

FUND NO. 001 – CURRENT EXPENSE FUND

This is an operating general fund with an assigned and unassigned fund balance.

- POLICY:** The minimum balance shall be equal to 25% of the budgeted operating expenses (excluding capital) within this fund.
- EXPLAINED:** This is equivalent of three months of operating expenditures.
- FUND USES:** This fund shall be used for all basic governmental services and operations, and for all activity not specifically accounted for in other funds such as planning and administration. This fund shall be allowed to provide transfers to and in support of other funds as determined by ordinance of the council.

FUND NO. 007 – CURRENT EXPENSE CUMULATIVE RESERVE FUND

This is a current expense sub-fund with an assigned cumulative reserve fund balance.

- POLICY:** The minimum balance shall be equal to \$500,000.
- EXPLAINED:** This amount shall remain as the minimum reserve balance within this fund which may only be used under emergency circumstances when the Town faces crucial financial difficulties or emergency events at which the Town is affected by unforeseen and/or uncontrollable circumstances. If the fund balance depletes below the policy level, action shall be taken to ensure the fund balance is replenished within one to three years after use.
- FUND USES:** This fund shall only be used for specifically identified (non-operational) expenditures; PROVIDED, it may be used for other purposes consistent with the procedures set forth in Chapter 3.01 CMC. This fund shall be allowed to accumulate a reserve fund balance from year to year.

FUND NO. 108 – FIRE DEPARTMENT CUMULATIVE RESERVE FUND

This is a current expense sub-fund with an assigned cumulative reserve fund balance.

- POLICY:** The minimum balance shall be equal to 25% of the budgeted operating expenses (excluding capital) within this fund.
- EXPLAINED:** This is equivalent of three months of operating expenditures and to provide funds for future capital expenditure/equipment needs.
- FUND USES:** This fund shall only be used for operating, maintenance and capital expenditures related to the Fire Department. This fund shall be allowed to accumulate a reserve balance from year to year.

FUND NO. 109 – EMS CUMULATIVE RESERVE FUND

This is a special revenue fund with an assigned cumulative reserve fund balance.

- POLICY:** The minimum balance shall be equal to 25% of the budgeted operating expenses (excluding capital) within this fund.
- EXPLAINED:** This is equivalent of three months of operating expenditures.
- FUND USES:** This fund shall only be used for operating, maintenance and capital expenditures related to the EMS Department. This fund shall be allowed to accumulate from year to year.

FUND NO. 401 – WATER CAPITAL & EMERGENCY CUMULATIVE RESERVE FUND

This is an enterprise sub-fund with an assigned cumulative reserve fund balance.

POLICY: The minimum emergency balance shall be maintained at \$75,000 with a goal of adding \$4,500 to such reserve on an annual basis. The minimum capital balance shall be equal to \$175,000 with a goal of adding \$63,441 to such reserve on an annual basis.

EXPLAINED: The emergency balance is equivalent to the replacement cost of the most expensive piece of critical equipment. The capital balance is the combined total of any excess resources available from all other water funds.

FUND USES: This fund shall only be used for emergency capital and/or capital expenses directly related to the Town's Water Treatment System. This fund shall be allowed to accumulate a reserve balance from year to year.

FUND NO. 402 – WATER OPERATIONS AND MAINTENANCE

This is an operating enterprise fund with an assigned fund balance.

POLICY: The minimum balance shall be equal to 1.5 times the budgeted operating expenses (excluding capital) within this fund during the billing period.

EXPLAINED: This is equivalent to fifty days of operating expenditures.

FUND USES: This fund shall be used only for expenditures related to the operations, distribution, maintenance and repairs of the Town’s Water Utility system, and transfers into capital, emergency and water debt service funds. This fund shall be allowed to accumulate from year to year.

FUND NO. 403 – SEWER OPERATIONS AND MAINTENANCE

This is an operating enterprise fund with an assigned fund balance.

POLICY: The minimum balance shall be equal to 1.5 times the budgeted operating expense (excluding capital) within this fund during the billing period.

EXPLAINED: This is equivalent to fifty days of operating expenditures.

FUND USES: This fund shall be used only for expenditures related to the operations, distribution, maintenance, and repairs of the Town’s Wastewater Utility system, and transfers into capital, emergency and sewer debt service funds. This fund shall be allowed to accumulate from year to year.

FUND NO. 404 – SEWER CAPITAL & EMERGENCY CUMULATIVE RESERVE FUND

This is an enterprise sub-fund with an assigned cumulative reserve fund balance.

POLICY: The minimum emergency balance shall be maintained at \$75,000 with a goal of adding \$4,500 to such reserve on an annual basis. The minimum capital balance shall be equal to \$145,000 with a goal of adding \$63,441 to such reserve on an annual basis.

EXPLAINED: The emergency balance is equivalent to the replacement cost of the most expensive piece of critical equipment. The capital balance is the combined total of any excess resources available from all other sewer funds.

FUND USES: This fund shall only be used for emergency capital and/or capital expenses directly related to the Town's Wastewater Treatment System. This fund shall be allowed to accumulate a reserve balance from year to year.

FUND NO. 406 – WATER DEBT SERVICE RESERVE FUND

This is an enterprise sub-fund with a restricted fund balance.

POLICY: An amount equal to the pre-determined reserve requirements as legally agreed upon at the time of debt issuance; typically, one annual payment total per debt.

EXPLAINED: This amount is required to be held until debt has been paid in full, which is in addition to the annual debt service amounts to be issued when debt payments are due.

FUND USES: This fund shall be used only for the payment of principal and interest of the water debt service and to reserve the legally binding amounts as required by creditors. No part thereof while any of said debts are outstanding and unpaid, shall be diverted to any other fund or use. This fund shall be allowed to accumulate a reserve balance from year to year.

FUND NO. 407 – SEWER DEBT SERVICE RESERVE FUND

This is an enterprise sub-fund with a restricted fund balance.

POLICY: An amount equal to the pre-determined reserve requirements as legally agreed upon at the time of debt issuance; typically, one annual payment total per debt.

EXPLAINED: This amount is required to be held until debt has been paid in full, which is in addition to the annual debt service amounts to be issued when debt payments are due.

FUND USES: This fund shall be used only for the payment of principal and interest of the sewer debt service and to reserve the legally binding amounts as required by creditors. No part thereof while any of said debts are outstanding and unpaid, shall be diverted to any other fund or use. This fund shall be allowed to accumulate a reserve balance from year to year.