

Note: text in red is updated from original policy adopted 7/28/2020

TOWN OF ULYSSES FUND BALANCE AND RESERVE FUND POLICY

In accordance with GASB Statement No. 54 the Town reserve funds must be properly established and maintained to promote the goals of creating an open, transparent and accountable use of public funds. The Town may engage independent experts and professionals, including but not limited to, auditors, accountants and other financial and legal counsel, as necessary to monitor all reserve fund activity and prepare reports that the Town Board may require.

Government Fund Type Assignment (GASB-54)

The Town shall comply with the reporting requirements of Article 3 of General Municipal Law of the State of New York and the Governmental Accounting Standards Board (GASB) Statement Number 54, Fund Balance Reporting and Governmental Fund Types Definitions. The Board authorizes the Town Supervisor to complete the following actions as necessary to comply with the requirements of GASB Statement No. 54:

A. Restricted Fund Balances- Restricted fund balances consist of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments; or through constitutional provisions or enabling legislation. This category of fund balance refers to all reserves in any fund.

B. Committed Fund Balances-Committed fund balances consist of amounts that are subject to a purpose constraint imposed by formal action of the Town Board. This category refers to informal reserves in the A fund.

C. Assigned Fund Balances-Assigned fund balances consist of amounts that are subject to a purpose constraint that represent an intended use established by the Town Board or Town Supervisor. The Town Board authorizes the Town Supervisor to make a determination of the assigned fund balance amounts. Assigned fund balances represent amounts intended to be used for a specific purpose. Assigned fund balances require same level of authority to remove the constraint. This category includes what is called "appropriated fund balance" in the A fund in the budget document, "appropriated fund balance". Outside of the A Fund (i.e. B, DA, DB, and the Water District Funds), the category "Assigned Fund Balance" refers to unappropriated fund balance within the fund, aka "Assigned Unappropriated Fund Balance." "Assigned Appropriated Fund Balance" is appropriated fund balance in any fund outside of the A Fund.

D. Unassigned Fund Balances - Any amounts that are available for any purpose. This category refers to unappropriated fund balance in the A Fund.

Funding Policy for Restricted or Committed and Assigned Fund Balances

The formal actions and amounts deemed necessary by the Town Board that restrict, commit or assign fund balances to a specific purpose may occur prior to the end of the reporting period, however, they may also be determined in the subsequent period.

Spending Policy for Fund Balances

The Town Board and Budget Officer will assess the current financial condition of the Town and then determine the order of application of expenditures to which fund balance classification will be charged.

Periodic Review and Annual Report

The Town Board and management will periodically review all restricted, committed and assigned fund balances. The Board shall utilize the information to discuss reserve fund balances and to adequately maintain necessary funds for the Town's long-term financial planning. The Board will be mindful of its role and responsibility as a fiduciary of public funds when acting on reserve fund issues.

Targets for Unappropriated Fund Balance and Assigned Unappropriated Fund Balance

When fund balance estimates are outside of the below identified percentage ranges, the Town's Finance Committee will develop a recommendation on the disposition of these funds and bring it to the entire Town Board. In certain circumstances unappropriated fund balance may exceed

target range in instances in which funds are ear marked for particular use and not delineated within the reserve funds.

Fund	Target Range: % Unappropriated Fund Balance (UAFB) to Operational Budget	Strategic Planning Notes Regarding Intention of Method
All Funds	n/a see below	<ul style="list-style-type: none"> The goal for UAFB is to use it as a resource in two ways: financing single-time expenses during the budgeting process or for emergency events (example: unexpected loss in revenue) to mitigate potential of events or circumstances that jeopardize Town services and functionality. These uses are supported by capital planning and multi-year project planning.
A (Town-wide General)	20 - 25%	<ul style="list-style-type: none"> Broad ability to save via reserves, other funds are more restricted as to what you can create reserves for. Consider difficult to predict revenue streams (sales tax, mortgage tax).
B (Town outside Village General)	20 - 25%	<ul style="list-style-type: none"> UAFB earmarked for annual Comp Plan update savings; water-related temporary loans and/or costs associated with engineering services for water district inquiries.
DA (Town-wide Highway)	20 - 25%	<ul style="list-style-type: none"> Target accounts for unpredictable weather events (snow, extreme weather) that could impact salary lines (OT, benefits based on salary [NYSLRS, FICA]). Related budgeting notes: expense and salary lines related to machinery repair must always be budgeted to assume worst case scenario.
DB (Town outside Village Highway)	20 - 25%	<ul style="list-style-type: none"> Emergency and capital reserves in place.
SM (Ambulance)	15 - 20%	<ul style="list-style-type: none"> UAFB earmarked to smooth tax levy increases and costs of potential planning studies.
SW3 (Water District 3)	25 - 30%	<ul style="list-style-type: none"> UAFB earmarked for engineering related needs in the future.