

TOWN OF BOULDER JUNCTION FUND BALANCE POLICY

The Town of Boulder Junction finds that this policy is essential to maintain an adequate level of fund balance within the General Fund in order to:

- Adapt to revenue shortfalls and/or unanticipated expenditures.
- Help ensure stable tax rates.
- Provide for adequate cash liquidity for normal operations.
- Maintain positive factors with the municipal bond market's assessment of the Town's credit quality.

The Town's unassigned fund balance within the General Fund shall be maintained at a level of 20-25% of annual General Fund budgeted expenditures.

Any amount above 25% of annual General Fund budgeted expenditures, and otherwise not encumbered in any way, shall be considered as the Town's unassigned fund balance. During the preparation of the budget for the subsequent year, the Clerk/Treasurer shall recommend to the Town Board a plan for usage of this unassigned fund balance. The Town's fund balance shall be assigned by the Town Board and administered by the Clerk/Treasurer. The usage shall, in order of consideration, be limited to:

- Covering revenue shortfalls or negative budget variances of the current fiscal year.
- Transferring unassigned fund balance to the Town's Capital Improvement fund to offset anticipated purchases or projects and/or to reduce principal borrowed for an expected capital outlay.
- Downsizing or retiring outstanding, levy-funded debt obligations.
- Reducing the general fund tax levy.

If the fund balance within the General Fund falls below 20% of annual General Fund budget expenditure level, the subsequent two operating budgets shall be designed to ensure the fund balance within the General Fund is replenished to an amount representing the 20% funding level.

GENERAL FUND UNASSIGNED FUNDING RESERVE:

2017 General Fund Budgeted Expenditures	<u>\$1,549,143</u>
20% Minimum Level Funding Requirement	<u>\$ 309,828</u>
25% Maximum Level Funding Requirement	<u>\$ 387,285</u>
12/31/2016 Unassigned General Fund Balance	<u>\$ 331,254</u>

POLICY HISTORY

Approved:

Amended: