

TOWN OF BROOKLYN

FUND BALANCE POLICY

~~PROPOSED~~ *Adopted*

8/18/2021

Overview

The Brooklyn Board of Finance is responsible for appropriate accounting of public funds, sound management of municipal finances, and adequate funding of services desired by the public.

It is essential for the town to maintain reasonable levels of unexpended surplus funds in the General Fund to mitigate unanticipated expenditures and/or revenue shortfalls, without withholding funds that could otherwise be put to productive use. To ensure economic viability, the Board of Finance has established a fund balance policy to help the town maintain a prudent level of financial resources to provide essential services, maintain sufficient cash flow, and manage unanticipated expenditures.

Background

The Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* which provides clearer fund balance classifications that can be more consistently applied. This policy is written in accordance with Statement No. 54.

Definitions

Fund balance is a measurement of available financial resources and is the difference between total assets and total liabilities in each fund.

GASB Statement 54 distinguishes fund balance classified based on the relative strength of the constraints that control the purposes for which specified amounts can be spent. Beginning with the most restrictive constraints, fund balance amounts will be reported in the following categories:

1. **Nonspendable fund balance** - amounts that cannot be spent because they are (a) not in spendable form (such as inventory, prepaid items, long term portions of notes receivables) or (b) legally or contractually required to be maintained intact (such as permanent fund principal).
2. **Restricted fund balance** - amounts that can only be used for the specific purposes stipulated by external parties either constitutionally or through enabling legislation (e.g.,

grants or donations).

3. **Committed fund balance** - amounts that can only be used for the specific purposes determined by a formal action of the Board of Finance. Commitments may be changed or lifted only by referring to the formal action that imposed the constraint originally (e.g., the board's commitment in connection with future construction projects).
4. **Assigned fund balance** - amounts intended to be used by the government for specific purposes. Intent can be expressed by the Board of Finance or by a designee to whom the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not **restricted** (#2 above) or **committed** (#3 above). This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
5. **Unassigned fund balance** - includes all amounts not contained in other classifications and is the residual classification of the general fund only. Unassigned amounts are available for any legal purpose.

Order of Expenditure of Funds

When multiple categories of fund balance are available for expenditure, the town will spend funds in the following order: restricted, committed, assigned, unassigned.

Goals

- Preserve the Town of Brooklyn's financial stability and maintain the town's credit worthiness while ensuring a positive cash flow in the event of temporary revenue shortfalls and/or unanticipated major expenditures.
- Avoid using the unassigned fund balance for operating expenses, as this practice has an inherently destabilizing impact on current and future operating budgets.
- Maintain a year-to-year carryover fund balance in an amount necessary for adequate cash flow and to prevent the demand for short-term borrowing. The unassigned fund balance should be approximately ten (10) percent of the general fund operating budget.
- Maintain a reserve fund for capital and non-recurring expenditures and transfer fund balance in excess of the goal to this fund or another designated fund.
- Use Government Accounting Standards Board (GASB) fund classifications and hierarchies for fund balance reporting.

Policy

The Town will strive to maintain an unassigned fund balance of ten (10) percent of budgeted expenditures in the General Fund.

If the unassigned fund balance exceeds the ten (10) percent target, excess funds will be transferred to a Reserve Fund for Capital and Non-recurring Expenditures or other fund and may be used for capital projects and other one-time expenses.

If the unassigned fund balance goes below the 10% minimum, the Board of Finance will take action necessary to restore the unassigned fund balance to acceptable levels within 3 years.

The Board of Finance shall review and/or update the fund balance requirements annually as part of the budget process.

Using Unassigned Fund Balance

Use of the unassigned fund balance will be limited to unanticipated expenditures, emergencies, unexpected liabilities, and one-time capital expenditures that align with essential services. The unassigned fund balance should not be used on a routine or one-time basis to lower taxes or offset normal operating expenditures, unless done as part of a planned drawdown.

Replenishing Unassigned Fund Balance

If the unassigned fund balance is depleted below the level established by this policy, the Board of Finance will develop a plan to replenish it within 3 years. The plan should be reviewed and modified on an annual basis until the Fund Balance Policy level is achieved. Any increase in discretionary expenditures should be limited until the unassigned fund balance is restored to the policy level.

FROM

TO

Account #	Description	Amount	Account #	Description	Amount
1005.42.4201.53530	Patrol Services-Contractual	\$88,966.61	1005.41.4101.53410	BOF-Financing & Accounting	\$5,767.87
1005.42.4203.52300	Fire Facilities-Retirement Program	\$70,500.00	1005.41.4101.55400	BOF-Advertising & Legal Notices	\$1,472.17
1005.43.4307.56902	Snow & Ice Control-Salt & Chemicals	\$92,377.40	1005.41.4101.55500	BOF-Printing & Publications	\$1,216.12
1005.48.4898.53023	Long Term Debt-Legal Fees & Secondary Disclosure	\$28,975.00	1005.41.4111.56900	BOF-COVID19 Expenses	\$8,831.93
1005.50.5000.52300	Fringe Benefits-Pension/Retirement Expense	\$7,952.67	1005.41.4117.51610	Administration-Wages	\$6,273.57
1005.50.5000.52600	Fringe Benefit-Unemployment Compensation	\$30,356.86	1005.41.4131.53341	Assessor-Revaluation	\$376.62
			1005.41.4131.55400	Assessor-Advertising & Legal Notices	\$1,116.00
			1005.41.4131.55500	Assessor-Printing & Publications	\$1,881.01
			1005.41.4135.51610	Revenue Collector-Wages	\$2,895.55
			1005.41.4135.53510	Revenue Collector-Data Processing	\$600.00
			1005.41.4135.55400	Revenue Collector-Advertising & Legal Notice	\$32.00
			1005.41.4135.55500	Revenue Collector-Printing & Publications	\$2,810.18
			1005.41.4135.55800	Revenue Collector-Transportation	\$111.94
			1005.41.4147.51610	Town Clerk-Wages	\$21.74
			1005.41.4147.53506	Town Clerk-Updates-Ordinance Contract	\$635.00
			1005.41.4149.51610	Elections-Registrars-Wages	\$217.20
			1005.41.4149.51620	Elections-Registrars-Wages PT-Election Workers	\$682.00
			1005.41.4149.53300	Elections-Registrars-Technology Upgrades	\$2,543.00
			1005.41.4149.55500	Elections-Registrars-Printing & Publications	\$2,819.36
			1005.41.4149.56900	Elections-Registrars-Other Supplies	\$1,447.92
			1005.41.4151.51610	Land Use Admin/Planner-Wages	\$1,859.05
			1005.41.4151.53300	Land Use Admin/Planner-GIS	\$1,140.00
			1005.41.4151.56010	Land Use Admin/Planner-Supplies	\$37.48
			1005.41.4153.53020	Planning & Zoning-Legal Services	\$4,329.77
			1005.41.4153.53200	Planning & Zoning-Professional Affiliations	\$110.00
			1005.41.4163.53020	Inland Wetlands-Legal Fees	\$978.90
			1005.41.4163.55400	Inland Wetlands-Advertising & Legal Notices	\$73.30
			1005.41.4171.51900	Conservation-Wages-Recording Secretary	\$112.50
			1005.41.4184.54200	Town Hall-Cleaning Services	\$1,543.75
			1005.41.4184.54301	Town Hall-Building Repairs	\$2,292.54
			1005.41.4184.54411	Town Hall-Water	\$52.23
			1005.41.4184.56100	Town Hall-Custodial Supplies	\$739.95
			1005.41.4184.56220	Town Hall-Electricity	\$295.51
			1005.41.4184.56240	Town Hall-Fuel Oil/Heating	\$3.08
			1005.41.4185.53300	Central Supplies-Computer Service	\$11,164.60
			1005.41.4185.54420	Central Supplies-Equipment Rental	\$2,049.33
			1005.41.4185.57330	Central Supplies-Office Equipment	\$263.66
			1005.41.4199.51900	Bd of Assessment-Wages-Recording Secretary	\$12.50
			1005.41.4199.55400	Bd of Assessment-Advertising/Legal Notices	\$47.79
			1005.42.4201.53550	Patrol Services-Overtime	\$2,255.22
			1005.42.4207.55010	Emergency Services-Medical Intercept Program	\$4,031.51
			1005.42.4207.55013	Emergency Services-QVEC 911	\$0.24
			1005.42.4207.55015	Emergency Services-Social Services/Veterans	\$5,382.00
			1005.42.4213.51610	Building Office-Wages	\$1,331.94
			1005.42.4213.51620	Building Office-Wages PT	\$984.00
			1005.42.4213.53010	Building Office-Professional Affiliations	\$10.00
			1005.42.4213.55500	Building Office-Printing & Publications	\$747.00
			1005.42.4213.55800	Building Office-Transportation/Mileage	\$226.48
			1005.42.4213.58000	Building Office-Housing Dislocation Fees	\$12,607.50
			1005.42.4215.53400	Animal Control-Contractual Service	\$385.00
			1005.42.4219.51610	Fire Marshal-Wages	\$1,662.03
			1005.42.4219.54300	Fire Marshal-Vehicle Maintenance	\$274.24
			1005.43.4303.51610	Roads & Drainage-Wages	\$6,845.51
			1005.43.4303.51630	Roads & Drainage-Wages OT	\$321.93
			1005.43.4303.51902	Roads & Drainage-Insurance Stipend	\$2,826.57
			1005.43.4303.54104	Roads & Drainage-Tree Removal	\$11,570.00
			1005.43.4303.54420	Roads & Drainage-Equipment Rental	\$1,453.40
			1005.43.4303.55400	Roads & Drainage-Advertising & Legal Notices	\$227.00

			1005.43.4303.56101	Roads & Drainage-Traffic Control Signs	\$1,892.87
			1005.43.4303.56102	Roads & Drainage-Roads/Bridges	\$5,124.19
			1005.43.4303.56220	Roads & Drainage-Electricity	\$3,668.40
			1005.43.4303.57393	Roads & Drainage-Employee Safety Equipment	\$83.17
			1005.43.4303.58102	Roads & Drainage-Radio Licensing	\$480.25
			1005.43.4307.51610	Snow & Ice Control-Wages	\$457.27
			1005.43.4313.54304	Maint. of Equip-Equipment & Truck Repair	\$10,014.19
			1005.43.4313.54305	Maint. of Equip-Truck Repair Parts	\$8,000.92
			1005.43.4313.56261	Maint. of Equip-Diesel Fuel	\$5,689.15
			1005.43.4317.51620	Resource Recovery-Wages PT	\$7,256.17
			1005.43.4317.54400	Resource Recovery-Rental	\$1,038.39
			1005.43.4317.54411	Resource Recovery-Water Analysis	\$50.00
			1005.43.4317.54421	Resource Recovery-Disposal Charges	\$6,162.49
			1005.43.4317.55302	Resource Recovery-Telephone	\$26.65
			1005.43.4317.55500	Resource Recovery-Printing & Publications	\$439.86
			1005.43.4317.56220	Resource Recovery-Electricity	\$1,173.07
			1005.43.4317.58103	Resource Recovery-Permits	\$605.00
			1005.43.4327.56010	Cemetery - Maintenance Supplies	\$78.71
			1005.43.4327.56900	Cemetery-Cemetery Association	\$1,000.00
			1005.43.4397.54411	61 South Main St-Water Fees	\$156.80
			1005.43.4397.56210	61 South Main St-Fuel/Gas Heating	\$528.20
			1005.43.4397.56220	61 South Main St-Electricity	\$1,484.90
			1005.43.4398.54102	95 Rukstela Rd-Septic Tank Cleaning	\$86.00
			1005.43.4398.54200	95 Rukstela Rd-Cleaning Services	\$380.00
			1005.43.4398.54302	95 Rukstela Rd-Alarm & Security Maintenance	\$804.50
			1005.43.4398.56100	95 Rukstela Rd-Custodial Supplies	\$625.11
			1005.43.4398.56210	95 Rukstela Rd-Fuel/Propane Heating	\$307.58
			1005.43.4398.56220	95 Rukstela Rd-Electricity	\$1,948.56
			1005.45.4503.51610	Recreation-Wages	\$1,547.07
			1005.45.4503.51620	Recreation-Wages PT	\$9,937.26
			1005.45.4505.51610	Park Maint.-Wages	\$1,038.17
			1005.45.4505.51620	Park Maint.-Wages PT	\$1,224.05
			1005.45.4505.51630	Park Maint.-Wages OT	\$2,860.63
			1005.45.4505.54301	Park Maint.-Building & Grounds Repairs	\$4,175.21
			1005.45.4505.54304	Park Maint.-Equipment Maint. Repair	\$4,647.06
			1005.45.4505.55302	Park Maint.-Telephone	\$351.88
			1005.45.4505.56900	Park Maint.-Other Supplies	\$2,394.08
			1005.45.4596.53512	Community Center-Internet & TV	\$61.36
			1005.45.4596.54200	Community Center-Cleaning Service	\$1,137.50
			1005.45.4596.54306	Community Center-Building Repairs	\$2,072.97
			1005.45.4596.56210	Community Center-Fuel/Gas Heating	\$250.45
			1005.45.4596.56220	Community Center-Electricity	\$1,480.02
			1005.45.4597.53512	Green Bldg-Internet	\$2,423.62
			1005.45.4597.54200	Green Bldg-Cleaning Service	\$1,332.98
			1005.45.4597.54306	Green Bldg-Building Repairs	\$2,601.65
			1005.45.4597.54411	Green Bldg-Water Fees	\$554.10
			1005.45.4597.55302	Green Bldg-Telephone	\$336.35
			1005.45.4597.56210	Green Bldg-Fuel/Gas Heating	\$413.28
			1005.45.4597.56220	Green Bldg-Electricity	\$1,517.38
			1005.45.4599.56900	Special Programs-Christmas Lighting	\$1,186.81
			1005.45.4599.56902	Special Programs-Memorial & Veterans Day	\$59.38
			1005.45.4599.56910	Special Programs-Earth Day	\$263.64
			1005.48.4898.54420	Long Term Debt-Truck Lease	\$0.55
			1005.48.4899.58255	Short Term Debt-Woodstock Academy Capital	\$728.50
			1005.48.4899.58350	Short Term Debt-Interest	\$0.32
			1005.50.5000.52100	Fringe Benefits-Life Insurance	\$896.00
			1005.50.5000.52200	Fringe Benefits-Employer Portion FICA/Medicare	\$7,370.18
			1005.50.5000.52301	Fringe Benefit-Pension Administration	\$14,025.00
			1005.80.8013.53010	Contracted Services-Storm Water Mgmt	\$10,480.00
			\$258,528.54		\$258,528.54