



BOARD OF SUPERVISORS FISCAL MANAGEMENT POLICY

Originally drafted February 13, 2018

Adopted: February 27, 2018

Revised:

STATEMENT OF POLICY PURPOSE

The County of Greene (the “County”) and its governing body, the Board of Supervisors (the “Board”), is responsible to the County's citizens to carefully account for all public funds, to manage County finances wisely and to plan for the adequate funding of services desired by the public, including the provision and maintenance of facilities. Promoting fiscal integrity is an important priority in the County. The following policy establishes a general framework for the County’s overall fiscal planning and management. These policies will be reviewed and, if necessary, updated annually. Any substantive amendments will be presented to the Board for approval.

POLICY GOALS

This fiscal policy is intended to set general guidelines for the fiscal management practices of the County, where effective fiscal policy is determined to add the following benefits:

- Contributes significantly to the County's ability to insulate itself from fiscal crisis
- Attempts to maintain a diversified and stable economic base
- Enhances short term and long term financial integrity by helping to achieve the highest credit and bond ratings possible
- Maintains continuous communication about the County’s financial condition with bond and credit rating institutions and the overall financial community
- Promotes long term financial stability by establishing clear and consistent guidelines
- Directs attention to the total financial picture of the County rather than single issue areas
- Promotes the view of linking long term financial planning with day to day operations
- Provides the Board and the citizens a framework for measuring the fiscal impact of government services against established fiscal parameters and guidelines

To add specificity to the overall fiscal policy goals of the County, the following policy goal statements are presented:

GENERAL GUIDELINES

- The County Administrator will provide quarterly reporting to the Board on the County's financial condition and debt position.
- The County will remain current in payments to its employee benefit and retirement systems.
- Capital projects in the County government and schools will be reviewed and reconciled annually as part of the fiscal year-end financial closing procedure.
- The County will annually update a long range (5 year) financial forecasting system which will include projections of revenues, expenditures and future costs and financing of capital improvements and other projects that are included in the capital budget and the operating budget.

OPERATING BUDGET

- The operating budget is intended to implement the Board's service priorities and vision for the County.
- The budget must be structured so that the Board and the general public can readily establish the relationship between revenues, expenditures and the achievement of service objectives.
- The individual agency budget submissions must be prepared with the basic assumption that the Board will always attempt to minimize the local tax burden.
- The County will avoid tax anticipation borrowing and maintain adequate fiscal reserves in accordance with the fund balance policy.
- The number and distribution of staff will be reviewed and evaluated in the context of service delivery. When feasible and cost effective, contracting out services will be considered.
- The County will maintain and monitor a diversified and stable revenue structure to shelter it from short-run fluctuations in any one revenue source.
- The County will estimate its annual revenues by an objective, analytical process.
- The County, where possible, will institute user fees and charges for specialized programs and services in the County. Rates will be established to recover operational as well as overhead or indirect costs and capital or debt service costs. Fees will be regularly reviewed and updated and where applicable, determine if pre-established recovery goals are being met.
- The County should routinely identify intergovernmental aid funding possibilities. However, before applying for or accepting intergovernmental aid, the County will assess

the merits of a particular program as if it were funded with local tax dollars. Local tax dollars will not be used to make up for losses of intergovernmental aid without first reviewing the program and its merits as a budgetary enhancement. All grant applications, prior to submission, must be approved by the County Administrator upon recommendation by the department director or finance director. Grants may only be accepted and funds appropriated by the Board.

- *The County should seek to approve a balanced budget in its annual appropriation without use of fund balance reserves, except in the instances of approved capital projects which may be funded from previous accumulation of resources and for other designated purposes with previously accumulated resources.*
- *Budget amendments throughout the year will generally only be acceptable in circumstances where there are unforeseen expenses, emergency situations, and/or grant funded expenses.*

DEBT MANAGEMENT

- **The County will not fund current operations from the proceeds of borrowed funds.**
- The County will confine long-term borrowing and capital leases to capital improvements, projects, or equipment that cannot be financed from current financial resources.
- The County will analyze market conditions prior to debt issuance to determine the most advantageous average life. When financing capital improvements, or other projects or equipment, the County will repay the debt within a period not to exceed the expected useful life of the project or equipment.
- The County will attempt to repay debt using a level principal repayment structure.
- The County may, at its discretion, on a project by project basis, subject to a public hearing of the Board on the proposed financing if applicable, use alternative financing mechanisms to the issuance of general obligation (GO) bonds to include these alternative financing mechanisms: the Virginia Public School Authority (VPSA), the Virginia Resources Authority (VRA), revenue bonds (for revenue supported activities), lease revenue bonds, lease purchase agreements, and additional appropriations based financing or other financing mechanisms that may be created.
- The County shall comply with all U.S. Internal Revenue Service rules and regulations regarding issuance of tax-exempt debt.
- The County shall comply with all requirements of the Public Finance Act as set forth in Title 15.2, Chapter 26 of the Code of Virginia and with any other legal requirements regarding the issuance of bonds or its debt issuing authorities.

CASH FLOW AND INVESTMENTS

- The County will conduct an analysis of cash flow needs on an annual basis. Disbursements, collections, and deposits of all funds will be scheduled to ensure maximum cash availability and investment potential.
- The County will, where permitted by law, pool cash from its various funds for investment purposes.
- The County will invest County revenue to maximize the rate of return while preserving the safety of the principal at all times.
- The County will regularly review contractual, consolidated banking services.

FINANCIAL REPORTING

- The County will maintain a high standard of accounting practices in conformance with uniform financial reporting in Virginia and Generally Accepted Accounting Principles (GAAP) for governmental entities as promulgated by the Governmental Accounting Standards Board (GASB).
- The County will maintain records on a basis consistent with accepted standards for local government accounting (according to GASB).
- The County's annual financial reports will present a summary of financial activity by governmental funds and all funds respectively.
- The County's reporting system will provide monthly information on specific services by type of expenditure and revenue, and by fund.
- The County will retain the right to perform financial, compliance and performance audits on any entity receiving funds from the County.
- The County will engage an independent firm of certified public accountants to perform an annual financial and compliance audit according to Generally Accepted Auditing Standards (GAAS) and will have these accountants publicly issue an opinion which will be incorporated in the Comprehensive Annual Report.
- The County will annually seek the GFOA Certificate of Achievement for Excellence in Financial Reporting.

CAPITAL BUDGET

- Capital planning and project emphasis will be placed upon Board-approved priorities as identified in the County's comprehensive plan, capital improvements program, and the Board's Strategic Planning Initiative.
- The County will make all capital improvements in accordance with an adopted Capital Improvements Program.
- The County will develop a multi-year plan for capital improvements (CIP), which considers the County's development policies and links development proffers resulting from conditional zonings with the capital plan.

- The County will coordinate development of the capital budget with development of the operating budget. Future operating costs associated with new capital projects will be projected and included in operating budget forecasts.
- The County will identify the "full-life" estimated cost and potential funding source for each capital project proposal before it is submitted to the Board for approval.
- **Unspent local funds may be transferred to the County or School capital project contingency account to be used at the discretion of the Board of Supervisors.**
- The County will maximize the use of non-debt capital financing sources through the use of alternate sources of funding, including proffers, grants, and other sources of non-local tax funding revenues.
- The operating budget will provide for minor and preventive maintenance.
- The capital projects budget will provide for the acquisition, construction, or total replacement of physical facilities to include additions to existing facilities which increase the square footage or asset value of that facility.
- The County will protect its assets by maintaining adequate insurance coverage through either commercial insurance or risk pooling arrangements with other governmental entities.

FUND BALANCE/RESERVES

- The County of Greene recognizes that sound financial principles require sufficient funds be retained to provide a stable financial base at all times.
- An adequate fund balance is essential to providing for operating and future capital budgets, protecting against temporary revenue shortfalls, covering emergency or unforeseen expenditures, and ensuring the economic stability of the County.
- A fund balance is the cumulative difference, reported annually, between revenues and expenditures reported in governmental funds.
- The fund balance policy is based on recommendations of the Governmental Accounting Standards Board.
- This policy statement focuses on the amount remaining after accounting for non-spendable and restricted fund balance.
- A minimum unassigned fund balance shall be established at 15% of local general fund expenditures including transfers to other funds and transfers/contributions to the school board, with an additional amount to cover one month's average monthly cash flow requirements of the County.
- The Board of Supervisors may appropriate money that will reduce available funds below the 15% for purposes of a declared contingency or emergency. In such circumstances, the Board will adopt a plan to restore the available fund balances to the policy level within 36 months.

- If the restoration cannot be accomplished within such time period without severe hardship, then the Board will establish a different but appropriate time period.
- The County's fund balance shall be evaluated during the annual budget process. It shall be the goal of the Board of Supervisors to adopt a budget that maintains the minimum fund balance requirements while acknowledging the need to also protect the fund balance from becoming excessive to the point of inefficiency.

ANNUAL REVIEW

- These policy guidelines shall be reviewed at least annually.