



# TOWN COUNCIL – AGENDA REQUEST FORM

THIS FORM WILL BECOME PART OF THE BACKGROUND INFORMATION USED BY THE COUNCIL AND PUBLIC

Please submit Agenda Request Form, including back up information, 8 days prior to the requested meeting date. **Public Hearing requests must be submitted 20 days prior to requested meeting date to meet publication deadlines** (exceptions may be authorized by the Town Manager, Chairman/Vice Chair).

## MEETING INFORMATION

Date Submitted: February 27, 2018  
Submitted by: Town Manager Eileen Cabanel and  
Finance Director Paul T. Micali  
Department:  
Speakers:

Date of Meeting: March 8, 2018

Time Required: 20 minutes

Background Info. Supplied: Yes:  No:

## CATEGORY OF BUSINESS (PLEASE PLACE AN "X" IN THE APPROPRIATE BOX)

Appointment:	<input type="checkbox"/>	Recognition/Resignation/ Retirement:	<input type="checkbox"/>
<b>Public Hearing:</b>	<input type="checkbox"/>	Old Business:	<input type="checkbox"/>
New Business:	<input checked="" type="checkbox"/>	Consent Agenda:	<input type="checkbox"/>
Nonpublic:	<input type="checkbox"/>	Other:	<input type="checkbox"/>

## TITLE OF ITEM

Revised Fund Balance Policy

## DESCRIPTION OF ITEM

Town Council to accept the updated Fund Balance Policy to include new definitions as it relates to the Governmental Accounting Standards Board (GASB) Statement No. 54

## REFERENCE (IF KNOWN)

RSA:	Warrant Article:
Charter Article:	Town Meeting:
Other:	N/A

## EQUIPMENT REQUIRED (PLEASE PLACE AN "X" IN THE APPROPRIATE BOX)

Projector:	<input type="checkbox"/>	Grant Requirements:	<input type="checkbox"/>
Easel:	<input type="checkbox"/>	Joint Meeting:	<input type="checkbox"/>
Special Seating:	<input type="checkbox"/>	Other:	<input type="checkbox"/>
Laptop:	<input type="checkbox"/>	None:	<input type="checkbox"/>

## CONTACT INFORMATION

Name:	<b>Eileen Cabanel</b>	Address:	<b>6 Baboosic Lake Road</b>
Phone Number:	<b>424-2331</b>	Email Address:	<b>ecabanel@merrimacknh.gov</b>

## APPROVAL

Town Manager: Yes  No:  Chair/Vice Chair: Yes  No:

**Memo**

TO: Town Council  
Thru: Town Manager Eileen Cabanel  
FROM: Finance Director Paul T. Micali  
DATE: February 22, 2018



**RE: Revised Fund Balance Policy**

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Attached please find an updated Fund Balance Policy. At the conclusion of the 2016-17 audit our auditors informed me that while we have a fund balance policy we should update the policy to include new definitions as it relates to the Governmental accounting Standards board (GASB) Statement No. 54.

## Unreserved [Unrestricted] Fund Balance Retention Policy

**Goal:** The Town shall maintain adequate fund reserves to protect itself against emergencies and economic downturns. This policy is in accordance with the Governmental accounting Standards board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. In addition to provide working cash and as a safeguard against fluctuating revenues, adopted budgets for General Operating and other funds shall include consideration of the *following* provisions:

1. Definitions:

- a. **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.
- b. **General Fund** - A fund used to account for basic governmental services supported generally by taxes. Accounts for all financial resources not required to be accounted for in another fund.
- c. ~~Undesignated~~ **[Unrestricted] Fund Balance of the General Fund** - Defined as the fund balance of the general fund, excluding any and all reserves, and any dedicated fund balances of the General Fund.
- d. **[Nonspendable Fund Balance: Amounts that are not in a spendable form (such as inventory, prepaid items and tax deeded property subject to resale) or are required to be maintained intact (such as corpus of an endowment fund).**
- e. **Restricted Fund Balance: Amounts constrained to specific purposes by their providers (such as granters, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.**
- f. **Committed Fund Balance: Amounts constrained to specific purposes by government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.]**
- g. **Assigned Fund Balance: Amounts a government intends to use for a specific purpose, intent can be expressed by the governing body or by an official or body to which the body delegates the authority.**
- h. **Unassigned Fund Balance: Amounts that are available for any purpose; these amounts are reported only in the general fund. However, the unassigned classification includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of other fund balance amounts.]**

2. Recommended Maintenance Level
  - a. Not less than 4% and not higher than 8% of the gross municipal appropriations, plus net school district appropriations, as approved for a fiscal year.
    - i. Exclusions: Any appropriations for capital projects or improvements funded entirely by bonds/notes proceeds, operating transfers or other financing sources.
  - b. If the balance falls below the prescribed level, any additions to the fund balance, as determined by the annual audit, must remain in the fund until the prescribed level has been reached.
3. Recommended Utilization
  - a. Excess Balance (over prescribed level)
    - i. Emergency appropriations [RSA 32:11]
    - ii. Capital Projects
    - iii. Transfers to Capital Reserves
    - iv. Reduction of the tax rate for the ensuing year
    - v. Any other nonrecurring appropriation as deemed appropriate by the Council
4. Method of Approval - The Town Manager shall make recommendations on the use of excess fund balance as part of the subsequent year's budget and it shall be considered along with the balance of the fiscal year budget proposal.
5. **[Spending Prioritizations - When an expenditure is incurred that would qualify for payment with either restricted or unrestricted funds, it will be paid first from the restricted funds. When an expenditure is incurred that qualifies for payment from either of the three unrestricted fund balance categories, it will be applied in the following order:**
  1. **Committed**
  2. **Assigned and**
  3. **Unassigned]**