

FISCAL POLICY GUIDELINES

A. OPERATING BUDGET POLICIES

1. The County will pay for all current expenditures with current revenues. The County will avoid budgetary procedures that balance current expenditures at the cost of meeting future years' expenses, such as postponing expenditures, accruing future years' revenues, or rolling over short-term debt.
2. The budget will provide for adequate maintenance of capital plant and equipment and for their orderly replacement.
3. The budget will provide for adequate funding of all retirement systems.
4. The County will maintain a budgetary control system to help it adhere to the budget.
5. The County administration will prepare regular reports comparing actual revenues and expenditures to budgeted amounts.
6. The County will annually update and present to the Board of Supervisors a multi-year financial plan. The County recognizes the multiple benefits of long range forecasting including: 1) early identification of potential fiscal constraints related to revenue and expenditure trends; 2) incorporating the impact of capital projects and their impact on the operating budget; and 3) highlighting the need of future board actions to balance the budget given the previous two items. At a minimum, this annual update will provide revenue and expenditure projections including the operating budget impacts of all planned capital expenditures.
7. The budget is a plan for raising and allocating resources. The objective is to enable service delivery with allocated resources. Services must be delivered to the citizens at a level which will meet real needs as efficiently and effectively as possible.
8. It is important that a positive undesignated fund balance and positive cash balance be shown in all governmental funds at the end of each fiscal year.
9. When deficits appear to be forthcoming within a fiscal year, spending during the fiscal year must be reduced sufficiently to create a positive undesignated fund balance and a positive cash balance.
10. 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.
11. The individual agency budget submissions must be prepared with the basic assumption that the Board will always attempt not to substantially increase the local tax burden.

12. The County will avoid tax anticipation borrowing and maintain adequate fund balances.
13. Budgetary review by the Board of Supervisors will focus on the following basic concepts:
 - a. staff economy
 - b. capital construction
 - c. program expansions
 - d. new programs
 - e. existing service costs
 - f. administrative costs

B. CAPITAL IMPROVEMENT BUDGET POLICIES

1. The County will make all capital improvements in accordance with an adopted capital improvement program.
2. The County will develop a five-year plan for capital improvements and update it annually.
3. The County will enact an annual capital budget based on the five-year capital improvement plan. Future capital expenditures necessitated by changes in population, changes in real estate development or changes in economic base will be calculated and included in capital budget projections.
4. The County will coordinate development of the capital improvement budget with development of the operating budget. Future operating costs associated with new capital improvements will be projected and included in operating budget forecasts.
5. The County will use intergovernmental assistance to finance only those capital improvements that are consistent with the capital improvement plan and County priorities, and whose operating and maintenance costs have been included in operating budget forecasts.
6. The County will maintain all its assets at a level adequate to protect the County's capital investment and to minimize future maintenance and replacement costs.
7. The County will project its equipment replacement and maintenance needs for the next several years and will update this projection each year. From the projection a maintenance and replacement schedule will be developed and followed.
8. The County will identify the estimated costs and potential funding sources for each capital project proposal before it is submitted for approval.
9. The County will attempt to determine the least costly financing method for all new projects.

C. DEBT POLICIES

1. The County will confine long-term borrowing to capital improvements or projects that cannot be financed from current revenues except where approved justification is provided.
2. When the County finances capital improvements or other projects by issuing bonds or entering into capital leases, it will repay the debt within a period not to exceed the expected useful life of the project.
3. The County will plan its tax-supported bond sales such that it will maintain compliance with its adopted debt policy.
4. Target debt ratios will be annually calculated and included in the review of financial trends.
 - a) Net debt as a percentage of estimated market value taxable should not exceed 3% - 4%.
 - b) The ratio of debt service expenditures as a percent of governmental fund expenditures should not exceed 10% - 12%.
 - c) The County intends to maintain its 10 year tax-supported debt and lease payout ratio at or above 60% at the end of each adopted 6 year CIP. The payout ratio shall be no less than 55% in any one year during that period.
5. The County recognizes the importance of underlying and overlapping debt in analyzing financial condition. The County will regularly analyze total indebtedness including underlying and overlapping debt.
6. The County's goal is to budget an amount of equity (pay-as-you-go) funding for capital projects equal to 5% of General Fund revenues (less obligated transfers), with a minimum level of 3%. In order to achieve this goal, the County will, beginning with the fiscal year 2008 budget, increase the amount of general fund equity for capital projects in each year. For 2008 the level will be set at 1% with an additional one-quarter percent added each year thereafter.
7. The County will maintain regular and good communications with the bond rating agencies about its financial condition and will provide requested information in a timely manner. The County will follow a policy of full disclosure on every financial report and in Official Statements related to bond issues.

8. Where feasible, the County will use special assessment, revenue or other self-supporting bonds instead of general obligation bonds. However, any special assessment district/community development authority/tax increment district, either individually or when considered in aggregate with previously approved special districts/authorities, shall not have a negative impact upon the County's debt capacity or credit rating. Any such special assessment district/community development authority/tax increment district debt issuance authorized by the County wherein the County is in no way legally responsible for the repayment of the debt shall be considered as overlapping debt of the County.

In order to protect the County's long term fiscal stability and credit standing, the total aggregate outstanding amount of special assessment district/community development authority/tax increment district debt should not exceed 1% of the total assessed value of taxable property within the County during any year of the County's 6 year CIP.

Exemptions to this policy may be made if the projects to be financed directly replace capital projects in the current CIP. Toll Road or other forms of revenue bonds supported solely by user fees will not be included in the definition of overlapping debt.

The County's preference is to have special district debt retired as rapidly as possible, but in no case shall the maturity of such debt extend beyond 30 years.

9. The County will not use long-term debt for current operations.
10. The County will retire tax anticipation debt annually and will retire bond anticipation debt within six months after completion of the project.

D. REVENUE POLICIES

1. The County will try to maintain a diversified and stable revenue system to shelter it from short-run fluctuations in any one revenue source.
2. The County will estimate its annual revenues by an objective, analytical process.
3. The County will project revenues for the next three years and will update this projection annually. Each existing and potential revenue source will be re-examined annually.
4. The County will maintain sound appraisal procedures to keep property values current. Property will be assessed at 100% of full market value.
5. The year-to-year increase of actual revenue from the property tax will be kept as low as practicable. Reassessments will be made of all property at least every two years.

6. The County will follow an aggressive policy of collecting property tax revenues. The annual level of uncollected property taxes will generally not exceed two percent over a three-year period.
7. The County will establish all user charges and fees at a level related to the cost of providing the services.
8. Each year, the County will recalculate the full costs of activities supported by user fees to identify the impact of inflation and other cost increases.
9. The County will set fees and user charges for each enterprise fund such as water and sewer at a level that fully supports the total direct and indirect cost of the activity. Indirect costs include the costs of annual depreciation of capital assets.
10. The County will set fees for other user activities, such as recreational services, at a level that is appropriate for the department based on the service provided and potential for revenue.
11. The County should routinely identify intergovernmental aid funding possibilities. However, before applying for and 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 increment.

E. RESERVE POLICIES

1. The County will establish an emergency reserve to pay for needs caused by unforeseen emergencies, including unanticipated expenditures of a nonrecurring nature, or to meet unexpected small increases in service delivery costs. This reserve will be maintained at 0.5% of the General Fund.
2. A portion of county General Fund Balance at the close of each fiscal year shall be reserved in an amount equal to no less than 10% of the governmental funds' net operating revenue in the subsequent fiscal year budget. Governmental funds' net operating revenue includes total general fund revenue plus total component unit school board general operating revenue. This reserved portion of the County's General Fund balance shall be known as the Fiscal Stability Reserve.

In preparing the annual budget, the County will appropriate to fund balance the amount necessary to maintain the Fiscal Stability Reserve at 10% of Adopted Budget revenues. At the close of each fiscal year the County will "true up" the Fiscal Stability Reserve by moving such amounts as may be necessary to bring the Fiscal Stability Reserve balance to at least 10% of the governmental fund net operating revenues for the upcoming fiscal year.

Use of the Fiscal Stability Reserve may be necessary from time to time to meet unexpected revenue shortfalls or financial emergencies. By policy, appropriations from the Fiscal Stability Reserve require a majority vote of the Board of Supervisors. No appropriation from the Fiscal Stability Reserve will occur without prior presentation to the Board of Supervisors by the County Administrator of a plan and timeline for replenishing the Fiscal Stability reserve to its minimum 10% level.

Undesignated Fund Balance may be appropriated at the discretion of the Board of Supervisors, but will be used only for non-recurring, one-time capital expenditures.

3. The County will maintain self-insurance reserves as established by professional judgment based on the funding techniques utilized and loss records.

F. INVESTMENT POLICIES

1. The County will attempt to provide a cash-flow analysis of all funds on a continuous basis. Disbursement, collection and deposit of funds will be scheduled to insure maximum cash availability.
2. When permitted by law, the County will pool cash from several different funds for investment purposes.
3. The County will attempt to invest all idle cash on a continuing basis.
4. The County will analyze market conditions and investment securities at least monthly to determine what yield can be obtained.
5. The County will establish an approved list of investments consistent with law and sound investment practice and will only invest County funds in such approved investments.
6. The County will attempt to obtain the best possible return on all its investments, but funds will not be invested beyond the time when they are reasonably expected to be required.
7. The accounting system will provide regular information concerning cash position and investment performance.
8. The County will make arrangements with banks on a contractual basis for a specified period of time and with specified fees for each service rendered.
9. The County will regularly review contractual consolidated banking services.

G. ACCOUNTING, AUDITING AND FINANCIAL REPORTING POLICIES

1. The County will establish and maintain a high standard of accounting practices.
2. The accounting system will maintain records on a basis consistent with accepted standards for local government accounting.
3. Regular monthly and annual financial reports will present a summary of financial activity by major types of funds.
4. Where possible, the reporting system will also provide monthly information on the total cost of specific services by type of expenditure and, if necessary, by fund.
5. An independent public accounting firm will perform an annual audit and will publicly issue a financial opinion.

H. UTILITIES FUND POLICIES

1. The County will maintain financial independence from General Fund by:
 - a. Issuing Revenue Bonds for the Utilities Enterprise Fund in lieu of General Obligation Bonds, and
 - b. Avoiding the need for any General Fund Revenues for Utility Operations.
2. The County will maintain a Utilities General Fund Balance of at least 100% of the average for the last three years of total revenues. Total revenues are defined as all revenues including user fees and availability fees.
3. The County will work toward reducing the reliance on availability fee revenue for operations and debt service by increasing total operating revenues (which do not include availability fees) for the utility fund over the next five years to a level that will support 100% of operational expenditures and 75% of debt service costs of the utility fund. The level of all fees and charges for the Utility Fund will be set such that the County meets its legal requirements under any revenue bond documents.
4. In addition, the County will work toward the goal of total operating revenues supporting 100% of operating expenditures, 100% of debt service costs and 100% of depreciation by 2015.

Note: Item 3 should be obtained by 2009.

Financial policies adopted by Board of Supervisors on March 24, 1992.
Added Utilities Fund policies June 12, 2001.
Revised Utilities Fund policies on August 10, 2004.
Revised General policies on December 12, 2006.
Revised General Debt policies on April 10, 2007.