

MEMORANDUM

TO: Mayor and Board of Commissioners  
FROM: Mandy Cartrette, Finance Officer  
SUBJECT: Estimated, Unrestricted General Fund Balance  
DATE: October 4, 2013

Town Manager Gruesbeck passed along the Board’s request for information on the Town’s General Fund balance. To estimate the unrestricted General Fund balance, I used the following calculation:

Amount of Unrestricted General Fund Balance from FY 2012 Audit	\$1,829,253
Fund Balance Appropriated for FY 2012-13 Budget	-\$224,428
Budget Amendments During FY 2012/2013	-\$118,722
Fund Balance Appropriated for FY 2013-14 Budget	-\$22,434
Estimated Unrestricted General Fund Balance	\$1,463,669

Please note that the aforementioned figure is just an estimate. Fund balance is not something that Town staff keeps a running balance of; instead, fund balance is similar to retained earnings in a private business, and it is generally something that is calculated once a year as part of the audit. Fund balance is calculated when the “books” are closed at the end of the year. To calculate an actual fund balance amount, total fiscal year expenditures are deducted from total fiscal year revenues. If there is a surplus in which revenues are greater than expenditures, then fund balance increases for the fiscal year. If there is a deficit of expenditures over revenues, then the fund balance decreases and that means that the Town has had to utilize fund balance to balance its budget.

Please also keep in mind that the actual fund balance that is calculated when the FY 2013 audit is completed may be higher than what is listed in my calculation above. Because we have not completed our audit, I do not know what our fund balance will be. However, after looking preliminarily at the FY 2013 numbers in our financial system, it appears that revenues were greater than expenditures and our fund balance may increase, and the fund balance appropriation of \$224,428 may not be utilized. As the Finance Officer, I feel that it is prudent to make conservative estimates, so I ask that the Board use the figure of \$1,463,669 above when making decisions about how to spend Town funds.