



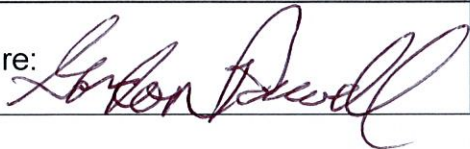
Person County, North Carolina

**Budget, Accounting and
Fund Reserve Policies**



Person County Government

STANDARD PROCEDURE

SUBJECT: Budget, Accounting and Fund Reserve Policies	Effective Date: 2/22/2022
Prepared by: Amy Wehrenberg, Finance Director	Revised:
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I. Budget Process

A. Introduction

The County's annual budget process is a method of planning and communicating operational and capital objectives and allocating financial resources to achieve them. The process is usually performed over several months. The North Carolina Local Government Budget and Fiscal Control Act (GS 159, Article 3) requires local governments to adopt an annual budget by June 30 of each year, based on the state mandated fiscal year which runs from July 1 to June 30.

The N.C. Local Government and Fiscal Control Act mandates the following deadlines for legal requirements:

April 30	Department request due
May 15	Community College and School System request due
June 1	Board of Commissioners receives recommended budget
June 30	Board of Commissioners must adopt annual budget

A public hearing must be advertised and held when the budget is presented to the Board of Commissioners.

Other key dates in our budget preparation are as follows:

January	Budget preparation instructions provided to department heads
February	Department budget requests completed
March	Manager and budget team meet with departments to discuss requests
April	Receive requests from School System and Community College
May	Manager makes presentation to Board at second regular meeting in May
May/June	Commissioners hold budget workshops to discuss proposed budget
June	Public hearing is held on the proposed budget
June	Tentative date for approval of budget and fee schedule

B. Budget Adoption

The County's Annual Budget Ordinance will be balanced in accordance with the Local Government Budget and Fiscal Control Act (NCGS 159-8) which states "A budget ordinance is balanced when the sum of estimated net revenues and appropriated fund balances is equal to appropriations."

The annual budget serves as the foundation for the County's financial planning and control. Chapter 159 of the NCGS prescribes a uniform system of budget adoption, administration and fiscal control. All departments of the County are required to submit requests for appropriations to the County Manager, typically by a scheduled date in February of each year. The County Manager uses these requests as the starting point for developing a proposed budget. The budget is prepared by fund, function and department. The proposed budget is provided to the County Board of Commissioners no later than June 1. Not later than June 30, the Board of Commissioners is required to adopt a budget ordinance making appropriations and levying taxes for the budget year, in such sums as the Board may consider sufficient and proper, whether greater or less than the sums recommended in the proposed budget. This budget ordinance authorizes all financial transactions of the County except: 1) those authorized by a project ordinance, 2) those accounted for in an intra-governmental service fund for which a financial plan is prepared and approved, and 3) those accounted for in a trust or agency fund established by the local government or public authority as an agent or common-law trustee or to account for a retirement, pension, or similar employee benefit system.

The County's annually adopted budgets are for the General Fund, Special Revenue Funds, and Enterprise Fund.

The Capital Investment Fund (CIF), a special revenue fund that was created in 2021, accounts for revenues, either directly or transferred from other funds (i.e. the General Fund) and expenditures for capital and debt payment purposes of the County.

Expenditures will include pay-as-you-go capital expenditures for the schools and the community College, payments for debt service, and transfers to the Capital Improvement Plan (CIP) Fund. The CIF will retain its own fund balance and use the balance into the future as needed to meet County capital needs. The CIF will operate in conjunction with the County's CIP and will include transfers to the CIP to support the actual capital expenditures resulting from implementation of capital projects that exceed \$50,000. As part of the operation of the CIF, a debt affordability model will be maintained by the County's contracted Debt Consultants and will provide all current expenditures and estimates of future capital and debt service expenditures, as well as project debt service affordability. A review of the CIF Affordability Model will be part of the annual budget process.

Appropriations lapse at year-end in all Funds except the Capital Improvement Fund and other multi-year project funds where the budget is adopted on a project-basis and may cover more than one year. Appropriations are carried over in these funds until the project(s) are completed.

All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). The Board of Commissioners annually adopts a budget by ordinance in accordance with NCGS 159-8 and may amend the budget during the fiscal year.

C. Budget Amendment Process

All County Departments are expected to operate wholly within the amounts appropriated by the Board of Commissioners at the beginning of each fiscal year. The County budget is adopted at the functional level for the General Fund and at the fund level for all other funds. Any expenditure in excess of the total amount appropriated for the authorizations provided for under the budget or project ordinances is a violation of NCGS 159-28.

It is the intent of the Board of Commissioners to provide appropriations each fiscal year in an amount necessary to cover operations at a level approved by the Board. The Board realizes that there will be occasions where adjustments to the amounts appropriated between line items will be necessary for the efficient operation of County Departments. It is not the intent of the Board to authorize indiscriminate transferring during the year and especially at the end of the fiscal year.

The Board of Commissioners may authorize supplementary appropriations during the course of a year as additional funding is received or for necessary items that a department cannot control (i.e. utilities), however departments are to monitor all expenditures to ensure that over-expenditures do not occur.

It is the position of the Board of Commissioners that the County will not absorb reductions in State and Federal funding that occurs during the year, a budget amendment to reduce the budget must be submitted to the Board of Commissioners for approval as reductions are known.

As required by NCGS 159-15, the budget ordinance, as amended, must continue to satisfy the requirements of NCGS 159-8 and NCGS 159-13.

Except as otherwise restricted by law, the Board may amend the budget ordinance at any time after the ordinance's adoption in any manner, so long as the ordinance, as amended, continues to satisfy the statutory requirements. However, except as otherwise provided in this section, no amendment may increase or reduce a property tax levy or in any manner alter a property taxpayer's liability, unless the board is ordered to do so by a court of competent jurisdiction, or by a State agency having the power to compel the levy of taxes by the Board.

If, after July 1, the County receives revenues that are substantially more or less than the amount anticipated, the Board may, before January 1 following adoption of the budget, amend the budget ordinance to reduce or increase the property tax levy to account for the unanticipated increase or reduction in revenues.

As allowed by statute, the Board has authorized the County Manager to transfer monies between accounts, subject to such limitations and procedures as authorized within the County's Adopted Budget Ordinance.

The Finance Officer is to ensure that procedures are implemented to administer this policy.

D. Budgetary Control

In government, the budget is an integral part of the units accounting system and daily operations. An annual or project budget ordinance, as amended by the governing body, creates a legal limit on spending authorizations. All Person County funds are budgeted at the function or project level. For internal accounting purposes, budgetary control is maintained at the department level and further at the line item level by the use of an encumbrance system. As purchase orders are issued, corresponding appropriations are reserved for later payment. If the purchase order requires more funds than available in the line item, the on-line system will prevent the completion of the purchase order process until the department head amends their budget as outlined in the budget amendment process or submits an electronic line item budget transfer request.

Budget to actual reports on revenues and expenditures are provided to the governing board on a monthly basis to provide additional budgetary control and performance measures.

II. Budget Policies

A. Introduction

Local government budgeting operates in a setting very different from the private sector and is heavily impacted by federal and state law as well as local laws and practices. In addition, guiding the process at the local level are national standards and principles sanctioned by the Governmental Accounting Standards Board (GASB) as an authoritative overseer of local practices and fiscal responsibility. Person County maintains the following guidelines and policies to ensure fiscal responsibility, maintain a strong financial position, and maintain the necessary level of resources to provide the services required of its citizens.

B. Revenue Policy

The County seeks to implement a diversified taxing policy that will ensure reasonable stability for operations at continuous service levels, but that will provide the elasticity necessary for responding quickly to increased service demands due to new development. Revenues will be monitored to ensure the proceeds from each source are at an optimal level. A report of budget to actual revenues is provided to the governing board on a monthly basis. Projected revenues will be estimated conservatively and will be based on historical trends, growth patterns, and the general condition of the economy. The estimated percentage of Ad Valorem taxes to be collected will not exceed the percentage of levy actually realized in cash as of June 30 during the preceding fiscal year in accordance with state law.

Fees charged for services are reviewed annually during the budget process to determine if adjustments should be made to ensure that the fee charged is appropriate. If there are changes to the fee schedule, they are approved by the Board of Commissioners during the budget process except for changes established by State law.

C. Fund Balance Reserve Policy

In accordance with state statute, appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum arising from liabilities, encumbrances, and deferred revenues arising from cash receipts at the close of the prior fiscal year.

General Fund Reserves

The County will maintain an unassigned fund balance that exceeds eight percent (8%) of yearly expenditures in accordance with the North Carolina Local Government Commission's recommendation. For a county our size, a recommended minimum of eighteen percent (18%) of yearly General Fund expenditures should be maintained for purposes such as: avoiding cash-flow interruptions, generating interest income, eliminating the need for short-term borrowing, assisting in maintaining an investment grade bond rating, and sustaining operation during unanticipated emergencies and disasters.

As a goal, the County will seek to establish a general fund operating reserve of twenty-five percent (25%) of yearly General Fund expenditures. This level will provide operational funding to help address emergency situations which may occur as a result of a significant financial downturn or natural disaster.

Capital Investment Fund (CIF)

The County will maintain an unassigned fund balance in the CIF of not less than 33% of debt service for the budget fiscal year. This reserve level will provide funding flexibility, if needed, to meet financial downturn for the State of N.C. and the impacts for the County.

D. Expenditure Policy

Budgeted funds will be spent only for the categorical purpose for which they were intended. The annual operating budget ordinance defines staff authorizations for operating amendments. All proceeds of debt instruments must be used for the purpose for which the debt was issued or for the payment of principal and interest on the debt. Payroll will be in accordance with the requirements of the Fair Labor Standards Act and in accordance with Person County's Personnel Policy.

E. Other Post-Employment Benefits Policy (OPEB)

The County currently has chosen to cover other post-employment benefits on a pay-as-you-go basis. Monitoring of the requirement of GASB 45 will continue, and appropriate reporting will be provided in all annual financial reports. Actuarial studies are completed on an annual basis and evaluated to consider options as it relates to the creation of irrevocable trust.

F. Debt Policy

Person County's Finance Director is charged with the responsibility for prudently and properly managing any and all debt incurred by Person County.

The County utilizes various financing techniques to assist in the funding of capital improvements and equipment purchases. Debt may be incurred for financing capital assets that, because of their long-term nature or because of budgetary restraints, cannot be acquired from current or budgeted resources. Debt will not be used for operational needs.

This may include general obligation bonds, certificates of obligation/participation, limited obligation bonds, revenue bonds, capital leases, private placements, installment financings, letters of credit or any other financing instrument allowed under North Carolina law.

The County will seek to structure debt and to determine the best type of financing for each financing need based on the flexibility needed to meet project needs, the timing of the project, taxpayer or rate-payer equity, and the structure that will provide the lowest interest cost in the circumstances.

Debt service models are maintained which identify resources available for current and future payment of principal and interest on all outstanding debt. Projections must be made prior to the issuance of additional debt which will clearly identify the impact of future debt service and the adequacy of designated resources. Requirements for future increases of designated resources must be included in the decision-making process for authorization of additional debt. Debt financing will be considered in conjunction with the approval by the Local Government Commission.

New debt issued by the County may be for varying maturity terms depending upon; first the expected life of the asset being financed; and second, the existence of cash and investment balances which may be used to reduce the overall cost of capital improvements.

- Debt will normally have a term of 20 years or less.
- USDA funded debt will normally have a term of 30 years or less.

Debt Affordability

- The net general obligation debt of the County, as defined in NCGS 159-55, is statutorily limited to eight percent (8%) of the assessed valuation of the taxable property within the County.
- Total General Fund debt service will not exceed any limits imposed by the Local Government Commission (LGC).

- o Debt service as a percentage of the operating budget should not exceed fifteen percent (15%). Debt service will be calculated with a leveling of any term maturities.
- o The County will strive to achieve amortization of 50% or more of its General Obligation debt principal within ten years on new debt issuances.
- o Rating agency metrics for double-A rated Counties will provide a benchmark to the County in addition to previously stated factors and metrics.

The County will monitor the municipal bond market for opportunities to obtain interest rate savings by refunding by forward delivery, currently refunding or advance refunding outstanding debt. When interest rate savings is the principal reason for advance refunding an issue, the County will have as a goal to, but not a requirement to, include issues that contribute 3% or more present value savings. Other factors may also affect the County's decision to advance refund an issue.

The County will strive to retain its A1, AA- bond ratings in order to minimize the County's interest costs.

The County will normally obtain two debt ratings (Moody's, Standard & Poor's) for all publicly sold debt issues.

The CIF will contain all debt service payments and estimated future payments, consistent with the CIF Fund described earlier in these policies.

G. Capital Improvement Plan

The County will update its capital improvement plan annually. This plan will be used as a guideline for scheduling and funding the capital needs of the County. This plan will be for a five-year period and will be the basis for appropriations during the annual budget process. The items in the plan will have a value of \$50,000 and/or a useful life over one year. We will emphasize preventive maintenance as a cost-effective approach to infrastructure maintenance.

The CIP will be an integral part of the CIF process and all such capital expenditures will occur within the CIP as described earlier in these policies.

III. Accounting Policies

A. Introduction

Person County's accounting policies set forth basic guidelines for the overall fiscal management of the County. These policies provide a structure to assist in the decision-making process for the Board of Commissioners and staff and establish guidelines for evaluating current activities.

The Board of Commissioners provides general guidance through the adoption of the annual budget while the County Manager is responsible for the implementation of the budget throughout the fiscal year.

The County's annual budget ordinance will be balanced in accordance with NCGS 159-8(a) which states "each local government and public authority shall operate under an annual balanced budget ordinance adopted and administered in accordance with this Article. A budget ordinance is balanced when the sum of estimated net revenues and appropriated fund balance is equal to appropriations."

The County establishes and maintains its accounting system according to the North Carolina Local Budget and Fiscal Control Act. Systems are in place to monitor all sources and uses of funds.

Reporting is done in accordance with generally accepted accounting principles (GAAP). Governmental funds use modified accrual accounting where revenues are recorded when measurable and available and expenditures recorded when services or goods are received and liabilities are incurred. The County considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount

is not susceptible to accrual. The Enterprise Fund uses full accrual accounting, recording revenues when earned and expenditures when incurred.

The accounting system has strong budgetary and accounting controls providing reasonable assurance of maintaining safety of assets and reliable financial records for preparing reports, such as the budget and the Annual Comprehensive Financial Report (ACFR).

An annual audit will be performed by an independent public accounting firm which issues an opinion on the financial statements. The auditors also are required to perform appropriate compliance audits for federal and state financial assistance programs in accordance with the Federal and State Single Audit Act and to comply with review of internal controls under NCGS 159-34(a).

The County's annual financial report will be prepared according to the standards necessary to obtain the Certificate of Achievement for Excellence in Financial Reporting from GFOA, and will be submitted each year for recognition. The County will review its user fees annually during the budget process to reflect accurately the cost of services benefiting users while not over-burdening the citizens.

The General Fund undesignated fund balance will be maintained at a level sufficient to provide for required resources to meet operational needs and allow for unforeseen emergency needs.

B. Fund Accounting

Governmental accounting systems are organized and operated on the basis of funds. A fund is defined as a fiscal accounting entity with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and residual equities on balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

C. Cash Receipts

All funds received shall be deposited in the county's official checking account on a daily basis as required by NCGS 159-32. All taxes and other monies collected or received by an officer or employee of a local government or public authority shall be deposited in accordance with NCGS 159-32. Each officer and employee of a local government or public authority whose duty it is to collect or receive any taxes or other moneys shall deposit his collections and receipts daily when the monies on hand amount to as much as five hundred dollars (\$500.00), but in any event a deposit shall be made on the last business day of each month. All deposits shall be made with the finance officer or in an official depository. Deposits in an official depository shall be immediately reported to the finance officer by means of a duplicate deposit ticket. The finance officer may at any time audit the accounts of any officer or employee collecting or receiving taxes or other monies, and may prescribe the form and detail of these accounts.

D. Cash Disbursements

Disbursements of funds will be made on a timely basis. Inventories and supplies will be maintained at the minimally appropriate levels for operations to increase cash availability for investment purposes. All County checks shall have dual signatures. These signatures may be facsimile signatures which will be maintained in a safe environment and may be mechanical or electronic in nature. The facsimile signatures on a Person County check will be the Chairman of the Board of Commissioners and the Finance Officer.

E. Fund Balance Allocation

If at the completion of any fiscal year that the projected or estimated amount of unassigned fund balance falls below 18% as set forth herein, the County Manager shall prepare and submit in conjunction with the proposed budget for the following year, a plan for the expenditure reductions and/or revenue increases necessary to restore the amount of fund balance to the recommended minimum threshold within two (2) fiscal years.

Any unassigned fund balance in excess of 25% as set forth herein, shall be transferred to the Capital Investment Fund for support of future capital projects or debt service, unless the Person County Board of Commissioners determines to appropriate otherwise.

F. Investment Policy

It is the policy of Person County to maintain an investment program of all funds which are not required to carry on the daily operations of the County. These funds shall be invested in accordance with NCGS 159-30 and NCGS 147-69.1.

The finance officer is charged with the investment of funds in a manner that will provide for (1) the safety of the principal, (2) liquidity of the funds and (3) yield. The Finance Officer has the authority to purchase, sell, and exchange securities on behalf of the governing board.

Funds may be deposited at interest in any bank, savings and loan association, or trust company in this State in the form of certificates of deposit or such other forms of time deposits as the Local Government Commission may approve. Funds may be invested in the following classes of securities, and no others:

1. Obligations of the United States of America or obligations fully guaranteed both as to principal and interest by the United States of America.
2. Obligations of the Federal Financing Bank, the Federal Farm Credit Bank, the Bank for Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, Fannie Mae, the Government National Mortgage Association, the Federal Housing Administration, the Farmers Home Administration, the United States Postal Service.
3. Obligations of the State of North Carolina.
4. Bonds and notes of any North Carolina local government or public authority, subject to such restrictions as the secretary may impose.
5. Savings certificates issued by any savings and loan association organized under the laws of the State of North Carolina or by any federal savings and loan association having its principal office in North Carolina; provided that any principal amount of such certificate in excess of the amount insured by the federal government or any agency thereof, or by a mutual deposit guaranty association authorized by the Commissioner of Banks of the Department of Commerce of the State of North Carolina, be fully collateralized.
6. Prime quality commercial paper bearing the highest rating of at least one nationally recognized rating service and not bearing a rating below the highest by any nationally recognized rating service which rates the particular obligation.
7. Bills of exchange or time drafts drawn on and accepted by a commercial bank and eligible for use as collateral by member banks in borrowing from a federal reserve bank, provided that the accepting bank or its holding company is either (i) incorporated in the State of North Carolina or (ii) has outstanding publicly held obligations bearing the highest rating of at least one nationally recognized rating service and not bearing a rating below the highest by any nationally recognized rating service which rates the particular obligations.
8. Participating shares in a mutual fund for local government investment; provided that the investments of the fund are limited to those qualifying for investment under this subsection (c) and that said fund is certified by the Local Government Commission. The Local Government Commission shall have the authority to issue rules and regulations concerning the establishment and qualifications of any mutual fund for local government investment.
9. A commingled investment pool established and administered by the State Treasurer pursuant to NCGS 147-69.3.

10. A commingled investment pool established by interlocal agreement by two or more units of local government pursuant to NCGS 160A-460 through NCGS 160A-464, if the investments of the pool are limited to those qualifying for investment under this subsection (c) by the state under NCGS 147-69.1.
11. Evidences of ownership of, or fractional undivided interests in, future interest and principal payments on either direct obligations of the United States government or obligations the principal of and the interest on which are guaranteed by the United States, which obligations are held by a bank or trust company organized and existing under the laws of the United States or any state in the capacity of custodian.
12. Repurchase agreements with respect to either direct obligations of the United States or obligations the principal of and the interest on which are guaranteed by the United States if entered into with a broker or dealer, as defined by the Securities Exchange Act of 1934, which is a dealer recognized as a primary dealer by a Federal Reserve Bank, or any commercial bank, trust company or national banking association, the deposits of which are insured by the Federal Deposit Insurance Corporation or any successor thereof if:
 - a. Such obligations that are subject to such repurchase agreement are delivered (in physical or in book entry form) to the local government or public authority, or any financial institution serving either as trustee for the local government or public authority or as fiscal agent for the local government or public authority or are supported by a safekeeping receipt issued by a depository satisfactory to the local government or public authority, provided that such repurchase agreement must provide that the value of the underlying obligations shall be maintained at a current market value, calculated at least daily, of not less than one hundred percent (100%) of the repurchase price, and, provided further, that the financial institution serving either as trustee or as fiscal agent for the local government or public authority holding the obligations subject to the repurchase agreement hereunder or the depository issuing the safekeeping receipt shall not be the provider of the repurchase agreement;
 - b. A valid and perfected first security interest in the obligations which are the subject of such repurchase agreement has been granted to the local government or public authority or its assignee or book entry procedures, conforming, to the extent practicable, with federal regulations and satisfactory to the local government or public authority have been established for the benefit of the local government or public authority or its assignee;
 - c. Such securities are free and clear of any adverse third-party claims; and
 - d. Such repurchase agreement is in a form satisfactory to the local government or public authority.

In connection with funds held by or on behalf of a local government or public authority, which funds are subject to the arbitrage and rebate provisions of the Internal Revenue Code of 1986, as amended, participating shares in tax-exempt mutual funds, to the extent such participation, in whole or in part, is not subject to such rebate provisions, and taxable mutual funds, to the extent such fund provides services in connection with the calculation of arbitrage rebate requirements under federal income tax law; provided, the investments of any such fund are limited to those bearing one of the two highest ratings of at least one nationally recognized rating service and not bearing a rating below one of the two highest ratings by any nationally recognized rating service which rates the particular fund.

Investment deposits, including investment deposits of a mutual fund for local government investment established under subdivision (c)(8) of this section, shall be secured as provided in NCGS 159-31(b).

G. Contract Administration

During the course of business, the County will enter into various contracts. All contracts are to be in writing and maintained in the responsible department. A copy will be forwarded to the Finance Department on an as requested- basis. All contracts shall be signed by the official authorized in accordance with the guidelines of the purchasing policy.

If the contract causes the County to spend money, it shall be pre-audited and sufficient funds encumbered to cover all sums falling due under the contract. NCGS 159-28 (a) states: no obligation may be incurred in a program, function, or activity

accounted for in a fund included in the budget ordinance unless the budget ordinance includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year. No obligation may be incurred for a capital project or a grant project authorized by a project ordinance unless that project ordinance includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay the sums obligated by the transaction. If an obligation is evidenced by a contract or agreement requiring the payment of money or by a purchase order for supplies and materials, the contract, agreement, or purchase order shall include on its face a certificate stating that the instrument has been pre-audited to assure compliance with this subsection. The certificate, which shall be signed by the Finance Officer or any Deputy Finance Officer approved for this purpose by the governing board, shall take substantially the following form:

"This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act."

NCGS 159-28 (a) also states that an obligation incurred in violation of this subsection is invalid and may not be enforced. The finance officer shall establish procedures to assure compliance with this subsection.

As allowed by NCGS 143-29(e)(9), Person County may participate in contracts established by the "State or any agency of the State" that were competitively bid. In these cases, the bidding process must have already been followed and, thus, the County may purchase from these contracts without further bidding requirements.

In accordance with NCGS 143-131 informal bids are required for purchase of apparatus, supplies, materials, and equipment of between \$30,000 and \$90,000 and on construction or repair contracts between \$30,000 and \$300,000.

In accordance with NCGS 143-129 formal bids are required for purchase of apparatus, supplies, materials, and equipment of \$90,000 or above and on construction or repair contracts \$300,000 or above.

Federal procurement thresholds and contractual requirements are governed under 2 C.F.R. Part 200 and can be accessed under Person County's Uniform Guidance Procurement Policy.

Contracts may be executed by the County Manager on behalf of the County subject to such limitations and procedures as authorized within the County's Adopted Budget Ordinance. The process and authorizations for federal contracting is included in Person County's Uniform Procurement Policy.

H. Purchase Orders

Full time employees only shall be permitted to purchase goods and services for the County of Person unless an exemption is provided by the County Manager. The Department Head or his/her designee must approve all requests within the department. The Purchase Order procedure covers the purchase of goods and services for items costing \$750.00 and above. Purchases less than \$750.00 do not require a purchase order. Purchase orders must be issued prior to the item(s) being purchased to ensure the availability of funds and that proper general statutes are followed.

I. Surplus Property

The County Manager and General Services Director are authorized to declare items of less than \$30,000 as surplus. They are authorized to set the value of, sell and convey title to such items. The County Manager may appoint other staff members to sell such items and convey titles. The County Manager and General Services Director shall keep a record of all items sold, the amount of sale and to whom sold and provide such record at least quarterly to the Board.

J. Asset Management

The County defines capital assets as assets with an individual cost of more than \$5,000, and an estimated useful life of more than two years. Donated capital assets received prior to July 1, 2015 will be recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 will be recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Any asset over \$5,000 will be labeled with an asset tag that reads "Property of Person County." It is the goal of the Finance Department to ensure that the Fixed Asset system is up to date each year. Fixed Asset reports will be sent out periodically to each department to respond if any items have been surplus or transferred out.

The County holds title to certain Person County Board of Education properties that are included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, after all restrictions of the financing agreements and all sales tax reimbursement requirements have been met.

Capital assets of the County are depreciated on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings	50
Infrastructure	15-20
Improvements	5-25
Equipment	3-25

K. Grant Applications

Any grant application that requires any portion of matching County appropriations must be presented to the Board of County Commissioners for approval before being submitted. Any grant application that is non-matching, non-controversial, and non-personnel can be signed by the County Manager or Assistant County Manager and reported to the Board of County Commissioners at a subsequent meeting.

All grants entered into on behalf of Person County will be monitored following the OMB Uniform Guidance Implementation.

L. Write-Off's

All write-off amounts shall be approved by the Finance Director. The exceptions to this are Workers Compensation, which is governed by NCGS 97 – The Workers' Compensation Act, and any department-specific policies/procedures that have been approved and authorized by the Board of County Commissioners.

M. Debt Setoff

The Debt Setoff is a program approved by the North Carolina Legislature for the purpose of collecting County, City, or Municipal delinquent debts by seizing North Carolina individual income tax refunds through a Clearinghouse with which the County has a signed memorandum of understanding. Person County will follow the requirements set forth in the NCGS 105A-5 and adhere to the N.C. legislature delinquent debt program and the memorandum of understanding with the aforementioned Clearinghouse as adopted by the Person County Board of Commissioners on the 10th day of January 2003. Participation in this program includes all county agencies which have delinquent billing issues.

N. Fund Structure

Person County's accounts are organized and operated on a fund basis. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts recording its assets, liabilities, equities, revenues, and expenditures. At the time of this policy enactment, the County has the following fund types:

General Fund

The General Fund is the principal fund used to account for resources traditionally associated with government which are not required legally or by sound financial management be accounted for in another fund. This fund summarizes the financial transactions of functional services, based on departmental operations, except for those transactions that must be accounted for separately in other funds. The primary revenue sources for the general fund are: ad valorem taxes, sales taxes, federal and state grants and fees for services. Most County Departments are located in the General Fund as well as Person County Government's other funded services such as the Courts, Mental Health,

Museum of History, current expense expenditures for Person County Public Schools and Piedmont Community College, and the Person County Senior Center. Also included in the County's General Fund is the Self-Funded Health Insurance Fund, an internal service fund that is used to account for the accumulation and allocation of costs associated with the County's self-insured group health insured program.

Special Revenue Funds

These funds account for the proceeds of special revenues sources that are legally restricted to expenditures for specific purposes. The County's current Special Revenue Funds include: Capital Investment Fund, Social Services Representative Payee Fund, Person Industries and PI Material Recovery Facility Fund, Sheriff's Execution Fund, Fire Tax District Fund, Emergency Telephone System Fund, Revolving Loan Fund, Economic Catalyst Fund, Water and Sewer Construction Reserve Fund, and Community Development Housing Revitalization Grant Fund.

Capital Project Funds

Capital project funds are used to account for the acquisition and construction of major capital facilities and equipment. These projects are typically multi-year in nature and may be funded over several years. The County's currently active Capital Project Funds include: Airport Construction Fund, Capital Improvement Projects Fund, Public Safety Towers and Broadband Fund, American Recovery Plan Fund, and Waterline Extension Grant Fund.

Enterprise Funds

These funds account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. The Stormwater Fund is currently the only Enterprise Fund reported by Person County. This fund accounts for the operations and management of the County's stormwater activities.

Custodial Funds

These funds account for assets held by the County as an agent for individuals or other governments/organizations. Funds in this category include the Roxboro Property Tax Fund, the Inmate Fund, and the 4H Program Fund.

O. Performance Measures and Benchmarking

Accountability and improvement are essential parts of the county operation. Management often compares to a group of similar counties to evaluate our operations and seek ways to improve. These counties can consist of adjacent counties, counties of comparable size, counties in same population range, etc. All county departments are encouraged to apply similar performance measure and benchmarking procedures when new projects or services are considered.

Within a fiscal year, budget performance is monitored through monthly budget to actual results and reports submitted to the governing board.