

**RESOLUTION NO. 3129-14**

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF WINDSOR  
APPROVING THE COMMITMENT OF FUND BALANCES IN  
ACCORDANCE WITH GOVERNMENTAL ACCOUNTING STANDARDS  
BOARD STATEMENT NO. 54**

**WHEREAS**, the Government Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which changes the terminology used for fund balance reporting on balance sheets of Governmental Funds; and

**WHEREAS**, for financial statement reporting purposes, the GASB Statement defines Restricted amounts as those that are constrained to specific purposes by their providers through constitutional provisions or enabling legislation; and

**WHEREAS**, for financial statement reporting purposes, the GASB Statement defines assigned amounts as those the government intends to use for a specific purpose; and

**WHEREAS**, when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the Town's policy is to first apply restricted fund balance; and

**WHEREAS**, when expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the Town's policy is to first apply committed fund balance, then assigned fund balance, and finally unassigned fund balance; and

**WHEREAS**, the attached Fund Balance policy delegates to the Administrative Services Director the authority to assign unrestricted fund balance amounts where the Town's intent is for those amounts to be used for specific purposes. This delegation of authority is for the sole purpose of reporting these amounts in the annual financial statements.

**NOW, THEREFORE BE IT RESOLVED** that the Town Council of the Town of Windsor hereby approves the attached Fund Balance Policy for compliance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Type Definitions*.

**PASSED, APPROVED AND ADOPTED this 17<sup>th</sup> day of September 2014, by the following vote:**

**AYES: COUNCILMEMBERS ALLEN, FUDGE, GOBLE, SALMON AND  
MAYOR OKREPKIE**  
**NOES: NONE**  
**ABSTAIN: NONE**  
**ABSENT: NONE**



**BRUCE OKREPKIE, MAYOR**

**ATTEST:**



**MARIA DE LA O, TOWN CLERK**

Attachment: Exhibit "A"

## Town of Windsor

### Fund Balance Policy

This policy establishes the procedures for reporting, within the annual financial statements, unrestricted fund balance (comprised of Committed, Assigned, and Unassigned categories) within the Town's governmental funds: General Fund, Special Revenue Fund, Debt Service Fund, and Capital Projects Funds.

#### Definitions

Fund balance is the difference between assets and liabilities reported in the Town's governmental funds. There are generally limitations on the purpose for which all or a portion of the resources of a governmental fund may be used. The force of these limitations can vary significantly, depending on their source. Consequently, the fund balance reported in the annual financial statements is categorized into five components whereby each component identifies the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. The five components are:

- **Nonspendable:** Resources that are (a) not in a spendable form, such as prepaid items, inventories of supplies, or loan receivable; or (b) legally or contractually required to be maintained intact, such as the principal portion of an endowment.
- **Restricted:** Resources that are subject to externally enforceable legal restrictions; these restrictions would be either a) externally imposed by creditors, grantors, contributors, or laws and regulations of outside governments (i.e., federal or state laws); or b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** Resources that are constrained to specific purposes by a formal action of the Town Council such as an ordinance or resolution. The constraint remains binding unless removed in the same formal manner by the Town Council.
- **Assigned:** Resources that are constrained by the Town's intent to be used for specific purposes, but that are neither restricted nor committed.
- **Unassigned:** Primarily used in the General Fund of the governmental entity, these resources represent the fund balance portion which does not meet the requirements of the other classifications.

#### Policy

1. When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the Town's policy is to

first apply restricted fund balance. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the Town's policy is to first apply committed fund balance, then assigned fund balance, and finally unassigned fund balance.

2. This policy delegates to the Administrative Services Director the authority to assign unrestricted fund balance amounts where the Town's intent is for those amounts to be used for specific purposes. This delegation of authority is for the sole purpose of reporting these amounts in the annual financial statements.
3. The Town has established a General Fund minimum fund balance policy. At the end of each fiscal year, the General Fund should have a minimum fund balance equal to 25% of annual expenditures. This target amount has been established in order to provide a reasonable level of assurance that the Town's day-to-day operations will be able to continue even if circumstances occur where revenues are insufficient to cover expenditures. The minimum fund balance is shown in the annual financial statements as unassigned fund balance.

This policy has been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54. No other policy or procedure supersedes the authority and provisions of this policy.