RESOLUTION 2026-JJ

A RESOLUTION OF THE TOWN OF EATONVILLE, WASHINGTON AMENDING THE FINANCIAL POLICIES FOR THE TOWN OF EATONVILLE; PROVIDING FOR PERIODIC REVIEW AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, on August 26, 2024, the Town Council approved Resolution 2024-HH, amending the adopted Financial Policies; and

WHEREAS, the Town Council recognizes that sound financial management is essential to maintaining the fiscal integrity, transparency, accountability and long-term sustainability of the Town; and

WHEREAS, the Town wishes to establish financial policies governing accounting practices, budgeting, reserves, capital planning, debt management, donations, purchasing cards and other financial operations; and

WHEREAS, Municipal Research and Services Center ("MRSC") recommends updates to financial policies as a pre-budget item; and

WHEREAS, adoption of the Town of Eatonville Financial Policies will promote consistency in financial decision-making, improve transparency, strengthen internal controls, enhance long-term financial planning and provide clear guidance to elected officials and staff; now therefore;

THE TOWN COUNCIL OF THE TOWN OF EATONVILLE, WASHINGTON, HEREBY RESOLVES AS FOLLOWS:

THAT: The Town Council agrees and the Financial Policies for the Town of Eatonville are approved in the form attached hereto as Exhibit A.

PASSED by the Town Council of Town of Eatonville and attested by the Town Clerk in authentication of such passage this 13th day of July 2026.

____
Emily McFadden, Mayor

ATTEST:

____
Miranda Doll, Town Clerk

Town of Eatonville
2026-Financial Policy

1. **<u>Statement of Purpose</u>**
   a) The financial integrity of our Town government is of utmost importance. To discuss, write, and adopt a set of financial policies is a key element to maintaining this integrity. Our Town has evolved with a variety of financial policies that can be found in many different sources including Town Council Resolutions and Ordinances; Budget documents; and Capital Improvement Programs. The set of policies within this document serves as a central reference point for the most important of our policies, which are critical to the continued financial health of our local government.
   b) A written, adopted financial policies have many benefits, such as assisting the elected officials and staff in the financial management of the Town, saving time and energy when discussing financial matters, inspiring public confidence, and providing continuity over time as elected officials and staff members change. While this policy will be amended periodically, it will provide the foundation for many of the issues and decisions facing the Town. This policy will promote sound financial management and assist in the Town's stability, efficiency, and effectiveness.

2. **<u>Financial Goals</u>**
   a) The Town of Eatonville's financial goals seek to:
      i. Ensure the financial integrity of the Town
      ii. Manage the financial assets in a sound and prudent manner
      iii. Improve financial information for decision makers at all levels:
      iv. Policy makers as they contemplate decisions that affect the Town on a long- term basis
      v. Managers as they implement policy on a day-to-day basis
      vi. Maintain and further develop programs to ensure the long-term ability to pay all costs necessary to provide the level and quality of service required by the citizens

   Maintain a spirit of openness and transparency while being fully accountable to the public for the Town's fiscal activity.

3. **<u>Policy Areas</u>**
   a) This financial policy addresses the following major areas:
      i. General Policy
      ii. Revenue Policy
      iii. Expenditure Policy
      iv. Operating Budget Policy
      v. Capital Management Policy
      vi. Accounting Policy
      vii. Accounting Policy
      viii. Debt Policy
      ix. Cash Management Policy
      x. Reserve Policy

4. General Policy

a) The Town Council may adopt resolutions or ordinances to set financial policies to ensure the financial strength and accountability of the Town

b) The mayor and/or their designee shall develop administrative directives and general procedures for implementing the Town Council's financial policy.

c) All Town Departments will share the responsibility of meeting the Town's policy goals and ensuring long-term financial health. Future service plans and programs will be developed to reflect current policy directives, projected resources, and future service requirements.

d) Efforts will be coordinated with other governmental agencies to achieve common policy objectives, share the cost of providing governmental services on an equitable basis, and support favorable legislation at the state and federal level.

e) Initiate, encourage, and participate in economic development efforts to create job opportunities and strengthen the local economy.

f) The Town will strive to maintain fair and equitable relationships with its contractors and suppliers.

g) If reserve funds or minimum fund balances fall below policy targets, the Town should develop and consider a plan to restore balances within a reasonable period considering financial constraints and operational needs. One-time revenues should generally not be used to fund ongoing operational expenses.

5. **Finance/Legislative Committee**

a) The Town's Finance/Legislative Committee serves in an advisory capacity to the Town Council and may review financial matters and make recommendations. During its monthly meetings, the Finance/Legislative Committee will review the prior month's financial reports showing the status of revenues and expenditures, to include the year-to-date Cash Flow Statement as well as the year-to-date Budget Position Report and/or other requested reports.

b) All financial decisions and policy determinations remain subject to approval by the Town Council.

6. Revenue

a) Design, maintain, and administer a revenue system that will ensure a reliable, equitable, diversified, and sufficient revenue stream to support desired Town services.

7. General Revenues

i. Current expenditures will be funded by current revenues. The Town will try to maintain a diversified and stable revenue system to protect programs from short-term fluctuations in any single source.

ii. Budgeted revenues will be estimated conservatively using accepted standards and estimates provided by the state, other governmental agencies or reliable economic forecasters when available.

iii. Current Expense Fund and other unrestricted revenues will not be earmarked for specific purposes, activities or services unless otherwise authorized by Town Council or required by law. All nonrestricted revenues will be deposited into the Current Expense Fund and appropriated by the budget process.

iv. If revenues from "one-time" or limited duration sources are used to balance the Town's annual operating budget, it is to be fully disclosed and explained at the time the budget is presented. It is the Town's goal to not rely on these types of revenues to balance the operating budget.

v. The Town will not use deficit financing and borrowing to support on-going operations in the case of long-term (greater than one year) revenue downturns. Revenue forecasts will be revised, and expenses will be reduced to conform to the revised long-term revenue forecasts or revenue increases will be considered.

8. <u>Fees and Charges</u>

a) Enterprise and Internal Service operations will be self-supporting.
b) The Town will maximize the use of service users' charges in lieu of ad valorem (property) taxes and subsidies from other Town funds, for services that can be identified and where costs are directly related to the level of service provided.
c) Charges for providing utility services shall be sufficient to finance all operating, capital outlay, and debt service expenses of the Town's enterprise funds, including operating contingency, planned capital improvements, and reserve requirements.
d) User charges shall fund 100% of the direct cost of development review and building activities. User charges include, but are not limited to, land use, engineering inspection, building permit and building inspection fees.
e) Other reimbursable work performed by the Town (labor, meals, contracted services, equipment and other indirect expenses) shall be billed at actual or estimated actual cost.
f) Charges for services shall accurately reflect the actual or estimated cost of providing a specific service. The cost of providing specific services shall be recalculated periodically, and the fee adjusted accordingly. The Town shall maintain a current schedule of fees and charges, showing when the fees were last reviewed and/or recalculated. Fees, charges, and utility rates will be reviewed every three years at a minimum.
g) The Town will consider market rates and charges levied by other municipalities for like services in establishing rates, fees, and charges.
h) Certain fees, such as rental fees, will be based upon market conditions and are not subject to the limitations of cost recovery.
i) Rate increases should be small and applied frequently to avoid an overly burdensome future increase.

9. <u>Grants and Gifts</u>

a) All potential grants shall be carefully examined for grant match requirements. Some grants may not be accepted if the local matching funds cannot be justified.
b) Grant funding for programs or items which address the Town's current priorities and policy objectives should be considered to leverage Town funds. Inconsistent and/or fluctuating grants should not be used to fund on-going programs.
c) Before accepting any grant, the Town shall thoroughly consider the implications in terms of ongoing obligations that will be required in connection with acceptance of said grant.
d) All grants and other federal and state funds shall be managed to comply with the laws, regulations, and guidance of the grantor, and all gifts and donations shall be managed and expended in accordance with the Town's Donation Policy and the wishes and instructions of the donor.

10. <u>Expenditures</u>

a) Identify priority services, establish appropriate service levels, and administer the expenditure of available resources to assure fiscal stability and the effective and efficient delivery of services.
b) The Town will strive to adopt an annual Current Expense Fund budget in which current expenditures do not exceed current projected revenues. Capital expenditures may be funded from one-time revenues.
c) Department heads are responsible for managing their budgets within the total appropriation for their department.
d) The Town will take immediate corrective action if at any time during the fiscal year expenditure and revenue re-estimates are such that an operating deficit is projected at year-end. Corrective actions can include a hiring freeze, expenditure reductions, fee increases, or use of contingencies. The Town Council may approve the use of reserves, a short-term (not more than 24 months) interfund loan or use of one-time revenue sources to address temporary gaps in cash flow, although this will be avoided if possible.
e) Long-term debt or bond financing shall not be used to finance current operating expenditures.
f) The Town will assess funds for services provided internally by other funds. Interfund service fees charged to recover these costs will be recognized as revenue to the providing fund.
g) Emphasis will be placed on improving individual and work group productivity rather than adding to the work force. The Town will invest in technology and other efficiency tools to maximize productivity. The Town will hire additional staff only after the need for such positions has been demonstrated and documented.
h) All compensation planning and collective bargaining will focus on the total cost of compensation which includes direct salary, health care benefits, pension contributions, and other benefits which are a cost to the Town.
i) Periodic comparisons of service delivery will be made to ensure that quality services are provided to our citizens at the most competitive and economical cost. Privatization and contracting with other governmental agencies will be evaluated as alternatives to service delivery where appropriate. Programs that are determined to be inefficient and/or ineffective shall be reduced in scope or eliminated.
j) Whenever feasible, government activities will be considered enterprises if so doing will increase efficiency of service delivery or recover the cost of providing the service from the benefiting entity by user fees.
k) The Town will make every effort to maximize any discounts offered by creditors/vendors. Staff will also use competitive bidding per the Purchasing Policy to attain the best possible price on goods and services.

11. <u>Operating Budgets</u>

a) The Town Council will adopt and maintain a balanced annual operating budget.
b) The Town will strive to adopt a budget where current annual operating revenues will be equal to or greater than current operating expenditures.
c) The Town Council shall adopt the budget by ordinance at the fund level.

d) Any interfund transfers and/or loans will be completed only after specific Council approval or inclusion in the approved annual budget.
e) In the event a balanced budget is not attainable, and the cause of the imbalance is expected to last for no more than one year, the planned use of reserves to balance the budget is permitted. If a budget shortfall is expected to continue beyond one year, the planned use of reserves must be developed as part of a corresponding strategic financial plan to close the gap through revenue increases or expenditure decreases.
f) Revenue and expenditure forecasts will be prepared to examine the Town's ability to absorb operating costs due to changes in the economy, service demands, contractual obligations, and capital improvements. The forecast will encompass five years and will be updated annually.
g) Any year-end operating surpluses will revert to unappropriated balances for use in maintaining reserve levels set by policy and will be available for capital expenditures and/or "one-time" only General Fund expenditures.
h) Funding for new programs or services should be limited to the extent that they can be funded over the near-to-long term given the current revenue stream.
i) Department and Fund budgets shall be prepared in a manner that reflects the full cost of providing services.
j) The Town will maintain all its assets at a level such that it protects the Town's capital investment and minimizes future maintenance and replacement costs.
k) Fleet and equipment replacement will be accomplished using a Comprehensive Capital Equipment Replacement Plan.
l) The operating budget shall serve as the annual financial plan for the Town. It will serve as the policy document of the Town Council for implementing Council goals and objectives. The budget will provide the staff the resources necessary to accomplish Town Council determined service levels.
m) As mandated by RCW 35.33.051, the Clerk shall annually present a proposed operating budget to the Mayor/Manager on or before the first business day in October. On or before the first Monday in October, the Mayor shall present the Town Council with estimates of revenues from all sources, including estimates prepared by the Clerk for consideration of setting property tax levy.
n) The Town will use the Budget Calendar published each year by MRSC as a guideline for budget preparation. The Town Council must adopt by ordinance a final balanced budget no later than December 31 of each year.
o) Budget control and accountability is maintained at the departmental level.
p) The mayor has the authority to approve appropriation transfers between programs or departments within a fund. In no case may total expenditures of a particular fund exceed that which is appropriated by the Town Council without a budget amendment. Amendments to the budget should be presented at least semi-annually in July and November and approved by the Town Council.

12. <u>Capital Management Plans</u>

a) Review and monitor the state of the Town's capital equipment and infrastructure, setting priorities for its replacement and renovation based on needs, funding alternatives, and availability of resources.

i. <u>Capital Facilities Management</u>

a) The Town will develop a Capital Facilities Plan (CFP) as defined and required by RCW 36.70A.070 which is consistent with the Town Comprehensive Plan. The plan shall be for a period of six years. This plan should be updated by the end of August each year.
b) The CFP will include all projects to maintain public capital facilities required to maintain service levels at standards established by the Town Council. It may also include for consideration such other projects as requested by the Mayor or Town Council.
c) The CFP will provide details on each capital project plan including estimated costs, sources of financing and a full description of the project.
d) The Town will finance only those capital improvements that are consistent with the adopted CFP and Town priorities. All capital improvement operating and maintenance costs will be included in operating budget forecasts.
e) A status review of the CFP will be conducted annually, and a report will be presented by the mayor or his/her designee to the Town Council.

ii. <u>Capital Equipment Management</u>

a) The Town Council will adopt a Capital Equipment Replacement Plan (CERP) that contains a comprehensive list of all capital equipment and vehicles that require replacement after their anticipated lifespan. At a minimum, the CERP will include the following information for each piece of equipment:
   (a) Description and identification of the asset, and
   (b) Estimated useful lifespan, and
   (c) Current mileage for vehicles (for vehicles equipped with an odometer) or current hours for equipment, and
   (d) Estimated replacement cost (adjusted for inflation), and
   (e) Calculated annual contribution amount required *to meet the anticipated replacement parameters.
   (f) The fund(s) paying for the equipment.
b) The Town shall create the following funds dedicated solely to itemizing the anticipated costs associated with equipment replacement:
   (a) Current Expense Capital Equipment Replacement Fund
   (b) Water Capital Equipment Replacement Fund
   (c) Sewer Capital Equipment Replacement Fund
   (d) Electric Capital Equipment Replacement Fund
   (e) Stormwater Capital Equipment Replacement Fund

iii. <u>Annual Transfer and Allocation Requirement</u>

a) The annual contribution for each specific asset should be calculated using straight-line depreciation (adjusted for inflation). The total calculated amount should be budgeted and transferred from the appropriate operating fund only to the extent that excess funds exist above the calculated 10% minimum ending fund balance noted in these policies.
b) Transfers shall be made into corresponding Equipment Replacement Funds and allocated on a per-asset basis so that funds are tracked specifically for each piece of equipment.

c) If transfers more than the annual contribution are made for a specific asset, the subsequent annual contribution(s) for that asset should be reduced accordingly.

iv. Use of Funds
   a) Allocated funds in each Equipment Replacement Fund may only be used for the specific asset for which the contributions were made. Funds may be repurposed if the Council determines that the original equipment is no longer necessary or is being retired from service.
   b) The CERP will be updated annually by staff and reviewed annually by the Finance/Legislative Committee prior to May 30th. The CERP will be included as part of the Town's approved annual budget.
   c) The Town will maintain its capital assets at a level adequate to protect the Town's capital investment and to minimize future maintenance and replacement costs. The budget will provide for adequate maintenance and orderly replacement of capital assets from current revenues where possible.

b) Adequate insurance will be maintained on all capital assets consistent with the results of the annual physical count/inspection.

13. Accounting Practice

a) The Town shall comply with all applicable federal, state, and local statutes and regulations. Financial records and reports shall be maintained in accordance with Washington State laws and the Budgeting, Accounting and Reporting System (BARS) Manual prescribed by the SAO. The Town may utilize guidance issued by the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA) as best practices where applicable.
b) Electronic financial systems will be maintained to monitor revenues, expenditures, and program performance on an ongoing basis.
c) The Annual Financial Report will be prepared and submitted to the State Auditor's Office no later than 150 days from the end of the preceding fiscal year.
d) The Annual Financial Report will be prepared based on accounting that demonstrates compliance with Washington State statutes and the BARS manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles. The report will provide full disclosure of all financial activities and related matters.
e) An audit shall be conducted every two years by the Washington State Auditor's Office, which will issue an official opinion on the annual financial statements, along with a report on accountability for public resources and compliance with state laws and regulations and its own policies and procedures.

14. Debt

a) The Town shall establish guidelines for debt financing that will provide needed capital equipment and infrastructure improvements while minimizing the impact of debt payments on current revenues.
b) The Town will not use interfund loans over 24 months to pay for current operations. The use of bonds or certificates of participation will only be considered for significant capital and infrastructure improvements.

c) The term of the debt shall never extend beyond the useful life of the improvements to be financed.
d) General obligation debt will not be used for self-supporting enterprise activity.
e) The general policy of the Town is to fund general-purpose public improvements and capital projects that cannot be financed from current revenues with voter- approved general obligation debt. Non-voter approved debt may be utilized when a dedicated revenue source other than general revenue can be identified to pay debt service expenses.
f) The general policy of the Town is to establish debt repayment schedules that use level annual principal and interest payments.
g) Interest earnings on bond proceeds will be limited to 1) funding the improvements specified in the authorizing bond ordinance, or 2) payment of debt service on the bonds.
h) Proceeds from debt will be used in accordance with the purpose of the debt issue. Funds remaining after the project is completed will be used in accordance with the provisions stated in the bond ordinance that authorized the issuance of the debt.
i) The Town will use the most prudent methods of acquiring capital outlay items, including the use of lease-purchase agreements. In no case will the Town lease- purchase equipment whose useful life is less than the term of the lease.
j) The Town will maintain its bond rating at the highest level fiscally prudent so that future borrowing costs are minimized and access to the credit market is preserved. The Town will encourage and maintain good relations with financial bond rating agencies and will follow a policy of full and open disclosure.

15. <u>Minimum Fund Balances</u>

a) During the annual budget process, the Town shall target a minimum ending fund balance equal to 10% of each fund's subsequent fiscal year's projected expenditures. Balances that remain above this 10% threshold shall be transferred in accordance with these policies unless otherwise authorized by the Town Council.
b) One-time or non-recurring revenues and expenses (grants, asset sales, large transfers, etc.) shall be excluded from the 10% minimum balance calculation.
c) The Minimum Fund Balance Policy is intended to ensure short-term operational liquidity, while Reserve Funds are intended to address emergencies, unforeseen expenditures, and long-term financial stability.

16. <u>Operating Fund Balance Transfers</u>

a) Current Expense Operating Fund
   i. The minimum ending fund balance should be equal to 10% of the following year's projected budgeted operating expenses. Any available balance more than this minimum shall first be allocated to fulfill the Contingency Fund minimum balance requirement, then to the Current Expense Equipment Replacement Fund, and then to the Current Expense Reserve Fund unless otherwise authorized by the Town Council.
b) Electric, Water, Sewer, Storm Operating Funds
   i. The minimum ending fund balance for each enterprise’s operating fund should be equal to 10% of the following year's projected budgeted operating expenses. Any available balance more than this minimum should first be allocated to the fund’s Equipment Replacement Fund and then to its reserve fund, unless otherwise authorized by the Town Council.

17. **Cash Management and Investment**

a) The Town will manage and invest its cash to ensure its legality and safety, and will provide for necessary liquidity, avoid imprudent risk, and optimize yield. Cash and Investment programs will be maintained in accordance with Town regulations and will ensure that proper controls and safeguards are maintained. Town funds will be managed in a prudent and diligent manner with an emphasis on safety of principal, liquidity, and financial return on principal, in that order

b) The Town may invest in either the Local Government Investment Pool (LGIP), which is an investment vehicle maintained by the State Treasurer's Office, to help local governmental entities achieve higher rates of return by pooling local funds for economies of scale, the current banking branch money market or investment account or certificates of deposit (CD) to maximize the rate of return and maintain the safety of public funds.

c) The Town will maintain written guidelines on cash handling, accounting, segregation of duties, and other financial matters.

d) Monthly reports will be prepared and distributed to all departments and the Town Council showing cash position, and year-to-date budgeted and actual expenditures.

e) The Town will conduct annual reviews of its internal controls and cash handling procedures. The mayor may do a random review each year.

f) Internal controls will be tested on, at minimum, an annual basis.

18. **Strategic Reserves**

a) The Town will maintain the reserves, contingencies, and end fund balances of the various operating funds at levels sufficient to protect the Town's credit as well as its financial position from emergencies.

i. Current Expense Reserve Fund

a) The Town's goal shall be to establish and maintain a Current Expense Reserve Fund which shall consist of at least 10% of a 3-year average of actual revenues received by the Current Expense Fund And Current Expense Fund-supported operating budgets, excluding large one time revenue amounts or grants received by the Town.

b) The Current Expense Reserve Fund is defined as an emergency or cash flow reserve to fund one-time, emergency, or unanticipated expenditure requirements or offset unanticipated revenues fluctuations occurring in the fiscal year or one-time revenue losses.

c) Annual contributions will be budgeted from the Current Expense Fund resources as available to establish and maintain the target reserve level.

d) All expenditures drawn from the reserve account shall require prior Council approval unless previously authorized by the Town Council for expenditure in the annual budget.

e) Additional reserve accounts may be created by the Town Council to be set aside for specific purposes or special projects, for known significant future expenditures, or as general operational reserves.

ii. Contingency Fund

a) A Contingency Fund in an amount of 0.5 percent of the Current Expense Fund expenditure budget may be maintained annually in the Town budget as Town resources allow. The contingency account will be reestablished annually as part of the budget process

b) The Contingency Fund will be maintained in accordance with RCW 35.33 to meet any municipal expense, the necessity or extent of which could not have been reasonably foreseen at the time of adopting the annual budget. The account provides some flexibility for unforeseen events without the necessity to appropriate additional funds from the Town's reserves.
c) All transfers from the Contingency Fund will require Town Council approval.
d) Per RCW 35.33.145 the contingency fund may not exceed \$0.375 per \$1,000 of Assessed Valuation.

19. Enterprise Funds

a) The Town's Enterprise Funds will maintain reserves which shall consist of at least 10% of a 3-year average of expenditures using the previous three-year actuals, excluding large one-time revenues and grant amounts received by the Town.
b) The buy in fee into each utility enterprise fund will be reserved for capital use.

20. Budget Documentation Required

a) At a minimum, the following documents/information shall be presented to council during the budget approval process and shall be incorporated as part of the budget document:
   i. A breakdown of the Town's anticipated revenues and expenses for the budget year.
   ii. A yearly salary breakdown that includes the following:
   iii. Each budgeted FTE, its salary range, its estimated salary and benefit cost, and whether the position is filled or vacant.
   iv. A list of anticipated Council meeting dates for the year.
   v. A reference to these financial policies.
   vi. A brief description of each fund and its intended purpose(s).
   vii. An organizational chart for the Town of Eatonville.
   viii. A copy of the ordinance approving the budget.
   ix. A breakdown of each fund, including:
   x. Each fund's estimated beginning balance, and
   xi. Each fund's estimated revenues, and
   xii. Each fund's estimated appropriations/expenditures, and
   xiii. Each fund's estimated ending fund balance.
   xiv. The Town's Comprehensive Capital Equipment Replacement Plan.
   xv. A breakdown of Town-paid benefits for employees, including percentage paid and which classification of employee(s) applied to.
   xvi. A breakdown of employee longevity benefits related to annual salary increases.
   xvii. A glossary defining terminology and acronyms used throughout the budget document.

21. Donations/Gifts

a) The Town shall encourage and accept donations, gifts, and bequests that support Town services, programs, facilities, and community objectives while preserving the Town

Council's authority over public resources and policy decisions. The Town may decline donations that would create excessive future costs or liabilities.

i. Acceptance of Donations
   a) The Town may accept donations of cash, securities, equipment, materials, supplies, real property, personal property, and other assets when acceptance is in the best interest of the Town.

b) The Town shall not accept donations that:
   i. Create an unreasonable financial obligation.
   ii. Require expenditures beyond available resources.
   iii. Conflict with Town policies, ordinances, or applicable law.
   iv. Create actual or perceived conflicts of interest.
   v. Limit or impair the Town Council's ability to make future policy decisions.

22. Restricted Donations
   a) Donors may request that contributions be used for a specific public purpose.
   b) The Town Council shall retain sole authority to determine whether any donor-imposed restriction is accepted.

23. No donation shall be accepted if the restriction would:
   a) Require the Town to take specific legislative action.
   b) Require the Town to enter into a future contract.
   c) Require preferential treatment of any person or organization.
   d) Limit future Town Council budgetary authority.

24. Monetary Donations
   a) All monetary donations shall be deposited into appropriate Town funds and accounted for in accordance with the Town's accounting policies and applicable laws.
   b) Interest earned on donated funds shall remain with the fund receiving the donation unless otherwise provided by law or approved by the Town Council.

25. Donated Property and Equipment
   a) Donated equipment, vehicles, real property, or other assets shall be evaluated prior to acceptance to determine:
      i. Estimated value.
      ii. Useful life.
      iii. Maintenance requirements.
      iv. Storage requirements.
      v. Insurance implications.
      vi. Potential operating costs.
   b) Donations with an estimated value exceeding $2,500 shall be reported to the Town Council and accepted only upon Council approval. Donors shall not acquire any ownership interest, management authority, policy-making authority, or preferential right as a result of a donation.

26. Financial Policy Review Requirement

a) This financial policy and any other financial internal controls shall be reviewed annually by the Finance/Legislative Committee prior to June 30th with recommendations for amendments presented to council no later than July 31st.

27. Purchasing Cards

a) The Town currently follows its Purchasing Card Policy. Staff is in the process of updating that policy. Once updated and approved, that policy will be inserted into this section of the Town's Financial Policy.

28. <u>Financial Policy Conflicts</u>

a) These policies are intended to guide financial decision-making and establish preferred financial practices. Nothing in these policies is intended to prevent or limit the Town Council from exercising its legislative or budgetary authority, including the ability to approve, modify, or reject any proposed transfer, allocation, appropriation, or expenditure.
b) In the event any provision of these policies conflicts with federal law, state law, the Eatonville Municipal Code, or a duly adopted ordinance, the law, code, or ordinance shall prevail.

Town of Eatonville
2026~~1~~-Financial Policy~~ies~~

1. Statement of Purpose

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2. Financial Goals

a) The Town of Eatonville's financial goals seek to:

i. Ensure the financial integrity of the Town
ii. Manage the financial assets in a sound and prudent manner
iii. Improve financial information for decision makers at all levels:
iv. Policy makers as they contemplate decisions that affect the Town on a long- term basis
v. Managers as they implement policy on a day-to-day basis
~~i.~~ Maintain and further develop programs to ensure the long-term ability to pay all costs necessary to provide the level and quality of service required by the citizens
vi.
Maintain a spirit of openness and transparency while being fully accountable to the public for the Town's fiscal activity.

3. ~~Financial Policies~~ Policy Areas

~~b)~~a) ~~Eatonville's~~ This financial ~~policies~~ policy addresses the following major areas:

i. General ~~Policies~~ Policy
ii. Revenue ~~Policies~~ Policy
iii. Expenditure ~~Policies~~ Policy
iv. Operating Budget Policy
v. Capital Management Policy
vi. Accounting Policy
vii. Accounting Policy
viii. Debt Policy

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ix. Cash Management Policy
x. Reserve Policy

~~2.~~4.General Policy~~Policies~~

a) The Town Council may adopt resolutions or ordinances to set financial policies to ~~assure~~ensure the financial strength and accountability of the Town

~~1.~~b) The ~~Mayor~~mayor and/or ~~Town Administrator~~their designee shall develop administrative directives and general procedures for implementing the Town Council's financial ~~policies~~policy.

~~b)~~c) All Town Departments will share ~~in~~ the responsibility of meeting the Town's policy goals and ensuring long-term financial health. Future service plans and programs will be developed to reflect current policy directives, projected resources, and future service requirements.

~~c)~~d) Efforts will be coordinated with other governmental agencies to achieve common policy objectives, share the cost of providing governmental services on an equitable basis, and support favorable legislation at the state and federal level.

~~d)~~e) Initiate, encourage, and participate in economic development efforts to create job opportunities and strengthen the local economy.

f) The Town will strive to maintain fair and equitable relationships with its contractors and suppliers.

~~e)~~g) If reserve funds or minimum fund balances fall below policy targets, the Town should develop and consider a plan to restore balances within a reasonable period considering financial constraints and operational needs. One-time revenues should generally not be used to fund ongoing operational expenses.

5. Finance/Legislative Committee

a) The Town's Finance/Legislative Committee serves in an advisory capacity to the Town Council and may review financial matters and make recommendations. During its monthly meetings, the Finance/Legislative Committee will review the prior month's financial reports showing the status of revenues and expenditures, to include the year-to-date Cash Flow Statement as well as the year-to-date Budget Position Report and/or other requested reports.

b) All financial decisions and policy determinations remain subject to approval by the Town Council.

~~II.~~6. Revenue ~~Policies~~

a) Design, maintain, and administer a revenue system that will ~~assure~~ensure a reliable, equitable, diversified, and sufficient revenue stream to support desired Town services.

7. General Revenues

~~1.~~i. Current expenditures will be funded by current revenues. The Town will try to maintain a diversified and stable revenue system to protect programs from short-term fluctuations in any single source.

~~2.~~ii. Budgeted revenues will be estimated conservatively using accepted standards and estimates provided by the state, other governmental agencies or reliable economic forecasters when available.

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~~3.~~iii. ~~General~~ Current Expense Fund and other unrestricted revenues will not be earmarked for specific purposes, activities or services unless otherwise authorized by Town Council or required by law~~, or generally accepted accounting practices (GAAP)~~. All nonrestricted revenues will be deposited into the ~~General~~ Current Expense Fund and appropriated by the budget process.

~~4.~~iv. If revenues from "one-time" or limited duration sources are used to balance the Town's annual operating budget, it is to be fully disclosed and explained at the time the budget is presented. It is the Town's goal to not rely on these types of revenues to balance the operating budget.

~~5.~~v. The Town will not use deficit financing and borrowing to support on-going operations in the case of long-term (greater than one year) revenue downturns. Revenue forecasts will be revised~~,~~ and expenses will be reduced to conform to the revised long-term revenue forecasts or revenue increases will be considered.

8. Fees and Charges

~~7.~~a) Enterprise and Internal Service operations will be self-supporting.

~~8.~~b) The Town will maximize the use of service users' charges in lieu of ad valorem (property) taxes and subsidies from other Town funds, for services that can be identified and where costs are directly related to the level of service provided.

~~a.~~c) Charges for providing utility services shall be sufficient to finance all operating, capital outlay, and debt service expenses of the Town's enterprise funds, including operating contingency, planned capital improvements, and reserve requirements.

~~b.~~d) User charges shall fund 100% of the direct cost of development review and building activities. User charges include, but are not limited to, land use, engineering inspection, building permit and building inspection fees.

~~c.~~e) Other reimbursable work performed by the Town (labor, meals, contracted services, equipment and other indirect expenses) shall be billed at actual or estimated actual cost.

~~d.~~f) Charges for services shall accurately reflect the actual or estimated cost of providing a specific service. The cost of providing specific services shall be recalculated periodically, and the fee adjusted accordingly. The Town shall maintain a current schedule of fees and charges, showing when the fees were last reviewed and/or recalculated. Fees, charges, and utility rates will be reviewed every three years at a minimum.

~~e.~~g) The Town will consider market rates and charges levied by other municipalities for like services in establishing rates, fees, and charges.

~~f.~~h) Certain fees, such as rental fees, will be based upon market conditions and are not subject to the limitations of cost recovery.

~~g.~~i) Rate increases should be small and applied frequently to avoid an overly burdensome future increase.

9. Grants and Gifts

~~9.~~a) All potential grants shall be carefully examined for ~~matching~~ grant match requirements. Some grants may not be accepted if the local matching funds cannot be justified.

~~10.~~b) Grant funding for programs or items which address the Town's current priorities and policy objectives should be considered to leverage Town funds. Inconsistent and/or fluctuating grants should not be used to fund on-going programs.

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~~11.~~c) Before accepting any grant, the Town shall thoroughly consider the implications in terms of ongoing obligations that will be required in connection with acceptance of said grant.

~~12.~~d) All grants and other federal and state funds shall be managed to comply with the laws, regulations, and guidance of the grantor, and all gifts and donations shall be managed and expended in accordance with the Town's Donation Policy and the wishes and instructions of the donor.

~~3.~~10. Expenditure~~s Policies~~

a) Identify priority services, establish appropriate service levels, and administer the expenditure of available resources to assure fiscal stability and the effective and efficient delivery of services.

~~1.~~b) The Town will strive to adopt an annual ~~General~~ Current Expense Fund budget in which current expenditures do not exceed current projected revenues. Capital expenditures may be funded from one-time revenues.

~~2.~~c) Department heads are responsible for managing their budgets within the total appropriation for their department.

~~3.~~d) The Town will take immediate corrective action if at any time during the fiscal year expenditure and revenue re-estimates are such that an operating deficit is projected at year-end. Corrective actions can include a hiring freeze, expenditure reductions, fee increases, or use of contingencies. The Town Council may approve the use of reserves, a short-term (not more than 24 months) interfund loan or use of one-time revenue sources to address temporary gaps in cash flow, although this will be avoided if possible.

~~4.~~e) Long-term debt or bond financing shall not be used to finance current operating expenditures.

~~5.~~f) The Town will assess funds for services provided internally by other funds. Interfund service fees charged to recover these costs will be recognized as revenue to the providing fund.

~~6.~~g) Emphasis will be placed on improving individual and work group productivity rather than adding to the work force. The Town will invest in technology and other efficiency tools to maximize productivity. The Town will hire additional staff only after the need for such positions has been demonstrated and documented.

~~7.~~h) All compensation planning and collective bargaining will focus on the total cost of compensation which includes direct salary, health care benefits, pension contributions, and other benefits which are a cost to the Town.

~~8.~~i) Periodic comparisons of service delivery will be made to ensure that quality services are provided to our citizens at the most competitive and economical cost. Privatization and contracting with other governmental agencies will be evaluated as alternatives to service delivery where appropriate. Programs that are determined to be inefficient and/or ineffective shall be reduced in scope or eliminated.

~~9.~~j) Whenever feasible, government activities will be considered enterprises if so doing will increase efficiency of service delivery or recover the cost of providing the service from the benefiting entity by user fees.

~~10.~~k) The Town will make every effort to maximize any discounts offered by creditors/vendors. Staff will also use competitive bidding per the Purchasing Policy to attain the best possible price on goods and services.

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~~4.~~11. Operating Budgets

~~1.~~a) The Town Council will adopt and maintain a balanced annual operating budget.
~~2.~~b) The Town will strive to adopt a budget where current annual operating revenues will be equal to or greater than current operating expenditures.
~~3.~~c) The Town Council shall adopt the budget by ordinance at the fund level.
~~4.~~d) Any interfund transfers and/or loans will be completed only after specific Council approval or inclusion in the approved annual budget.
~~5.~~e) In the event a balanced budget is not attainable, and the cause of the imbalance is expected to last for no more than one year, the planned use of reserves to balance the budget is permitted. ~~In the event that~~If a budget shortfall is expected to continue beyond one year, the planned use of reserves must be developed as part of a corresponding strategic financial plan to close the gap through revenue increases or expenditure decreases.
~~6.~~f) Revenue and expenditure forecasts will be prepared to examine the Town's ability to absorb operating costs due to changes in the economy, service demands, contractual obligations, and capital improvements. The forecast will encompass five years and will be updated annually.
~~7.~~g) Any year-end operating surpluses will revert to unappropriated balances for use in maintaining reserve levels set by policy and will be available for capital expenditures and/or "one-time" only General Fund expenditures.
~~8.~~h) Funding for new programs or services should be limited to the extent that they can be funded over the near-to-long term given the current revenue stream.
~~9.~~i) Department and Fund budgets shall be prepared in a manner that reflects the full cost of providing services.
~~10.~~j) The Town will maintain all its assets at a level such that it protects the Town's capital investment and minimizes future maintenance and replacement costs.
~~11.~~k) Fleet and equipment replacement will be accomplished ~~through the use of~~using a ~~"rental" rate structure~~Comprehensive Capital Equipment Replacement Plan. ~~The rates will be revised annually to ensure that charges to operating departments are sufficient for the replacement of the vehicles and equipment.~~
~~12.~~l) The operating budget shall serve as the annual financial plan for the Town. It will serve as the policy document of the Town Council for implementing Council goals and objectives. The budget will provide the staff the resources necessary to accomplish Town Council determined service levels.
~~13.~~m) As mandated by RCW 35.33.051, the Clerk shall annually present a proposed operating budget to the Mayor/Manager on or before the first business day in October. On or before the first Monday in October, the Mayor shall present the Town Council with estimates of revenues from all sources, including estimates prepared by the Clerk for consideration of setting property tax levy.
~~14.~~n) The Town will use the Budget Calendar published each year by MRSC as a guideline for budget preparation. The Town Council must adopt by ordinance a final balanced budget no later than December 31 of each year.
~~15.~~o) Budget control and accountability is maintained at the departmental level.
~~16.~~p) The mayor has the authority to approve appropriation transfers between programs or departments within a fund. In no case may total expenditures of a particular fund

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exceed that which is appropriated by the Town Council without a budget amendment. Amendments to the budget should be presented at least semi-annually in July and November and approved by the Town Council.

~~5.~~12. **Capital Management ~~Policies~~ Plans**

a) Review and monitor the state of the Town's capital equipment and infrastructure, setting priorities for its replacement and renovation based on needs, funding alternatives, and availability of resources.

i. Capital Facilities ~~Plan~~ Management

~~1.~~a) The Town will develop a Capital Facilities Plan (CFP) as defined and required by RCW 36.70A.070 which is consistent with the Town Comprehensive Plan. The plan shall be for a period of six years. This plan should be updated by the end of August each year.

~~2.~~b) The CFP will include all projects to maintain public capital facilities required to maintain service levels at standards established by the Town Council. It may also include for consideration such other projects as requested by the Mayor or Town Council.

~~3.~~c) The CFP will provide details on each capital project plan including estimated costs, sources of financing and a full description of the project.

~~4.~~d) The Town will finance only those capital improvements that are consistent with the adopted CFP and Town priorities. All capital improvement operating and maintenance costs will be included in operating budget forecasts.

~~5.~~e) A status review of the CFP will be conducted annually, and a report will be presented by the mayor or his/her designee to the Town Council.

ii. Capital ~~Asset Management~~Equipment Management

a) The Town Council will adopt a Capital Equipment Replacement Plan (CERP) that contains a comprehensive list of all capital equipment and vehicles that require replacement after their anticipated lifespan. At a minimum, the CERP will include the following information for each piece of equipment:

(a) Description and identification of the asset, and
(b) Estimated useful lifespan, and
(c) Current mileage for vehicles (for vehicles equipped with an odometer) or current hours for equipment, and
(d) Estimated replacement cost (adjusted for inflation), and
(e) Calculated annual contribution amount required *to meet the anticipated replacement parameters.
(f) The fund(s) paying for the equipment.

b) The Town shall create the following funds dedicated solely to itemizing the anticipated costs associated with equipment replacement:

(a) Current Expense Capital Equipment Replacement Fund
(b) Water Capital Equipment Replacement Fund
(c) Sewer Capital Equipment Replacement Fund
(d) Electric Capital Equipment Replacement Fund
(e) Stormwater Capital Equipment Replacement Fund

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iii. Annual Transfer and Allocation Requirement

a) The annual contribution for each specific asset should be calculated using straight-line depreciation (adjusted for inflation). The total calculated amount should be budgeted and transferred from the appropriate operating fund only to the extent that excess funds exist above the calculated 10% minimum ending fund balance noted in these policies.

b) Transfers shall be made into corresponding Equipment Replacement Funds and allocated on a per-asset basis so that funds are tracked specifically for each piece of equipment.

c) If transfers more than the annual contribution are made for a specific asset, the subsequent annual contribution(s) for that asset should be reduced accordingly.

iv. Use of Funds

a) Allocated funds in each Equipment Replacement Fund may only be used for the specific asset for which the contributions were made. Funds may be repurposed if the Council determines that the original equipment is no longer necessary or is being retired from service.

b) The CERP will be updated annually by staff and reviewed annually by the Finance/Legislative Committee prior to May 30th. The CERP will be included as part of the Town's approved annual budget.

~~6.~~c) The Town will maintain its capital assets at a level adequate to protect the Town's capital investment and to minimize future maintenance and replacement costs. The budget will provide for adequate maintenance and orderly replacement of capital assets from current revenues where possible.

~~7.~~b) Adequate insurance will be maintained on all capital assets consistent with the results of the annual physical count/inspection.

~~6.~~13. Accounting Practice

a) The Town shall ~~C~~comply with ~~prevailing~~ all applicable federal, state, and local statutes and regulations. Financial records and reports shall be maintained in accordance with Washington State laws and the Budgeting, Accounting and Reporting System (BARS) Manual prescribed by the SAO. ~~Conform to a comprehensive basis of accounting in compliance with Washington State statutes and with generally accepted accounting principles (GAAP) as promulgated by~~The Town may utilize guidance issued by the Governmental Accounting Standards Board (GASB)~~,~~ and the Government Finance Officers Association (GFOA) as best practices where applicable.

~~1. The Town uses the cash basis of accounting which is a departure from generally accepted accounting principles (GAAP).~~

~~2. The Town will maintain expenditure categories according to state statute and administrative regulation. The Town will use the "Budgeting, Accounting & Reporting System" (BARS) prescribed by the State Auditor for its revenue and expenditure classification.~~

~~3. The Finance Committee will review the prior month's financial reports showing the current status of revenues and expenditures, to include the year to date Cash Flow Statement as well as the year to date Budget Position Report and/or other requested reports. The reports will be made available for public inspection.~~

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~~4.~~b) Electronic financial systems will be maintained to monitor revenues, expenditures, and program performance on an ongoing basis.

~~5.~~c) The Annual Financial Report will be prepared and submitted to the State Auditor's Office no later than 150 days from the end of the preceding fiscal year.

~~6.~~d) The Annual Financial Report will be prepared ~~on the basis of~~based on accounting that demonstrates compliance with Washington State statutes and the BARS manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles. The report will provide full disclosure of all financial activities and related matters.

~~7.~~e) An audit shall be conducted every two years by the Washington State Auditor's Office, which will issue an official opinion on the annual financial statements, along with a report on accountability for public resources and compliance with state laws and regulations and its own policies and procedures.

~~7.~~14. Debt

a) The Town shall establish guidelines for debt financing that will provide needed capital equipment and infrastructure improvements while minimizing the impact of debt payments on current revenues.

~~1.~~b) The Town will not use interfund loans over ~~12~~ 24 months to pay for current operations. The use of bonds or certificates of participation will only be considered for significant capital and infrastructure improvements.

~~2.~~c) The term of the debt shall never extend beyond the useful life of the improvements to be financed.

~~3.~~d) General obligation debt will not be used for self-supporting enterprise activity.

~~4.~~e) The general policy of the Town is to fund general-purpose public improvements and capital projects that cannot be financed from current revenues with voter- approved general obligation debt. Non-voter approved debt may be utilized when a dedicated revenue source other than general revenue can be identified to pay debt service expenses.

~~5.~~f) The general policy of the Town is to establish debt repayment schedules that use level annual principal and interest payments.

~~6.~~g) Interest earnings on bond proceeds will be limited to 1) funding the improvements specified in the authorizing bond ordinance, or 2) payment of debt service on the bonds.

~~7.~~h) Proceeds from debt will be used in accordance with the purpose of the debt issue. Funds remaining after the project is completed will be used in accordance with the provisions stated in the bond ordinance that authorized the issuance of the debt.

~~8.~~i) The Town will use the most prudent methods of acquiring capital outlay items, including the use of lease-purchase agreements. In no case will the Town lease- purchase equipment whose useful life is less than the term of the lease.

~~9.~~j) The Town will maintain its bond rating at the highest level fiscally prudent~~,~~ so that future borrowing costs are minimized and access to the credit market is preserved. The Town will encourage and maintain good relations with financial bond rating agencies and will follow a policy of full and open disclosure.

15. Minimum Fund Balances

a) During the annual budget process, the Town shall target a minimum ending fund balance equal to 10% of each fund's subsequent fiscal year's projected expenditures. Balances

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b) One-time or non-recurring revenues and expenses (grants, asset sales, large transfers, etc.) shall be excluded from the 10% minimum balance calculation.

c) The Minimum Fund Balance Policy is intended to ensure short-term operational liquidity, while Reserve Funds are intended to address emergencies, unforeseen expenditures, and long-term financial stability.

16. Operating Fund Balance Transfers

a) Current Expense Operating Fund

i. The minimum ending fund balance should be equal to 10% of the following year's projected budgeted operating expenses. Any available balance more than this minimum shall first be allocated to fulfill the Contingency Fund minimum balance requirement, then to the Current Expense Equipment Replacement Fund, and then to the Current Expense Reserve Fund unless otherwise authorized by the Town Council.

b) Electric, Water, Sewer, Storm Operating Funds

i. The minimum ending fund balance for each enterprise's operating fund should be equal to 10% of the following year's projected budgeted operating expenses. Any available balance more than this minimum should first be allocated to the fund's Equipment Replacement Fund and then to its reserve fund, unless otherwise authorized by the Town Council.

~~8.~~17. Cash Management and Investment

a) The Town will ~~M~~manage and invest ~~the Town's~~its cash to ensure its legality and ~~,~~safety, and will provide for necessary liquidity, avoid imprudent risk, and optimize yield. Cash and Investment programs will be maintained in accordance with Town regulations and will ensure that proper controls and safeguards are maintained. Town funds will be managed in a prudent and diligent manner with an emphasis on safety of principal, liquidity, and financial return on principal, in that order

b) The Town may invest in either the Local Government Investment Pool (LGIP), which is an investment vehicle maintained by the State Treasurer's Office, to help local governmental entities achieve higher rates of return by pooling local funds for economies of scale, the current banking branch money market or investment account or certificates of deposit (CD) to maximize the rate of return and maintain the safety of public funds.

c) The Town will maintain written guidelines on cash handling, accounting, segregation of duties, and other financial matters.

d) Monthly reports will be prepared and distributed to all departments and the Town Council showing cash position, and year-to-date budgeted and actual expenditures.

e) The Town will conduct annual reviews of its internal controls and cash handling procedures. The mayor may do a random review each year.

f) Internal controls will be tested on, at minimum, an annual basis. ~~at a minimum.~~

~~9.~~18. Strategic Reserves

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a) The Town will maintain the reserves, contingencies, and end fund balances of the various operating funds at levels sufficient to protect the Town's credit as well as its financial position from emergencies.

~~a)~~

i. Current Expense Reserve Fund

~~3.~~a) The Town's goal shall be to establish and maintain a ~~General Operating Strategic~~Current Expense Reserve Fund which shall consist of at least 10% of a 3-year average of actual revenues received by the ~~General~~ Current Expense Fund And ~~General~~ Current Expense Fund-supported operating budgets, excluding large one time revenue amounts or grants received by the Town.

~~4.~~b) The Current Expense ~~r~~Reserve Fund is defined as an emergency or cash flow reserve to fund one-time, emergency, or unanticipated expenditure requirements or offset unanticipated revenues fluctuations occurring in the fiscal year or one-time revenue losses.

~~5.~~c) Annual contributions will be budgeted from the ~~General~~ Current Expense Fund resources as available to establish and maintain the target reserve level.

d) All expenditures drawn from the reserve account shall require prior Council approval unless previously authorized by the Town Council for expenditure in the annual budget.

~~a)~~e) Additional reserve accounts may be created by the Town Council to be set aside for specific purposes or special projects, for known significant future expenditures, or as general operational reserves.

~~General Fund~~

~~6. The Town shall maintain a General Fund ending fund balance of at least 10 percent of the budgeted General Fund operating revenues.~~

ii. Contingency Fund

~~8.~~a) A ~~c~~Contingency ~~f~~Fund in an amount of 0.5 percent of the ~~General~~ Current Expense Fund expenditure budget may be maintained annually in the Town budget as Town resources allow. The contingency account will be reestablished annually as part of the budget process

~~9.~~b) The Contingency ~~f~~Fund will be maintained in accordance with RCW 35.33 to meet any municipal expense, the necessity or extent of which could not have been reasonably foreseen at the time of adopting the annual budget. The account provides some flexibility for unforeseen events without the necessity to appropriate additional funds from the Town's reserves.

~~10.~~c) All transfers from the Contingency ~~f~~Fund will require Town Council approval.

~~11.~~d) Per RCW 35.33.145 the contingency fund may not exceed \$0.375 per \$1,000 of Assessed Valuation.

19. Enterprise Funds

a) The Town's Enterprise Funds will maintain reserves which shall consist of at least 10% of a 3-~~-~~year average of expenditures using the previous three~~-~~-year actuals~~.~~, excluding large ~~onetime~~one-time revenues and grant amounts received by the Town.

b) The buy in fee into each utility enterprise fund will be reserved for capital use.

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Commented [WD8]: Moved to "Minimum Fund Balance Requirements" section.

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20. Budget Documentation Required

a) At a minimum, the following documents/information shall be presented to council during the budget approval process and shall be incorporated as part of the budget document:

i. A breakdown of the Town's anticipated revenues and expenses for the budget year.
ii. A yearly salary breakdown that includes the following:
iii. Each budgeted FTE, its salary range, its estimated salary and benefit cost, and whether the position is filled or vacant.
iv. A list of anticipated Council meeting dates for the year.
v. A reference to these financial policies.
vi. A brief description of each fund and its intended purpose(s).
vii. An organizational chart for the Town of Eatonville.
viii. A copy of the ordinance approving the budget.
ix. A breakdown of each fund, including:
x. Each fund's estimated beginning balance, and
xi. Each fund's estimated revenues, and
xii. Each fund's estimated appropriations/expenditures, and
xiii. Each fund's estimated ending fund balance.
xiv. The Town's Comprehensive Capital Equipment Replacement Plan.
xv. A breakdown of Town-paid benefits for employees, including percentage paid and which classification of employee(s) applied to.
xvi. A breakdown of employee longevity benefits related to annual salary increases.
xvii. A glossary defining terminology and acronyms used throughout the budget document.

21. Donations/Gifts

a) The Town shall encourage and accept donations, gifts, and bequests that support Town services, programs, facilities, and community objectives while preserving the Town Council's authority over public resources and policy decisions. The Town may decline donations that would create excessive future costs or liabilities.

i. Acceptance of Donations

a) The Town may accept donations of cash, securities, equipment, materials, supplies, real property, personal property, and other assets when acceptance is in the best interest of the Town.

b) The Town shall not accept donations that:

i. Create an unreasonable financial obligation.
ii. Require expenditures beyond available resources.
iii. Conflict with Town policies, ordinances, or applicable law.
iv. Create actual or perceived conflicts of interest.
v. Limit or impair the Town Council's ability to make future policy decisions.

22. Restricted Donations

a) Donors may request that contributions be used for a specific public purpose.
b) The Town Council shall retain sole authority to determine whether any donor-imposed restriction is accepted.

23. No donation shall be accepted if the restriction would:

a) Require the Town to take specific legislative action.

b) Require the Town to enter into a future contract.
c) Require preferential treatment of any person or organization.
d) Limit future Town Council budgetary authority.

24. Monetary Donations

a) All monetary donations shall be deposited into appropriate Town funds and accounted for in accordance with the Town's accounting policies and applicable laws.
b) Interest earned on donated funds shall remain with the fund receiving the donation unless otherwise provided by law or approved by the Town Council.

25. Donated Property and Equipment

a) Donated equipment, vehicles, real property, or other assets shall be evaluated prior to acceptance to determine:
   i. Estimated value.
   ii. Useful life.
   iii. Maintenance requirements.
   iv. Storage requirements.
   v. Insurance implications.
   vi. Potential operating costs.
b) Donations with an estimated value exceeding $2,500 shall be reported to the Town Council and accepted only upon Council approval. Donors shall not acquire any ownership interest, management authority, policy-making authority, or preferential right as a result of a donation.

26. Financial Policy Review Requirement

a) This financial policy and any other financial internal controls shall be reviewed annually by the Finance/Legislative Committee prior to June 30th with recommendations for amendments presented to council no later than July 31st.

27. Purchasing Cards

~~10.~~a) The Town currently follows its Purchasing Card Policy. Staff is in the process of updating that policy. Once updated and approved, that policy will be inserted into this section of the Town's Financial Policy.

28. Financial Policy Conflicts

a) These policies are intended to guide financial decision-making and establish preferred financial practices. Nothing in these policies is intended to prevent or limit the Town Council from exercising its legislative or budgetary authority, including the ability to approve, modify, or reject any proposed transfer, allocation, appropriation, or expenditure.

~~12.~~b) In the event any provision of these policies conflicts with federal law, state law, the Eatonville Municipal Code, or a duly adopted ordinance, the law, code, or ordinance shall prevail.

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