

**TOWN OF HOLDEN
UNDESIGNATED FUND BALANCE POLICY**

PURPOSE

The purpose of this policy is to establish a guideline to ensure financial stability of the Town. Unreserved fund balance is an important measure of economic stability. It is essential the Town maintain adequate levels of unreserved fund balance to reduce the financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures and similar circumstances. The undesignated fund balance also provides cash flow for the Town's general operations.

DEFINITION

Undesignated Fund balance is a number derived by the year end audit. It represents an accumulation over time of any differences (positive or negative) between budgeted revenues and expenses. Some of the undesignated fund balances includes uncollected taxes, accounts receivable, and town inventory.

POLICY

It is a goal of the Town Council to strive and maintain the level of the unreserved general fund balance equal to one and one half (1.5) months or 15% of the total annual general fund expenditures which ever is greater.

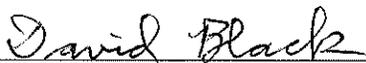
This policy has been adopted by the Town Council to recognize the financial importance of the stable and sufficient level of Undesignated Fund Balance. However, The Town Council reserves the right to appropriate funds from the Undesignated Fund Balance for emergencies and other requirements the Town Council believes to be in the best interest of the Town.

Adopted: April 22, 2014

HOLDEN TOWN COUNCIL



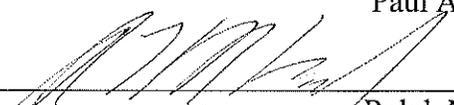
Robert Harvey, Chairman



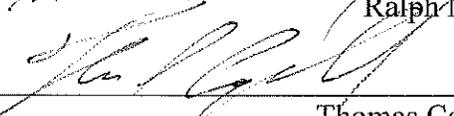
David Black, Vice-Chairman



Paul Amoroso



Ralph McLeod



Thomas Copeland