



# Town of Boscawen, NH

## Fund Balance Policy

Revised September 7, 2023

### PURPOSE AND SCOPE

The general purpose of this policy is to improve the Town of Boscawen'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 as contribute to the continuity of financial operations. This policy encompasses the minimum required fund balance reserves, the allowable uses of fund balance reserves and the Town's five-year plan to achieve the target level 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.

**General Fund:** A fund used to account for basic governmental services supported mainly by tax revenue. Accounts for all financial resources not required to be accounted for in another fund.

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

### FUND BALANCE RESERVES - GENERAL FUND

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

If the Annual Budget Is:	Undesignated Fund Balance DRA Recommended:		Undesignated Fund Balance GFOA Recommended:	
	5%	10%	8%	17%
\$4,500,000	\$225,000.00	\$450,000.00	\$360,000	\$765,000.00
\$4,600,000	\$230,000.00	\$460,000.00	\$368,000	\$782,000.00
\$4,700,000	\$235,000.00	\$470,000.00	\$376,000	\$799,000.00
\$4,800,000	\$240,000.00	\$480,000.00	\$384,000	\$816,000.00
\$4,900,000	\$245,000.00	\$490,000.00	\$392,000	\$833,000.00
\$5,000,000	\$250,000.00	\$500,000.00	\$400,000	\$850,000.00

**Minimum Balance:** The Town shall achieve and maintain a minimum undesignated fund balance 8% of the general fund's annual budget, including Town, School and County appropriations.



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**Target Balance:** The Town shall work toward maintaining an undesignated fund balance of at least 12% of the general fund's annual budget, including Town, School and County appropriations.

If the Annual Budget Is:	Minimum Balance:	Target Balance:
	<b>8%</b>	<b>12%</b>
\$4,500,000	\$360,000	\$540,000
\$4,600,000	\$368,000	\$552,000
\$4,700,000	\$376,000	\$564,000
\$4,800,000	\$384,000	\$576,000
\$4,900,000	\$392,000	\$588,000
\$5,000,000	\$400,000	\$600,000

**Plan for Target Balances:** The undesignated fund balance target level shall be achieved by conservatively estimating revenues and refraining from using any portion of fund balance to reduce the tax rate. Furthermore, attaining the target fund balance level of 12% may also be achieved by adding a line item to the annual budget for the sole purpose of building fund balance, if the Select Board so chooses.

**Fund Balance Uses:** The Select Board may appropriate any amount of undesignated fund balance in excess of the designated percentage or use the excess to offset property taxes as part of the final adopted budget for a fiscal year. The Select Board may appropriate undesignated fund balances for emergency purposes, as deemed necessary, even if such use decreases the fund balance below the designated percentage. Emergency purposes do not include the offsetting of property taxes or mismanagement of funds.

### History of Approval and Amendments

This policy was approved at a regularly scheduled and duly-noticed public meeting of the Select Board on September 30, 2015. This policy was revised and approved at a regularly scheduled Select Board meeting on September 7, 2023.

  
Matthew T. Burdick, Chair

  
Lorrie J. Carey, Member

  
Bill Bevens, Member