

Peer Comparison Fund Balance Policies

11/14/2024

Town	Source Document	Definitional Framework				Appropriate Level			Use and Replenishment			
		Purpose	GASB 54 Components	Appropriated and Commitment Authority	Assignment Authority	Fund Balance Level Specified	Fund Balance Level Other	Level as of FYE 22 (1)	Use	Annual Shortfall below Minimum	Replenish Emergency Shortfall	Other

Surrounding:

Darien	Annual Financial Report FYE 23, page iii (Long-Term Financial Planning) Darien BOF "State of the Town Address", 12/11/23	BOF has adopted a Fund Balance Policy. Unable to locate. Source documents note purpose of policy and level of balance is: *to provide protection in case of unforeseen emergencies *moderate mill rate increases *avoid excessive accumulation	not addressed	not addressed	not addressed	* <u>Minimum:</u> 12% of General Fund Revenues/ Expenses * <u>Target:</u> 17% for purposes of liquidity credit rating and precedent	not specified	16.04%	not specified	not addressed	not addressed	
Easton	Town's policy referred to in audited financial statements. Unable to locate policy.							15.18%				

Peer Comparison Fund Balance Policies

11/14/2024

Town	Source Document	Definitional Framework				Appropriate Level			Use and Replenishment			
		Purpose	GASB 54 Components	Appropriated and Commitment Authority	Assignment Authority	Fund Balance Level Specified	Fund Balance Level Other	Level as of FYE 22 (1)	Use	Annual Shortfall below Minimum	Replenish Emergency Shortfall	Other
New Canaan	Fiscal Year 25 Budget Book, Financial Policies. "What is a fund?" section, pages 42 and 43. June 24 OpEd from BOF chair Lavieri re: FY25 Budget	To ensure services can be provided for a short time even if commitments exceeded revenues	not addressed	not addressed	not addressed	Guideline: 10% (measure not specified in policy, and whether this is a target or a floor) BOF Chair OpEd: measure is % of budgeted expenses and 10% is "targeted guidance minimum"	not specified	12.12%	FY 25: lower mill rate by utilizing \$3.9 million FY24 surplus and additional \$1.1 million from unreserved fund for total of \$5.0 million	not addressed	not addressed	
Redding	Link to policy on website is empty. Unable to locate policy							23.27%				

Peer Comparison Fund Balance Policies

11/14/2024

Town	Source Document	Definitional Framework				Appropriate Level			Use and Replenishment			
		Purpose	GASB 54 Components	Appropriated and Commitment Authority	Assignment Authority	Fund Balance Level Specified	Fund Balance Level Other	Level as of FYE 22 (1)	Use	Annual Shortfall below Minimum	Replenish Emergency Shortfall	Other
Ridgefield	"Budget Reserve Guideline Updates" on Town website BOF page BOF 2-20-24 minutes which specify policy adopted	Formal policy adopted in 2024 to: *establish stronger statement of operating goals rather than informal 'guideline" *align with many comparable CT towns *maintain credit rating	not addressed	formal action of the Board of Finance	formal action of the Board of Finance	Target: 9 to 12% at FYE of total operating expense budget for subsequent fiscal year	In any budget cycle, BOF may choose to fall outside the target upon approval of 75% of members present and voting. This deviation would only apply to that annual budget	9.54%	available to cover: *unplanned expenses *revenue shortfalls *occasional use in challenging economic conditions to minimize budgetary tax impact	not addressed	not addressed	

Peer Comparison Fund Balance Policies

11/14/2024

Town	Source Document	Definitional Framework				Appropriate Level			Use and Replenishment			
		Purpose	GASB 54 Components	Appropriated and Commitment Authority	Assignment Authority	Fund Balance Level Specified	Fund Balance Level Other	Level as of FYE 22 (1)	Use	Annual Shortfall below Minimum	Replenish Emergency Shortfall	Other
Weston	Fund Balance Policy Memorandum	cushion against potential revenue and expense volatility	identified and classifications are also defined Priority of fund utilization for expenditures, if allowed thru approval or by law: *restricted before unrestricted *committed, then assigned, and lastly unassigned	formal action of the Board of Finance	formal action of the BOF "Unless otherwise approved by the BOF, the Board delegates authority to assign fund balance only for encumbrances to the Town Administrator and Finance Director	Minimum level and/or Target range not specified. Measure established at prior year FYE and is percentage of current year budgeted expenditures	The BOF will: *annually review to determine "appropriate" level considering multiple specified and other fiscal factors *endeavor to keep at level adequate to maintain AAA rating	22.83%	Either for: *one-time capital appropriations, or *transfer into dedicated accounts to meet unfunded Town/School liabilities	Must be restored to appropriate level; BOF in concert with BOS and BOE will take measures to do so. No timeframe specified	No distinction between emergency and annual shortfalls	

Peer Comparison Fund Balance Policies

Town	Source Document	Definitional Framework				Appropriate Level			Use and Replenishment			
		Purpose	GASB 54 Components	Appropriated and Commitment Authority	Assignment Authority	Fund Balance Level Specified	Fund Balance Level Other	Level as as of FYE 22 (1)	Use	Annual Shortfall below Minimum	Replenish Emergency Shortfall	Other
Westport	Fund Balance Policy Memorandum specifies annual BOF review	*maintain current credit rating *provide working capital and margin of safety to address local and regional emergencies	identified and classifications are also defined	formal action of the BOF, and the RTM (if required)	formal action of the BOF The BOF delegates the authority to "assign" fund balance for specific purposes, approved by the Board, to the Finance Director (e.g. encumbrances)		Finance Director will recommend appropriate targeted level considering multiple specified factors which impact the town's fiscal condition	14.02%	Unforeseen operating needs, emergency situations and unanticipated opportunities. Excess funds use for municipal finance purposes (e.g. capital projects or debt reduction)	Must be replenished to targeted minimum level. No timeframe specified. May be achieved by adding line item to annual budget at determination of the BOF.	No distinction between emergency and annual shortfalls	
Wilton	General Fund - Fund Balance Reserve Policy Memorandum	*supports bond rating *unexpected emergency situations *satisfies cash flow and contingency needs *avoid over taxing	identified and classifications are also defined	as authorized by the BOF, recommended by the BOS, and subject to the Town Charter re: non-budgeted appropriations	not addressed	* <u>Minimum:</u> 15% of prior year general fund (working towards) * <u>Target:</u> 15% to 17% of current year's General Fund budgeted operating revenues	not specified	9.84%	One-time, non- recurring uses. Examples: land acquisition, capital projects, emergency storm response	"Charter Reserve" expenditures will be used to increase to the 15% or higher balance	Develop a plan to resore to the minimum 15% level within two years following the year in which ther emergency event occurred	One-time non-recurring revenues will not be used to finance ongoing operating expenditures, programs and activities or to alleviate a mill rate increase or offset taxes

Peer Comparison Fund Balance Policies

11/14/2024

Town	Source Document	Definitional Framework				Appropriate Level			Use and Replenishment			
		Purpose	GASB 54 Components	Appropriated and Commitment Authority	Assignment Authority	Fund Balance Level Specified	Fund Balance Level Other	Level as of FYE 22 (1)	Use	Annual Shortfall below Minimum	Replenish Emergency Shortfall	Other

Fairfield County:

Fairfield	General Fund Balance Policy Every two years the fund balance policy may be reviewed to determine whether to update or revise	*eliminates need for short term borrowing to handle cash flow needs *contingency fund for unanticipated emergencies or opportunities *periodically lower taxes or smooth out increases in property tax rates *important consideration in maintaining Town's credit rating	identified and classifications are also defined	According to decision making authority levels established for each, formal action by: *BOF *BOS *RTM	formal action of the Board of Finance	*7.5% (minimum) to 11% (Ceiling) of total operating expenditures *Once the Unassigned Fund Balance is greater than 8%, the BOF may transfer the excess to the Town's Internal Service Fund	Higher minimum target levels justified by: *level of volatility in revenues and expenditures *drain on resources from other funds *exposure to natural disasters *rapidly growing budgets *reliance on corporate taxpayer(s) in same industry *cash flow timing issues	11.21%	*Operating emergencies *Unanticipated budget shortfalls *Unanticipated shortfalls in the Internal Service Fund	If projected to or actually goes below the Floor, BOF shall prepare a plan for expenditure reductions and/or revenue increases. Balance shall be restored to acceptable levels within one year or the next budget cycle	No distinction between emergency and annual shortfalls	If balance exceeds the Ceiling, may be used for one or a combination of transfers to funds for: *future debt payments * Internal Service, Pension or other OPEB trusts *Capital or Nonrecurring for future capital projects *to future increase in tax rates
-----------	---	--	---	---	---------------------------------------	---	--	--------	--	---	--	--

Peer Comparison Fund Balance Policies

Town	Source Document	Definitional Framework				Appropriate Level			Use and Replenishment			
		Purpose	GASB 54 Components	Appropriated and Commitment Authority	Assignment Authority	Fund Balance Level Specified	Fund Balance Level Other	Level as of FYE 22 (1)	Use	Annual Shortfall below Minimum	Replenish Emergency Shortfall	Other
Greenwich	Fund Balance Policy Memorandum policy reviewed no less often than every two years	Establish a target range for appropriate reserves to: *sustain high credit rating *provide financial managemnt flexibility *ensure sufficient liquidity to address unanticipated financial requirements	identified and defined	not addressed	not addressed	*Target: 5% to 10% of the Town's Total Expenses (defined as total of the budgets for General Fund Operating Costs, Fixed Charges and the Capital Tax Levy)	The Town's February 2024 General Obligation BAN prospectus notes specify: "The Town has changed its Fund Balance Policy to a raio of 8% to 15% of General Fund expenditures compared to General Fund Balance on a budgetary basis."	8.20%	Emergency appropriations such as: *unexpected operational cost over budget (e.g. storm or snow related costs) *legal claims or settlements of other risk matters *new or supplemental appropriations for capital projects Additional uses: *long term liabilities *reduce significant fluctuations in mill rate increases	not addressed	not addressed	

Peer Comparison Fund Balance Policies

11/14/2024

Town	Source Document	Definitional Framework				Appropriate Level			Use and Replenishment			
		Purpose	GASB 54 Components	Appropriated and Commitment Authority	Assignment Authority	Fund Balance Level Specified	Fund Balance Level Other	Level as of FYE 22 (1)	Use	Annual Shortfall below Minimum	Replenish Emergency Shortfall	Other

Other Aaa:

Avon	Annual Budget Document Adopted FY25 *Budget Message *Budget Supplement *Budget Glossary	*Establishes a target range *Specifies that threshold of "substantial support" must be provided by requesting authority to the BOF *defines use as extraordinary need or unusual opportunity that must be timely met	not addressed	formal action of the Board of Finance	not addressed	Minimum: either *10% of actual revenues *average of 10% of actual revenues over last three years Goal: 15%	The BOF will: * consider any use of surplus after showing of substantial support by requesting authority and *shall exercise its discretion to determine whether this threshold has been met. This alone shall not be sufficient basis to approve such request.	13.35%	Characteristics: *extraordinary need or unusual opportunity *real and immediate circumstances that compel extraordinary measure of using surplus *will result in tangible and significant benefit to the town	not addressed	not addressed	
------	--	--	---------------	---------------------------------------	---------------	---	---	--------	--	---------------	---------------	--

Peer Comparison Fund Balance Policies

11/14/2024

Town	Source Document	Definitional Framework				Appropriate Level			Use and Replenishment			
		Purpose	GASB 54 Components	Appropriated and Commitment Authority	Assignment Authority	Fund Balance Level Specified	Fund Balance Level Other	Level as as of FYE 22 (1)	Use	Annual Shortfall below Minimum	Replenish Emergency Shortfall	Other
Simsbury (significant similarities to Fairfield policy)	General Fund Balance Policy The policy shall be reviewed biannually by the Director of Finance with modifications approved by the BOF>	*eliminates need for short term borrowing to handle cash flow needs *contingency fund for unanticipated emergencies or opportunities *periodically lower taxes or smooth out increases in property tax rates *important consideration in maintaining Town's credit rating	identified and classifications are also defined	According to highest level of decision-making authority level established by the Town	formal action of the Board of Finance	*10% (Floor) to 12% (Ceiling) of total operating expenditures *Once the Unassigned Fund Balance is greater than 12%, the BOF may transfer the excess to the Town's Internal Service Fund	Higher minimum target levels justified by: *level of volatility in revenues and expenditures *drain on resources from other funds *exposure to natural disasters *rapidly growing budgets *reliance on corporate taxpayer(s) in same industry *cash flow timing issues	16.67%	Exigent circumstances which may justify a "spend down" to under 10% include: *Operating emergencies *Unanticipated budget shortfalls	If projected to or actually goes below the Floor reasons other than the timing of receipt of disaster recovery funds, Finance Director shall prepare an expenditure reduction and/or revenue increase plan. BOF shall take action to restore to acceptable levels within one year, the next budget cycle or a resonable time period	No distinction between emergency and annual shortfalls	If balance exceeds the Ceiling, may be used for one or a combination of transfers to funds for: *future debt payments * Pension or other OPEB trusts *transfer to Capital or Capital Nonrecurring future capital projects *to offset deficits or future costs

(1) FYE 2022 Unassigned Fund Balance as % of Expenditures from "Current Debt Ratios for Peer Towns" folder "Ratio for Peers" in Policy files.