



**Town of Nags Head**  
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Board of Commissioners Policy

### **Fund Balance Policy**

Original Adoption date: July 11, 2012

Adoption date: (March 4, 2015)

The Board of the Town of Nags Head recognizes the vital importance of sound financial management; and the Board of the Town of Nags Head also recognizes that the precarious location of the Town of Nags Head on the coast of North Carolina represents an additional threat to the financial security of the Town that is not otherwise faced by most municipalities in the State.

One of the primary keys to financial security is the maintenance of an adequate fund balance in the General Fund.

The Town of Nags Head's management will strive to maintain an unassigned General Fund Balance available for appropriation according to NCGS 159-8(a) of 50% of expenditures less bond debt, but not less than \$5 million as per audited finance statements at the end of each fiscal year. Management is expected to manage the budget so that revenue shortfalls and expenditure increases do not impact the Town's total unassigned fund balance.

If a catastrophic economic event occurs that requires a deviation from total budgeted revenues or expenditures then the unassigned fund balance can be reduced by board action; the Board also will adopt a plan on how to return unassigned fund balance back to the required level.

Responsible for Update: Finance Officer