

Village of Lake Isabella

1010 Clubhouse Drive
Lake Isabella, MI 48893

Fund Balance Policy

Purpose

It is the purpose of this policy to establish budgetary guidelines for the Village to adhere to so ensuring that adequate funds are held in reserve to safe guard the operations and interests of the Village. This the purpose of such is to provide guidance to the Village in drafting, amending, and administering the annual budget and long term capital asset plan.

Scope

This policy shall be applied to the Village's General Fund, Major Street Fund, and Local Street Fund.

Fund Balance Guidelines

1. At no time shall the Village's General Fund be budgeted or amended to have a balance of less than \$100,000. The fund balance may go below this amount upon affirmative vote of the Village Council to be used in times of emergency for the Village.
2. At no time shall the Village's Major Street Fund be budgeted or amended to have a balance of less than \$40,000. The fund balance may go below this amount upon affirmative vote of the Village Council to be used in times of emergency for the Village.
3. At no time shall the Village's Local Street Fund be budgeted or amended to have a balance of less than \$25,000. The fund balance may go below this amount upon affirmative vote of the Village Council to be used in times of emergency for the Village.
4. As part of the annual budget process, the Village Manager shall be responsible for drafting a financial model to show projected income and expenses based on past trends and projected future changes for these three funds. This model shall, at a minimum, reflect the next three budget years if not longer. If at anytime this model shows that the reserve fund holdings would be less than as stated above, it shall be noted and brought to the attention of the Finance Committee for action.

Effect

This policy shall be in affect and only be amended by affirmative vote of the Village Council and in no way supercedes any requires of federal or state law, or the Charter of the Village of Lake Isabella.