

HENDERSON COUNTY

FUND BALANCE RESERVE POLICY

- A. The County will strive to maintain a minimum level of fund balance available for appropriation in the General Fund. This minimum, as set forth by the Local Government Commission, is defined as eight (8.0%) percent of prior year expenditures in the General Fund or one-half of the average of like sized counties' unreserved fund balance.
- B. The Board of Commissioners' goal is to maintain a minimum fund balance available for appropriation in the General Fund of twelve (12%) percent of the prior year expenditures.
- C. 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.
- D. 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:
 - a. A specific budgeted revenue increase (i.e. ad valorem tax increase)
 - b. Reduction of expenditures in the budget
 - c. Appropriation of transfers from other funds
 - d. Sale of capital assets
- E. Annually as a part of his recommended budget, the County Manager shall submit a plan that addresses the Board's fund balance goal.