Sample Fund Balance Policy – Medium County (Simple)

1. The County will strive to maintain a minimum level of fund balance available for appropriation in the General Fund. The amount available for appropriation for purposes of this policy will be fund balance as of the end of the fiscal year that is in a spendable form and is unrestricted. Governmental entities should maintain, at a minimum, at least one month’s average general fund expenditures in unrestricted fund balance. This typically equates to 1/12th of budgeted general fund expenditures in a given year.
2. The Board of Commissioners’ goal is to maintain a minimum fund balance available for appropriation in the General Fund of fifteen (15%) percent of the prior year expenditures.
3. Fund balance available for appropriation in the General Fund will be used for unanticipated emergencies, to avoid cash flow interruptions, to generate interest income, to reduce the need for short-term borrowing, to pay capital project expenditures in advance of borrowing money for the project, and to assist in maintaining an investment grade bond rating.
4. The County will use all budgetary and financial accounting options available to maintain the minimum level of fund balance available for appropriation in the General Fund including but not limited to the following or a combination thereof:
	1. A specific budgeted revenue increase (e.g., ad valorem tax increase)
	2. Reduction of expenditures in the budget
	3. Appropriation of transfers from other funds
	4. Sale of capital assets
5. Annually, as a part of the Budget Messge, the County Manager shall submit a plan that addresses the Board’s fund balance goal.