

WESTON FUND BALANCE POLICY - NOVEMBER 2011
DRAFT ANALYSIS - KEY ELEMENTS IN CONTEXT OF GFOA BEST PRACTICES
4-Nov-24

Index	Descriptor	GFOA Best Practice Category	Commentary
1	Maintain available balance in the General Fund as a cushion against potential revenue and expenditure volatility	DEFINITIONAL	
2	"Available balance" defined as Unassigned General Fund Balance at the end of the preceding fiscal year	DEFINITIONAL	
3	Measure used will be available fund balance as a percentage of current year budgeted expenditures	APPROPRIATE LEVEL	"...GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures." This equates to 16.67% of expenditures as a bare minimum.
4	BOF to conduct annual review of town fiscal condition with intent of determining appropriate General Fund level	APPROPRIATE LEVEL	"The adequacy of unrestricted fund balance in the general fund should take into account each government's own unique circumstances."
5	Use of surplus Fund Balance shall be for one-time capital appropriations or for transfer into dedicated accounts to meet unfunded Town/School liabilities	USE & REPLENISHMENT	"The fund balance policy should define conditions warranting its use..."
6	The Fund Balance may be committed for such specific purposes by formal action of the Board of Finance	DEFINITIONAL	"...Such a guideline should be set by the appropriate policy body and articulate a framework and process for how the government would increase or decrease the level of unrestricted fund balance over a specific time period."
7	Amendments or modifications to the committed fund balance must also be approved by formal action of the BOF	DEFINITIONAL	"...Such a guideline should be set by the appropriate policy body and articulate a framework and process for how the government would increase or decrease the level of unrestricted fund balance over a specific time period."
8	Unless otherwise approved by BOF, the Board delegates authority to assign fund balance only for encumbrances to the Town Administrator and Finance Director	DEFINITIONAL	"...Such a guideline should be set by the appropriate policy body and articulate a framework and process for how the government would increase or decrease the level of unrestricted fund balance over a specific time period."
9	The BOF will endeavor to keep the Unassigned Fund Balance at a level adequate to maintain a AAA rating	APPROPRIATE LEVEL	"In establishing a policy governing the level of unrestricted fund balance in the general fund, a government should consider a variety of factors, including...the potential impact on the entity's bond ratings and the corresponding increased cost of borrowed funds;"
10	Consistent with GASB Statement 54, Fund Balance Components are: (1) Non-spendable, (2) Restricted, (3) Committed, (4) Assigned, (5) Unassigned	DEFINITIONAL	Defines GAAP fund balance
11	When both restricted and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirements disallow it	USE & REPLENISHMENT	"The fund balance policy should define conditions warranting its use..."
12	When committed, assigned and unassigned funds are available for expenditure, committed funds should be spent first, assigned funds second, and unassigned funds last unless the governing board has provided otherwise in its commitment or assignment actions	USE & REPLENISHMENT	"The fund balance policy should define conditions warranting its use..."
13	Should events occur during the current fiscal year that bring the estimated General Fund Balance below the appropriate level, the BOF, in concert with the BOS and BOE will take measures to restore the fund balance	USE & REPLENISHMENT	"Describe how the government's expenditure and/or revenue levels will be adjusted to match any new economic realities that are behind the use of fund balance as a financing bridge."