

SUPERVISOR
716-778-8531

TOWN CLERK
716-778-8822
FAX 716-638-4183

ASSESSOR
716-778-8827

TAX COLLECTOR
716-778-6052

BUILDING INSPECTOR
716-778-5947

WATER/SEWER
716-778-8132



TOWN OF NEWFANE

2737 Main Street
Newfane, New York 14108
FAX 716-638-4261

JUSTICE COURT
2896 Transit Road
Newfane, New York
14108
716-778-9292

HIGHWAY
716-778-8844

WATER/SEWER
MAINTENANCE
716-778-8587

6176 McKee Street
Newfane, New York
14108

TDD 1-800-662-1220

RESOLUTION NO. 57 - 2023

THE TOWN BOARD OF THE TOWN OF NEWFANE, NEW YORK CREATES AND ADOPTS TOWN OF NEWFANE FUND BALANCE POLICY NOVEMBER 15, 2023

WHEREAS, the Town Board of the Town of Newfane continues in our efforts to ensure financial security through the maintenance of a healthy reserve fund that guides the creation, maintenance, and use of resources for financial stabilization purposes, and

WHEREAS, the Town's reserve funds must be properly established and maintained to promote the goal of creating an open, transparent, and accountable use of public funds, and

WHEREAS, the Town's primary objective is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees due to temporary revenue shortfalls or unpredicted one-time expenditures, now therefore be it

RESOLVED, the Town Board of the Town of Newfane hereby adopts the fund balance policy hereto attached.

John Syracuse, Supervisor

Laura Rutland, Councilwoman

Sue Neidlinger, Councilwoman

Richard Coleman, Councilman

Troy Barnes, Councilman

DATED: November 15, 2023

CERTIFICATE OF CLERK

STATE OF NEW YORK
COUNTY OF NIAGARA
TOWN OF NEWFANE

SEAL

Mildred Kramp, RMC, CMC
Town Clerk Town of Newfane

SUPERVISOR
716-778-8531

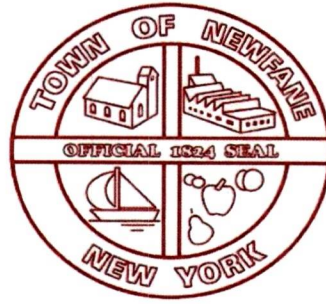
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6176 McKee Street
Newfane, New York I4108
TDD 1-800-662-1220

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Newfane, New York I4108
FAX 716-638-4261

TOWN OF NEWFANE, NEW YORK FUND BALANCE POLICY ESTABLISHED NOVEMBER 15, 2023

PURPOSE

The Town of Newfane (the “Town”) has enacted the following policy in an effort to ensure financial security through the maintenance of a healthy reserve fund that guides the creation, maintenance, and use of resources for financial stabilization purposes.

The Town’s reserve funds must be properly established and maintained to promote the goal of creating an open, transparent and accountable use of public funds. The Town’s primary objective is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees due to temporary revenue shortfalls or unpredicted one-time expenditures. The Town also seeks to maintain the highest possible credit ratings which are dependent, in large part, on the Town’s maintenance of a healthy fund balance.

BACKGROUND

The Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is intended to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied. GASB 54 abandons the reserved and unreserved classifications of fund balance for financial statement reporting and replaces them with five new classifications: non-spendable, restricted, committed, assigned and unassigned.

DEFINITIONS

GASB Statement No. 54 replaces the previous fund balance classifications with the following:

Non-spendable fund balance

This consists of assets that are inherently non-spendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.

Restricted fund balance

This consists 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.

Committed fund balance

This consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The New York State Office of the State Comptroller believes that in most cases, local governments in New York will not have committed fund balance to report.

Assigned fund balance

This consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

Unassigned fund balance

This represents the residual classification for the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or unassigned.

The Government Finance Officers Association (GFOA) recommends that governments establish a formal policy on the level of unrestricted fund balance that should be maintained in the General Fund.

FUND BALANCE POLICY STATEMENTS

- The Town Board is the only decision-making authority that can commit fund balance.
- The Town shall strive to maintain unexpended surplus funds of not less than 30% and not more than 50% of General Fund adopted budget appropriations, excluding interfund transfers.
- The Town will measure its compliance with this policy as of April 1st each year, or as soon as practical after final year-end account information becomes available. During the course of the year the Town Supervisor shall closely monitor the Town's revenues and expenditures to monitor fund balance compared to what was planned.
- It is the intent of the Town to limit the use of fund balance to address unanticipated, non-recurring needs, or unanticipated future obligations. Fund balance shall not normally be applied to recurring annual operating expenditures.

- In the event that unassigned fund balance exceeds 50% of adopted budget appropriations, the annual policy review will include consideration of temporary suspension, funding of accrued liabilities or restricted fund balances, covering of one-time expenditures, or the start-up of expenditures for new programs.
- In the event that unassigned fund balance fall below 30% of adopted budget appropriations, the Town Supervisor shall make a recommendation to the Town Board to restore the fund balance to the minimum level in the next budget year or appropriate period of time, not to exceed 5 years.
- The Town will spend the most restricted dollars before less restricted where such spending is appropriate and the legal restriction does not limit the use of such restricted amount for the particular purpose in question in the following order:
 - Non-spendable (if funds become spendable)
 - Restricted
 - Committed
 - Assigned
 - Unassigned