

Fund Balance Policy

1. Background

- a) The County desires to maintain the financial operation of the County in a manner consistent with sound financial management principles.
- b) Sound financial management principles include the establishment of designated and undesignated fund balances sufficient to maintain required cash flows and provide reserve for unanticipated expenditures, revenue shortfalls and other specific uses.

2. General Fund

- a) For purposes of required cash flows, the County will maintain a designated fund balance equal to 110% of the highest estimated cash flow deficit for the General Fund in each fiscal year based on annual budgetary projections.
- b) For purposes of unanticipated capital and minor operating expenditures, an undesignated fund balance shall be maintained equal to one-half of one month's average expenditure in the general fund.
- c) For purposes of providing reserves for long-term receivables, for inventories, for encumbrances and for reappropriations to continue existing projects, a designated fund balance shall be established in an amount equal to the current balances in these accounts.
- d) For purposes of providing funding for the general operation of the County, these fund balances shall be invested by the County Treasurer in such instruments as deemed appropriate and, unless otherwise specifically provided for, any such investment income shall accrue to the General Fund.

3. Planning and Performance

- a) The amount of fund balances shall be reviewed on a regular basis to determine their sufficiency and no appropriation of these amounts shall be made for recurring operational expenses unless a plan for the permanent funding of such expenses is also presented and approved at the time of appropriation..