

FUND BALANCE POLICY

PURPOSE. The purpose of this Fund Balance Policy is to establish proper reporting practices in accordance with Governmental Accounting Standards Board (GASB) Statement 54.

GASB 54: Fund Balance Reporting & Governmental Fund Type Definitions. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

1. *Nonspendable* - such as fund balance associated with inventories, prepaids, long-term loans and notes receivables, or legally or contractually required to be maintained intact,
2. *Restricted* - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
3. *Committed* - includes amounts that can be used only for the specific purposes determined by the Town's highest level of decision-making authority – the voters,
4. *Assigned* – include amounts that are intended to be used by the government for specific purposes by the Select Board but do not meet the criteria to be classified as restricted or committed, and
5. *Unassigned* - is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classification.

COMMITTED FUND BALANCE. The fund balance reported is a result of motions passed at Annual Town Meetings or Special Town Meetings.

ASSIGNED FUND BALANCE. The fund balance reported is a result of motions authorized by the Select Board.

ORDER OF FUND BALANCE SPENDING. The Town's policy is to apply expenditures to fund balance in the order of restricted, committed, assigned and unassigned unless the Select Board specifies otherwise.

Adopted 4/2/2012

By selectboard majority vote

Attest: Jussi E. Dupes 1/2/2019