

GUILFORD FUND BALANCE RESERVE FUND POLICY

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. This Fund Balance Reserve Fund Policy supersedes and replaces in their entirety any previous versions of the Guilford Reserve Fund Balance Policy.

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 expenditures of the 003 General Fund and 009 Highway Funds.”

To clarify: the balance of the Reserve Fund is maintained using surplus funds equaling revenue less expenditures, as available, at a level of not less than five percent (5%) and not more than twenty percent (20%) of the total operating expenditures of the General Fund and Highway Fund for the fiscal year for which calculations pertain. It does not include transfers to other entities for which funds are approved by voters, such as the Guilford Volunteer Fire Department and Social Service Agencies, and are not Municipal or Highway operating expenses.

The Selectboard's objectives are for adequate money to be set aside in this Reserve Fund in a planned and consistent manner and that these monies are not spent for regular Town expenditures or used to reduce property taxes.

FUND EXPENDITURES

The Fund was established by the voters for the purpose of covering unanticipated revenue shortfalls and paying non-recurring and unanticipated expenditures of the Town. To this end, the Selectboard will only use the Reserve Fund to alleviate short term budgetary issues such as revenue shortfalls and paying non-recurring and unanticipated General and Highway expenditures.

1. Any expenditure or transfer from the Reserve Fund by the Selectboard for such purposes shall require approval of a majority of Selectboard members at a duly warned Selectboard meeting in advance of executing the transfer.

2. The transfer authorization will be a specific agenda item; the motion to approve will describe the dollar amount and purpose of the transfer, a statement of the balance prior to and subsequent to the transfer, and the new percentage balance of the Reserve Fund once the transfer is executed. Meeting minutes shall reflect this data.
3. 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.
4. Excluded uses: The Reserve Fund may not be used for planned capital asset projects, Asset Management (004) expenses, grant matching requirements, or transfers to other reserve accounts unless authorized by voters at Town Meeting. Such expenditures should go through normal budget and appropriations procedures.

RESERVE FUND APPROPRIATIONS

The balance of the Reserve Fund shall be maintained at a level not less than five percent (5%) and not more than twenty percent (20%) of the total operating expenditures of the 003 General and 009 Highway Fund, exclusive of Town-approved funding of the Guilford Volunteer Fire Department and Social Service Agencies, of the fiscal year for which calculations pertain. The balance shall be created and maintained using surplus funds as defined in this policy, as available. The percentages will be based on the fiscal year end audit numbers as determined by the professional audit.

If an expenditure reduces the Reserve Fund balance below the minimum balance to be maintained, the Selectboard will, as part of the approval process, create and adopt a plan to restore the balance to the prescribed level.

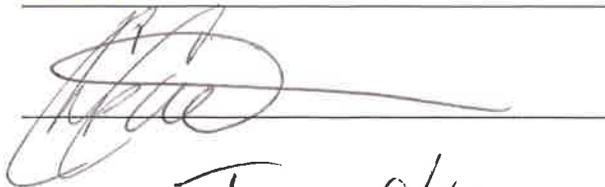
NOTE: This revision reflects Guilford's ongoing commitment to civic integrity, transparent governance, and responsible fiscal management.

EFFECTIVE DATE. This policy is effective immediately, upon adoption by the Selectboard of the Town of Guilford. Adopted: January 12, 2026

Verandah Porche, Chair



Chip Carter



Tara Cheney



Sheila Morse

Sheila Morse

Michael Szostak

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