

# TOWN OF GOFFSTOWN FUND BALANCE POLICY

## PURPOSE AND SCOPE

The general purpose of this policy is to improve the Town of Goffstown’s financial stability by protecting itself against emergencies and economic downturns. This policy is also designed to help the Town prepare for a financial emergency as well contribute to the continuity of financial operations. This policy encompasses the minimum required fund balance reserves and the allowable uses of fund balance reserves.

## DEFINITIONS

*Fund Balance:* The accumulated equity balance in a governmental fund resulting from operations over the years. This is the difference between fund assets and fund liabilities.

*Undesignated Fund Balance:* The fund balance, excluding all reserves and any other balances dedicated for another purpose.

## UNDESIGNATED FUND BALANCE

Fund Balances recommended by the NH Department of Revenue Administration (DRA) and the Government Finance Officers Association (GFOA) are as follows:

If All Appropriations and Tax Commitments Total:	Undesignated Fund Balance DRA Recommended:		Undesignated Fund Balance GFOA Recommended:	
	5%	10%	8%	17%
\$35,000,000	\$1,750,000	\$3,500,000	\$2,800,000	\$5,950,000
\$40,000,000	\$2,000,000	\$4,000,000	\$3,200,000	\$6,800,000
\$45,000,000	\$2,250,000	\$4,500,000	\$3,600,000	\$7,650,000
\$50,000,000	\$2,500,000	\$5,000,000	\$4,000,000	\$8,500,000
\$55,000,000	\$2,750,000	\$5,500,000	\$4,400,000	\$9,350,000
\$60,000,000	\$3,000,000	\$6,000,000	\$4,800,000	\$10,200,000

*Minimum Balance:* The Town shall achieve and maintain a minimum undesignated fund balance at 5% of the municipality’s appropriations, plus the statewide enhanced education amount and the local net tax commitment, plus the county appropriation.

*Target Balance:* The Town shall work toward maintaining an undesignated fund balance of at least 8% of the municipality's appropriations, plus the statewide enhanced education amount and the local net tax commitment, plus the county appropriation.

If the Annual Budget Is:	Minimum Balance:	Target Balance:
	5%	8%
\$35,000,000	\$1,750,000	\$2,800,000
\$40,000,000	\$2,000,000	\$3,200,000
\$45,000,000	\$2,250,000	\$3,600,000
\$50,000,000	\$2,500,000	\$4,000,000
\$55,000,000	\$2,750,000	\$4,400,000
\$60,000,000	\$3,000,000	\$4,800,000

*Fund Balance Uses:* The Board of Selectmen may appropriate any amount of undesignated fund balance in excess of the designated percentage or use the excess to offset property taxes at the time the tax rate is set for the Town. The Board of Selectmen may appropriate undesignated fund balances for emergency purposes, as deemed necessary, even if such use decreases the fund balance below the designated percentage. An emergency purpose does not include the offsetting of property taxes or mis-management of funds.

*This policy was adopted by the Goffstown Board of Selectmen on the 23rd day of April, 2007.*

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John Caprio, Chairman

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