**Sample Fund Balance Policy – Large Municipality (Simple)**

The City shall maintain a minimum unassigned fund balance (as defined in GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*) equal to 20-25% of the operating budget for the General Fund and Debt Service Fund. All other City funds will maintain a minimum unassigned fund balance equal to 15-20% of their respective operating budget. Any portion of the unassigned fund balance in excess of the minumum % of budgeted expenditures may be appropriated for one- time “pay-as-you-go” expenditures. (Examples are, but not limited to: incentive agreements, capital improvements, computer systems, and software). Unassigned fund balance is not a recurring revenue source of funds and should only be appropriated for non-recurring expenditures

At the close of each fiscal year, a report on unassigned fund balance in the General Fund will be given to City Council. At this time, Council may choose to transfer an agreed amount of excess reserves above 30% of unassigned fund balance to the Debt Service Fund where these funds will be used to offset future property tax rate increases for capital improvement plans.

*Note: This sample fund balance policy is derived from an actual fund balance policy that was incorporated into a larger “Financial Management Policies” that addressed all types of revenue, expenditure/expense, debt service, and financial reporting policies. This practice is common especially for larger jurisdictions.*