

COMPREHENSIVE FINANCIAL POLICY

Town of North Wilkesboro, North Carolina
Summary Sheet



- Objectives – The Comprehensive Financial Policy is a statement of the goals and standards that will guide the financial management practices of the Town of North Wilkesboro. Its objectives are:
 - Provide increased public confidence in financial management.
 - Provide the Board of Commissioners, Town Manager, Town staff, and Town citizens a framework for measuring the fiscal strength of government finances against established parameters and benchmarks.
 - Contribute significantly to the Town’s ability to insulate itself from financial crisis.
 - Promote long-term and strategic thinking. The strategic intent articulated by many financial policies necessarily demand a long-term perspective from the organization.

- Budgeting – notable budgeting guidelines established in the Policy are:
 - One-time or limited duration revenues such as the proceeds from the sale of properties, grants, gifts, etc. will not be used to fund continuing town operations but will instead be used to fund special projects or one-time expenses.
 - The Town shall endeavor to reduce its reliance on property tax revenues by revenue diversification, implementation of user fees, and economic development.
 - The Town shall take immediate corrective actions if at any time during the fiscal year expenditure and revenue updates are such that an operating deficit (i.e., projected expenditures in excess of projected revenues) is projected at year-end.

- Capital Budgeting – notable capital budgeting guidelines established in the Policy are:
 - The Town will endeavor to create, adopt, and maintain a comprehensive Capital Improvement Plan (CIP) that outlines projected capital expenses for a forecasted period of ten years.
 - The Town will attempt to determine the least costly and most flexible financing method for all new projects.

- Debt – notable debt guidelines established in the Policy are:
 - The Town will take a balanced approach to capital funding utilizing debt funding, draws on capital reserves and/or fund balances in excess of policy targets, and pay-as-you-go (PAYGO) funding.
 - The Town will not use debt whose repayment period exceeds the expected useful life of the asset.
 - General fund net debt as a percentage of estimated market value of taxable property shall not exceed 2.5%, or about \$10M.

- Fund balance – notable Fund Balance guidelines established in the Policy are:
 - General Fund unassigned fund balance shall be maintained between 65%-75% of the total annual operating budget of the town.

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- If unassigned fund balance, as calculated as part of the Town’s annual audit, is in excess of the 75% threshold, the Board of Commissioners may appropriate or designate the excess for one-time capital expenditures, economic development related expenses, or transfer the excess to a capital reserve fund. For FY21-22, this is over \$1M.
- The Town shall not use fund balance to balance the annual operating budget, except under extraordinary circumstances and with the direction of the Board of Commissioners. If fund balance funds are needed for operating purposes, they shall be appropriated during the fiscal year when/if needed.
- Investments – notable investment guidelines established in the Policy are:
 - The primary objectives of this portion of the policy shall be safety, liquidity, and yield
 - Prior to investment maturity, the Board of Commissioners shall evaluate market conditions, the Town’s cash needs, and other factors as it sees fit before to decide whether/how to reinvest.
 - General town investments will mature no longer than 10 years from their purchase date and in accordance with cash flow needs. Investments made with proceeds from the long-term lease of Wilkes Medical Center will mature no longer than 15 years from their purchase date and in accordance with cash flow needs.