

Town of Templeton

Financial Policies

Introduction

Financial Policies set boundaries within which financial decisions are made. The following financial principles set forth the broad framework for overall fiscal planning and management of the Town of Templeton's resources. Policies allow response to changes in the economy, change in government priorities, and other changes that affect the Town of Templeton's wellbeing. It also provides a road map for future civic leaders for the wellbeing of Templeton's finances.

Financial Reserve Policy

1. The town shall maintain a Stabilization Fund at least at a level of 4 - 7% of the town's FY general fund revenues as it's main financial reserve in the event of an emergency.
2. 10% of all funding to Stabilization will be invested into a Capital Stabilization Fund.
3. Stabilization and Capital Stabilization funds will be invested in interest bearing funds.

Budget Policies

1. The Town will not spend more than it receives. It will develop balanced budgets in which current revenues equal or exceed current expenditures.
2. The Town will not balance the budget by using Free Cash or one time revenues to fund ongoing expenditures. No more than 20% of Free Cash or one time revenue items may be used for ongoing expenditures.
3. One time revenues and Free Cash should be used on one-time capital expenditures or replenishing other reserves.

4. The budget will provide for adequate maintenance and replacement of capital plan items and equipment maintenance will be prioritized over capital projects.
5. The Town Account shall issue a monthly report on revenues and expenditures.
6. The Town Account will issue a weekly report of budget verses actual to track spending for all departments.

Revenue policy

1. The town will estimate its revenue with conservative methods and present this along with the balance budget.
2. The Town will maintain property assessment at full and fair market value.
3. Any artificially high revenue increase should be considered a one time occurrence and may only be expended to increase reserve fund levels or to fund non-recurring capital expenditures so as not to depend on it as a revenue source.
4. All current expenditures should be paid for with current operating revenues.
5. The Tax Collector and Treasure will routinely monitor all amounts due the Town. A proactive policy of collection should be followed for all receivables , including property taxes. A target of 98% property tax collection rate by fiscal year end should be set.

Capital Planning policy

1. Except as required by an emergency, all approved capital projects must be part of the adopted Capital Improvement Plan.
2. The Capital Improvement Program will directly relate to the long-range plans and policies of the Town.
3. A rolling, six-year Capital Improvement Plan (CIP), will be coordinated with the Finance Committee (Advisory Board). The first year of the Capital Improvement Plan shall include the proposed capital improvement for the next (forthcoming) fiscal year.
4. All proposals for capital improvement shall include sources of funding for each capital improvement or category of capital improvement.

Debt Policy

1. The term of debt issued to finance capital improvements or procurement may not exceed the useful life of the asset or improvement.
2. Short-term debt funding will not be rolled over beyond two years without a principal pay-down.
3. The Town shall manage the issuance of debt following the targets listed.
 - A. General Fund debt not to exceed 5% of the General fund revenues.
 - B. Enterprise Fund debt not to exceed 20% of the enterprise operating revenues.
 - C. At least 65% of the Total Debt will be retired at the end of ten years.