

TOWN OF WALDOBORO

UNRESTRICTED FUND BALANCE POLICY

The Town of Waldoboro recognizes the importance of maintaining an appropriate level of Unrestricted Fund Balance. After evaluating the Town's operating characteristics, diversity of tax base, reliability of non-property tax revenue sources, working capital needs, impact on bond rating, State and local economic outlooks, emergency and disaster risk, and other contingent issues, the Town establishes the following goals regarding the Unrestricted Fund Balance of the General Fund for the Town of Waldoboro, Maine.

TARGET BALANCES

The level of fund balance that the Town strives to maintain as unrestricted is based on a three tier target balance:

Minimum Level: Funds equal to 30-days of funds based on the current year's approved budget.

Target Level: Funds equal to 60-days of funds based on the current year's approved budget.

Maximum Level: Funds equal to 90-days of funds based on the current year's approved budget.

TARGET LEVEL CALCULATION

The calculation of each tier's financial target shall take place annually. The target is determined by dividing the total of the approved Municipal Budget, Waldoboro's share of the RSU 40 budget and Waldoboro's share of the Lincoln County budget by the number of days in that calendar year, and multiplying that by the number of days in each tier target.

REQUIRED ACTIONS

Once the Town achieves its goal of an appropriate level of Unrestricted Fund Balance, any excess funds may be utilized for other municipal fiscal purposes, including capital improvement needs or tax rate stabilization or reduction purposes. The following actions shall be taken based upon the amount of unrestricted fund balance relative to the established tier targets:

Balance Is Below The Minimum Level: When the unrestricted fund balance is below the minimum level, steps shall be taken to recommend to the voters to increase fund balance level, bringing it closer, or to, the minimum level. Funds should not be used to offset budgetary impact on the mil rate or for other non-emergency uses.

Balance Is Above The Minimum Level But Under The Target Level: Efforts shall be made to bring the fund balance to the target level. With voter authorization, funds may be used for mitigating the budget impact on the mil rate, or for other valid purposes which benefit the tax payers. After subtraction of these amounts the remaining fund balance level should show a net gain.

Balance Is Between The Target Level And The Maximum Level: Upon proper authorization by Town Meeting, the use of unrestricted funds may be used to offset the budgetary impact on the mil rate, or for other valid purposes which benefit the taxpayers. However, said actions should not result in a depletion of the unrestricted fund balance below the target level.

Balance Is In Excess Of The Maximum Level: Amounts in excess of the maximum level shall be recommended to be used to offset the budgetary impact on the mil rate, or for other valid purposes which benefit the taxpayers. However, said actions should not result in a depletion of unrestricted fund balance below the target level.

EMERGENCY ACTIONS PERMITTED

This policy has been adopted by the Town to recognize the financial importance of a stable and sufficient level of the Unrestricted Fund Balance. However, the Town, reserves the right to appropriate any funds from the Unrestricted Fund Balance for emergencies and other requirements the Town believes to be in the best interest of the Town.

ENACTMENT

This policy was enacted at a duly called meeting of the Board of Selectmen on the 27th day of January 2015.

Board of Selectmen:
Waldoboro, Maine

Chair Clinton E. Collamore

Vice Chair Joanne C. Minzy

Theodore M. Wooster

Ronald L. Miller

Carl W. Cunningham