

## Chapter 48

### FUND BALANCE POLICY

§ 48-1.	<b>Purpose.</b>	§ 48-3.	<b>Fund balance classifications.</b>
§ 48-2.	<b>Definitions.</b>	§ 48-4.	<b>Fund balance policy.</b>

**[HISTORY: Adopted by the Town Board of the Town of Greenwich 5-12-2026 by L.L. No. 1-2026, effective 5-12-2026. Amendments noted where applicable.]**

#### § 48-1. Purpose.

- A. The Town Board recognizes that the maintenance of a fund balance is essential to the preservation of the financial integrity of the Town and is fiscally advantageous for both the Town and the taxpayer. This policy will ensure that the Town maintains adequate fund balances and reserves in order to:
- (1) Ensure sufficient cash flow for daily financial requirements.
  - (2) Eliminate the need for short-term borrowing to handle cash flow between the start of the fiscal year and receipt of revenue from taxes.
  - (3) Guard against economic fluctuations.
  - (4) Serve as a contingency fund that enables the Town to respond to unanticipated emergencies or opportunities.
  - (5) Provide a framework to help guide budgetary decisions.
- B. The Town Board is responsible for the appropriate accounting of public funds, the sound management of municipal finances, and the adequate funding of services desired by the public. This fund balance policy is meant to help the Town maintain a prudent level of financial resources to provide essential services, maintain sufficient cash flow, and manage unanticipated occurrences, while at the same time avoiding over taxation with an excessively large fund balance.

#### § 48-2. Definitions.

As used in this chapter, the following terms shall have the meanings indicated:

**ANNUAL UPDATE DOCUMENT (AUD)** — The report required by § 30 of the General Municipal Law (GML) in which the Town reports its financial condition to the New York State Comptroller.

**CAPITAL PROJECTS FUND** — A fund or funds established for financial resources to be used for the acquisition or construction of capital facilities such as buildings, facilities, or infrastructure and/or equipment. An individual capital projects fund should be established for each authorized project.

**GENERAL FUND** — The Town's principal operating fund from which Town expenses are customarily paid. This fund includes all revenues and expenditures not required to be recorded in a separate fund.

**HIGHWAY FUND** — A fund established pursuant to Highway Law § 141 which accounts for revenue

and expenditures for highway purposes, including but not limited to repairs and improvements on bridges, machinery, and roads.

TRUST AND AGENCY FUND — A fund or funds established by the Town as an agent for individuals, private organizations or other governments.

**§ 48-3. Fund balance classifications.**

- A. 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, as amended.
- B. 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) Non-spendable fund balance: Consists of funds that cannot be spent because they are held for prepaid items or inventory.
  - (2) Restricted fund balance: amounts that can be spent only for the specific purposes stipulated by external parties either constitutionally or through enabling legislation. This may include capital reserves, tax and debt reserves, repairs, insurances or other purposes allowed by enabling legislation. The Town has created several Restricted Fund Balances, identified in Section III.
  - (3) Assigned fund balance: Consists of funds that are set aside to be used for a specific purpose by the government's highest level decision making authority (Town Board). The purpose of the assignment must be defined in the annual budget. Encumbrances are considered assigned fund balance.
  - (4) Unassigned fund balance: Consists of the remaining funds after considering the previous four categories. Includes all amounts not contained in other classifications and is the residual classification of the general fund and highway fund only. Unassigned amounts are available for any legal purpose.

**§ 48-4. Fund balance policy.**

- A. Restricted Fund Balances Created by Town Board Resolution Approval
  - (1) The Town shall strive to maintain a level of restricted reserves to guard against a service disruption because reserves are essential to dealing with unforeseen emergencies, etc.
  - (2) Funding of restricted reserves can come from surplus funds or one-time revenues or other sources as designated by the Town Board.
  - (3) All expenditures or uses of revenues or additions will require Town Board approval.
  - (4) Reserves shall only be used for the purpose in which they are intended.
  - (5) Reserves created and maintained by the Town are:
    - Facilities Improvement Reserve- to pay the cost of any non-recurring repairs or improvements to any real property owned by the Town.
    - Beach Improvement Reserve- to pay the cost of any non-recurring repairs or improvements to the Battenkill Riverside Park (Beach).

- Hudson Riverside Park Building Improvement Reserve- to pay the cost of any non-recurring repairs or improvements to the Hudson Riverside Park.
- Unemployment Reserve- to pay for unemployment benefits owed to former municipal employees.
- Highway Equipment Reserve- to pay for the cost of any non-recurring repairs to equipment or equipment acquisition.

B. Assigned Fund Balance

The Town Board may assign Fund Balance for use in Annual Budgets.

C. Unassigned Fund Balance

- (1) State Law allows local governments to carry over a “reasonable amount” or unappropriated unreserved fund balance from one year to the next. The unassigned fund balance range for the General Funds (A, B) and Highway Funds (DA, DB) shall not be less than 10% and not more than 15% of the total adopted budgeted expenditures.
- (2) The Budget Officer shall annually calculate and verify the Town’s compliance with this policy and report to the Town Board. The Budget Officer and/or Town Supervisor shall make recommendations for the use of excess funds or replenishment of funds in the event of a deficit.
- (3) In the event that the unassigned fund balance of the Town’s general or highway fund exceeds the maximum requirement of 10%, the excess may be utilized for any lawful purpose approved by the Town Board. The excess may be appropriated to fund one time expenditures or capital expenses which do not result in recurring operating costs, or the establishment or increase in legitimate restricted fund balances.
- (4) In the event that the unassigned fund balance for the Town’s General and Highway funds fall below the minimum requirement of 10%, the Town Supervisor shall prepare and submit to the Town Board a plan to restore the deficit balance to the minimum level in the next fiscal year or other appropriate period of time.

**§ 48-5. Annual Review.**

This policy will be presented by the Town Supervisor to the Town Board annually for review.