



RESOLUTION #2021-061

To Revise the Town's Fund Balance Policy

WHEREAS, The Town Council on May 15, 2018 revised the Fund Balance Policy which established a certain retention level of Unallocated Fund Balance and further directed that excess fund balance be transferred to capital reserve funds; and

WHEREAS, the State Legislature recently amended the statute to fully fund Meals & Rooms revenues to towns and cities, allowing the Town to rely upon sustainable revenues to offset the property tax burden; and

WHEREAS, a transition period is anticipated before the Town's full share of increased Meals & Rooms revenues becomes available during the State's upcoming biennium;

NOW, THEREFORE, BE IT RESOLVED IN COUNCIL that the following procedure is hereby adopted regarding the Town of Derry Fund Balance Policy:

- 1) Unassigned Fund Balance shall remain targeted at 9.5% of the sum of the Town's general fund operating appropriations, the state education tax amount, the local school net tax commitment and the county appropriation;
- 2) ***During the FY22-23 State Biennium Budget, fund balance may be used annually to supplement additional Meals and Rooms revenues to the combined amount of \$650,000, should funds be available beyond the 9.5% threshold;***
- 3) Annually, Unallocated Fund Balance in excess of the 9.5% threshold and the ***amount used in para 2) above*** shall be transferred without further action of the Town Council, to capital reserve funds for Police, Information Technology, Fire, and Public Works, proportional to the proposed expenditures from capital reserve as set forth in the adopted Capital Improvement Plan.
- 4) The amount of the fund balance transfer shall be limited to \$1.5M annually, including the appropriation to the Buildings and Grounds Expendable Maintenance Trust. The \$1.5M target shall be further reduced in any year by funds the Town Council may appropriate from the annual budget to the Capital Reserve Funds;

- 5) The amount of Unallocated Fund Balance to be transferred to the Buildings and Grounds Expendable Maintenance Trust shall equal 15% of the total amount available **or appropriated** under this policy, limited to \$225,000 annually;
- 6) Any Unallocated Fund Balance available beyond that necessary to comply with this Resolution shall be retained and managed pursuant to future Council resolutions;
- 7) For purposes of this Policy, Unallocated Fund Balance shall be defined according to Governmental Accounting Standards Board Statement No. 54, and shall further include any inter-fund transfers in the form of loans (e.g. Brady Avenue Sewer);
- 8) Nothing within this policy shall prevent the Town Council, by appropriate action pursuant to the Town Charter and state statutes, from transferring funds between capital reserve funds to meet the needs of the organization.

This Resolution shall take effect immediately upon its passage.


Adopted September 21, 2021

Attest:



James Morgan, Council Chair

Date: 9-21-21

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Daniel Healey, Town Clerk

Date: 9/21/2021

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