

RESERVE FUND BALANCE POLICY - Town of Guilford

PURPOSE

The Selectboard of the Town of Guilford believes that sound financial management requires that sufficient funds be maintained by the Town for unanticipated expenditures and revenue shortfalls during the course of the fiscal year as may be caused by economic downturns, natural disasters, and other unforeseen circumstances. Maintaining such funds will help sustain the stability of the Town tax rate and reduce the need for short-term borrowing.

OBJECTIVE

Upon recommendation of the Selectboard, on March 5, 2013, voters of the Town of Guilford authorized Article 6: “the establishment of a reserve fund in accordance with 24 V.S.A. § 2804(a) for the purpose of funding unanticipated revenue shortfalls and paying non-recurring and unanticipated General and Highway Fund expenditures, the balance of which shall be created and maintained using budget surplus funds, as available, growing to a level not less than five percent (5%) and not more than twenty percent (20%) of the total operating General Fund and Highway Fund expenditures.” The Selectboard’s objective is for adequate funds to be set aside in this reserve fund in a planned and consistent manner and that these moneys not be spent for regular Town expenditures or used to reduce property taxes.

RESERVE FUND EXPENDITURES

The reserve fund was established by the voters for the purpose of covering unanticipated revenue shortfalls and paying non-recurring and unanticipated General and Highway fund expenditures of the Town. To this end, the Selectboard will only use the reserve fund to alleviate unanticipated short-term budgetary issues such as revenue shortfalls or unforeseen expenses. Any expenditure of the reserve fund by the Selectboard for such purposes shall require approval of a majority of Selectboard members after due notice and a public hearing. In accordance with 24 V.S.A. § 2804(a), expenditure of the reserve fund for any other purpose shall require the authorization of a majority of the voters present at an annual or special town meeting.

RESERVE FUND APPROPRIATIONS

The Fund balance shall be maintained at a level not less than five percent (5%) and not more than twenty percent (20%) of the total operating General Fund and Highway Fund expenditures. The balance of the Fund shall be created and maintained using budget surplus funds, as available.

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If an expenditure reduces the reserve fund balance below 75% of the maximum amount authorized by the voters, the Selectboard will, as part of its approval, adopt a plan to restore the funds to the prescribed level.

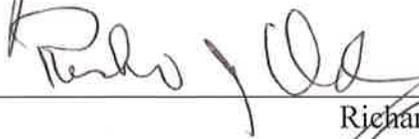
The foregoing Policy is hereby adopted by the Selectboard and the Treasurer of the Town of Guilford, Vermont, this 11th day of April 2016 and is effective as of this date until amended or repealed.



Sheila Morse, Chair



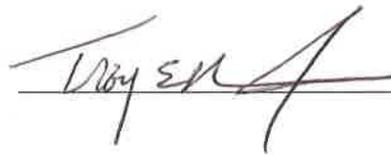
Gabrielle Ciuffreda



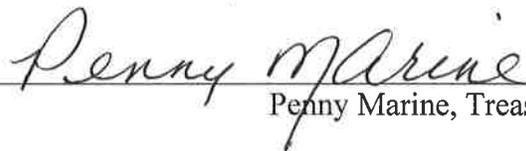
Richard J. Clark



Gordon Little



Troy Revis, Jr.



Penny Marine, Treasurer

- This reserve fund is tracked in NEMRC as Fund 007, titled "Fund Bal Res – Est FY14."
- This is the 1st amendment to the original adoption on 2/23/2015