

**Town of Casco  
Board of Selectmen  
Undesignated Fund Balance Policy  
February 2001**

The Casco Board of Selectmen adopts the following Board policy. The intent of this policy is to establish appropriate fund levels for the Town of Casco undesignated fund balance.

The Casco Board of Selectmen have researched and discussed the appropriate funding levels for the undesignated fund balance in order to assure the town of Casco maintains a position of fiscal strength and security. Maintaining an appropriated undesignated fund balance allows the Town to maintain cash flow and avoid borrowing in anticipation of taxes and provide an emergency reserve in case of disaster or unanticipated reductions in cash flow.

**Town of Casco undesignated fund balance shall:**

- 1. Maintain a balance of at least 27% of the Town of Casco total commitment of the previous year. (This amount represents an amount equal to all receivables and the cost for operations for 3 months.) Adjustments may be made in the event of changes in the fiscal period or commitment formula that result in one time radical changes in commitment amounts.**
- 2. The Casco Board of Selectmen shall review and establish the target balance of the undesignated fund balance annually. The Board shall annually review lapsed account balances and carry forward amounts in an effort to maintain undesignated fund balances.**
- 3. The Board of Selectmen shall determine annually any amounts of the undesignated fund balance that may be utilized for expenditures or utilized to stabilize the tax rate. The Board of Selectmen may make**

**recommendations to appropriate larger sums from the undesignated fund balance in times of emergency.**

- 4. The Casco Budget Committee shall annually review and comment on the recommendations of the Selectmen.**
- 5. Casco Town Meeting vote is required to apply or appropriate any funds from the undesignated fund balance.**
- 6. Amendments to this policy may be made by a majority vote of the Casco Board of Selectmen.**