

**Town of Clinton
2021 Fund Balance Report**

The Town of Clinton Fund Balance Policy contains the following provision:

- The Town shall strive to maintain unexpended surplus funds of not less than 25% and not more than 45% of General Fund and Highway Funds adopted budget appropriations, excluding inter-fund transfers for fringe benefits such as health insurance, pension and other benefit payments made on behalf of Town employees.
- In the event that unexpended surplus funds exceed 45% of adopted budget appropriations, the excess may be utilized for any lawful purpose approved by the Town Board. In order to minimize the long term effect of such use, the excess should be appropriated to fund one-time expenditures, a reduction in taxes, and/or be used to establish or increase reserves.
- In the event that unexpended surplus funds fall below 25% of adopted budget appropriations, the Town Board shall develop a restoration plan to achieve and maintain the minimum fund balance over a period not to exceed 3 years.

General Fund

Total 2021 appropriations, excluding inter-fund transfers for fringe benefits: \$1,320,222
Allowable maximum unassigned fund balance (45%): \$594,100
Allowable minimum fund balance (25%): \$330,056

Fund Balance in the General Fund as of 2020 AUD: \$704,289

The Unassigned Fund Balance in the General Fund represents 53.3% of the adopted budget appropriations, excluding inter-fund transfers for fringe benefits. This fund balance is in excess of the allowable limit for the General Fund. As per the policy, the Town Board must utilize at least \$110,189, and no more than \$374,233.

It is my recommendation that the Town Board utilize approximately \$120,000 of Fund Balance, bringing it below the maximum allowable limit, while at the same time maintaining a healthy fund balance. The use of these funds may be decided during the upcoming budget workshops.

Highway Fund

Total 2021 appropriations, excluding inter-fund transfers for fringe benefits: \$1,700,442
Allowable maximum unassigned fund balance (45%): \$765,199
Allowable minimum fund balance (25%): \$425,111

Fund Balance in the General Fund as of 2020 AUD: \$171,707

The Unassigned Fund Balance in the Highway Fund represents 10.1% of the adopted budget appropriations, excluding inter-fund transfers for fringe benefits. This fund balance is significantly below the allowable minimum for the Highway Fund. As per the policy, the Town Board shall develop a restoration plan to achieve and maintain the minimum fund balance over a period not to exceed 3 years.

Report Prepared by Michael Whitton, Town Board member.
21 May 2021