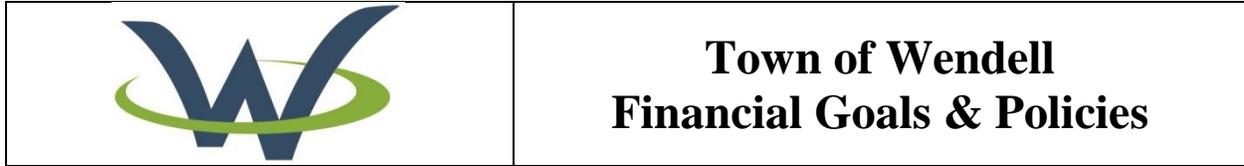


*Effective Date: 3/25/2019*  
*Supersede Date: 3/13/2017*  
*Policy Number: 107*



The Town of Wendell has an important responsibility to its citizens to carefully account for public funds, to manage municipal finances wisely, and to plan the adequate funding of services desired by the public, including the provision and maintenance of public facilities. The desires of the public in the provision of public services are imperative, and it is the role of the Board of Commissioners to communicate the public's desires.

The town needs to ensure that it is capable of adequately funding and providing those government services desired by the community. To that end and while remaining in compliance with the Local Government Budget and Fiscal Control Act, the Town will follow the Generally Accepted Accounting Principles (GAAP) and budgetary guidance from the Government Finance Officers Association (GFOA).

The financial goals and policy statements set forth in this section are intended to establish guidelines for the continued financial strength and stability of the Town of Wendell and to maintain public trust and confidence by utilizing resources in the most efficient manner possible.

## **FINANCIAL GOALS**

Financial goals are broad, fairly timeless statements of the financial position the town seeks to attain. The financial goals for the Town of Wendell focus on the following areas:

1. Accountability
2. Budget
3. Fund Balance and Reserves
4. Cash Management
5. Capital Improvement Plan
6. Tax Rate and Fees
7. Debt Management
8. Asset Replacement Schedule

## 1. Accountability

*Goal: The town will insure the legal use of public assets through an effective system of internal controls.*

- The town will strive to establish the lowest reasonable tax rate for its citizens without compromising the quality of municipal services.
- The town will maintain a budgetary control system to ensure compliance with the approved budget and will maintain adequate internal controls to safeguard public assets.
- Expenditures will be monitored through the accounting system with monthly reports to assure budgetary compliance.
- Reports demonstrating the status of financial activity and results (including an annual independent audit) will be prepared on a timely basis and in compliance with Generally Accepted Accounting Procedures (GAAP).
- The Town will prepare and submit a Comprehensive Annual Financial Report (CAFR) to the Government Finance Officers Association (GFOA).

## 2. Budget

*Goal: A comprehensive annual budget will be adopted after careful consideration of public needs, their input, and availability of funding.*

- During the budget development process, the town will strive to maintain the tax rate and fees at the lowest possible rate.
- During the budget development process, the town staff will strive to show and explain where areas of increased needs exist.
- After a thorough budget process, an annual comprehensive budget will be adopted by ordinance. A detailed budget document disclosing all anticipated revenues and authorized appropriations for operating and capital expenditures will be prepared and published. The budget will establish the level of services to be provided by each department with anticipated revenues and available resources.
- Where possible, grants or contributions of capital will be identified for proposed town expenditures. When grants are undertaken, the town will strive to be mindful of the long-term requirements and commitments involved in acceptance of such grants.
- If the presented balanced budget includes a tax rate increase, staff must also present a balanced budget showing a tax rate decrease in the same amount of the tax rate increase.

### 3. Fund Balance and Reserves

*Goal: The Town will strive to maintain a General Fund fund balance of 40%.*

- The purpose of the fund balance will be to provide sufficient operating reserves (working capital) to manage monthly and daily cash flow variability, as well as adequate liquidity to provide for limited interruptions in revenues (natural disasters, unexpected loss of revenue source, etc.).
- The budgetary fund balance reserve will be calculated using the percentage of the last audited fund balance and the proposed operations and maintenance budget. The fund balance represents only the unassigned fund balance and not the full GAAP fund balance. The operations and maintenance budget does not include capital expenditures for the calculation.
- Contingency and reserve funds will be available for use in the event of emergency and/or unforeseen events.
- Cash balances in excess of the amount required to maintain strategic reserves can be used, with approval from the Board of Commissioners, to fund one-time or non-recurring costs. Preference will be given to uses that reduce ongoing expenses (for example - early retirement of debt or the reduction of debt necessary to complete a significant capital project).
- It is the intent of the Town to replenish fund balance reserves in an expedient manner if conditions necessitate expenditure below the 40% policy level. The Town will restore the balance using any combination of end of year balances, reduced capital expenditures, or direct appropriation of revenues. The restoration of the fund balance will be done in a manner that maintains the structural balance of the whole budget.

### 4. Cash Management

*Goal: The town's cash management policy will promote responsible, efficient and legal use of public funds and will optimize the management and earnings on the public funds.*

- *Central Depository* – The town will maintain an interest-bearing account as its official central depository, as approved by the Board of Commissioners. The town also shall maintain a checking account for disbursements. Other accounts can be maintained as is necessary, with board approval.
- *Banking Relations* – To ensure the lowest fees, best services, and highest rates of interest, the town's banking services will be continuously monitored and reviewed. No more than every five years, the town will review banking services to get the

most competitive services and rates available and a recommendation for services will be submitted to the Board of Commissioners for approval.

##### 5. Capital Improvement Plan

*Goal: The Capital Improvement Plan will be comprehensive and updated every year.*

- The town will update a Capital Improvements Plan (CIP) every year and provide a copy to the Town Board. This plan will be a long-range plan that will forecast facility needs and requirements town-wide for each of the next five years.
- In the CIP, staff will attempt to forecast projected revenues and resources required to finance the capital improvement plans to ensure that the plan represents projects that can be realistically funded by the Town.
- The CIP will be established in collaboration with Town departments and provide for public input in the Budget process.
- In addition to facilities, the plan will include projections for equipment requirements valued in excess of \$10,000.
- Long-term borrowing will be confined to significant capital improvements (or similar projects) that have an extended life and to instances when it is not practicable to provide financing from the current revenues. All other available and appropriate sources of financing will be exhausted before long term borrowing is pursued.

##### 6. Tax Rate and Fees

*Goal: The town will establish a responsible tax rate and schedule of fees and will strive for public transparency in the establishment of these taxes and fees.*

- The town will strive to maintain the tax rate and fees at the lowest possible level to provide the level of services established by the Commission in the annual Budget.
- The town will strive to educate the public concerning the fact that the Town of Wendell is the only town in Wake County that does not provide municipal fire service and for which fire service is provided through a county fire district and a county fire district tax.
- Whenever possible, fees will be established at rates that allow those using / benefitting from public services to pay for those services.
- The tax rates and fee schedule will be reviewed annually as part of the budget development process.

7. Debt Management

*Goal: The Town will use a balanced approach to funding capital improvements, projects, and vehicle and/or equipment needs.*

- The balanced approach will consist of various funding options to include utilizing debt financing, draws on fund balances in excess of policy targets, and current year (pay-as-you-go) appropriations.
- The general fund debt as a percentage of total assessed value of taxable property should not exceed 2.5%.
- The ratio of debt service expenditures as a percentage of total general fund expenditures should not exceed 15% with an aggregate ten-year principal payout ratio target of 55% or better.

8. Asset Replacement Schedule

*Goal: The Town will set forth an outline/criteria for the replacement of Town owned vehicles and equipment in order to ensure that replacement is in the most efficient and cost effective manner.*

- The criteria chart (see attached) takes into account age, mileage, condition, services, reliability, and maintenance costs to serves as the general indicator for initiating vehicles and equipment replacement.
- Each vehicle and piece of equipment accumulates points using the criteria chart. Once all points have been totaled for each vehicle and piece of equipment, a replacement rating will be assigned (Good, Poor, and Priority). The criteria chart (see attached) will provide descriptions of the replacement rating.

**ADOPTED** this the 25th day of March 2019.

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Virginia R. Gray, Mayor

**Attest:**

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Sherry L. Scoggins, Town Clerk

**Town of Wendell  
Asset Replacement  
Criteria Chart**

<b>Type</b>	<b>Points</b>	<b>Description</b>
<i>Age</i>	1	One point assigned for each year of the chronological age, based on in-service date
<i>Mileage/Hours</i>	1	One point assigned for each 10,000 miles of operation or 250 hours
<i>Type of Service</i>	1	Standard sedans, SUVs, Light Trucks (includes admin police vehicles)
	2	Vehicle/equipment that pulls trailer, hauls heavy loads, or has continued off-road usage
	3	Police patrol vehicles, heavy equipment used daily
<i>Condition</i>	1	Good condition - minor imperfections in body and paint surface, interior fair (no rips, tears, burns), good drive train
	2	Poor condition - noticeable imperfections in body and paint surface, minor rust, bad interior (one or more rips, tears, burns), weak /noisy drive train
	3	Damaged/lemon condition - previous/current accident damage, poor body and paint surface, rust (holes), bad interior (rips, tears, burns), drive train components damaged or inoperable
<i>Maintenance Cost</i>	1	Low maintenance - costs are less than or equal to 30% of replacement cost
	2	Medium maintenance - costs are 31% to 70% of replacement cost
	3	High maintenance - costs are greater than 71% of replacement cost

<b>Point Range</b>	<b>Rating</b>	<b>Description</b>
22+	<b>Critical</b>	Asset qualifies for priority of replacement
17 - 21	<b>Poor</b>	Asset qualifies for replacement
0 - 16	<b>Good</b>	Asset does not qualify for replacement