

## *Fund Balance Policy*

### **A Fund**

1. It is the intent of the Town of Urbana to keep a fund balance of approximately 20% of the appropriations in the A Fund for unforeseen expenses and to insure adequate cash for the first few months of each budget year.
2. In addition we will keep a varying additional amount in the fund balance for grant matches.
3. All overage after numbers one (1) and two (2) has been determined will be used to either increase the Building Reserve account or to reduce the tax rate for the A Fund in the following year(s). Consideration should also be given to using the fund balance overage for paying off or paying down any A Fund debt.

### **B Fund**

1. It is the intent of the Town of Urbana to keep a fund balance of approximately 20% of the total appropriations in the B Fund for unforeseen expenses and to insure adequate cash for the first few months of each budget year.
2. All overage after number one (1) has been determined will be used to reduce the tax rate for the B Fund in the following year(s). Consideration should also be given to using the fund balance overage for paying off or paying down any B Fund debt.

### **DB Fund**

1. It is the intent of the Town of Urbana to keep a fund balance of approximately 20% of the total appropriations in the DB Fund for unforeseen expenses and to insure adequate cash for the first few months of each budget year.
2. All overage after number one (1) has been determined will be used to either increase the Highway Equipment Reserve account or to reduce the tax rate for the DB Fund in the following year(s). Consideration should also be given to using the fund balance overage for paying off or paying down any DB Fund debt.