FUND BALANCE POLICY

General Fund

Unassigned Fund Balance

- The Town of Appomattox will maintain an Unassigned General Fund Balance at a level that provides sufficient working capital and a comfortable margin of safety for emergencies and unexpected declines in revenue.
- The Town shall not use the Unassigned General Fund Balance to finance recurring operating expenditures.
- The Town will maintain an Unassigned General Fund Balance equal to 100% of General Fund revenues. In the event the Unassigned General Fund Balance is used to provide funding for unforeseen emergency needs, the Town will restore the Unassigned General Fund Balance to the minimum of 100% over five years.
- Funds in excess of the targeted 100% fund balance may be considered to supplement the Priorities and Initiatives Plan, capital projects, or as additions to fund balance.

Committed Fund Balance

- Committed fund balance includes amounts that can be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision making authority – Town Council. Formal Council action includes the annual adoption of the Town's Budget Resolution, Council Resolutions appropriating funds and/or resources, Budget amendments, and any carry forward appropriations of unexpended funds at fiscal year end.

Assigned Fund Balance

- Assigned fund balance includes amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. Fund Balance may be assigned either through the encumbrance process as a result of normal purchasing activity, or by the Town Manager or his designee.

Restricted Fund Balance

- Restricted fund balance includes amounts that have constraints place on their use by external sources such as creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Non-Spendable Fund Balance

- Non-spendable fund balance includes amounts that cannot be spent because they are either not in a spendable form such as inventories and prepaids or they are legally or contractually required to be maintained intact.

Enterprise Funds

Water Fund

- Minimum ending fund balance shall not be less than 25% of total fund appropriations with a target balance of 35% of total fund appropriations.
- Funds in excess of required fund balance may be considered for capital projects, non-recurring expenditures, or funding of necessary reserves.
- A rate review will be conducted at least every two years.

Sewer Fund

- Minimum ending fund balance shall not be less than 25% of total fund appropriations with a target balance of 35% of total fund appropriations.
- Funds in excess of required fund balance may be considered for capital projects, non-recurring expenditures, or funding of necessary reserves.
- A rate review will be conducted at least every two years.

Adopted 8-9-2021