



**RESOLUTION  
COUNTY OF JACKSON  
FUND BALANCE POLICY**

**WHEREAS**, the Jackson County Board of Commissioners recognizes the vital importance of sound financial management; and

**WHEREAS**, one of the primary keys to sound financial management is the maintenance of an adequate fund balance in the County's General Fund;

**NOW, THEREFORE, BE IT RESOLVED BY THE JACKSON COUNTY BOARD OF COMMISSIONERS, THAT THE FOLLOWING FUND BALANCE POLICY BE ESTABLISHED.**

**Section 1 – Overview**

Fund balance is the difference between assets and liabilities, or the cumulative differences of all revenues and expenditures. Fund balance provides a source of working capital to meet cash flow needs, permits orderly adjustments to the budget resulting from fluctuations in revenues or expenditures, allows for the accumulation of funds for specific projects, and can be a factor in receiving a favorable bond rating.

It is the desire of the Board to have a policy that:

- Outlines acceptable minimum levels of fund balance needed to maintain operations
- Provides direction for the use of funds above the minimum level
- Allows the Board to designate excessive fund balance
- Describes circumstances that would allow fund balance to drop below the minimum acceptable level

The County shall base its policy on the classification of fund balance, as defined and reported in accordance with General Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This policy only applies to the General Fund.

Many authoritative agencies recommend local governments maintain, at a minimum, fund balance equal to one to two months of expenditures. The County desires to maintain a much higher minimum due to its size, the volatility of revenues, and its dependency on taxpayers.

**Section 2 – Policy**

It shall be the policy of the County of Jackson to maintain an unrestricted fund balance in the General Fund of no less than 25% of the total projected expenditures. Unrestricted fund balance is the total of all committed, assigned and unassigned fund balance, as reported in the Comprehensive Annual Financial Report. Unrestricted fund balance in excess of 25% is available for general appropriation during the budget year as approved by the Board.

Restricted fund balances only can be used, by authorization of the Board, for the purposes for which they were externally restricted.

The Finance Director shall report to the Board on the status of the General Fund's fund balance at the completion of the audit for the year.

At the end of the year, after the annual audit is complete and financial statements have been reported, the Board may, at its discretion, credit any unassigned fund balance in excess of 25% to the Capital Reserve Fund. The Capital Reserve Fund shall be used for one-time capital expenditures. The fund may also be used for prepayment of debt, upon recommendation by the County Finance Director, to reduce the county's outstanding debt.

If a catastrophic economic or natural event occurs that requires a 10% or more deviation from the total budgeted revenues or expenditures, the unrestricted fund balance can be reduced by Board action. In such an event, the Board shall develop a recovery plan to rebuild the fund balance within 36 months of the current fiscal year end.

This policy shall remain in effect until amended by the Board of Commissioners.

**ADOPTED:** February 05, 2015.

Attest:

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Angela M. Winchester,  
Clerk to Board

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Brian Thomas McMahan, Chairman  
Jackson County Board of Commissioners