**TOWN OF BRIDGTON**

**RESERVE ACCOUNTS POLICY**

**Purpose**

The purpose of this policy is to provide process and oversight to the establishment and utilization of reserve accounts comprising a reserve fund established by the Town of Bridgton 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.

**Authorization to establish a reserve fund**

Pursuant to 30-A M.R.S.A. § 5801, the Town of Bridgton 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.

**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. Police Cruiser Purchase Reserve
2. Fire Apparatus Reserve
3. Public Works Equipment Reserve
4. Transfer Station Equipment Reserve
5. Capital Projects Reserve
6. Municipal Buildings Reserve
7. Recreation Department Reserve
8. Employees Accrued Benefits Reserve
9. Wastewater Reserve
10. Salmon Point Reserve
11. Revaluation Reserve
12. Pondicherry Park Reserve
13. Sabatis Island 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 as of June 30, 2015. Any “carry forwards” currently budgeted and intended to function as a reserve may be used to fund the established appropriate reserve fund.

**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 sale of forfeiture property; 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 operation may also be credited to a reserve account.

**Authority to use and withdraw**

The Town Manager must authorize the use and withdrawal of any and all reserve account funds. All expenditures exceeding $10,000 require a Select Board vote.

**Administration responsibilities**

The Finance Officer shall be responsible for monitoring the Town’s reserve accounts and for insuring that this policy is adhered to. The Finance Officer 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 Finance Officer may also provide partial or complete status reports at other times to the Select Board, Budget Committee, Town Manager, or Department Heads. The Town Manager shall present a five (5) year capital expenditure plan for Reserve Accounts annually in October.

**How to establish a Reserve Account**

* 1. An account is established during the budget process unless Select Board makes an exception;
  2. The request is reviewed and approved by the Town Manager;
  3. The request must contain:
     1. Statement of purpose
     2. Source(s) of funding
     3. Amounts and limits;
     4. Special considerations if applicable; and
  4. The establishment of the account must be approved by the Select Board.

**Specific reserve account requirements**

1. **Police Cruiser Purchase Reserve** 
   1. ***Purpose***. The purpose of the account is to annually fund either partially or completely the purchase of a police cruiser.
   2. ***Funding***. The Police Cruiser Purchase Reserve Account may be funded by direct appropriation in the annual budget or by the sale of police cruisers.
   3. ***Amounts and Limits***. The Police Cruiser Purchase Reserve Account may not exceed $30,000 in a given fiscal year. Funding in excess of $30,000 per fiscal year shall lapse into the undesignated fund balance at the end of the fiscal year.
2. **Fire Apparatus Reserve** 
   1. ***Purpose***. The purpose of the account is to fund the purchase of specific fire apparatus designated in the five year capital plan.
   2. ***Funding***. The Fire Apparatus Reserve Account may be funded by direct appropriation in the annual budget and by the sale of apparatus.
   3. ***Amounts*** ***and*** ***Limits***. The Fire Apparatus Reserve Account shall not exceed $375,000. Funding in excess of $375,000 per fiscal year shall lapse into the undesignated fund balance at the end of the fiscal year.
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 $200,000. Funding in excess of $200,000 per fiscal year shall lapse into the undesignated fund balance at the end of the fiscal year.
4. **Transfer Station Equipment Reserve** 
   1. ***Purpose***. The purpose of the account is to fund either partially or completely the purchase of Transfer Station equipment.
   2. ***Funding***. The Transfer Station Equipment Reserve Account may be funded by direct appropriation in the annual budget and by the sale of equipment.
   3. ***Amounts*** ***and*** ***Limits***. The Transfer Station Equipment Reserve Account shall not exceed $100,000. Funding in excess of $100,000 per fiscal year shall lapse into the undesignated fund balance at the end of the fiscal year.
5. **Capital Projects Reserve**
   1. ***Purpose***. The purpose of the account shall be to fund capital improvement projects as identified in the Capital Improvement Plan.
   2. ***Funding***. The Capital Projects Reserve may be funded by direct appropriation in the annual budget or, pursuant to Town Meeting approval, unexpended balances remaining at the end of each fiscal year from the Town’s annual appropriations for Capital Expenditures.
   3. ***Amounts*** ***and*** ***Limits***. The Capital Projects Reserve shall not exceed $100,000. Funding in excess of $100,000 per fiscal year shall lapse into the undesignated fund balance at the end of the fiscal year.
6. **Municipal Buildings Reserve**
   1. ***Purpose***. The purpose of the account shall be to fund extraordinary building repair and maintenance expenditures for the Town Office or Town Hall.
   2. ***Funding***. The Municipal Buildings Reserve may be funded by direct appropriation in the annual budget.
   3. ***Amounts*** ***and*** ***Limits***. The Municipal Buildings Reserve shall not have a fund balance limit.
7. **Recreation Department Reserve**
   1. ***Purpose***. The purpose of the account shall be to fund the cost of capital recreational equipment and facilities such as playground equipment or facility improvements.
   2. ***Funding***. Recreation Department Reserve may be funded by direct appropriation in the annual budget, fundraising, and/or donations.
   3. ***Amounts*** ***and*** ***Limits***. The Recreational Department Reserve shall not exceed $50,000.
8. **Employees Accrued Benefits Reserve**
   1. ***Purpose***. The purpose of the account is to pay accrued vacation and sick leave to employees terminating their employment with the Town pursuant to the most current Town of Bridgton Personnel Policy or the most current union contract.
   2. ***Funding***. The Employee’s Accrued Benefits 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.
9. **Wastewater Reserve**
   1. ***Purpose***. The purpose of the Wastewater Reserve account is to provide funding for capital projects and/or equipment as identified in the Capital Improvement Plan or emergency repairs for the Town’s Wastewater system.
   2. ***Funding***. The Wastewater Reserve may be funded by direct appropriation in the annual budget and excess revenues at the end of the fiscal year.
   3. ***Amounts*** ***and*** ***Limits***. The Wastewater Reserve shall not exceed $200,000. Should the Reserve limit be reached, no additional funds shall be budgeted until the balance falls below the identified limit.
10. **Salmon Point Reserve**
    1. ***Purpose***. The purpose of the Salmon Point Reserve account is to provide funding for capital projects and/or equipment as identified in the Capital Improvement Plan or emergency repairs at Salmon Point.
    2. ***Funding***. The Salmon Point Reserve may be funded by direct appropriation in the annual budget and excess revenues at the end of the fiscal year.
    3. ***Amounts*** ***and*** ***Limits***. The Salmon Point Reserve shall not exceed $150,000. Should the Reserve limit be reached, no additional funds shall be budgeted until the balance falls below the identified limit.
11. **Revaluation Reserve**
    1. ***Purpose***. The purpose of the Revaluation Reserve 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.
12. **Pondicherry Park Reserve**
    1. ***Purpose***. The purpose of the account shall be to fund the cost of capital improvements and emergency repairs.
    2. ***Funding***. Pondicherry Park Reserve may be funded by direct appropriation in the annual budget, fundraising, and/or donations.
    3. ***Amounts*** ***and*** ***Limits***. The Pondicherry Park Reserve shall not exceed $250,000.
13. **Sabatis Island Reserve**
    1. ***Purpose***. The purpose of the account shall be to fund the cost of capital improvements, maintenance and emergency repairs.
    2. ***Funding***. Sabatis Island Reserve may be funded by direct appropriation in the annual budget, fundraising, donations, fees and timber harvesting.
    3. ***Amounts*** ***and*** ***Limits***. The Sabatis Island Reserve shall not have a fund balance limit. Upon termination of the lease agreement with State of Maine, any remaining funds will be deposited in the Moose Pond Land Trust Fund.