

	<b>Policies &amp; Procedures</b> <b>Tri-Town Emergency Medical Service</b>		
	<b>Title:</b> <b>FUND BALANCE POLICY</b>		
	<i>Policy No.</i>	<i>Original Adoption Date</i>	<i>Revision – No. &amp; Dates</i>

## Section 1.0: Purpose

The Tri-Town Emergency Medical Service through its Board of Directors establishes and will maintain reservation of Fund Balance, as defined herein, in accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 54, Fund Balance reporting and Governmental Fund Type Definitions. This policy shall only apply to the Town’s governmental and enterprise funds. In accordance with GASB statement No. 54, fund balance shall be composed of non-spendable, restricted, committed, assigned, and unassigned amounts.

## Section 2.0: Affected Employees

This policy is applicable to Tri-Town EMS

## Section 3.0: Definitions

**3.1 Nonspendable Fund Balance** – includes amounts that are not in a spendable form (such as inventory, tax deeded property subject to resale or prepaid expenses) or are required to be maintained intact (such as principal of an endowment fund).

**3.2 Restricted Fund Balance** – includes amounts that can only be spent for specific purposes stipulated by external resource providers (such as grantors) or laws or regulations of other governments or imposed by law through constitutional provisions or through enabling legislation (Town meeting). Restrictions may be changed or lifted only with the consent of the resource providers or the enabling legislation. Non-lapsing warrant articles, library, income portion of permanent funds, and capital project funds would be considered restricted.

**3.3 Committed Fund Balance** – **includes** amounts that can only be used for specific purposes determined by a formal vote at Town Meetings; such as expendable trust funds (capital reserve), nonlapsing appropriations, and other special revenue funds not listed under restricted and can change purpose via a vote at Town Meeting.

**3.4 Assigned Fund Balance** – **includes** amounts intended by the Board for specific purposes. For all governmental funds other than the general fund, any remaining positive amounts are to be classified as “assigned”. Items that fall under this classification for the general fund would be encumbrances properly approved by contract, purchase order, or other such actions as required.

**3.5 Unassigned Fund Balance** – includes amounts that are not obligated or specifically designated and is available for any purpose. The residual classification of any General Fund balance to be reported here. Any deficit balance of another fund is also classified as unassigned.

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## Section 4.0: Policy

**4.1 Spending Prioritizations** When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first.

When expenditures are incurred for the purposes for which amounts in any of the unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts and the unassigned amounts.

**4.2 Minimum Level of Unassigned Fund Balance** The Board will strive to maintain an unassigned fund balance in its general fund equal to the guidelines established by the NH Government Finance Officers Association (NHGFOA) which are as follows:

- a. Retention of ~~10% to 20%~~60% of regular general fund operating ~~revenues or no less than 2 months of general fund operating~~ expenditures. ~~This is calculated by adding the annual general fund operating appropriations from both Towns and the annual ambulance service fee revenue anticipated.~~ Capital Reserves consisting of 10% of the 60% Unassigned Fund Balance shall be retained for the replacement and/or purchase of capital items. The guidelines for general purpose governments suggests an unreserved fund balance of between 5% and 17%. The Tri-Town EMS is a special purpose governmental entity and must consider the potential fluctuations of ambulance service fees.

**4.3 Annual Review of Fund Balance** The Board shall review the financial status of the Service on an annual basis as part of the budget process. Due to the reliance on ambulance service fees and their volatility an annual review is necessary. Changes in federal and state regularity requirements for Medicare and Medicaid directly impact Service revenues. Additionally the changes that have occurred under the Affordable Care Act and potential future changes will impact an uncertain revenue future for ambulance service fees.

**4.4 Utilization of Unassigned Fund Balance** Excess amounts of Unassigned Fund Balance may be used to fund capital projects to replace facilities, vehicles and equipment upon approval of the TTEMS Board of Directors. Funds may be expended from the Unassigned Fund Balance for unplanned for legal expenses or emergency budget situations.

## Section 5.0: Implementation

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To facilitate conduct in accordance with this policy, a copy of this policy shall be made available to all employees and at such other times as may be necessary.

### Section 6.0: Signatures

	Position	Signature	Date
<b>Policy Prepared By:</b> Christopher Gamache	Service Director		
<b>Policy Reviewed &amp; Approved by:</b> Shaun Mulholland	Chairman – Board of Directors		

### Section 7.0: Policy & Procedure Revision History

	Section	Changes Made	Approvals	
			By	Date
Original Adoption	n/a	n/a	TTBOD	

### REFERENCES:

SECTION & SECTION NAME	REFERENCE
§4.0 POLICY	GFOA Best Practice; Determining Appropriate amounts of Fund Balance (2015)
§4.0 POLICY	The National Advisory Council on State and Local Budgeting (NACSLB) Framework for Improving State and Local Budgeting; Recommended Budget Practices (4.1, pg. 17)
§4.0 POLICY	GASB Statement 54
§4.0 POLICY	Town of Pembroke Fund Balance Policy