

Fund Balance and Tax Rate Setting Update

Fund Balance – end of 2017

Each year, the Board discusses the appropriate level of fund balance to protect the Town from unforeseen financial circumstances. As shown in the Balance Sheet earlier in this report, fund balance generally represents the difference between the Town’s assets and liabilities, at a given point in time. Upon completion of the Town’s annual financial audit, any variances in budgeted expenditures and revenues throughout the year become part of the Town’s “budgetary basis” fund balance. The following chart shows the budgetary basis fund balance available for tax rate setting over the last several years, since the Board has elected to maintain a balance of \$300,000. While the NH Department of Revenue Administration recommends a much higher remaining fund balance, the Board has generally believed that with proper planning and oversight of Town finances, the Town’s balance is sufficient. The Board has codified this level of minimum fund balance in its Fund Balance Policy.

End of year budgetary basis fund balance (per MS-434 form):	2016	2015	2014	2013
Available for tax rate setting	1,156,737	\$1,235,325	\$1,194,131	\$734,024
Amount used to reduce next year’s tax rate	856,737	\$830,000	\$890,000	\$434,024
Remainder	300,000	\$405,325	\$304,131	\$300,000

Note – Of the \$405,325 Fund Balance retained from 2016, \$100,000 was expended as part of a 2017 warrant article to create a Facilities Improvement Trust fund for the Town.

In 2012, the Board of Selectmen adopted the Fund Balance Policy which states that the amount of fund balance retained will be maintained at 300,000 every year.