

Town of Crawford

Fund Balance / Reserve Policy

June 2018

Budget Guide

The Annual Budget is an operational and financial plan designed to account for the provision of a number of services to the community and provide accountability for the appropriation of taxpayer funds. The focus of the budget is on programs and services provided by the Town.

The Annual Budget is broken down by fund and within each fund by functional area programs, Water, Sewer, streets, parks and administrative.

Purpose

To establish a formally adopted fund balance/reserve policy for all funds of the Town as part of the Long Range Budgetary Policies. Included in the total fund balance are amounts that are Non-spendable, Restricted, Committed, Assigned, or Unassigned. This policy establishes appropriate levels of reserves, or fund balance, for each fund within the Town's operations, recognizing the unique needs and differing situations for the various funds.

Governmental Fund Types

General Fund: Maintain Fund Balance of 3 months of annual expenditures at all times. This will protect the Town in the case of an emergency. Fire, flood or lack of sales tax revenue in a quarter.

Capital Project Funds:

1. These would be funds that would be used as matching funds for projects that are related to the general fund. These funds may also be used for part of the matching funds for a Sewer and or water project.

Special Revenue Funds:

1. In general, no minimum reserve requirement. These funds can be spent to a zero balance annually.
2. Fund balance should never be less than the total of funds collected, but not yet be spent, that are restricted for a specific purpose.

Proprietary Fund Types – Enterprise Funds

Water Fund

1. For Operation, reserve of 10-20% of annual operating expenditures is desirable. For Capital, reserves should accumulate for future debt service payments and in anticipation of future capital needs, but Capital Reserves may be spent to a zero balance annually if deemed appropriate. Note that a portion of operating revenues may be used for Capital on an annual basis as current customers have an obligation for future capital improvements and replacements.

Wastewater Fund

1. For Operations, reserve of 10-20% of annual operation expenditures is desirable. For Capital, reserves should accumulate for future debt service payments and in anticipation of future capital needs, but Capital Reserves

maybe spent to a zero balance annually if deemed appropriate. A portion of operation revenues may be used for Capital on an annual basis as current customers have an obligation for future capital improvements and replacements.

Conservation Trust Fund (CTF):

1. The Conservation Trust Fund is used to account for monies received by the Town from Lottery proceeds. These funds are restricted for use in the acquisition, development and maintenance of new park and conservation sites or for capital improvements and maintenance of any existing public site for recreational purposes.

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Wanda Gofforth
Mayor

ATTEST:

X

Cally Gallegos
Clerk