

Fund Balance Policy

Town of Berlin

The fund balance policy is intended to provide guidelines during the preparation and execution of the annual budget to ensure that sufficient reserves are maintained for unanticipated expenditures or revenue shortfalls. It is also intended to preserve flexibility throughout the fiscal year to make adjustments in funding for programs approved in connection with the annual budget. The Fund balance policy should be established based upon a long-term perspective recognizing that stated thresholds are considered minimum balances. The main objective of establishing and maintaining a Fund Balance Policy is for the Town of Berlin to be in a strong fiscal position that will allow the Town ability to address negative economic trends.

The Fund Balance consists of five categories: Nonspendable, Restricted, Committed, Assigned and Unassigned.

- **Nonspendable Fund Balance** consists of funds that cannot be spent due to their form. (Inventories or Prepaid Items) or funds that legally or contractually must be maintained intact.
- **Restricted Fund Balance** consists of funds that are mandated for a specific purpose by external parties, constitutional provision, or enabling legislation. In accordance with 32 V.S.A. §4041 (a)
- **Committed Fund Balance** consists of funds that are set aside for a specific purpose by the Town of Berlin legal voters. Additional funds may be approved by the voters each year in the annual town budget. Formal action must be taken to remove or change the limitations placed on the funds. In accordance with 24 V.S.A. §2804(a)
- **Assigned Fund Balance** consists of other non tax funds that are set aside with the intent to be used for a specific purpose by the Town of Berlin Selectboard. Assigned funds cannot cause a deficit in unassigned fund balance.
- **Unassigned Fund Balance** consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

Order of Use of Funds

When both restricted and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirement disallow it.

When committed, assigned and unassigned funds are available for expenditure, committed funds should be spent first, assigned funds second, and unassigned funds last.

Assigned funds may be held in one or more accounts and intermingled as long as separate accounting is kept of income and expenses of each fund.

Authority to Assign Funds

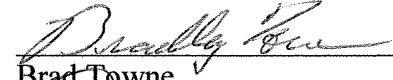
Upon passage of the Fund Balance Policy, authority is given to the Berlin Selectboard to assign funds for specific purposes. The Selectboard has the authority to remove or change the assignment of the funds with a simple majority vote.

The Fund Balance Policy may be amended by the Selectboard as desired or needed as long as it is in accordance with state statutes.


The foregoing Policy is hereby adopted this 22nd day of February, 2017



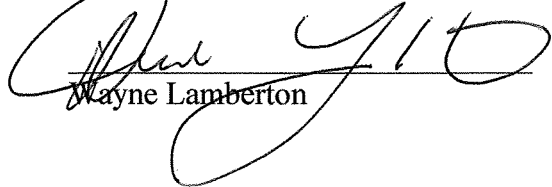
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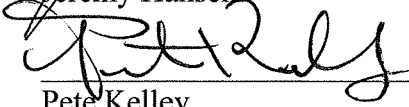
Brad Towne



Jeremy Hansen



Wayne Lamberton



Pete Kelley

Selectboard of Berlin