

MEMOR ANDUM

TO: Mayor and Board of Commissioners

FROM: Bryan Gruesbeck, Town Manager
Nancy Emslie, Finance Director

SUBJECT: Draft Fund Balance and Reserve Policy

DATE: April 13, 2015

Background: As the Town grows its budget will become more complex. In order to manage the complexity, we will need to establish financial best practices to ensure our Town continues to provide and improve its level of services. Each year as we plan the annual Town budget, we discuss fund balance – how much unrestricted money does the Town have available to spend on emergencies or unplanned expenses? Likewise, the Town typically establishes “reserve funds” to spend on specific purposes. Over the years, the Town typically maintains healthy balances of unrestricted funds. Reserve fund balances have accumulated and will soon be used to help plan for capital improvements (e.g., the WWTP PER study).

Attached please find a draft Fund Balance and Reserve Balance policy. The first few pages establish definitions of various terms. The proposed statements of policy begin on the third page. Please review and forward any comments or thoughts. Staff would like to present this policy for your consideration as we start to formalize the FY 2015-2016 Annual Budget.

Action Requested: Please review and provide comments.