

Unassigned Fund Balance Policy (suggested changes, in process of discussion)

		POTENTIAL USES		REQUIRED ACTION TO USE
Cautionary Zone	<10%	Specific Urgent and Unexpected Situation as deemed by the Board of Finance.		Requires approval by 4 members of Board of Finance, Board of Finance shall adopt a plan that will restore the dollars used to the Fund Balance over the next 2 fiscal years.
Confidence Zone	10% to 12%	Capital Projects Repay debt, if permissible Other Designated Accounts Other One Time Projects	Should avoid bringing the Fund Balance below 10%	After receiving a recommendation from the Board to Selectman, requires a majority vote of Board of Finance members present. If the appropriation results in the fund balance falling below 10%, the Board of Finance shall adopt a plan to restore the Fund Balance to greater than 10% over the next 2 fiscal years.
High Confidence Zone	>12%	In addition to items in the Confidence Zone, the fund balance could be used for mil rate relief in the next Fiscal Year Budget.	Should not bring Fund Balance below 12%	Identify one time expenditure, expected temporary revenue reduction, or temporary expense increase to occur in next fiscal year. Requires a majority vote of Board of Finance members present, but no less than 3 members in favor of approval Board of Finance shall adopt a plan to restore the dollars used, back to Fund Balance over the next 3 fiscal years.

Draft suggestions, September 16, 2020

Unassigned Fund Balance Policy (current, as amended in 2012)

		POTENTIAL USES		REQUIRED ACTION TO USE
Hi Caution Zone	< 5%	Specific Urgent and Unexpected Situation Only as deemed by the Board of Finance and the Board of Selectman		Requires approval by a vote of 4 members of the Board of Finance at an official meeting, and only upon the determination of a specific urgent situation by both the Board of Finance and the Board of Selectmen (by regular voting procedures). Board of Finance shall adopt a plan to restore the Fund Balance to greater than 5% over the next two fiscal years
Cautionary Zone	5% to 7%	Specific Urgent and Unexpected Situation as deemed by the Board of Finance.		Requires approval by 4 members of Board of Finance. Board of Finance shall adopt a plan to restore the Fund Balance to greater than 5% over the next 2 fiscal years and to replace funds over 5 fiscal years
Confidence Zone	7% to 10%	Capital Projects Repay debt, if permissible Other Designated Accounts Other One Time Projects	Should not bring Fund Balance below 7%	Requires a majority vote of Board of Finance members present, but no less than 3 members in favor of approval Identify one time expenditure; or expected revenue or expense reduction to occur in next fiscal year. Board of Finance shall adopt a plan to restore the Fund Balance to greater than 7% over the next 2 fiscal years and to replace funds over 5 fiscal years
High Confidence Zone	>10%	Capital Projects Repay debt, if permissible Other Designated Accounts Other One Time Projects	Should not bring Fund Balance below 7%	Requires a majority vote of Board of Finance members present, but no less than 3 members in favor of approval Board of Finance shall adopt a plan to restore the Fund Balance to greater than 7% over the next 2 fiscal years and to 10% over 5 fiscal years.

Adopted by Board of Finance in 2010 and amended by the Board Finance in February, 2012