

Village of Brownville

Z16 Brown Blvd.
Brownville, NY 13615
Phone: 315-782-7650

RESOLUTION 2 of 2026

ADOPTION OF POLICY FINANCIAL POLICIES

WHEREAS, the Village Board of the Village of Brownville, New York is empowered to consider, draft, and adopt policies to address important aspects of good governance; and

WHEREAS, the Village Board has determined that a policy addressing the Financial Policies which includes an Investment Policy, Cash Receipts Policy, Capital (Fixed Asset) Policy and Fund Balance Policy is appropriate; and

WHEREAS, the Village has prepared a policy to address the Financials, and a copy is attached as Exhibit "1".

NOW, THEREFORE, BE IT RESOLVED, by the Village Board of the Village of Brownville, New York as follows:

1. The foregoing recitations are incorporated herein and made a part hereof as if set forth hereafter.
2. The Village adopts the Financial Policies which includes an Investment Policy, Cash Receipts Policy, Capital (Fixed Asset) Policy and Fund Balance Policy attached as Exhibit "1".
3. The Financial Policies shall be filed with the Village Clerk of the Village of Brownville and posted to the Village Website.
4. This resolution shall take effect immediately.

The foregoing Resolution was offered by Board Member, Mike Walrath, and seconded by Board Member, Amy Baker and upon roll call vote of the Board was duly adopted as follows:

	YES	NO
Patrick Connor, Mayor	<u>X</u>	_____
Steve Mott, Trustee	<u>X</u>	_____
Mike Walrath, Trustee	<u>X</u>	_____
Robert D. Goutremout, Trustee	<u>X</u>	_____
Amy Baker, Trustee	<u>X</u>	_____

Dated: March 10, 2026



Amber Klusacek, Village Clerk



PO BOX 118 • 216 BROWN BLVD • BROWNVILLE, NY 13615 • 315-782-7650
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FINANCIAL POLICIES

ADOPTED BY VILLAGE BOARD RESOLUTION 2 OF 2026

INVESTMENT POLICY

ADOPTED PURSUANT TO NEW YORK GENERAL MUNICIPAL LAW §39-A

1. PURPOSE

The purpose of this Investment Policy is to establish guidelines for the prudent investment of all public funds of the **Village of Brownville**, to ensure the protection of principal, maintenance of adequate liquidity, and achievement of a reasonable rate of return.

2. SCOPE

This policy applies to all money and other financial resources available for investment by the **Village of Brownville** or on its behalf.

3. OBJECTIVES

The primary objectives of this investment policy are in order of priority:

A. Safety:

Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

B. Liquidity:

Investments shall remain sufficiently liquid to meet all operating and cash flow requirements.

C. Yield:

The investment portfolio shall be designed to achieve a reasonable rate of return, consistent with risk constraints and cash flow requirements.

4. DELEGATION OF AUTHORITY

The responsibility for administration of this investment program is delegated to the **Village Treasurer** and the **Deputy Treasurer**, who shall establish written procedures

for the operation of the investment program consistent with this policy. Such procedures shall include internal controls to safeguard invested funds.

5. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The **Village Board of Trustees** shall designate by resolution the banks, trust companies, and other financial institutions authorized to hold public deposits and transact investment business with the Village. Community Bank N.A. and NYCLASS are the financial institutions selected for the current fiscal year.

6. PERMITTED INVESTMENTS

In accordance with New York State law, the **Village of Brownville** is authorized to invest only in the following:

- A. Obligations of the **United States of America**.
 - B. Obligations guaranteed by the **United States of America**.
 - C. Obligations of the **State of New York**.
 - D. **Certificates of deposit** issued by a bank or trust company located and authorized to do business in New York State.
 - E. **Time deposit accounts** in such banks or trust companies.
 - F. **Repurchase agreements** fully secured by U.S. government obligations.
- All investments shall comply with the requirements of GML §§10 and 11 as the same may be amended from time to time.

7. COLLATERALIZATION OF DEPOSITS

All deposits and investments of Village funds, except as otherwise provided by law, shall be secured by:

- A. Pledged collateral in the form of eligible securities held by a third-party custodian; or
- B. Securities held in the Village's name by a designated custodian bank.
The market value of pledged securities shall at all times equal or exceed the amount of deposits.

8. DIVERSIFICATION

The Village will diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling, to reduce potential risk of loss.

9. INTERNAL CONTROLS

The Village Treasurer shall establish and maintain a system of internal controls designed to:

- A. Safeguard assets.
- B. Prevent loss arising from fraud, employee error, misrepresentation, or imprudent actions.
- C. Ensure accurate reporting and compliance with the law and this policy.

10. REPORTING

The **Village Treasurer** and the **Deputy Treasurer** shall submit **quarterly reports** to the **Village Board of Trustees**, including:

- A. A summary of all investments.
- B. The institutions holding such investments, maturity dates, and interest rates.

CASH RECEIPT POLICY

1. PURPOSE

The purpose of this Cash Receipt Policy is to establish clear guidelines and procedures for handling cash transactions to ensure the integrity, accuracy, and transparency of all financial transactions. This policy aims to protect Village funds and ensure compliance with applicable accounting standards, laws, and best practices.

2. SCOPE

This policy applies to all Village departments, employees, and agents who collect or handle cash receipts in the course of their duties. It applies to cash transactions including, but not limited to, payments for services, permits, fines, taxes, fees, and donations.

3. SAFEGUARDING VILLAGE ASSETS

All cash receipts must be handled with care and protected from theft, loss, or misappropriation.

4. ACCURACY AND TRANSPARENCY

All cash transactions must be accurately recorded, properly documented, and deposited in a timely manner.

5. SEGREGATION OF DUTIES

The **Clerk-Treasurer** and the **Deputy Treasurer** are responsible for receiving, recording, and depositing cash to prevent errors and reduce the risk of fraud.

6. COLLECTION OF CASH RECEIPTS

- A. Cash receipts must be collected by designated staff members authorized to do so.
- B. Receipts should be issued for every cash transaction, whether a receipt is requested by the payer or not. The receipt must include the date, amount, purpose of the payment, and the name of the person or entity making the payment.
- C. Cash should be counted in the presence of the payer and stored securely until it can be deposited.

7. RECORDING OF CASH RECEIPTS

- A. A **cash receipt log** must be maintained by the responsible staff members for each transaction. The log should include the following information:
 - 1) Date of receipt
 - 2) Amount received
 - 3) Payer's name or entity (if applicable)
 - 4) Description or purpose of payment (e.g., fee, fine, donation)
 - 5) Receipt number
- B. All receipts must be recorded immediately upon receipt to ensure timely and accurate tracking of funds.

8. DEPOSITING CASH RECEIPTS

- A. All cash receipts must be deposited into the Village's designated bank account within ten (10) days of receiving.
- B. A **deposit slip** must be completed for every deposit, and the total amount deposited must match the sum of the receipts recorded in the cash receipt log.

9. CASH HANDLING SECURITY

- A. Cash should be kept in a **locked drawer or safe** until it is deposited. The key to the safe or drawer should be held by a designated employee or supervisor.
- B. Employees involved in cash handling must adhere to strict security protocols to prevent unauthorized access to cash receipts.

10. RECONCILIATION OF CASH RECEIPTS

- A. Cash receipts should be reconciled at the end of each week or business period by a supervisor or manager. This reconciliation should ensure that:
 - 1. The cash on hand matches the recorded receipts.
 - 2. The total amount of deposits matches the amounts documented in the cash receipt log and deposit slip.
- B. Any discrepancies between cash receipts and deposits must be immediately reported to the Village Board and may investigated.

11. SUPERVISION AND OVERSIGHT

Supervisors must review cash receipt records regularly to ensure compliance with this policy. Random audits may be conducted to verify that cash receipts are being properly handled and deposited.

12. PERIODIC AUDITS

Internal audits of cash receipts will be conducted periodically to ensure compliance with policies and to detect any potential irregularities. These audits should be conducted by an employee or firm independent of the cash handling process.

13. ACCOUNTING RECORDS

All cash receipts must be properly recorded in the Village's accounting system in accordance with accepted accounting principles (GAAP). This will ensure that all funds are tracked, and financial reports are accurate.

14. RETENTION OF CASH RECEIPT LOGS AND DEPOSIT SLIPS

Cash receipt logs, deposit slips, and any related documentation (such as transaction receipts) must be retained for a minimum of **six (6) years** in accordance with the Village's records retention policy.

15. SECURITY OF RECORDS

All cash receipt records, both paper and electronic, should be stored securely to prevent unauthorized access or tampering.

16. TRAINING

All employees involved in cash handling must receive training on this policy by their supervisor, including how to record, store, and deposit cash receipts properly. Regular training sessions should be conducted to ensure that employees are up to date on best practices for cash handling.

17. EMPLOYEE ACCOUNTABILITY

Employees involved in cash handling are personally accountable for the accuracy and security of cash receipts. They must report any discrepancies, loss, or theft immediately to their supervisor or the Village Treasurer.

18. POLICY VIOLATIONS AND CONSEQUENCES

Failure to comply with the Cash Receipt Policy can result in disciplinary action, including reprimands, suspension, or termination, depending on the severity of the violation. Any employee found misappropriating funds or fraud related to cash receipts will be subject to criminal prosecution.

CAPITAL (FIXED ASSET) POLICY

1. PURPOSE

The purpose of this policy is to establish clear guidelines and procedures for the management, acquisition, depreciation, maintenance, and disposal of fixed assets (capital assets) owned by the Village of Brownville. This policy aims to ensure that all capital assets are properly safeguarded, accurately recorded, and in compliance with accepted accounting principles (GAAP) and other applicable regulations.

2. SCOPE

This policy applies to all capital assets purchased, received, or acquired by the Village of Brownville, including but not limited to land, buildings, machinery, vehicles, equipment, infrastructure, and intangible assets. The policy applies to all

departments and personnel involved in the acquisition, management, and disposal of fixed assets.

3. DEFINITIONS

A. **Capital (Fixed) Assets:**

Capital assets are long-term tangible or intangible assets with an expected useful life of more than one year and a cost that meets or exceeds the Village's capitalization threshold. These assets are intended for use in operations and not for resale.

B. **Capitalization Threshold:**

The Village of Brownville will capitalize assets that have an initial cost of **\$5,000 or more** and an expected useful life of more than one year. This threshold can be adjusted based on budgetary considerations or accounting standards.

C. **Depreciation:**

Depreciation is the systematic allocation of the cost of a tangible capital asset over its useful life. Depreciation applies only to tangible fixed assets and is recorded annually in the Village's financial records.

D. **Intangible Assets:**

These are non-physical assets such as software, patents, trademarks, or licenses with an expected useful life of more than one (1) year.

E. **Asset Management System:**

The Village will maintain an asset management system that tracks all fixed assets, including their acquisition cost, location, condition, and depreciation.

4. CAPITAL ASSET CLASSIFICATION

A. **Land and Land Improvements:**

This includes the purchase cost of land and any improvements made to land (e.g., site preparation, grading, landscaping, parking lots, etc.).

B. **Buildings:**

This includes the cost of acquiring, constructing, or renovating buildings.

C. **Infrastructure:**

This includes roads, bridges, utilities, sidewalks, and other public infrastructure assets.

D. **Machinery and Equipment:**

This includes vehicles, machinery, office equipment, and other similar tangible assets used by the Village.

E. **Furniture and Fixtures:**

This includes office furniture, lighting, and other fixtures used in Village buildings.

F. **Intangible Assets:**

This includes software, intellectual property, or licenses used by the Village for operations.

5. ACQUISITION OF CAPITAL ASSETS

A. BUDGETING AND AUTHORIZATION

1. All capital asset acquisitions must be budgeted and approved by the Village Board as part of the annual budget process.
2. Acquisitions outside the annual budget must be approved by the Board before the purchase.

B. PURCHASING PROCEDURE

1. The Village will follow all applicable procurement guidelines when acquiring capital assets, including any required bidding processes or competitive solicitation.

C. ASSET TRACKING

1. Upon acquisition, each capital asset will be recorded in the Village's asset management system with detailed information including:
 - a. Description of the asset
 - b. Acquisition cost
 - c. Date of purchase
 - d. Useful life
 - e. Location
 - f. Department Representative

6. DEPRECIATION OF CAPITAL ASSETS

A. Depreciation Method:

The Village will use the **straight-line depreciation method** to allocate the cost of tangible capital assets over their estimated useful life. The useful life will be determined based on industry standards, asset type, and expected usage.

B. Useful Life:

1. The useful life of capital assets will vary depending on the asset type, but typical ranges include:
 - a. Buildings: 30-50 years
 - b. Vehicles: 5-10 years
 - c. Equipment: 5-20 years
 - d. Infrastructure (roads, bridges, etc.): 10-50 years
 - e. Furniture and Fixtures: 5-10 years
 - f. Software: 3-5 years

C. IMPAIRMENT OF ASSETS

1. If an asset is impaired (i.e., its value decreases significantly due to damage, obsolescence, or other reasons), the Village will evaluate whether the asset needs to be written down or fully disposed of. The impairment should be recorded in the financial statements.

7. MAINTENANCE AND SAFEGUARDING OF CAPITAL ASSETS

A. MAINTENANCE

1. Each department responsible for a capital asset must ensure proper maintenance and upkeep to extend the useful life of the asset.

2. Maintenance schedules should be established for each asset type to ensure that assets are kept in good working condition.

B. SECURITY

1. Capital assets, especially high-value items such as vehicles, equipment, and computers, should be secured in locked areas when not in use to prevent theft or damage.
2. Each department is responsible for ensuring that fixed assets under its control are properly safeguarded.

C. INVENTORY AND PERIODIC CHECKS

1. The Village will conduct an annual physical inventory of capital assets to ensure that they are still in use, in good condition, and accurately recorded in the asset management system.
2. Discrepancies found during the inventory should be reported and investigated immediately.

8. DISPOSAL OF CAPITAL ASSETS

A. AUTHORIZATION FOR DISPOSAL

1. Capital assets that are no longer in use, have reached the end of their useful life, or are deemed surplus may be disposed of with prior approval from the Village Board.
2. Disposal of any asset should be conducted in accordance with the Village's procurement policies or other applicable regulations.

B. METHODS OF DISPOSAL

1. **Sale:** Surplus or obsolete assets may be sold through a public auction or other appropriate sale process.
2. **Trade-in:** Trade-in of assets may be considered when acquiring new assets.
3. **Donation:** If authorized, assets may be donated to nonprofit organizations or other governmental entities.
4. **Disposal:** Assets that are no longer usable or have no resale value will be properly disposed of through recycling or landfill disposal, as appropriate.

C. DOCUMENTATION

1. A record of each asset's disposal, including the method of disposal, sale proceeds (if applicable), and final disposition, will be maintained for audit purposes.

9. INTERNAL CONTROLS

A. SEGREGATION OF DUTIES

The Village will ensure that the **Treasurer, and the Deputy Treasurer** are responsible for purchasing, receiving, recording, and disposing of capital assets to maintain internal control and minimize the risk of fraud or errors.

B. AUTHORIZATION

Only authorized personnel will be allowed to approve capital asset purchases, disposals, and related actions.

C. **RECONCILIATION**

The Village will reconcile its capital asset records on a yearly basis to ensure consistency and accuracy.

10. **REPORTING AND COMPLIANCE**

A. **FINANCIAL REPORTING:**

1. The Village will report all capital assets in accordance with **Governmental Accounting Standards Board (GASB) Statement No. 34** and other applicable accounting standards.
2. Depreciation expenses will be recorded in the Village's financial statements annually, in line with applicable guidelines.

FUND BALANCE POLICY

1. **PURPOSE**

The purpose of this policy is to establish guidelines for the Village of Brownville to maintain an appropriate level of fund balance across all governmental funds in compliance with applicable regulations, financial best practices, and to support the Village's financial stability, accountability, and long-term fiscal health.

This policy provides the Village with a framework to manage the use, maintenance, and replenishment of fund balances while ensuring adequate resources are available to meet operating needs, respond to emergencies, and fund capital projects.

2. **SCOPE**

This policy applies to all governmental funds of the Village of Brownville, including the General Fund, Special Revenue Funds, Capital Projects Funds, and any other fund that requires the management of fund balance in accordance with this policy.

3. **DEFINITIONS**

A. **RESTRICTED FUND BALANCE:**

This represents amounts that are constrained for specific purposes by external parties, such as grantors, creditors, or laws. For example, funds restricted for capital improvements, specific projects, or debt service.

B. **COMMITTED FUND BALANCE:**

This represents amounts that are set aside for specific purposes by formal action of the Village Board. These commitments can only be modified or removed by the Village Board's approval.

C. **ASSIGNED FUND BALANCE:**

This represents amounts that are intended for specific purposes, but not as rigid as committed funds. The Village Board or a designated official may make the assignment of funds.

D. UNASSIGNED FUND BALANCE:

This represents the residual amount in the General Fund that is not restricted, committed, or assigned. It is the most flexible portion of the fund balance and can be used for any purpose.

4. FUND BALANCE CLASSIFICATIONS AND GUIDELINES

A. NON-SPENDABLE FUND BALANCE:

1. The Village will report non-spendable fund balance amounts in its financial statements for resources that are not available for appropriation or expenditure. This includes items like inventory, prepaid expenses, and long-term receivables.
2. These balances are not included in the Village's available fund balance for operating purposes.

B. RESTRICTED FUND BALANCE:

1. The Village will ensure that any funds with restrictions imposed by external sources (e.g., grants, legal restrictions, debt covenants) are properly classified as restricted.
2. These funds must be used only for the specific purpose designated by the external party.
3. The Village will monitor these funds to ensure they are used in accordance with restrictions.

C. COMMITTED FUND BALANCE:

1. The Village Board has the authority to commit funds for specific purposes by formal resolution. This could include setting aside funds for future capital improvements, emergency reserves, or other planned needs.
2. A commitment to fund balance can only be rescinded or modified by the same formal action as the Village Board that initially approved it.
3. The Village Board will review and approve the commitment of funds at least annually during the budget adoption process.

D. ASSIGNED FUND BALANCE:

1. The Village Board or the Village Treasurer may assign fund balance amounts for specific purposes, such as planned expenditures for the subsequent fiscal year or for specific capital projects.
2. Assigned fund balances are flexible and can be adjusted based on the Village's priorities, subject to approval by the Village Board or designated authority.

E. UNASSIGNED FUND BALANCE:

1. The unassigned fund balance represents the residual amount of resources available for appropriation or use. It serves as a financial cushion to ensure the Village can address unanticipated expenses or revenue shortfalls.
2. The unassigned balance should not be used for routine or ongoing expenditure unless there is a clear and urgent need.

3. The Village will strive to maintain an adequate level of unassigned fund balance to ensure long-term financial health and flexibility.

5. FUND BALANCE GUIDELINES

- A. Target Level For Unassigned Fund Balance:
- B. The Village will aim to maintain a minimum unassigned fund balance in the **General Fund of 15% to 25% of annual operating revenues or expenditures**, whichever is more appropriate.
- C. This level of unassigned fund balance will allow the Village to meet unforeseen contingencies, such as revenue shortfalls or emergency expenditures, without resorting to borrowing or drastic cuts in services.
- D. If the unassigned fund balance falls below the minimum target level, the Village will develop a plan to replenish it within a reasonable time limit (e.g., 1-2 years).

6. USE OF FUND BALANCE:

- A. Fund balance should not be used to finance recurring operating expenditure. It should be used primarily for:
- B. Emergency or one-time expenditures, such as natural disasters, unanticipated legal costs, or equipment breakdowns.
- C. Major capital expenditures or projects that are not otherwise funded by grants or debt.
- D. The use of fund balance for ongoing operations should only be considered in exceptional circumstances and with the understanding that it must be replenished in subsequent years.

7. REPLENISHING FUND BALANCE:

- A. If fund balance levels fall below the established minimum target, the Village will prioritize replenishing it through a combination of:
- B. Reducing non-essential expenditures.
- C. Increasing revenue generation or other funding sources.
- D. Gradually building up fund balance during favorable budget years to restore reserves.

8. CAPITAL PROJECTS AND FUND BALANCE:

- A. The Village will utilize restricted, committed, or assigned fund balance to fund capital projects as appropriate, ensuring that funds are used in accordance with their designated purposes.
- B. For large capital projects, the Village may establish a capital reserve fund to accumulate resources over time for future projects.

9. MONITORING AND REPORTING

- A. **ANNUAL REVIEW:**

1. The Village Treasurer or Finance Director will review the fund balance levels annually and report to the Village Board on the status of the fund balance in comparison to the targets established in this policy.
2. The Board will discuss and approve any adjustments necessary to meet the Village's financial goals.

REVIEW AND UPDATES

This policy will be reviewed and updated at least every two years, or as needed to reflect changes in regulations, best practices, or the Village's operational needs.

The Village Board will approve any revisions.



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VILLAGE OF BROWNVILLE FINANCIAL POLICIES

ADOPTED BY VILLAGE BOARD RESOLUTION ____ OF 2026

INVESTMENT POLICY

ADOPTED PURSUANT TO NEW YORK GENERAL MUNICIPAL LAW §39-A

1. PURPOSE

- A. The purpose of this Investment Policy is to establish guidelines for the prudent investment of all public funds of the **Village of Brownville**, to ensure the protection of principal, maintenance of adequate liquidity, and achievement of a reasonable rate of return.

2. SCOPE

- A. This policy applies to all money and other financial resources available for investment by the **Village of Brownville** or on its behalf.

3. OBJECTIVES

The primary objectives of this investment policy are in order of priority:

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B. **Liquidity:**

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4. DELEGATION OF AUTHORITY

The responsibility for administration of this investment program is delegated to the **Village Treasurer** and the **Deputy Treasurer**, who shall establish written procedures for the operation of the investment program consistent with this policy. Such procedures shall include internal controls to safeguard invested funds.

5. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

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The market value of pledged securities shall at all times equal or exceed the amount of deposits.

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- B. A **deposit slip** must be completed for every deposit, and the total amount deposited must match the sum of the receipts recorded in the cash receipt log.

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- A. All employees involved in cash handling must receive training on this policy, including how to record, store, and deposit cash receipts properly. Regular training sessions should be conducted to ensure that employees are up to date on best practices for cash handling.

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- A. Failure to comply with the Cash Receipt Policy can result in disciplinary action, including reprimands, suspension, or termination, depending on the severity of the violation. Any employee found misappropriating funds or fraud related to cash receipts will be subject to criminal prosecution.

CAPITAL (FIXED ASSET) POLICY

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Capital assets are long-term tangible or intangible assets with an expected useful life of more than one year and a cost that meets or exceeds the Village's capitalization threshold. These assets are intended for use in operations and not for resale.

B. Capitalization Threshold:

The Village of Brownville will capitalize assets that have an initial cost of **\$5,000 or more** and an expected useful life of more than one year. This threshold can be adjusted based on budgetary considerations or accounting standards.

C. Depreciation:

Depreciation is the systematic allocation of the cost of a tangible capital asset over its useful life. Depreciation applies only to tangible fixed assets and is recorded annually in the Village's financial records.

D. Intangible Assets:

These are non-physical assets such as software, patents, trademarks, or licenses with an expected useful life of more than one (1) year.

E. Asset Management System:

The Village will maintain an asset management system that tracks all fixed assets, including their acquisition cost, location, condition, and depreciation.

4. CAPITAL ASSET CLASSIFICATION

A. Land and Land Improvements:

This includes the purchase cost of land and any improvements made to land (e.g., site preparation, grading, landscaping, parking lots, etc.).

B. Buildings:

This includes the cost of acquiring, constructing, or renovating buildings.

C. Infrastructure:

This includes roads, bridges, utilities, sidewalks, and other public infrastructure assets.

D. Machinery and Equipment:

This includes vehicles, machinery, office equipment, and other similar tangible assets used by the Village.

E. Furniture and Fixtures:

This includes office furniture, lighting, and other fixtures used in Village buildings.

F. Intangible Assets:

This includes software, intellectual property, or licenses used by the Village for operations.

5. ACQUISITION OF CAPITAL ASSETS

1. BUDGETING AND AUTHORIZATION

A. All capital asset acquisitions must be budgeted and approved by the Village Board as part of the annual budget process.

B. Acquisitions outside the annual budget must be approved by the Board before the purchase.

2. PURCHASING PROCEDURE

A. The Village will follow all applicable procurement guidelines when acquiring capital assets, including any required bidding processes or competitive solicitation.

3. ASSET TRACKING

A. Upon acquisition, each capital asset will be recorded in the Village's asset management system with detailed information including:

1. Description of the asset

2. Acquisition cost
3. Date of purchase
4. Useful life
5. Location
6. Department Representative

6. DEPRECIATION OF CAPITAL ASSETS

1. Depreciation Method:

- A. The Village will use the **straight-line depreciation method** to allocate the cost of tangible capital assets over their estimated useful life. The useful life will be determined based on industry standards, asset type, and expected usage.

2. Useful Life:

- A. The useful life of capital assets will vary depending on the asset type, but typical ranges include:
 1. Buildings: 30-50 years
 2. Vehicles: 5-10 years
 3. Equipment: 5-20 years
 4. Infrastructure (roads, bridges, etc.): 10-50 years
 5. Furniture and Fixtures: 5-10 years
 6. Software: 3-5 years

3. IMPAIRMENT OF ASSETS

- A. If an asset is impaired (i.e., its value decreases significantly due to damage, obsolescence, or other reasons), the Village will evaluate whether the asset needs to be written down or fully disposed of. The impairment should be recorded in the financial statements.

7. MAINTENANCE AND SAFEGUARDING OF CAPITAL ASSETS

1. MAINTENANCE

- A. Each department responsible for a capital asset must ensure proper maintenance and upkeep to extend the useful life of the asset.

- B. Maintenance schedules should be established for each asset type to ensure that assets are kept in good working condition.

2. SECURITY

- A. Capital assets, especially high-value items such as vehicles, equipment, and computers, should be secured in locked areas when not in use to prevent theft or damage.
- B. Each department is responsible for ensuring that fixed assets under its control are properly safeguarded.

3. INVENTORY AND PERIODIC CHECKS

- A. The Village will conduct an annual physical inventory of capital assets to ensure that they are still in use, in good condition, and accurately recorded in the asset management system.
- B. Discrepancies found during the inventory should be reported and investigated immediately.

8. DISPOSAL OF CAPITAL ASSETS

1. AUTHORIZATION FOR DISPOSAL

- A. Capital assets that are no longer in use, have reached the end of their useful life, or are deemed surplus may be disposed of with prior approval from the Village Board.
- B. Disposal of any asset should be conducted in accordance with the Village's procurement policies or other applicable regulations.

2. METHODS OF DISPOSAL

- A. **Sale:** Surplus or obsolete assets may be sold through a public auction or other appropriate sale process.
- B. **Trade-in:** Trade-in of assets may be considered when acquiring new assets.
- C. **Donation:** If authorized, assets may be donated to nonprofit organizations or other governmental entities.
- D. **Disposal:** Assets that are no longer usable or have no resale value will be properly disposed of through recycling or landfill disposal, as appropriate.

3. DOCUMENTATION

- A. A record of each asset's disposal, including the method of disposal, sale proceeds (if applicable), and final disposition, will be maintained for audit purposes.

9. INTERNAL CONTROLS

1. SEGREGATION OF DUTIES

- A. The Village will ensure that the **Treasurer, and the Deputy Treasurer** are responsible for purchasing, receiving, recording, and disposing of capital assets to maintain internal control and minimize the risk of fraud or errors.

2. AUTHORIZATION

- A. Only authorized personnel will be allowed to approve capital asset purchases, disposals, and related actions.

3. RECONCILIATION

- A. The Village will reconcile its capital asset records on a yearly basis to ensure consistency and accuracy.

10. REPORTING AND COMPLIANCE

1. FINANCIAL REPORTING:

- A. The Village will report all capital assets in accordance with **Governmental Accounting Standards Board (GASB) Statement No. 34** and other applicable accounting standards.
- B. Depreciation expenses will be recorded in the Village's financial statements annually, in line with applicable guidelines.

FUND BALANCE POLICY

1. PURPOSE

The purpose of this policy is to establish guidelines for the Village of Brownville to maintain an appropriate level of fund balance across all governmental funds in compliance with applicable regulations, financial best practices, and to support the Village's financial stability, accountability, and long-term fiscal health.

This policy provides the Village with a framework to manage the use, maintenance, and replenishment of fund balances while ensuring adequate resources are available to meet operating needs, respond to emergencies, and fund capital projects.

2. **SCOPE**

This policy applies to all governmental funds of the Village of Brownville, including the General Fund, Special Revenue Funds, Capital Projects Funds, and any other fund that requires the management of fund balance in accordance with this policy.

3. **DEFINITIONS**

A. **RESTRICTED FUND BALANCE:**

This represents amounts that are constrained for specific purposes by external parties, such as grantors, creditors, or laws. For example, funds restricted for capital improvements, specific projects, or debt service.

B. **COMMITTED FUND BALANCE:**

This represents amounts that are set aside for specific purposes by formal action of the Village Board. These commitments can only be modified or removed by the Village Board's approval.

C. **ASSIGNED FUND BALANCE:**

This represents amounts that are intended for specific purposes, but not as rigid as committed funds. The Village Board or a designated official may make the assignment of funds.

D. **UNASSIGNED FUND BALANCE:**

This represents the residual amount in the General Fund that is not restricted, committed, or assigned. It is the most flexible portion of the fund balance and can be used for any purpose.

4. FUND BALANCE CLASSIFICATIONS AND GUIDELINES

1. NON-SPENDABLE FUND BALANCE:

A. The Village will report non-spendable fund balance amounts in its financial statements for resources that are not available for appropriation or expenditure. This includes items like inventory, prepaid expenses, and long-term receivables.

B. These balances are not included in the Village's available fund balance for operating purposes.

2. RESTRICTED FUND BALANCE:

- A. The Village will ensure that any funds with restrictions imposed by external sources (e.g., grants, legal restrictions, debt covenants) are properly classified as restricted.
- B. These funds must be used only for the specific purpose designated by the external party.
- C. The Village will monitor these funds to ensure they are used in accordance with restrictions.

3. COMMITTED FUND BALANCE:

- A. The Village Board has the authority to commit funds for specific purposes by formal resolution. This could include setting aside funds for future capital improvements, emergency reserves, or other planned needs.
- B. A commitment to fund balance can only be rescinded or modified by the same formal action as the Village Board that initially approved it.
- C. The Village Board will review and approve the commitment of funds at least annually during the budget adoption process.

4. ASSIGNED FUND BALANCE:

- A. The Village Board or the Village Treasurer may assign fund balance amounts for specific purposes, such as planned expenditures for the subsequent fiscal year or for specific capital projects.
- B. Assigned fund balances are flexible and can be adjusted based on the Village's priorities, subject to approval by the Village Board or designated authority.

5. UNASSIGNED FUND BALANCE:

- A. The unassigned fund balance represents the residual amount of resources available for appropriation or use. It serves as a financial cushion to ensure the Village can address unanticipated expenses or revenue shortfalls.
- B. The unassigned balance should not be used for routine or ongoing expenditure unless there is a clear and urgent need.
- C. The Village will strive to maintain an adequate level of unassigned fund balance to ensure long-term financial health and flexibility.

5. FUND BALANCE GUIDELINES

- A. Target Level For Unassigned Fund Balance:
- B. The Village will aim to maintain a minimum unassigned fund balance in the **General Fund** of **15% to 25% of annual operating revenues or expenditures**, whichever is more appropriate.
- C. This level of unassigned fund balance will allow the Village to meet unforeseen contingencies, such as revenue shortfalls or emergency expenditures, without resorting to borrowing or drastic cuts in services.
- D. If the unassigned fund balance falls below the minimum target level, the Village will develop a plan to replenish it within a reasonable time limit (e.g., 1-2 years).

6. USE OF FUND BALANCE:

- A. Fund balance should not be used to finance recurring operating expenditure. It should be used primarily for:
- B. Emergency or one-time expenditures, such as natural disasters, unanticipated legal costs, or equipment breakdowns.
- C. Major capital expenditures or projects that are not otherwise funded by grants or debt.
- D. The use of fund balance for ongoing operations should only be considered in exceptional circumstances and with the understanding that it must be replenished in subsequent years.

7. REPLENISHING FUND BALANCE:

- A. If fund balance levels fall below the established minimum target, the Village will prioritize replenishing it through a combination of:
- B. Reducing non-essential expenditures.
- C. Increasing revenue generation or other funding sources.
- D. Gradually building up fund balance during favorable budget years to restore reserves.

8. CAPITAL PROJECTS AND FUND BALANCE:

- A. The Village will utilize restricted, committed, or assigned fund balance to fund capital projects as appropriate, ensuring that funds are used in accordance with their designated purposes.
- B. For large capital projects, the Village may establish a capital reserve fund to accumulate resources over time for future projects.

9. MONITORING AND REPORTING

1. ANNUAL REVIEW:

- A. The Village Treasurer or Finance Director will review the fund balance levels annually and report to the Village Board on the status of the fund balance in comparison to the targets established in this policy.
- B. The Board will discuss and approve any adjustments necessary to meet the Village's financial goals.

REVIEW AND UPDATES

This policy will be reviewed and updated at least every two years, or as needed to reflect changes in regulations, best practices, or the Village's operational needs. The Village Board will approve any revisions.