

THE BUDGET PROCESS & POLICIES

WHY DO WE BUDGET?

The primary purpose of budgeting is to formally convert Albemarle County's long-range plans and policies into current year services and programs. The budget provides detailed financial information on the costs of services and the expected revenues for the upcoming fiscal year. The budget process also provides a forum for reviewing progress made in the current year and the levels of service provided by local government and for setting priorities for services in the upcoming years to meet the needs and requirements of our citizens.

WHAT IS THE BUDGET?

The budget is divided into three major parts:

The *operating budget* is the total and complete budget used to finance all of the day-to-day operations of local government. It consists of several major sections including general government operations, the transfer to school operations, school debt service, capital outlay, and the City-County revenue sharing payment. Funding for this budget is derived primarily from taxes, fees, licenses, fines, and state and federal revenues.

The *Capital Improvements Program (CIP)* is used to purchase or finance the construction of capital items ranging from the building of schools, parks, and roads to the upgrading of computer and phone-system equipment. Funding for these projects is obtained primarily from bond issues (long-term debt which is typically borrowed for the building of school facilities) or from transfers from the operating budget for projects funded on a "pay-as-you-go" basis.

The *school budget* is used to completely describe the operations of the County's schools. It is prepared by the Superintendent's Office and is approved by the School Board. The schools have their own budget calendar, which is separate from that of other budgets. Funding for the school budget is derived mainly from transfers from the General Fund, fees, and inter-governmental revenues (i.e., state and federal funding).

WHAT ARE THE STATE REQUIREMENTS?

The Commonwealth of Virginia requires all localities to meet certain budget guidelines, as outlined in Sections 15.2-2500 to 15.2-2513 of the Code of Virginia (1950), as amended. According to these guidelines, all localities within Virginia must have a fiscal year beginning on July 1 and ending on June 30 and must approve a balanced budget. A balanced budget is one in which the available revenues and appropriated fund balances equal estimated expenditures for a fiscal year. The School Board must approve the School Budget by May 1 or within 15 days of receiving estimates of state funding, whichever occurs later. The Board of Supervisors must approve the operating budget and set the tax rate by July 1 of each year. The adoption of the tax rate requires the Board to hold a public hearing and to advertise this hearing no less than 30 days in advance. Although these are the minimum state requirements, the County traditionally has adopted its budget by April 15 in order to establish teacher contracts and to set the property tax rates prior to the tax bill mailing date. For FY 08/09, the Board will adopt its budget on April 9, 2008. The official appropriation of funds takes place prior to July 1 of each year.

The process by which the operating budget may be amended is governed by Section 15.2-2507 of the State Code. The budget may be amended to increase the aggregate amount to be appropriated during the current fiscal year, as shown in the currently adopted budget. However, any amendment which exceeds one percent of the total revenue shown in the currently adopted budget must be accomplished by publishing a notice of a meeting and public hearing in a newspaper having general circulation in the County seven days prior to the meeting date. The notice shall state the County's intent to amend the budget and include a brief synopsis of the proposed budget amendment. The Board of County Supervisors may adopt the amendment at the advertised meeting, after first providing a public hearing during the meeting on the proposed amendment. Amendments of less than one percent of the total revenue also must be approved by the Board of Supervisors, although no public hearing is required.

Appropriations lapse at the end of each fiscal year (June 30) for all funds.

The County's financial records are audited each year by a firm of independent certified public accountants in accordance with the Government Accounting Standards Board. The single audit is required under the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments. Copies of the annual financial audit are available upon request from the Department of Finance.

WHEN ARE THE BUDGET DECISIONS MADE? HOW CAN I PARTICIPATE?

Each year, the County develops a schedule of events that describes the dates of public and Board participation in the budget process. The Board is asked to approve the schedule of the budget process in order to establish firm dates for meetings and provide the public with as much notice as possible. A copy of the FY 08/09 budget calendar is included near the front of this budget document. The Office of Management and Budget can be contacted during normal working hours by calling (434) 872-4516. Budget information of interest to the public can be found on the County website, www.albemarle.org.

WHAT IS THE BUDGET PROCESS?

The County's FY 08/09 operating budget schedule began in September of 2007 with initial data gathering for the FY 08/09 budget. In October, the preliminary projection of revenues for the coming year was developed. Departments submitted baseline budget analyses and requests along with strategic initiatives to the County Executive's Office of Management and Budget (OMB) during October 2007. In November, OMB staff met with departments to clarify any questions on their baseline budget submissions and strategic initiatives. Requests for community agency funds were submitted to the County Executive's office by November 16.

From November through December 2007, the OMB staff reviewed strategic initiative requests and developed budget-related questions. From these discussions, the OMB staff developed recommendations ranging from the funding of new programs to the reduction of funding for current programs. In February three work sessions were held to provide the Board with information to help determine what tax rate should be advertised for public hearing. These work sessions were designed to give the Board a preliminary review of operating and capital budgets. By the end of February, the County Executive made his decisions on the budget recommendations and staff prepared the County Executive's recommended budget document for FY 08/09. This budget will be presented to the Board of Supervisors on February 29, and a public hearing on the County Executive's recommendation will be held on March 5.

After the public hearing, the Board will hold work sessions to do a detailed review of each area of the budget and to recommend specific changes to the County Executive's recommended budget. After all of the budget changes are agreed upon, a public hearing on the Board of Supervisors' proposed budget and the tax rate will be held on April 2, 2008. On April 9, the Board will adopt the operating and capital budgets and set the tax levy for the coming year. The budget is legally enacted through passage of a Resolution of Appropriation prior to July 1, 2008 (the beginning of FY 08/09).

Once the budget is appropriated, it becomes the legal basis for spending funds to accomplish the programs of each department of the County during the fiscal year. No department or other agency may spend in excess of the appropriated amounts. Financial and programmatic monitoring of departmental activities occurs throughout the year to ensure conformity with the adopted budget. The Director of Finance is authorized to transfer amounts between compensation and other operating expenses groups and between divisions within a department. Transfers between expenditure accounts in different departments or funds must be approved by the Board of Supervisors. Procedures governing amendments to the adopted operating budget are described on the previous page.

WHAT ARE THE MAJOR CATEGORIES OF EXPENDITURES?

General Government is broken down into seven major functional areas: Administration, Judicial, Public Safety, General Services, Human Development, Parks, Recreation and Culture, and Community Development.

The **Administration** functional area provides for County policy direction, management and budgets through the County Executive's Office and the Board of Supervisors; information technology and technology support through the Information Technology Department; legal advice from the County Attorney; personnel and organization development functions from Human Resources; real estate assessment, payroll, tax assessment/collection, accounting, and purchasing for the County from the Finance Department; and voter registration by the Department of Voter Registration and Elections.

The **Judicial** area includes all court-related services ranging from the serving of warrants to prosecution of crimes, to the actual running of the courts themselves. Funding is provided to support each of the local courts: the Circuit Court, the General District Court, and the Juvenile and Domestic Relations Court. The Clerk of the Court, the Commonwealth's Attorney, and the Sheriff offices are also funded in this functional area.

Public Safety includes all police services such as patrol, investigations, and animal control through the County Police Department; emergency fire/rescue services provided by the County Department of Fire/Rescue and the volunteer fire companies and rescue squads serving the citizens; building inspections by the Department of Inspections and Building Codes; Emergency Communications (E-911), the Juvenile Detention Home, the Regional Jail, and funding for other local public safety-related agencies, such as the SPCA.

Public Works includes the General Services and Solid Waste/Recycling which provides maintenance of County buildings, custodial services, operation of the Copy Center, support of the solid waste and recycling program, and storm water management. In addition, this functional area includes the newly created Office of Facilities Development, which oversees all County capital projects.

The **Human Development** functional area includes the County Department of Social Services, the Health District which provides local public health services, Region Ten Community Services Board, and funding for many local human service agencies. The services provided include oversight and implementation of state and federal social programs, the provision of mental health services, outreach services, transportation services, services for the elderly, and funding for other local social benefits.

The **Parks, Recreation and Cultural** functional area includes the Parks and Recreation Department, the regional library, and various local cultural and recreational agencies. The services provided include County park operations and

maintenance, summer swimming programs, community centers, teen programs, athletic programs, and resources for local agencies such as Piedmont Council of the Arts, the Virginia Discovery Museum, and the Literacy Volunteers program.

The final functional area is that of **Community Development** which includes the following programs: Community Development Administration, Planning, E-911/Planning, and Zoning and Current Development. In addition, the Office of Housing, VPI Extension Service, Thomas Jefferson Soil and Water Conservation District, and community agencies such as the Charlottesville Transit Service (CTS) and Piedmont Housing Authority (PHA) fall under this functional area.

FUND STRUCTURE

The budget of the County is organized on the basis of fund classifications, each of which is considered to be a separate accounting and reporting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses.

There are two major types of funds:

1. GOVERNMENTAL FUND TYPES

Governmental funds are those through which most governmental functions of the County are financed. Governmental funds utilize the modified accrual basis of accounting where the measurement focus is on financial position and changes in financial position, rather than upon net income determination. The individual Governmental Funds are:

- The **General Fund**, which accounts for all revenues and expenditures applicable to the general operations of the County that are not accounted for in other funds. These include most traditional local government programs such as police, libraries, fire and rescue, parks, human services, etc. The General Fund also includes transfer payments to the School, County debt service, and capital improvement funds.
- The **School Fund**, which reflects revenues and expenditures related to the operation of the County's school system. The primary sources of revenue, exclusive of transfers from the General Fund, are basic aid payments from the Commonwealth and educational program grants. Major expenditures include instructional costs and transportation.
- **Other School Funds (Self-Sustaining)**, which are separate funds that are used for very limited expenditures due to legal or regulatory provisions and are self-sustaining or self-supporting. These funds do not require any transfers from the General Fund, but are funded by federal and state categorical funds, fees, and grants. Examples of these funds are the Cafeteria Fund and the Community Education Fund.
- **Special Revenue Funds**, which are used to account for the proceeds of specific revenue sources (other than those dedicated to the General Fund) that are legally restricted to expenditures for specific purposes. Special Revenue Funds include state/federal grant funds, the Enhanced 911 (E-911) Fund, and the Tourism Fund, etc.
- The **Debt Service Fund**, which accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related charges. Debt service expenditures are funded by transfers from the General Fund and other sources.
- The **Capital Improvements Funds**, which account for financial resources used for the acquisition or construction of capital facilities, and which consist of the General Government Capital Improvements Fund, the School Division Capital Improvements Fund, and the Storm Water Management Fund. Funding for capital projects is derived from various sources such as borrowed funds, transfers from the General Fund, School Fund, Tourism Fund, and other federal, state, and local revenues.

2. FIDUCIARY FUNDS (TRUST AND AGENCY FUNDS)

These funds account for assets held by the County in a trustee or custodial capacity on behalf of others. Fiduciary Funds include non-expendable trust funds, such as the McIntire Trust Fund, held by the government under the terms of a formal trust agreement; and agency funds, such as the HUD Family Self-Sufficiency Fund, which are used to account for assets that the County holds for others in an agency (custodial) capacity.

WHICH FUNDS ARE INCLUDED IN THIS BUDGET DOCUMENT?

The County's operating budget document primarily addresses budgets for Local Government operations and of the General Fund, along with a summary of the debt service and capital improvement funds. In the operating budget document, several special revenue funds and other funds that receive transfers from the operating budget, including the Tourism Fund, the Bright Stars Fund, and the Comprehensive Services Act (CSA) Fund, among others, are presented. The County's Five-Year Capital Improvements Program (CIP) and ten-year Capital Needs Assessment are also included in the document. An itemized and complete financial balance sheet for the County as well as a comprehensive statement of revenue disbursements, liabilities, reserves, and surplus or deficit of all funds subject to appropriation are contained in the Comprehensive Annual Financial Report (audit), published separately by the Department of Finance. Other special revenue funds, internal service funds, and trust and agency funds are summarized in the County's annual financial report.

The Budget for School Division Operations and School Self-Sustaining Funds are not included in this document since the School Division produces its own budget document which describes these programs. Copies of the School Budget document are available from the County Superintendent of Schools.

BASIS OF BUDGETING & ACCOUNTING

Budgets for all funds are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP) applicable to governmental units.

Governmental Funds utilize the modified accrual basis of accounting and budgeting, under which revenues and related assets are recorded when measurable and available to finance operations during the year, and expenditures, other than compensated absences and interest on long-term debt, are recorded as the related fund liabilities are incurred.

Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectable amounts. Taxes collected during the year and taxes due at June 30, collected within 45 days after that date, are recognized as revenue. (Property taxes not collected within 45 days after year-end are reflected as deferred revenues). Sales and utility taxes, which are collected by the State or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the State or utility, which is generally 30 to 60 days preceding receipt by the County. Licenses, permits, fines, and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state, and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants, such as entitlement programs, are recognized in the period to which the grant applies.

Expenditures, other than compensated absences and interest on long-term debt, are recorded as the related fund liabilities are incurred. Compensated absences are recorded as a general long-term obligation when incurred and recorded as an expenditure of the appropriate fund when paid. Interest on general long-term debt is recognized when due except for the amount due on July 1, which is accrued.

Fiduciary Funds (Trust and Agency Funds) account for assets held by a governmental unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. The funds include Private Purpose Trust and Agency Funds. Private purpose trust funds utilize the accrual basis of accounting.

FINANCIAL MANAGEMENT POLICIES

STATEMENT OF PURPOSE

The County of Albemarle has a responsibility to its citizens to account for public funds, to manage its finances wisely, and to allocate its resources efficiently and effectively in order to provide the services desired by the public. The primary objective of establishing Financial Management Policies is to provide a framework wherein sound financial decisions may be made for the long-term betterment and stability of Albemarle County. These financial policies also provide guidelines and goals to guide the short- and long-term financial practices of Albemarle County.

POLICY GOALS

A fiscal policy that is adopted, adhered to, and regularly reviewed is recognized as the cornerstone of sound financial management. An effective fiscal policy should:

- Insulate the County from fiscal crises;
- Enhance the County's short-term and long-term financial credit ability by helping to achieve the highest credit rating and bond rating possible;
- Promote long-term financial stability by establishing clear and consistent guidelines;
- Provide the total financial picture of the County rather than concentrating on single issue areas;
- Provide a link between long-range financial planning and current operations; and
- Provide a framework for measuring the fiscal impact of government services against established fiscal parameters and guidelines.

OPERATING BUDGET POLICIES

The annual budget will be prepared consistent with guidelines established by the Government Finance Officers Association (GFOA) and the County will annually seek the GFOA Distinguished Budget Presentation Award.

The budget must be structured so that the Board and the public can understand the relationship between revenues, expenditures and the achievement of service objectives.

The goal of the County is to fund all recurring expenditures with recurring revenues and to use non-recurring revenues only for non-recurring expenses.

The County will maintain an updated fiscal impact model to assess the impact of new development on the future costs of associated County services.

Utilizing the fiscal impact model, the County will develop and annually update a long range (3-5 year) financial forecasting system, which will include projections of revenues, expenditures, as well as future costs and financing of capital improvements and other projects that are included in the capital budget.

When revenue shortfalls are anticipated in a fiscal year, spending during the fiscal year must be reduced sufficiently to offset current year shortfalls.

The County will prepare the capital improvement budget in conjunction with the development of the operating budget, in order to assure that the estimated costs and future impact of a capital project on the operating budget will be considered prior to its inclusion in the CIP.

The County will develop and annually update a financial trend monitoring system which will examine fiscal trends from the preceding 5 years. Where possible, trend indicators will be developed and tracked for specific elements of the County's fiscal policy.

The County has established a Memorandum of Understanding with the School Board regarding the amount of annual General Fund support received each year, which is currently established at approximately 60% of all new available local tax revenues. Available revenues are revenues that can be used for County and School Division operations after any increases in debt service, capital improvement program funding, City of Charlottesville revenue sharing, and the Board reserve fund have been funded. This guideline will be reviewed annually.

The operating budget preparation process is conducted to allow decisions to be made regarding anticipated resource levels and expenditure requirements for the levels and types of services to be provided in the upcoming fiscal year. The following budget procedures will insure the orderly and equitable appropriation of those resources:

Operating budget requests are initiated at the department level within target guidelines set by the County Executive. Priorities of resource allocation of divisions within a department are managed at the department level. In formulating

budget requests, priority will be given to maintaining the current level of services. New services will be funded through the identification of new resources or the reallocation of existing resources.

Proposed program expansions above existing service levels must be submitted as a budgetary increment requiring detailed justification. Every proposed program expansion will be scrutinized on the basis of its relationship to the health, safety and welfare of the community, to include analysis of long-term fiscal impacts.

Proposed new programs also must be submitted as budgetary increments requiring detailed justification. New programs will be evaluated on the same basis as program expansions, to include analysis of long term fiscal impacts.

Performance measurement and productivity indicators will be integrated into the budget process as appropriate.

The operating budget is approved and appropriated by the County Board of Supervisors at the department level. Total expenditures cannot exceed total appropriations of any department within the General Fund. Changes to the approved operating budget during the fiscal year can be accomplished in any of the following ways:

Transfers between divisions and line-item expenditures within a Department are approved by the Director of Finance. Transfers between expenditure accounts in different departments are approved by the Board of Supervisors. Encumbered funds for active purchase orders will be carried forward into the next fiscal year with the approval of the Board of Supervisors.

The County Executive will require quarterly budget reports, monthly financial statements, and annual financial reports. The Board of Supervisors will adopt the operating budget no later than April 30.

CAPITAL BUDGET POLICIES

The County will approve an annual capital budget in accordance with an approved Capital Improvements Program.

The Board of Supervisors will accept recommendations from the Planning Commission for the five-year Capital Improvements Program that are consistent with identified needs in the adopted Comprehensive Plan and Capital Facilities Plan.

The County will coordinate the development of the capital budget with the development of the operating budget so that future operating costs, including annual debt service associated with new capital projects, will be projected and included in operating budget forecasts.

Emphasis will continue to be placed upon a viable level of "pay-as-you-go" capital construction to fulfill needs in a Board-approved Capital Improvements Program.

The County believes in funding a significant portion of capital improvements on a cash basis and will, therefore, increase incrementally the percentage of its capital improvements financed by current revenues. The County's goal will be to dedicate a minimum of 3% of the annual General Fund revenues allocated to the County's operating budget to the Capital Improvements Program.

Financing plans for the five-year capital program will be developed based upon a five-year forecast of revenues and expenditures coordinated by a capital improvements technical management team.

The County will begin to inventory capital facilities and estimate remaining useful life and replacement costs. Upon completion of any capital project, remaining appropriated funds in that project will be returned to the undesignated capital project fund. Any transfer of remaining funds from one project to another must be approved by the Board of Supervisors.

The County will develop a Memorandum of Understanding with the School Board regarding the development and coordination of the County's Capital Improvement Program, which will address the following areas: a) plan for required capital improvements; b) debt ratio targets; c) debt issuance schedules.

ASSET MAINTENANCE, REPLACEMENT, AND ENHANCEMENT POLICIES

The County will maintain a system for maintenance, replacement, and enhancement of the County's and School Division's physical plant. This system will protect the County's capital investment and minimize future maintenance and replacement costs:

- The operating budget will provide for minor and preventive maintenance;
- Within the Capital Improvement Program, the County will maintain a capital plant and equipment maintenance/replacement schedule, which will provide a five-year estimate of the funds necessary to provide for the structural, site, major mechanical/electrical rehabilitation or replacement to the County and School physical plant requiring a total expenditure of \$10,000 or more with a useful life of ten years or more;

- To provide for the adequate maintenance of the County's capital plant and equipment, the County intends to increase the percentage of maintenance/repair and replacement capital improvements financed with current revenues.

REVENUE POLICIES

Re-assessment of real property will be made every year.

The County will maintain sound appraisal procedures to keep property values current. The County's goal is to achieve an annual assessment to sales ratio of at least 95% under current real estate market conditions, when the January 1st assessment is compared to sales in the succeeding calendar year.

The County will maintain a diversified and stable revenue structure to shelter it from short-term fluctuations in any one revenue year.

The County will estimate its annual revenues by an objective, analytical process.

The County will monitor all taxes to insure that they are equitably administered and collections are timely and accurate.

The County will follow an aggressive policy of collecting tax revenues. The annual level of uncollected current property taxes should not exceed 4%, unless caused by conditions beyond the County's control.

To the extent possible, the County shall attempt to decrease its dependency on real estate taxes to finance the County's operating budget.

The County will, where possible, institute user fees and charges for specialized programs and services in the County based on benefits and/or privileges granted by the County or based on the cost of a particular service. Rates will be established to recover operational as well as capital or debt service costs.

The County will regularly (at least every 3 years) review user fee charges and related expenditures to determine if pre-established recovery goals are being met.

The County will identify all inter-governmental aid funding possibilities. However, before applying for or accepting either state or federal funding, the County will assess the merits of the program as if it were to be funded with local dollars. No grant will be accepted that will incur management and reporting costs greater than the grant.

Local tax dollars will not be used to make up for losses of inter-governmental aid without first reviewing the program and its merits as a budgetary increment.

The County will attempt to recover all allowable costs - direct and indirect - associated with the administration and implementation of programs funded through inter-governmental aid. In the case of state and federally mandated programs, the County will attempt to obtain full funding for the service from the governmental entity requiring that the service be provided.

INVESTMENT POLICIES

The County will invest County revenue to maximize the rate of return while maintaining a low level of risk.

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 insure maximum cash availability and investment potential.

The Director of Finance shall maintain a system of internal controls for investments, which shall be documented in writing and subject to review by the County's independent auditor.

Contractual consolidated banking services will be reviewed regularly.

ACCOUNTING, AUDITING, AND FINANCIAL REPORTING POLICIES

The County will establish and maintain a high standard of accounting practices in conformance with the Uniform Financial Reporting Manual of Virginia and Generally Accepted Accounting Principals (GAAP) for governmental entities as promulgated by the Governmental Accounting Standards Board.

Regular quarterly financial statements and annual financial reports will present a summary of financial activity by governmental funds.

An independent firm of certified public accountants will perform an annual financial and compliance audit according to generally accepted auditing standards; Government Auditing Standards issued by the Comptroller General of the United States; and Specifications for Audit of Counties, Cities and Towns issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

The County will maintain an audit committee comprised of the County Executive, or his designee, the Superintendent of Schools, or his designee, the Director of Finance, two members of the Board of Supervisors and one School Board member. The committee's responsibility will be to review the financial statements and results of the independent audit and to communicate those results to the Board of Supervisors.

The County will annually seek the GFOA Certificate of Achievement for Excellence in [Financial] Reporting.

DEBT POLICIES

The County will not fund current operations from the proceeds of borrowed funds.

The County will manage its financial resources in a way that prevents borrowing to meet working capital needs.

The County will confine long-term borrowing and capital leases to capital improvements or projects that cannot be financed by current revenues.

To the extent feasible, any year that the debt service payment falls below its current level, those savings will be used to finance one-time capital needs.

When the County finances capital improvements or other projects through bonds or capital leases, it will repay the debt within a period not to exceed the expected useful life of the projects.

The County's debt offering documents will provide full and complete public disclosure of financial condition and operating results and other pertinent credit information in compliance with municipal finance industry standards for similar issues.

Recognizing the importance of underlying debt to its overall financial condition, the County will set target debt ratios, which will be calculated annually and included in the annual review of fiscal trends:

- Net debt as a percentage of the estimated market value of taxable property should not exceed 2%; and
- The ratio of debt service expenditures to General Fund and School Fund revenues should not exceed 10% (Amended October 4, 2000).

FUND BALANCE OR RESERVE POLICIES

The County does not intend, as a common practice, to use General Fund equity (undesignated fund balance) to finance current operations. The fund balance is built over years from savings to provide the County with working capital to enable it to finance unforeseen emergencies without borrowing.

The County will maintain a fund balance for cash liquidity purposes that will provide sufficient cash flow to minimize the possibility of short-term tax anticipation borrowing.

The undesignated fund balance, plus the designation for fiscal cash liquidity purposes, at the close of each fiscal year should be equal to no less than 8% of the County's total operating budget, which includes the General Fund plus the School Fund (Amended October 4, 2000).

Funds in excess of the required undesignated fund balance may be considered to supplement "pay as you go" capital expenditures or as additions to the fund balance.

The County should contribute to Capital Reserve periodically to provide flexibility in meeting debt service and capital requirements and to mitigate tax rate increases related to future capital projects (Added October 4, 2000).

Approved by the Board of Supervisors October 5, 1994

Amendments approved by the Board of Supervisors October 4, 2000

