

**LOCAL LAW NO. 4 OF 2013
COUNTY OF ROCKLAND
STATE OF NEW YORK**

(Introduced By Hon. Alden H. Wolfe)

Mr. Wolfe offered the following Local Law, which was seconded by Mr. Wieder and unanimously adopted:

A local law establishing and adopting a fund balance management policy within Rockland County government.

Be it enacted by the legislature of the county of Rockland as follows:

Section 1. This law shall be known as “the Rockland County Fiscal Stabilization Act.”

Section 2. Legislative Intent.

The Governmental Accounting Standards Board (GASB) is the independent organization that establishes and improves standards of accounting and financial reporting for U.S. state and local governments. Established in 1984 by agreement of the Financial Accounting Foundation (FAF) and 10 national associations of state and local government officials, the GASB is recognized by governments, the accounting industry, and the capital markets as the official source of generally accepted accounting principles (GAAP) for state and local governments. Compliance with GASB’s standards is enforced through the laws of some individual states and through the audit process, when auditors render opinions on the fairness of financial statement presentations in conformity with GAAP; and

The Government Finance Officers Association (GFOA) is a professional organization of public officials united to enhance and promote the professional management of governmental financial resources by identifying, developing and advancing fiscal strategies, policies, and practices for the public benefit. In 1993, the GFOA began developing a body of recommended practices in the functional areas of public finance to give GFOA members and other state and local governments more guidance on sound financial management practices. These Recommended Practices were recently reclassified as Best Practices and Advisories. A GFOA Best Practice identifies specific policies and procedures as contributing to improved government management. It aims to promote and facilitate positive change rather than merely to codify current accepted practice. Partial implementation is encouraged as progress toward a recognized goal; and

In March of 2009, GASB issue Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions which was intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Its mandates were required on financial statements for fiscal years first ending June 30, 2011; and

In October of 2009, GFOA issued a “best practice” regarding the Appropriate Level of Unrestricted Fund Balance in the General Fund, which utilized GASB’s categories and definitions in recommending that governments establish a formal policy on the level of unrestricted fund balance that should be maintained in the general fund. GFOA stated, “Such a guideline should be set by the appropriate policy body and should provide both a temporal framework and specific plans for increasing or decreasing the level of unrestricted fund balance, if it is inconsistent with that policy;” and

The Rockland County Legislature - the policy body of Rockland County government - being committed to fiscal responsibility and ever mindful of the unpredictability of the surrounding economic climate, wishes to establish and adopt a formal policy regarding fund balance management that will ensure that the County of Rockland remains on solid financial footing in the years to come.

Section 3. Definitions

As used in this article, the following terms shall have the meanings indicated:

- A. COUNTY** – The County of Rockland, New York
- B. FINANCIAL STATEMENTS** – the comprehensive annual financial report
- C. REVENUE** – any received or accrued funds
- D. EXPENDITURE** – any actual or accrued disbursement of funds
- E. SHORTFALL** – any excess of expenditures over revenues
- F. APPROPRIATION** – any budgeted expenditure
- G. DECLARED STATE OF EMERGENCY** – the occurrence of any natural or man-made disaster, rioting, catastrophe, or similar public emergency within the territorial limits of the county, or the reasonable apprehension of immediate danger thereof, and a finding by the County Executive that the public safety is imperiled thereby, as governed by Executive Law §24

Section 4. The Rockland County Legislature hereby adopts the following fund balance management policy:

- A. The most current fund balance classifications as promulgated by GASB shall be used in all financial statements filed on behalf of the County. See attached Schedule A for the current fund balance classifications.
- B. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, the County shall follow the following accounting policy in compliance with GASB Statement 54: restricted amounts are used first, followed by committed, assigned, and unassigned amounts, in that order.
- C. The County shall have a targeted minimum unassigned fund balance level of 5% of general fund operations. When revenues exceed budgeted appropriations in any given fiscal year, the surplus shall be appropriated first to the unreserved fund balance. Upon reaching the 5% target for the unassigned fund balance, any additional surplus shall be appropriated to the committed fund for contingencies (a restricted “rainy day” fund to be used for unexpected shortfalls in revenue once the unassigned fund balance is exhausted or insufficient to meet current operating needs) up to an additional 5%. Any further excess funds above 10% of general fund operations shall flow back to the unassigned fund balance.
- D. The committed fund for contingencies, or the “rainy day” fund, shall contain amounts constrained to stabilization and shall be reported as committed fund balance in the general fund.
- E. In the event of a shortfall, monies from the unassigned fund balance shall be appropriated before withdrawing from the “rainy day” fund, unless the shortfall meets one or more of the criteria for appropriating from the “rainy day” fund.
- F. Before any money from the committed “rainy day” fund may be appropriated, one or more of following criteria must be met:
 - a. unforeseen expenses attributed to a declared state of emergency within the County;
 - b. unanticipated decreases in state and/or federal reimbursements during the County fiscal year;
 - c. unanticipated increases in state and/or federal mandates during the County fiscal year;
 - d. sums directed to be paid by the County within the same fiscal year by a final, non-appealable judgment or settlement of litigation; or
 - e. any other situation that the legislature deems to be of urgent or critical need.

G. Any appropriation from the “rainy day” fund shall be approved by a 2/3 majority of the Legislature.

Section 5. Applicability

This law shall apply to any and all actions occurring on or after the closing of the books on fiscal year 2013.

Section 6. Severability.

If any clause, sentence, paragraph, subdivision, section or part of this local law or the application thereof to any person, individual, corporation, firm, partnership, entity or circumstance shall be adjudged by any court of competent jurisdiction to be invalid or unconstitutional, such order or judgment shall not affect, impair, effect or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, subdivision, section or part of this law or in its application to the person, individual, corporation, firm, partnership, entity or circumstance directly involved in the controversy in which such order or judgment shall be rendered.

Section 7. Effective date.

This local law shall take effect immediately upon filing with the Secretary of State.