

Financial Policies adopted by Town of Independence Town Council in 2023 to guide shared decision making. These policies represent local government best practices.

1. We adopt a balanced budget meaning total expenditures equal total revenues. This is a requirement of state law.
2. We prioritize transparency. The budget will be public, posted on line and available in the town office. We will review town financials at our regular monthly meetings. This will include reporting on compliance with these guidelines. We will share our annual audit online and in the town office after reviewing with our auditors. We will endeavor to have our annual audit completed by December following the end of the fiscal year on June 30.
3. We will keep adequate cash on hand. The General Fund balance will not fall below **5%** of the annual budget.
4. We will look to maximize interest income on investments and certificate of deposit accounts while maintaining a low-risk investment profile to protect the financial assets of the town.
5. We will pursue and leverage grants to complete important projects. Grant revenue is not guaranteed and will not be considered a source of funding for routine or mission-critical expenses. We will retain **5 %** of grant revenues as administrative cost share.
6. Our first financial priority is infrastructure. Capital items are those with lifespan greater than **one** year and cost over **\$5,000**. Capital investment should be at least **5%** of budget annually, and in some cases may be much more when enabled by grants or loans.
7. Our second financial priority is our employees. We will focus on paying market salaries and benefits, providing opportunities for employee development, and creating a culture that promotes safety, creativity and cost savings through process improvement.
8. We will use debt as a tool to meet community needs. There is a debt limit established by state law (10% of the total value of taxable real estate in town). The term of loans will match the lifespan of the asset. Total debt service payments will not exceed **10%** of the annual budget.
9. Should we find we are outside these guidelines in our current operations, we will endeavor to implement a plan to meet the guidelines within the next budget cycle.