

# Rockwall County

## Financial Reserve Policy – General Fund

**Purpose:** The Commissioners Court adopts the following policy regarding financial reserves of the County's General Fund:

1. It is the policy of the County's governing body to achieve and maintain a reserve balance providing for four to six months of its annual budgeted expenditures.
2. The use of available funds in the reserve shall be determined by deliberative action of the Commissioners Court based upon consideration of the following factors:
  - a. The current and projected economic environment at the time the annual expenditure budget is established,
  - b. The impact of projected operating and capital expenditures on the cash needs of the County,
  - c. The acknowledgement of the difference between operating and capital needs resulting from the constitutional mandates placed upon the County and those resulting from other demands,
  - d. The methods available to finance the projected cash needs, including the use of reserves,
  - e. The impact of alternative financing on the current and projected property tax rates required to fund the expenditure budget,
  - f. The desire to carefully manage the property tax rate so as to avoid undue financial hardship on the County's taxpayers,
  - g. Recognition of the fact that a deficit budget results in the decrease of the fund balance and, by definition, the financial reserve.
3. Should, for whatever reason, the reserve fall below the range set forth in item 1 as the goal, the Commissioners Court shall develop a plan to re-establish the reserve.
4. A copy of this and other policies established to guide the governing body of the County shall be provided to each newly elected member of the Commissioners Court prior to the first regular meeting of the court.

Revised and adopted this 9th day of April, 2019, thereby replacing the policy statement of October 26, 2010.