fund capital or emergency expenditures/expenses in the adopted budget. One-time revenues include, but are not limited to, proceeds from the sale of property and other major assets, governmental aid that is not regularly received and is unlikely to recur on a regular basis, major gifts or donations, and major insurance recoveries.
- Reservations and designations of fund balance will be estimated in the adopted budget for amounts of fund equity legally restricted or otherwise not available for appropriation.
- The Village's fiscal year shall begin on June 1 and its budget calendar shall be as provided for in Section 5-508 of the Village Law, as follows:

On or before March 20 of each year, the tentative budget shall be filed by the Budget Officer to the Village Clerk.

On or before March 31 of each year, the Village Administrator/Clerk will present the tentative budget to the Village Board at a regular or special meeting.

Upon receiving the tentative budget from the Village Administrator and prior to a public hearing, the Village Board may change, alter or amend the tentative budget.

After considering the tentative budget, but not later than April 15, the Village Board will hold a public hearing on the tentative budget, as changes, altered or amended. The public hearing may be adjourned but not beyond April 20.

After the public hearing, the Board may further change, alter, or revise the tentative budget.

The Board shall adopt the tentative budget by resolution no later than May 1. If the Village Board fails to adopt a budget by May 1, the tentative budget, along with such changes, alterations and revisions approved by resolution the Village Board, shall constitute the budget for the ensuing fiscal year.

- The Village Administrator may at any time during the fiscal year transfer part or all of any available appropriation balance among programs or accounts within any fund. The Board may by resolution transfer part or all of any available appropriation balance among programs or accounts within and/or between any funds.
- 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 available balance thereof.

B. Cash Management and Investment Policy

Scope

This cash management and investment policy applies to all money and other financial resources available to the Village of Rye Brook for deposit and/or investment on its own behalf or on behalf of any other entity or individual.

Objectives

The primary objectives of the Village's cash management and investment activities are, in order of priority:

- To conform with all applicable federal, state and other legal requirements (legality),
- To adequately safeguard principal (safety),
- To provide sufficient liquidity to meet all operating requirements (liquidity), and,
- To obtain a reasonable rate of return (yield).

Delegation of Authority

Responsibility for administration of the cash management and investment program is delegated to the Village Treasurer, who shall establish written procedures for the operation of the cash management and investment program consistent with these cash management and investment guidelines. Such procedures shall include an internal control structure adequate to provide a satisfactory level of accountability, maintaining records incorporating descriptions and amounts of investments, transaction dates, and other relevant information, and regulating the activities of involved employees.

Prudence

All participants in the cash management and investment process shall act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the Village to govern effectively.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of the principal as well as the probable income to be derived.

All participants involved in the cash management and investment process shall refrain from personal business activity that could conflict or appear to conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Diversification

It is the policy of the Village to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling.

Internal Controls

It is the policy of the Village for all money collected by any officer or employee of the Village to transfer those funds to the Village Treasurer as soon as is practicable, but in any event within three (3) business days of receipt, or within the time period specified by law, whichever is shorter.

Cash transactions for payment to the village shall be limited as follows:

Village Offices: No purchase or payment greater than \$20.00. Police Department: No purchase or payment greater than \$40.00.

The Village Treasurer is responsible for establishing and maintaining an internal control structure to provide reasonable, but not absolute, assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly, and that deposits and investments are managed prudently and in compliance with applicable laws and regulations.

Designation of Depositories

The banks and trust companies authorized for the deposit of monies up to unlimited amounts are as follows:

- J.P. Morgan Chase
- Key Bank National Association
- Webster Bank
- Signature Bank • T.D. Bank North, N.A.

- The Westchester Bank
- Customers Bank
- Peoples United Bank, N.A.

The Village Board should review and approve this list at least annually at its annual organizational meeting.

Collateralization of Deposits

In accordance with the provisions of General Municipal Law §10, all deposits of the Village, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured by any one or combination of the following:

1. By a pledge of eligible securities with an aggregate market value equal to the aggregate amount of deposits, from one of the following categories:
 - Obligations issued by the United States of America, an agency thereof or a United States government sponsored corporation or obligations fully insured or guaranteed as to the payment of principal and interest by the United States of America, an agency thereof or a United States government sponsored corporation.
 - Obligations issued or fully guaranteed by the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, and the African Development Bank.
 - Obligations partially insured or guaranteed by any agency of the United States of America, at a proportion of the market value of the obligation that represents the amount of the insurance or guaranty.
 - Obligations issued or fully insured or guaranteed by New York State, obligations issued by a municipal corporation, school district or district corporation of New York State or obligations of any public benefit corporation which under a specific state statute may be accepted as security for deposit of public moneys.
 - Obligations issued by states (other than New York State) of the United States rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.
 - Obligations of Puerto Rico rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.
 - Obligations of counties, cities and other governmental entities of another state having the power to levy taxes that are backed by the full faith and credit of such governmental entity and rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.
 - Obligations of domestic corporations rated in one of the two highest rating categories by at least one nationally recognized statistical rating organization.
 - Any mortgage related securities, as defined in the Securities Exchange Act of 1934, as amended, which may be purchased by banks under the limitations established by federal bank regulatory agencies.

- Commercial paper and bankers' acceptances issued by a bank (other than the bank with which the money is being deposited or invested) rated in the highest shortterm category by at least one nationally recognized statistical rating organization and having maturities of not longer than sixty days from the date they are pledged.
 - Zero-coupon obligations of the United States government marketed as "Treasury strips".
2. By an eligible irrevocable letter of credit issued by a qualified bank, other than the bank with the deposits in favor of the Village for a term not to exceed 90 days, with an aggregate value equal to 140% of the aggregate amount of deposits and the agreed upon interest, if any. A qualified bank is one whose commercial paper and other unsecured short-term debt obligations meets the rating requirements of at least one nationally recognized statistical rating organization as heretofore described or by a bank that is in compliance with applicable federal minimum risk-based capital requirements.
 3. By an eligible surety bond payable to the Village for an amount at least equal to 100% of the aggregate amount of deposits and the agreed upon interest, if any, executed by an insurance company authorized to do business in New York State, whose claims - paying ability meets the rating requirements of at least two nationally recognized statistical rating organizations as heretofore described.

Safekeeping and Collateralization:

Eligible securities used for collateralizing deposits shall be held by the depository and/or a third party bank or trust company, subject to security and custodial agreements satisfactory to the Village's Attorney.

The security agreement shall provide that eligible securities are being pledged to secure Village deposits together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default. It shall also provide the conditions under which the securities may be sold, presented for payment, substituted or released providing collateral values are maintained, and, the events which will enable the Village to exercise its rights against the pledged securities including failure to meet deposit repayment or collateral terms, or the deposit institution's insolvency. In the event that the securities are not registered or inscribed in the name of the Village, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Village or its custodial bank.

The custodial agreement shall provide that securities held by the bank or trust company, as agent of and custodian for the Village, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement shall also describe how the custodian shall confirm the receipt, substitution or release of the securities. The agreement shall provide for daily revaluation of eligible securities and for the substitution of securities when a change in the rating of a security may cause ineligibility. The agreement shall provide that the custodian will exercise the Village's rights to the security or as instructed by the Village.

Permitted Investments

As authorized by General Municipal Law §11, the Village authorizes the Village Treasurer or Deputy Treasurer to invest money not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

- Special time deposit accounts;
- Certificates of deposit;
- Obligations of the United States of America;
- Obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America;
- Obligations of the State of New York;
- Obligations issued pursuant to Local Finance Law §24 or §25 (with approval of the State Comptroller) by any municipality, school district or district corporation other than this Village;
- Obligations of public authorities, public housing authorities, urban renewal agencies and industrial development agencies where the general State statutes governing such entities or whose specific enabling legislation authorizes such investments;
- Certificates of Participation issued pursuant to General Municipal Law §109-b;
- Obligations of this Village, but only with any money in a reserve fund established pursuant to General Municipal Law §6-c, 6-d, 6-e, 6-g, 6-h, 6-j, 6-k, 6-l, 6-m, or 6-n.

All investment obligations shall be payable, saleable or redeemable at the option of the Village within such times as the proceeds will be needed to meet expenditures for purposes for which the monies were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable, saleable or redeemable at the option of the Village within two years of the date of purchase.

Authorized Financial Institutions and Dealers:

Financial institutions and dealers approved for the purchase and sale of investments are as follows:

- J.P. Morgan Chase
- NYCLASS
- Sterling National Bank
- Key Bank National Association
- T.D. Bank North, NA
- The Westchester Bank
- Customers Bank
- Peoples United Bank, N.A.

All financial institutions with which the Village conducts business must meet the requirements of one of the nationally recognized statistical ratings organizations as heretofore described. Banks shall provide their most recent Consolidated Report of Condition (Call Report) at the request of the Village. Security dealers not affiliated with a bank shall be required to be classified as reporting dealers affiliated with the New York

Federal Reserve Bank, as primary dealers. The Village Treasurer is responsible for evaluating the financial position and maintaining a listing of proposed depositories, trading partners and custodians. Such listing shall be evaluated at least annually.

Purchase of Investments:

The Village Treasurer and Deputy Treasurer are authorized to contract for the purchase of investments:

1. Directly, including through a repurchase agreement, from an authorized trading partner. Authorization for the purchase of repurchase agreements is subject to the limitations outlined in the section of this policy entitled "Repurchase Agreements".
2. By participation in a cooperative investment program where such program meets all the requirements of the General Municipal Law, the diversification characteristics as outlined in the section of this policy entitled "Diversification", and that otherwise meets the same standards as the Village has for direct investments.
3. By utilizing an ongoing investment program with an authorized trading partner, pursuant to a contract authorized by the Village Board.

All purchased investments, obligations, or participations unless registered or inscribed in the name of the Village, shall be purchased through, delivered to, and held in the custody of a bank or trust company. Such obligations shall be purchased, sold or presented for redemption or payment by such bank or trust company only in accordance with prior written authorization from the officer authorized to make the investment.

All such transactions shall be confirmed in writing to the Village by the bank or trust company. Any obligation held in the custody of a bank or trust company shall be held pursuant to a written custodial agreement as described in General Municipal Law §10.

The custodial agreement shall provide that securities held by the bank or trust company, as agent of and custodian for the local government, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement shall describe how the custodian shall confirm the receipt and release of the securities. Such agreement shall include all provisions necessary to provide the local government a perfected interest in the securities.

Repurchase Agreements:

Repurchase agreements are authorized subject to the following restrictions:

- All repurchase agreements must be entered into subject to a Master Repurchase Agreement.
- Trading partners are limited to banks or trust companies authorized to do business in New York State and primary reporting dealers.

- Obligations shall be limited to obligations of the United States of America and obligations guaranteed by agencies of the United States of America.
- No substitution of securities will be allowed.
- The custodian of the purchased securities shall be a party other than the trading partner.

C. Capital Asset Policy

This policy is to establish the principles related to the accounting treatment of our capital assets. Capital assets include land, improvements to land, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, construction in progress and all other tangible and intangible assets that are used in operations and have initial useful lives extending beyond a single reporting period. Infrastructure assets are long-lived capital assets that normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams and lighting systems. Land and land improvements are inexhaustible capital assets and will not be depreciated. Construction in progress will not be depreciated. All other capital assets will be depreciated over their estimated useful lives, as established by the Village Treasurer, using the straight-line method of depreciation. In no event shall the useful life of an asset be less than the period of probable usefulness established for debt purposes as found in Section 11 of the New York State Local Finance Law. A capitalization threshold is the cost established by the Village Treasurer that must be met or exceeded if an asset is to be recorded and depreciated as a capital asset. The capitalization threshold is based on the cost of a single asset. Assets that do not meet the capitalization threshold will be recorded as expenditures or expenses. For purposes of property control (insurance, security, etc.), the Village Treasurer and/or department heads may develop and maintain the appropriate record keeping system(s) to account for assets which do not meet the capitalization threshold. Capital assets that meet the minimum capitalization threshold will be recorded at historical cost. The cost of a capital asset includes capitalized interest and ancillary charges necessary to place the asset into its intended location and condition for use. Ancillary charges include costs that are directly attributable to asset acquisition, such as freight and transportation charges, site preparation costs, and professional fees. Donated capital assets will be recorded at their estimated fair value at the time of acquisition, including any ancillary charges. Estimated historical cost may be used in those cases where the actual historical cost is not readily available. Estimated historical cost will be calculated using the current replacement cost of a similar asset and deflating this cost to the acquisition year (or estimated acquisition year) using a price-level index approved by the Village Treasurer.

Capital assets associated with general government operations, with the exception of infrastructure assets, will be recorded in the appropriate internal service fund(s). Infrastructure assets will not be recorded in a governmental fund, but the Village Treasurer will establish and maintain the record keeping system necessary to allow for the accounting, auditing, and reporting of such assets, including depreciation.

Estimated Useful Lives and Thresholds of Capital Assets

Capitalization			
<u>Class</u>	<u>Asset</u>	<u>Life (Yrs)</u>	<u>Threshold (\$)</u>
Land	Land and Site Improvements	Inexhaustible	Actual Value
Buildings	Buildings	50	100,000
Buildings	Buildings Improvements	50	50,000
Equipment	Accounting, Assessment or Tax Systems	10	15,000
Equipment	Passenger Vehicles w/cap. < 10 persons	3	15,000
Equipment	Passenger Vehicles w/cap. >= 10 persons	5	15,000
Equipment	Computer Hardware and Software	5	15,000
Equipment	Construction Machinery >\$15k<\$30k	10	15,000
Equipment	Construction Machinery >=\$30k	15	30,000
Equipment	Firefighting Apparatus	20	50,000
Equipment	Misc. Equipment, Furniture, Furnishings	5	15,000
Improvements	Fences, Walls, Trails, etc.	20	20,000
Improvements	Parks & Playgrounds	20	50,000
Improvements	Underground Fuel Tanks	15	50,000
Infrastructure	Bridges & Tunnels	50	50,000
Infrastructure	Curbs & Sidewalks	25	50,000
Infrastructure	Drainage	50	20,000
Infrastructure	Parking Lots	25	20,000
Infrastructure	Sewers	50	20,000
Infrastructure	Streets – Primary	17	50,000
Infrastructure	Streets – Secondary	25	20,000
Infrastructure	Traffic Signals and Signs	25	50,000

D. Debt Management Policy

Debt is an effective way to finance capital improvements or to even out short-term revenue flows. Properly managed debt preserves our credit rating, provides flexibility in current and future operating budgets, and provides us with long-term assets that maintain or improve our quality of life. To provide for the appropriate issuance and responsible use of debt, the Village of Rye Brook has adopted the following debt management policy statements:

- Long-term debt will be issued only for objects or purposes having a period of probable usefulness of at least ten years under New York State Local Finance Law.

- Short-term debt may be issued to finance current operating expenditures only in the event of extreme financial emergency. Short-term debt may be issued whenever appropriate for objects or purposes having a period of probable usefulness of at least five years under New York State Local Finance Law.

- Debt maturity will not exceed the lesser of: the useful life (as established by the Village Treasurer), or the period of probable usefulness (as defined in New York State Local Finance Law), of the object or purpose so financed.
- The annual operating budgets of all funds will be maintained so as to ensure the full and timely repayment of debt principal and interest due that year.
- As required under New York State Local Finance Law §104, our total amount of outstanding debt will not exceed 7% of our 5-year average full valuation.
- Good communications will be maintained with bond rating agencies, bond counsel, banks, financial advisors and others involved in debt issuance and management.

E. Expenditure/Expense Policy

Expenditure/expenses are a rough measure of a local government's service output. While many expenditures/expenses can be easily controlled, emergencies, unfunded mandates, and unanticipated service demands may strain our ability to maintain a balanced budget. To ensure the proper control of expenditures/expenses and provide for a quick and effective response to adverse financial situations, the Village of Rye Brook has adopted the following expenditure/expense policy statements:

- Expenditures/expenses and purchase commitments will be made in a form and process that is legal, appropriate, funded, authorized and sufficiently documented.
- Expenditures/expenses and purchase commitments will be recorded in an accurate and timely fashion.
- The review and approval process for all claims made against the Village shall be as follows and in accordance with the Village's Procurement Policy:

Departments must issue purchase orders as required under our purchasing policy.
Departments are encouraged to issue purchase orders whenever practical, even if they are not required.

A "properly completed claim" must include, but is not limited to, the vendor's name, date of claim, explanation, and accounts to be charged, department authorization signature and sufficient documentation. "Sufficient documentation" means that a person unfamiliar with the transaction could understand what was ordered, when, by whom, from what vendor, at what price, when the goods or services were delivered, who accepted delivery, and who authorized payment. Typical documentation includes copies of purchase orders, invoices and/or statements, Board resolutions awarding bids or state contracts, records of quotes received, receiving slips, correspondence and other communications.

Finance will issue checks promptly for all claims properly completed and submitted.

- The balances in appropriation accounts will be monitored regularly to ensure that the total of expenditures/expenses and purchase commitments in any account do not exceed the authorized budget for that account.
- Requests for competitive bids, proposals, formal and informal quotes, and other methods of seeking and encouraging vendor competition will be obtained as required by law or otherwise established by the Village Administrator or Village.
- Arrangements will be encouraged with other governments, private individuals, and firms, to contract out or cooperatively deliver services, in a manner that reduces cost and/or improves efficiency and effectiveness while maintaining service quality.
- The full direct and indirect costs will be calculated for any service provided for a fee or charge, or where there is a potential for the reimbursement of such costs.
- We will maintain an effective risk management program that provides adequate coverage, minimizes losses, and reduces costs.
- All appropriations shall lapse at the close of the fiscal year to the extent that they shall not have been expended or encumbered.

F. Expense Account Reimbursement Policy

Scope

This policy covers the reporting and reimbursement of actual and necessary business expenses incurred on behalf of the Village of Rye Brook, by elected and appointed officials and all other employees. This policy shall also cover non-Village officials in limited circumstances where protocol may dictate such a presence.

Policy & Procedures

1. It is the policy of the Village to reimburse personnel for reasonable and necessary expenses incurred while engaged in authorized business on behalf of the Village. The Village expects its personnel to regard the expenditure of funds with the same care as given to budgeting their own personal expenses.
2. Business trips covering an overnight stay must be authorized in advance by the Village Administrator and be within budgeted allotments.
3. The following expenses are reimbursable, subject to the indicated limitations:
 - a. Hotel: Room costs should be consistent with the employee's best judgment, based upon the average single room charge within a particular location or region.
 - b. Meals: Meal reimbursement must be accompanied by a receipt and shall not exceed \$75.00 per day.

- c. Tips: Tips are allowable up to 15% of total meal, taxi, or other applicable expenses.
 - d. Taxis: Reimbursement for taxi fares is allowable where common carrier service will involve delays detrimental to the Village's business or is not available or costs approximately the same.
 - e. Rented Automobiles: Charges are allowable when a rented automobile is required and where other transportation is not available or is more expensive. Employees will be asked to justify rental of cars other than "compacts". Charges for personal use of rented automobiles are not allowable.
 - f. Bridge and Road Tolls: These expenses are allowable
 - g. Parking/Garage/Storage These charges are allowable where free day or overnight parking or storage is not available.
 - h. Airline Fare Reimbursement will be limited to coach fare.
 - i. Personal Automobiles Such travel is authorized where common carrier service is not available or when a Village vehicle is otherwise unavailable, where the round trip distance is less than 500 miles or where approved in advance by the Village Administrator. Employees will be reimbursed for the use of personal automobiles at the prevailing Internal Revenue Service mileage reimbursement rate for authorized business travel.
 - j. Postage/Telephone Reimbursement for business expenses incurred is allowable. Employees should, however, use the least expensive means of communication consistent with the best interests of the Village.
4. Modest entertainment expenses may be reimbursable if a business purpose is demonstrated and justified in extraordinary circumstances. To justify an expense of this nature, personnel must show that they were actively engaged in a business meeting, negotiation or discussion. The names of all guests present and the names of their companies must be listed on the expense report.
5. Outside meal expenses not involving an overnight trip are not generally subject to reimbursement unless persons having a valid Village business purpose are present, or work outside of office hours requires presence over mealtime which constitutes a continuation of the workday.
6. The following employee-incurred expenses are not reimbursable:
- a. Personal entertainment
 - b. Radio, television or hotel movie rentals
 - c. Airline or other trip insurance
 - d. Special room service
 - e. Personal postage or telephone
 - f. Transportation to or from home to regular place of employment
 - g. Unauthorized attendance at meeting, conferences, seminars or conventions
 - h. Repairs to personal automobiles

- i. Personal automobile insurance
 - j. Donations and/or gifts
 - k. Unexplained expenses or expenses not properly substantiated by invoices, receipts, stubs, tickets or other supporting documentation where indicated on the expense report.
 - l. Credit card receipts that are not accompanied by an itemized receipt indicating the items purchased.
 - m. Alcoholic beverages.
7. All expense reports will be prepared in **INK** or typed, with proper documentation attached and approval will be by the Village Administrator. The Administrator may authorize auditing of expense reports by other appropriate agents for compliance with the Expense Account Policy and relevant regulations. Properly completed and approved expense reports will be forwarded to the Village Treasurer for reimbursement and be put through the appropriate procedures. Proper documentation shall include the reason for the expense and its nature and location.
8. The Village Administrator may authorize reimbursement for food expenses for Village employees involved in emergency operations such as snowstorms, sewer main breaks, storm emergency operations, etc.
9. In cases where a stoppage for a meal period or other break would seriously interfere with work of an urgent nature, the supervisor, with prior approval of the Village Administrator, may be reimbursed for expenses incurred for food, coffee or non-alcoholic beverages supplied to Village employees on the job.

G. Procurement Policy

1. Every purchase to be made must be initially reviewed to determine whether it is a purchase contract or a public works contract. Once that determination is made, a good faith effort will be made to determine whether it is known or can reasonably be expected that the aggregate amount to be spent on the item of supply or service is not subject to competitive bidding, taking into account past purchases and the aggregate amount to be spent in a year. The following items are not subject to competitive bidding pursuant to Section 103 of the General Municipal Law: purchase contracts under \$20,000 and public works contracts under \$35,000, emergency purchases, certain municipal hospital purchases, goods purchased from agencies for the blind or severely handicapped, goods purchased from correctional institutions, purchases under state and county contracts, and surplus and second-hand purchases from another governmental entity.

Purchase Order requisition must be filled out prior to a Purchase Order being issued and before the item is purchased. Purchase Orders are required for items over \$4,000.

The decision that a purchase is not subject to competitive bidding will be documented in writing by the individual making the purchase. This documentation may include written or verbal quotes from vendors, a memo from the purchaser indicating how the decision was arrived at, a copy of the contract indicating the source which makes the item or service exempt, a memo from the purchaser detailing the circumstances which led to an emergency purchase, or any other written documentation that is appropriate.

2. All goods and services will be secured by use of written requests for proposals, written quotations, verbal quotations, or any other method that assures goods will be purchased at the lowest price and that favoritism will be avoided, except in the following circumstances: purchase contracts over \$20,000 and public works contracts over \$35,000, goods purchased from agencies for the blind or severely handicapped pursuant to Section 175-b of the State Finance Law, goods purchased from correctional institutions pursuant to 186 of the Correction Law, purchases under state contracts pursuant to Section 104 of the General Municipal Law, purchases under county contracts pursuant to Section 103(3) of the General Municipal Law, or purchases pursuant to subdivision 6 of this policy.
3. The following method of purchase will be used when required by this policy in order to achieve the highest savings:

<u>ESTIMATED AMOUNT</u> <u>OF PURCHASE CONTRACT</u>	<u>METHOD</u>
\$2,000 - \$3,999	Verbal Quotations (minimum of 3)
\$4,000 - \$19,999	Written/Fax Quotations (minimum of 3) Written Request for Proposals
<u>ESTIMATED AMOUNT</u> <u>OF PUBLIC WORKS CONTRACT</u>	<u>METHOD</u>
\$3,000 - \$4,999	Verbal Quotations (minimum of 3)
\$5,000 - \$34,999	Written/Fax Quotations (minimum of 3) Written Request for Proposals

A good faith effort shall be made to obtain the required number of proposals or quotations. If the purchaser is unable to obtain the required number of proposals or quotations, the purchaser will document the attempt made at obtaining the proposals. In no event shall the failure to obtain the proposals be a bar to the procurement.

4. Documentation is required of each action taken in connection with each procurement.

5. Documentation and an explanation is required whenever a contract is awarded to other than the lowest responsible bidder. This documentation will include an explanation of how the award will achieve savings or how the bidder was not responsible. A determination that the bidder is not responsible shall be made by the purchaser and may not be challenged under any circumstances.

6. Pursuant to General Municipal Law Section 104-b(2)(f), the procurement policy may contain circumstances when, or types of procurement for which, in the sole discretion of the governing body, the solicitation of alternative proposals or quotations will not be in the best interest of the municipality. In the following circumstances it may not be in the best interest of the Village of Rye Brook to solicit quotations or document the basis for not accepting the lowest bid:

- a. Professional services or services requiring special or technical skill, training or expertise. The individual or company must be chosen based on accountability, reliability, responsibility, skill, education and training, judgment, integrity and moral worth. These qualifications are not necessarily found in the individual or company that offers the lowest price and the nature of these services are such that they do not readily lend themselves to competitive procurement procedures.

In determining whether a service fits into this category the Board of Trustees shall take into consideration the following guidelines: (a) whether the services are subject to state licensing or testing requirements, (b) whether substantial formal education or training is a necessary prerequisite to the performance of services, and (c) whether the services require a personal relationship between the individual and municipal officials. Professional or technical services shall include but not be limited to the following: services of an attorney, services of a physician, services of an architect, technical services of an engineer engaged to prepare plans, maps and estimates, securing insurance coverage and/or services of an insurance broker, services of a certified public accountant, investment management services, printing services involving extensive writing, editing or art-work, management of municipality owned property, and computer software or programming services for customized programs, or services involved in substantial modification and customizing of pre-packaged software.

- b. Emergency purchases pursuant to Section 103(4) of the General Municipal Law. Due to the nature of this exception, these goods or services must be purchased immediately and a delay in order to seek alternate proposals may threaten the life, health, safety, or welfare of the residents. This section does not preclude alternate proposals if time permits.
- c. Purchases of surplus and second-hand goods from any source. If alternate proposals are required, the Village is precluded from purchasing surplus and second-hand goods at auctions or through specific advertised sources where the best prices are usually obtained. It is also difficult to try to compare prices of used goods and a lower price may indicate an older product.
- d. Goods or services under \$2,000 for Purchase Contracts and goods and services under \$3,000 for Public Works Contracts. The time and documentation required to purchase through this policy may be more costly than of the taxpayer.

H. Operating Position 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:

- The Village will pay all current operating expenditures with current operating revenues.
- 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 as reservations of fund balance.
- The Village should strive to maintain the unreserved, undesignated fund balance of the General Fund between 12%-15% of the total General Fund appropriation. A level of under 5% is discouraged.
- General Fund unreserved and undesignated fund balances should be used for capital or emergency expenditures.
- The Village will prepare a cash-flow analysis of all funds on a regular basis. Disbursements, collections and investments will be managed to provide sufficient cash for daily financial needs.

I. Revenue Policy

Revenues determine the capacity of a local government to provide services. Under ideal conditions, revenues would grow at a rate equal to or greater than expenditures. To ensure that our revenues are balanced and capable of supporting our desired levels of services, the Village of Rye Brook has adopted the following revenue policy statements:

- A process to review diversified and stable revenues will be maintained to shelter us from short-run fluctuations in any one revenue source.
- Each year and whenever appropriate, existing revenues will be re-examined and possible new sources of revenues will be explored to ensure that we are maximizing our revenue potential.
- Legally restricted revenues will be avoided when they adversely affect the short or long-term financial health of our government.
- The Village will strive to be informed and aware of all grants and other aid that may be available to us. All potential grants and other aid shall be carefully examined for matching requirements (both dollar and level-of-effort) and restrictive covenants, to ensure that our participation in such grants will be beneficial and cost-effective.
- Each year and whenever appropriate, intergovernmental revenues will be reviewed to determine their short and long-term stability, to minimize the impact of any adverse changes. Intergovernmental revenues shall be used as legally prescribed or otherwise set forth by policy.
- A balance will be sought in the revenue structure between elastic and inelastic revenues, to minimize any adverse effects caused by inflationary or economic changes.
- One-time revenues will be used for capital improvements or as legally restricted to a specific purpose.

- The Village will routinely monitor any amounts due to us. An aggressive policy of collection will be followed for all receivables.
- Revenue forecasts shall be conservative, using generally accepted forecasting techniques and appropriate data.
- Each year and whenever appropriate, we will review our schedule of fees and related administrative procedures.

J. Petty Cash Policy

The Village Treasurer's Office shall provide petty cash for small incidental expenses not to exceed \$15.00 per reimbursement. An employee shall be required to provide the appropriate backup (i.e. sales receipt, parking receipt, toll receipt) to the Treasurer's Office where reimbursement shall be immediately provided to the employee.

K. Credit Card Policy

A Village credit card for use by department heads will be kept by the Treasurer's Office for limited use for Village purposes. Department heads needing to use the credit card for Village purposes must request it from the Deputy Treasurer or Treasurer. The card must be signed out and returned to the Deputy Treasurer or Treasurer within one business day, or as otherwise authorized by this policy. The employee must state, in writing, what the credit card is being used for, the name of the vendor and an estimated amount of the purchase. The limit for each employee is \$1,500 per use or purchase, except the Deputy Clerk/Seniors Coordinator and Police Chief who shall have a \$4,000 per month credit limit and the Superintendent of Parks and Recreation who shall have a limit of \$6,000 per month credit line for additional payments made as a result of day camp, travel camp and special events. Receipts of credit card sales must be given to the Deputy Treasurer or Treasurer when the card is returned. Employees will be held personally liable for reimbursement of any charges appearing on the credit card statement which do not have an original charge receipt and which have not complied with this policy.

AUTHORIZED USE AND EMPLOYEE RESPONSIBILITIES

- The following employees are authorized to use a Village credit card:

Village Administrator
 Assistant Village Administrator
 Assistant to the Village Administrator
 Deputy Clerk/Seniors Coordinator
 Treasurer
 Deputy Treasurer
 Communications Services Coordinator
 Building Inspector
 Supt. of Public Works/Engineering
 General Foreman
 Supt. of Parks and Recreation

Police Chief
Police Lieutenant

- Employees using the credit card must follow the Village's Procurement Policy and must follow all budgetary guidelines so that sufficient funds are available for any purchase.
- Lost or stolen credit cards must be reported to the Treasurer's Office immediately.
- The credit card can be used for the purchase of goods, software and other materials that require prepayment through the Internet.
- The credit card can be used for airfare and hotel room payments for out-of-town conferences authorized by the Village Administrator or Police Chief.
- While attending an out-of-town conference, the only authorized use of the card is to pay the balance of the hotel room charge. No meal, program fees, supplies, textbooks or other charges shall be paid using the credit card while attending the conference unless it is included in the hotel rate for the conference or event.
- Vendors must be notified that the credit card transaction is exempt from New York State sales tax.

The credit card must be returned within one business day of signing out the credit card or the first day back to work when returning from an out-of-town conference.

INELIGIBLE USES OF THE CREDIT CARD

- Personal expenses
- Meal expenses with the exception of the Deputy Clerk/Seniors Coordinator who may use the Credit Card for senior program-related meals at off-site locations - and the Administrator, Treasurer, Deputy Treasurer, and Police Chief who may pay for meals associated with on-site or off-site authorized training for village departments or other authorized events.
- Gratuities
- Gasoline for personal vehicles
- Cash advances
- Alcoholic beverages
- Vendors for which the Village already has credit cards or accounts with and listed in Appendix A of this Credit Card Policy
- Vendors who accept purchase orders

TREASURER'S OFFICE RESPONSIBILITIES

- Maintaining a record of issuance and retrieval of the credit card in accordance with the requirements of this Credit Card Policy, including written record of the date and time the credit card was issued, purpose for use of credit card, name of vendor, and estimated purchase amount. Such record shall be signed by the employee.
- Overseeing compliance with the Credit Card Policy.
- Accounting and payment of expenses. All documentation must accompany invoices before payment is made.

- The balance, including interest due on an extension of credit under the credit card arrangement, shall be paid within 30 days of the initial statement date.

Employees who have inappropriately used the credit card will be required to reimburse the Village for all costs associated with such improper use. Violations of the Credit Card Policy will result in no further use of the credit card and possible further action, including possible disciplinary action, subject to the terms of any applicable collective bargaining agreement.

VILLAGE OF RYE BROOK CREDIT CARHOLDER AGREEMENT

Requirements for use of the Village of Rye Brook's credit card:

- The credit card is to be used only to make purchases at the request of, and for the legitimate business benefit of the Village of Rye Brook in accordance with the Village's Procurement Policy and budgetary guidelines.
- The credit card must be used in accordance with the provisions of the Credit Card Policy established by the Village of Rye Brook, as attached hereto.

Employees will be held personally liable for any inappropriate uses of the credit card. Violations of the Credit Card Policy will result in no further use of the credit card and possible further action, including possible disciplinary action, subject to the terms of any applicable collective bargaining agreement.

Credit Card Account Number:_____

Received by:_____
Name (Please Print)

I acknowledge receipt of the attached Credit Card Policy and agree to abide by said policy.

Signature:_____

Date:_____

Adopted by Village Board on August 19, 2014

Revision Adopted by Village Board on April 12, 2016

Revision Adopted by Village Board on April 12, 2017

Revision Adopted by Village Board on April 10, 2018