

# **TOWN OF BUCKFIELD RESERVE FUND POLICY**

## **1. Purpose**

The purpose of this policy is to provide process and oversight for the establishment and utilization of reserve accounts comprising a reserve fund established by the Town of Buckfield for financing the acquisition or reconstruction of a specific, or a type of, capital improvement; financing the acquisition of a specific item or type of capital equipment; or a sinking fund account for paying a funded debt.

## **2. Authorization to Establish a Reserve Fund**

Pursuant to 30-A M.R.S.A. § 5801, the Town of Buckfield shall establish a reserve fund. Said reserve fund shall consist of certain designated reserve accounts. The reserve accounts shall be categorized as a capital improvement reserve, capital equipment reserve, or sinking fund account.

## **3. Designated Reserve Accounts**

The Town Manager upon consultation with the respective Department Head shall recommend to and the Select Board may approve the establishment of a designated reserve account or the elimination of an established reserve account.

There are hereby established the following designated reserve accounts:

1. Rescue Department Capital Asset Reserve
2. Fire Department Capital Asset Reserve
3. Public Works Equipment Reserve
4. Employee Benefit Reimbursement & Self Insurance Reserve
5. Parks and Recreation Reserve
6. Revaluation Reserve
7. Health Reimbursement Arrangement (HRA) Reserve
8. Library – Accumulated Donations Reserve
9. Buckfield-Damon Cemetery Reserve
10. Small Community Grant (SCG) Reserve
11. Municipal Center Capital Improvement Reserve
12. Emergency Contingency Reserve
13. Historical Records Preservation Reserve

Reserve accounts currently existing and not included in the above list shall either continue to be used for their intended purpose until depletion or shall lapse into the Undesignated Fund Balance

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after June 30, 2024. Any “carry forwards” currently budgeted and intended to function as a reserve may be used to fund the established appropriate reserve fund.

#### **4. Funding for Reserve Accounts**

The reserve accounts may be funded by direct annual appropriation by inclusion in the annual budget voted at Town Meeting; unanticipated revenues such as proceeds from vehicle sales or the sale of goods; or funds from the undesignated fund balance if so, approved by the legislative body at an Annual or Special Town Meeting. Donations specific to a particular Town department may also be credited to a reserve account.

#### **5. Authority to Use and Withdraw**

The Select Board must authorize the use and withdrawal of any and all reserve account funds.

#### **6. Administration Responsibilities**

The Treasurer shall be responsible for monitoring the Town’s reserve accounts and for ensuring that this policy is adhered to. The Treasurer shall annually, as part of the budget process, submit a report outlining the status of the Town’s reserve accounts which shall be included in the proposed budget submitted to the Select Board and Budget Committee. The Treasurer shall also provide partial or complete status reports at other times to the Select Board, Budget Committee, Town Manager, or Department Heads upon request. The Town Manager shall present any capital expenditure plans for Reserve Accounts during the budget process.

#### **7. How to establish a Reserve Account**

- 1) An account is established during the budget process unless the Select Board makes an exception;
- 2) The request must contain:
  - a. Statement of purpose
  - b. Source(s) of funding;
  - c. Amounts and limits;
  - d. Special considerations if applicable;
- 3) The request is reviewed by the Town Manager and placed on the Agenda at the next Select Board Meeting; and
- 4) The establishment of the account must be approved by the Select Board at a duly called meeting.

#### **8. Definitions**

The following definitions shall be used for the purpose of this policy:

**Capital Assets:** Fixed assets that are used in the operations of the Town and have an initial useful life of at least three years. Capital Assets include major government facilities, infrastructure, equipment, and networks that enable the delivery of public sector services.

**Capital Expenditures:** Funds used by the Town to acquire, upgrade, and maintain fixed assets such as property, buildings, technology, or equipment.

**Capital Improvement:** A major project acquisition and/or construction that requires the expenditure of funds from sources other than normal operating expenses. Capital improvements as defined, shall have a cost of \$5,000 or more, do not recur annually, have an initial useful life of at least three years, and shall result in a fixed asset.

**Equipment:** All non-expendable items used in the operation of Town Departments, that have an initial useful life of at least three years. This includes motor vehicles such as ambulances, fire Trucks, and Plow Trucks.

## 9. Specific Reserve Account Requirements

### 1. Rescue Department Capital Asset Reserve

- 1) **Purpose.** The purpose of the account is to annually fund either partially or completely, the purchase or remount of ambulances as well as capital assets necessary to the operation of the Rescue Department. Capital assets shall have a life of more than three years and have an acquisition cost of at least \$5,000.
- 2) **Funding.** The Rescue Ambulance Reserve Account may be funded by direct appropriation in the annual budget or by the sale of ambulances or equipment.
- 3) **Amounts and Limits.** The Rescue Ambulance Reserve Account may not exceed \$300,000. Funding in excess of \$300,000 shall lapse into the undesignated fund balance at the end of the fiscal year.
- 4) **Special Considerations.** Upon establishment, existing funds from the Rescue Unit-Ambulance Reserve Account and Rescue Unit-Equipment Reserve Account shall be combined into this Account.

### 2. Fire Department Capital Asset Reserve

- 1) **Purpose.** The purpose of the account is to fund partially or completely, the purchase or refurbishment of fire apparatus as well as capital assets necessary to the operation of the Fire Department. Capital assets shall have a life of more than three years and have an acquisition cost of at least \$5,000.
- 2) **Funding.** The Fire Apparatus Reserve Account may be funded by direct appropriation in the annual budget and by the sale of apparatus or equipment.
- 3) **Amounts and Limits.** The Fire Apparatus Reserve Account shall not exceed \$375,000. Funding in excess of \$375,000 shall lapse into the undesignated fund balance at the end of the fiscal year.

- 4) ***Special Considerations.*** Upon establishment, existing funds from the Fire Equipment Reserve Account and Fire Truck Replacement Reserve Account shall be combined into this Account.
3. **Public Works Equipment Reserve**
    - 1) ***Purpose.*** The purpose of the account is to fund either partially or completely the purchase of Public Works equipment.
    - 2) ***Funding.*** The Public Works Equipment Reserve Account may be funded by direct appropriation in the annual budget and by the sale of equipment.
    - 3) ***Amounts and Limits.*** The Public Works Equipment Reserve Account shall not exceed \$500,000. Funding in excess of \$500,000 shall lapse into the undesignated fund balance at the end of the fiscal year.
  4. **Employee Benefit Reimbursements & Self Insurance Reserve**
    - 1) ***Purpose.*** The purpose of the account is to pay accrued earned time and vacation to employees terminating their employment with the Town pursuant to the most current Town of Buckfield Personnel Policy and/or State Law. This account shall also be used to fund the Town's share of unemployment claims as the Town is self-insured.
    - 2) ***Funding.*** The Employee's Benefit Reimbursement & Self Insurance Reserve may be funded by direct appropriation in the annual budget.
    - 3) ***Amounts and Limits.*** The Employee's Accrued Benefits Reserve shall not exceed the aggregate liability for the current budget year.
  5. **Parks and Recreation Reserve**
    - 1) ***Purpose.*** The purpose of the account is to fund either partially or completely the purchase of land, capital projects, and equipment associated with the operations of the Parks and Recreation Department.
    - 2) ***Funding.*** The Parks and Recreation Reserve Account may be funded by direct appropriation in the annual budget and by the sale of equipment.
    - 3) ***Amounts and Limits.*** The Parks and Recreation Reserve Account shall not exceed \$100,000. Funding in excess of \$100,000 shall lapse into the undesignated fund balance at the end of the fiscal year.
    - 4) ***Special Considerations.*** Upon establishment, existing funds from the Land Conservation Reserve Account and Recreation Field Reserve Account shall be combined into this Account.
  6. **Revaluation Reserve**
    - 1) ***Purpose.*** The purpose of the account is to provide funding for a real estate and personal property revaluation.
    - 2) ***Funding.*** The Revaluation Reserve may be funded by direct appropriation in the annual budget.
    - 3) ***Amounts and Limits.*** The Revaluation Reserve shall not exceed the estimated cost of undergoing a revaluation currently estimated at \$200,000. Should the Reserve limit be

reached, no additional funds shall be budgeted until the balance falls below the identified limit.

- 4) **Special Considerations.** Upon establishment the existing Mini Re-Valuation Reserve Account shall be renamed the Revaluation Reserve Account.

**7. Health Reimbursement Arrangement (HRA) Reserve**

- 1) **Purpose.** The purpose of the account shall be to fund costs associated with the Town's HRA employee benefit arrangement.
- 2) **Funding.** The Health Reimbursement Arrangement (HRA) Reserve may be funded by direct appropriation in the annual budget.
- 3) **Amounts and Limits.** The Health Reimbursement Reserve shall not have a fund balance limit.

**8. Library Accumulated Donations Reserve**

- 1) **Purpose.** The purpose of the account shall be to fund the cost of capital improvements, equipment, books, as well as to offset budget appropriations.
- 2) **Funding.** The Library Accumulated Donations Reserve may be funded by fundraising, and/or donations.
- 3) **Amounts and Limits.** The Library Accumulated Donations Reserve shall not have a fund balance limit.

**9. Buckfield-Damon Cemetery Reserve**

- 1) **Purpose.** The purpose of the account is to provide funding for capital projects as well as to offset budget appropriations.
- 2) **Funding.** The Buckfield-Damon Cemetery may be funded by up to 70% of the revenue generated by the sale of burial plots, fundraising and/or donations.
- 3) **Amounts and Limits.** The Buckfield-Damon Donations Reserve shall not have a fund balance limit.

**10. Small Community Grant (SCG) Reserve**

- 1) **Purpose.** The purpose of the account is to provide funding to help the municipality replace malfunctioning septic systems that are polluting a waterbody or causing a public nuisance.
- 2) **Funding.** The Small Community Grant Reserve may be funded by direct appropriation in the annual budget. Reimbursements from the Maine Department of Environmental Protection for SCG Grants shall be deposited into this account.
- 3) **Amounts and Limits.** The Small Community Grant Reserve shall not exceed \$15,000. Should the Reserve limit be reached, no additional funds shall be budgeted until the balance falls below the identified limit.

**11. Municipal Center Capital Improvement Reserve**

- 1) **Purpose.** The purpose of the account is to fund either partially or completely, capital improvements for the Buckfield Municipal Center.

- 2) **Funding.** The Municipal Center Capital Improvement Reserve may be funded by direct appropriation in the annual budget.
- 3) **Amounts and Limits.** The Municipal Center Capital Improvement Reserve shall not exceed \$500,000. Should the Reserve limit be reached, no additional funds shall be budgeted until the balance falls below the identified limit.

#### 12. Emergency Contingency Reserve

- 1) **Purpose.** The purpose of the account is to fund unanticipated and unfunded emergency costs defined as any situation where the resources of the Town and its employees are involved in efforts to mitigate immediate threat to life, property, environment and/or economy within the municipality.
- 2) **Funding.** The Emergency Contingency Reserve may be funded by direct appropriation in the annual budget. When funds are used to cover a defined emergency in which a reimbursement is issued, those funds shall be deposited back into this account.
- 3) **Amounts and Limits.** The Emergency Contingency Reserve shall not exceed \$50,000. Should the Reserve limit be reached, no additional funds shall be budgeted until the balance falls below the identified limit.

#### 13. Historical Records Preservation Reserve

- 1) **Purpose.** The purpose of the account is to fund the preservation of the Town's historic records.
- 2) **Funding.** The Historical Records Preservation Reserve may be funded by direct appropriation in the annual budget.
- 3) **Amounts and Limits.** The Historical Records Preservation Reserve may not exceed \$10,000 in a given fiscal year. Funding in excess of \$10,000 per fiscal year shall lapse into the undesignated fund balance at the end of the fiscal year.

## **Appendix A:**

The following Reserve Accounts established prior to the adoption of this Policy will continue to exist until their funds are depleted through the intended purpose of the account when established.

Once depleted these reserve accounts will be closed.

1. Fire Department – Town’s Matching Share Grant Reserve Fund
  - a. Purpose: To fund the Town’s share of matching Fire Department grants.
2. Rescue Department – Town’s Matching Share Grant Reserve Fund
  - a. Purpose: To fund the Town’s share of matching Rescue Department grants.
3. Gibson Charitable Grant Reserve
  - a. Purpose: To provide emergency funding to residents that “fall through the cracks” of the General Assistance Program. Funds can be used for emergency needs such as housing, heating, food, burial assistance, or repairs to a primary residence. Awards shall not exceed \$250 each and are available to households with children age 17 or under or with a resident 65 years of age or older.