

## Coupeville 2020 Budget Policies

### Fiscal Policies

- 1) General Fund Ending Balance should be maintained at a minimum of \$300,000.
- 2) Water Fund Ending Balance should be maintained at a minimum of \$100,000.
- 3) Sewer Fund Ending Balance should be maintained at a minimum of \$100,000.
- 4) Stormwater Fund Ending Balance should be maintained at a minimum of \$20,000.
- 5) Annual revenues should cover annual operating expenditures in the General, Street, Water, Sewer and Stormwater Funds.
- 6) Transfers between funds may be authorized by the adopted budget, or by specific Council action.
- 7) User fees are adopted annually at the Council level, and are designed to cover the costs of the service unless the Council decides to subsidize the cost.
- 8) Utility rates and connection fees will be set to cover operating expenditures and capital project needs. Utility rates and connection fees should be reviewed by the Utility Advisory Committee every four years for adequacy, and a report of their findings provided to the Town Council. Connection fees are to be used for capital projects only.
- 9) The Debt Service Ratio in the Water and Sewer Fund (net revenues divided by debt service) should not fall below 1.50.
- 10) Interfund lending is permissible with Council approval, providing a planned schedule of repayment of loan principal as well as setting a reasonable rate of interest to be paid to the lending fund. The loan may continue over a period of more than one year but must be "temporary" in the sense that no permanent diversion of the lending fund result from failure to repay by the borrowing fund (Resolution 86-10).
- 11) All possible funding sources, governmental or private, will be explored before committing Town funds (Resolution 94-14).
- 12) Long-range budgets will be developed based on projected growth according to the current Comprehensive Plan; public demand; and location, use, and condition of present facilities (Resolution 94-14).
- 13) Capital projects and purchases that are listed in the current budget are presumed approved and can be carried over and expended in the new year as long as there are sufficient funds. The Clerk-Treasurer will advise the Council of projects that will be carried over by memo at a Council session. In no case, can the total project amount be increased without Council approval. If the bottom line fund balance needs to be increased as a result, an amendment will be made as soon as it's practical.
- 14) Equipment purchases of items under \$1000 shall be considered small tools and minor equipment; purchases of \$1000 or greater shall be considered capital equipment.

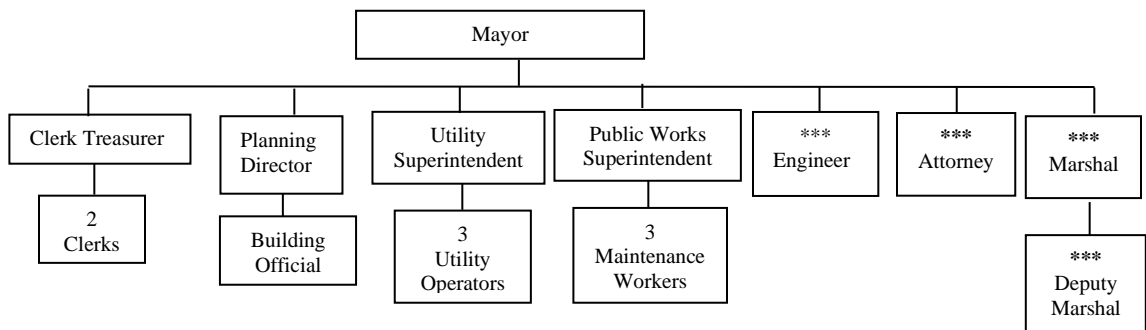
## Allocation Policies

- 1) Fuel Tax revenues will be accumulated in the Street Fund until there is enough for a major project, or to be used as match for a grant or loan that will accomplish a major project. Revenues in the Street Fund may also be used as funding for an approved Pavement Management System for all Town streets.
- 2) The revenue for the 2% Hotel/Motel Tax may be allotted in the year after it was received (Resolution 17-18).
- 3) Water and sewer connection fees will be put in reserves to fund water and sewer capital projects (Ordinance 730). Revenues will be accumulated until there is enough for an approved project, or to be used in conjunction with a grant or loan to accomplish an approved project.
- 4) Administrative fees will be collected from the Water Fund, Sewer Fund, and Storm Water Fund to reimburse the General Fund for expenses of general administrative services (Council, Mayor, Administration, and Planning) to support the operation of each utility. No wages will be charged directly to the Utility Fund for administrative services. Time studies will be done on an annual basis and an average of the last 5 studies will be used to calculate a rate at which the administrative fee will be charged to each department. An allocation for Council expense will be made based on agenda items and ordinances related to utilities. Legal fees will be charged directly to the Utility Fund.

	<u>Water</u>	<u>Sewer</u>	<u>Storm Water</u>
<b>Council –</b>	<b>4%</b>	<b>2%</b>	<b>1%</b>
<i>Calculated on agenda items and ordinances related to utilities</i>			
<b>Mayor -</b>	<b>11%</b>	<b>7%</b>	<b>7%</b>
<i>Calculated using the Mayor's Time Study</i>			
<b>Administration –</b>	<b>15%</b>	<b>14%</b>	<b>15%</b>
<i>Average percentage of Clerk Treasurer, Fiscal Clerk, and Utility Clerk Time Studies</i>			
<b>Planning –</b>	<b>4%</b>	<b>4%</b>	<b>4%</b>
<i>Calculated using the Planning Director's Time Study</i>			

## Employee - Personnel Policies

- 1) The Salary and Wage Schedule will be approved annually by the Town Council (Resolution 94-6).
- 2) Reserves will be set aside to cover Accrued Compensation Balances.
- 3) The Town Council will adopt budgets and set salaries in order to achieve the organization and level of staffing outlined below.



\*\*\* indicates contracted positions

## **Investment Policies**

- 1) It is the policy of the Town to invest public funds in a manner which will provide maximum security with the highest investment return while meeting the daily cash flow demands of the Town, and conforming to all state and local statutes governing the investment of public funds (Resolution 96-03).
- 2) Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable income to be derived (Res. 96-03).
- 3) The primary objectives, in priority order, of the Town's investment activities shall be: Safety, Liquidity, and Yield (Resolution 96-03).
- 4) The Town will diversify its investments by security type and institution. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the entity's total investment portfolio will be invested in a single security type or with a single financial institution (Res. 96-03).
- 5) To the extent possible, the Town will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Town will not directly invest in securities maturing more than five years from the date of purchase (Resolution 96-03).

## **Capital Policies**

- 1) The responsibility for financing capital improvements should be assumed by the primary beneficiaries of the facility (Resolution 94-14).
- 2) General Revenues should be used to fund projects only if the project provides a general benefit to the Town (Res. 94-14).
- 3) The Town should use long-term borrowing to fund projects when the proposed facility will provide benefits for 20 years or longer.
- 4) The Town should seek grants or private funds whenever available to finance capital improvements (Resolution 94-14).
- 5) All major transactions, such as the purchase or sale of public land, will be studied for the effects they will have on needed utilities and services (Resolution 94-14).
- 6) Capital costs for public facility projects, including an estimate of subsequent operating costs, will be identified in a Capital Facilities Plan (CFP).
- 7) The 6-year Capital Improvement Plan (CIP) will be reviewed annually, prior to the Budget Process. Annual capital needs identified in the revised CIP will be used in the compilation of the annual budget.
- 8) Capital needs will not be considered during the Budget Process unless they have already been identified in the Capital Facility Plan. (2017 review will occur in 2018. Any new proposed capital projects will be included in a 2018 Budget Revision following CIP update.)
- 9) Capital improvement projects or purchases related to the General Fund and/or Street Fund will be accounted for directly out of Fund 105, the Capital Improvement Fund.

## **Budgetary Accounting**

- 1) The Clerk-Treasurer, with written approval or direction from the Mayor, is authorized to move funds from one line item to another in a fund's budget, provided that the total approved expenditure for the fund is not exceeded. The Council shall be informed of such actions.