

Town of Calais Fund Balance Policy

The Town of Calais Fund Balance Policy is consistent with Governmental Accounting Standards Board (GASB) Statement No. 54 – “Fund Balance Reporting and Government Fund Type Definitions”. Fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Definitions of the categories of fund balance are as follows:

- **Non-spendable** fund balance includes amounts that cannot be spent. This includes amounts that are not in a spendable form (inventories, prepaid amounts, long-term portions of loans or notes receivable) and amounts that are legally or contractually required to remain intact, such as the principal of an endowment fund.
- **Restricted** fund balance includes amounts that can be spent only for specific purposes stipulated by external resource providers (for example grant providers), or imposed by law through a constitutional provision, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use such as impact fees).
- **Committed** fund balance can be used only for purposes pursuant to constraints imposed by a formal action by the voters, the Town of Calais’ highest level of decision-making authority. This formal action is the approval of articles at the annual or a special Town meeting, specifying the purposes (which can be general or specific) for which amounts can be used. The same type of formal action is necessary to remove or change the use. Examples of this are the balances in our Town Hall and Capital Highway Equipment Funds. In these two funds the fund balances are committed to the general purpose of the fund but not to individual projects. The dollars in these funds are controlled by the Selectboard.
- **Assigned** fund balance comprises amounts intended to be used by the government for specific purposes. Intent will be expressed by a vote of the Selectboard. For governmental fund types other than the General Fund, this is the residual amount within the fund that is not restricted or committed.
- **Unassigned** fund balance is the residual amount of the General Fund not included in the four categories above. In addition, any deficit fund balances in other governmental funds will be reported as unassigned.

When both restricted and unrestricted (committed, assigned and unassigned) amounts are available for a specific use, generally it is the Town’s policy to use restricted amounts first,

with unrestricted resources utilized as needed. In the case of unrestricted resources, it is generally the Town's policy to use committed amounts first, followed by assigned amounts, then unassigned amounts as needed.

The Town may maintain and administer an unassigned General Fund balance of up to 35% of the current year General Fund operating budget (General Government + Special Articles), subject to 24 V.S.A. § 1585. Unassigned fund balance for a fiscal year is determined following an audit, typically November or December following a given fiscal year.

Adopted July 28, 2025









