

RESOLUTION 32-2024

RESOLUTION AUTHORIZING SURPLUS UTILIZATION POLICY RESPECTING THE ACCOUNTING
PRACTICES OF THE BOROUGH OF WOODBURY HEIGHTS

WHEREAS, the annual Appropriations Act adopted by the State of New Jersey requires the New Jersey Division of Local Government Services to determine the allocation of certain municipal aid based upon the results of the Best Practices Inventory; and

WHEREAS, the Best Practices Inventory encourages municipalities to embrace practices that promote financial accountability, sound management and transparency; and

WHEREAS, the most recent Best Practices Inventory issued by the State of New Jersey requires municipalities to memorialize surplus utilization policies implemented by the municipality; and

WHEREAS, the Borough Chief Financial Officer has recommended that the Borough Council formally recognize, adopt and implement the attached surplus utilization policy currently in effect for the Borough.

NOW, THEREFORE, BE IT RESOLVED, by the Borough Council of the Borough of Woodbury Heights, with the Mayor concurring, that the Borough does hereby approve and authorize the implementation of the attached surplus utilization policy attached to this Resolution; and

BE IT FURTHER RESOLVED that the attached surplus utilization policy shall remain in effect until further amended, revised or modified by the Borough Council.

BOROUGH OF WOODBURY HEIGHTS

BY:

William C. P

WILLIAM PACKER, MAYOR

ATTEST:

SHANNON ELTON, MUNICIPAL CLERK

The foregoing Resolution was duly adopted by the Borough Council of the Borough of Woodbury Heights at the reorganization meeting held on the 7th day of January, 2024

SHANNON ELTON, MUNICIPAL
CLERK

BOROUGH OF WOODBURY HEIGHTS: USE OF SURPLUS POLICY

The Borough recognizes the need to memorialize its use of surplus policy and provides the following based on best practices:

The Borough acknowledges it is subject to the oversight of the New Jersey Department of Community Affairs, the State Local Finance Board and various New Jersey Statutes with regard to the budget process and usage of surplus.

Purpose:

The Borough's goal with each annual budget is to achieve the necessary services for its residents and taxpayers while doing all possible to minimize the fiscal impact upon them. The Borough's Governing Body, Chief Financial Officer and external professionals focus on fiscally austere budgets and go through an extensive budget preparation process. During this budget process the CFO and external professionals

review budget options with the Governing Body, including the use of surplus to balance budget operations. The CFO, with assistance from the Borough's Registered Municipal Accountant, provide the working group with year-end unaudited surplus amounts for each applicable fund in order to determine the amount of surplus that could be reasonably utilized to balance the following year's operational budget.

Reasonable Limits:

While the State of New Jersey does not provide a minimum or maximum level of fund balance {surplus} for each fund, the Borough establishes certain reasonable limits as noted:

Use of Surplus in Subsequent Budget Goal #1: Less than 60% of current surplus

Use of Surplus Goal #2: Unencumbered balance equal to 5-10% of current budget less the reserve for uncollected taxes appropriation

The Borough believes these goals will provide reserve amounts **for** any contingencies and/or unexpected emergency expenditures. In addition, these policy goals should also buffer the Borough in the event of a revenue shortfall and allow for sufficient cash flow throughout the fiscal year.

BOROUGH OF WOODBURY HEIGHTS: USE OF SURPLUS POLICY

Professional Service Providers:

The Borough recognizes the need to enlist its professional service providers to ensure a level of fiscal understanding that will guide the Borough's decisions. The Borough shall solicit the guidance from its Registered Municipal Accountant/Auditor and Bond Counsel when applicable. Consultations with these appointed officials shall be sought, when necessary, to ensure compliance with New Jersey budget statutes and any other matters relating to the annual budget process.

Conclusion:

The Borough will adhere to all applicable New Jersey budget statutes; adhere, when possible, to the reasonable limits and goals set forth herein; and finally, consult with its professional service providers to ensure the residents and taxpayers **of** the Borough receive maximum benefit from the usage of fund balance/surplus in the subsequent municipal budget.