Ridgefield Board of Finance

Unassigned Fund Balance Reserve Policy

1. For purpose of this policy, "Budget Reserve Ratio" means the ratio of the actual or forecast unassigned fund balance as of June 30, to the total operating expense budget, including debt service expenses, for the subsequent fiscal year.

2. In developing the annual fiscal year budget, the Board of Finance shall seek to maintain the Budget Reserve Ratio within a target range of 9% to 12%. The Board shall have full discretion as to where in the range it sets the annual target, based on its views of the Town's current fiscal circumstances, economic and budget outlook, and other relevant factors, with the goal of "establishing and maintaining the Town in a sound overall financial condition" [Town Charter, Sec 4-14].

3. In any annual budget cycle, the Board of Finance may choose to set a Budget Reserve Ratio that falls outside of the target range established in paragraph 2, upon approval of three-quarters of the Board members who are present and voting. Such deviation shall apply only to the annual budget under consideration.

Adopted at the meeting of the Board of Finance, February 20, 2024