

# Appendices

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## Fiscal Year 2018 Adopted Budget Resolution

### Financial Policies



**Bealeton Depot Library  
Bealeton, Virginia**

# Adopted Budget Resolution

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## RESOLUTION

### **A RESOLUTION TO ADOPT AND APPROPRIATE THE FISCAL YEAR 2018 BUDGET, ADOPT THE TAX RATES FOR CALENDAR YEAR 2017, AND ADOPT THE FISCAL YEAR 2018-2022 CAPITAL IMPROVEMENT PROGRAM**

WHEREAS, it is the responsibility of the Fauquier County Board of Supervisors (the Board of Supervisors or the Board) to approve and control the County's fiscal plan for Fiscal Year (FY) 2018; and

WHEREAS, it is the responsibility of the Fauquier County Board of Supervisors to set the tax rates for Calendar Year 2017; and

WHEREAS, the Board of Supervisors has established an objective to adopt a Capital Improvement Program (CIP) each year; and

WHEREAS, the Board of Supervisors established an objective to adopt a two-year budget with the second year serving as a commitment by the Board of Supervisors, with adjustments being made only as a result of changes in revenue projections, imposition of newly mandated or regulatory requirements, or other significant events constituting an emergency that would require additional consideration by the Board of Supervisors; and

WHEREAS, on February 23, 2017, the County Administrator submitted the Proposed FY 2018 Budget, Calendar Year 2017 Tax Rates, and draft FY 2018 CIP to the Board of Supervisors and the Planning Commission; and

WHEREAS, the Planning Commission reviewed all new projects included in the draft CIP at their January 17, 2017 meeting; and

WHEREAS, the Planning Commission forwarded the draft CIP to the Board of Supervisors with a confirmation of the draft CIP's compliance with the County Comprehensive Plan and with no other recommended changes; and

WHEREAS, the Board of Supervisors conducted five work sessions on the draft CIP; and

WHEREAS, the Board of Supervisors received comments on the proposed budget, the proposed tax rates, and the draft capital improvement program from citizens of Fauquier County at a duly advertised public hearing; and

WHEREAS, it is the intent of the Board of Supervisors that departments and agencies shall adhere to the budgeted funds in accordance with departmental budgets presented by the County Administrator and adjusted by the Board of Supervisors; and

WHEREAS, annually the Board of Supervisors authorizes the carryover of fund balance in the Conservation Easement Service District Fund, as the funds are limited in use to the established purpose of the Fund; and

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WHEREAS, on November 12, 2015 and on November 3, 2016, the Board of Supervisors appropriated funding for the anticipated costs for the quadrennial reassessment effective January 1, 2018; now, therefore, be it

RESOLVED by the Fauquier County Board of Supervisors this 28<sup>th</sup> day of March 2017, that the following tax rates for Calendar Year 2017 be, and are hereby, approved, as set forth below; and, be it

RESOLVED FURTHER, That the FY 2018-2022 Capital Improvement Program as amended by Board of Supervisors be, and is hereby, adopted; and, be it

RESOLVED FURTHER, That projects which have been included in the Capital Improvement Program may be funded in future years at the discretion of the Board of Supervisors using a combination of County funds, proffers or funding from third parties including grants and donations; and, be it

RESOLVED FURTHER, That the following budget totaling \$310,894,596 is, and is hereby, approved effective July 1, 2017, as set forth below; and, be it

RESOLVED FURTHER, That local tax supported expenditures of the School Division's overall Operating Fund budget of \$137,343,273 shall not exceed \$86,086,173 of local funds; and, be it

RESOLVED FURTHER, That all outstanding encumbrances as of June 30, 2017, are hereby re-appropriated to the 2017-18 fiscal year to the same department or account for which they are encumbered in the 2016-17 fiscal year, as approved by the County Administrator or his designee; and, be it

RESOLVED FURTHER, That all unencumbered appropriations lapse for budget items other than capital projects, contracts and grants, economic development reserves, asset replacement projects, and capital/asset replacement amounts in the Fire and Rescue Levy Fund as previously approved by the Board of Supervisors, or otherwise re-appropriated by the Board of Supervisors; and, be it

RESOLVED FURTHER, That appropriations designated for capital projects and asset replacement projects that are unexpended as of June 30, 2017, are hereby re-appropriated to the 2017-18 fiscal year to the same projects; and, be it

RESOLVED FURTHER, That the County Administrator may approve necessary accounting transfers between funds to enable the proper accounting for pass-through funding or capital and asset replacement projects; and, be it

RESOLVED FURTHER, That all outstanding encumbrances and unencumbered appropriations in the General Fund associated with the business incubator and the quadrennial reassessment as of June 30, 2017, are hereby re-appropriated to the 2017-18 fiscal year; and be it

## **Adopted Budget Resolution**

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RESOLVED FURTHER, That the FY 2017 fund balance of the Conservation Easement Service District Fund is hereby re-appropriated to the same fund for the 2017-18 fiscal year; and be it

RESOLVED FURTHER, That the approval by the Board of Supervisors of any grant funds to the County constitutes the appropriation of both the revenue to be received from the grant and the County's expenditures required by the terms of the grant, if any. Grant appropriations unexpended as of June 30, 2017, are hereby re-appropriated to the 2017-18 fiscal year for those purposes. Upon completion of a grant project, staff is authorized to close out the grant and transfer any remaining balances back to the funding source; and be it

RESOLVED FINALLY, That all financial activities, purchases, travel, personnel actions, etc., shall be in accordance with the policies and procedures established by the Board of Supervisors and administered by the County Administrator.

# Adopted Budget Resolution

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## CALENDAR YEAR 2017 COUNTY TAX RATES

### REAL ESTATE

General Real Estate \$0.975 per \$100 of assessed valuation

#### *Special District Levy (Countywide)*

Fire and Rescue \$0.058 per \$100 of assessed valuation

Conservation Easement \$0.006 per \$100 of assessed valuation

Stormwater Management Fee \$13.64 per parcel

#### *Special District Levy (District Only)*

Marshall Electric Light and Business Improvement District Levy \$0.005 per \$100 of assessed valuation

Bethel Academy Street Improvement District \$522.06 per lot

### PERSONAL PROPERTY

Tangible Personal Property \$4.65 per \$100 of assessed valuation

Business Furniture, Fixtures, and Equipment \$2.30 per \$100 of assessed valuation

Machinery and Tools \$2.30 per \$100 of assessed valuation

Motor Homes, Campers, and Boats \$1.50 per \$100 of assessed valuation

Motor Vehicle Carriers (30+ passengers) \$1.00 per \$100 of assessed valuation

Fire & Rescue Volunteer Vehicles \$0.25 per \$100 of assessed valuation

Handicap Equipped Vehicles \$0.05 per \$100 of assessed valuation

Aircraft<sup>1</sup> \$0.001 per \$100 of assessed valuation

Mobile Homes \$1.039 per \$100 of assessed valuation

<sup>1</sup>Aircraft stored at the Warrenton-Fauquier Airport are subject to a special maintenance fee assessment.

# Adopted Budget Resolution

## FY 2018 Expenditures

<b>Fund/Department</b>	<b>Amount</b>
<b>General Government</b>	
Board of Supervisors	\$ 276,928
Commissioner of the Revenue	1,577,042
County Administration	1,035,883
County Attorney	731,629
Finance	1,473,471
Geographic Information Systems	340,007
Human Resources	2,758,484
Independent Auditor	181,610
Information Technology	3,900,554
Management & Budget	454,031
Registrar	434,945
<u>Treasurer</u>	<u>1,299,161</u>
<b>Subtotal General Government</b>	<b>\$ 14,463,745</b>
<b>Judicial Administration</b>	
Adult Court Services	\$ 975,803
Circuit Court	146,447
Clerk of the Circuit Court	1,241,676
Commissioner of Accounts	15,600
Commonwealth's Attorney	1,481,184
General District Court	32,700
Juvenile and Domestic Relations Court	17,726
<u>Magistrates</u>	<u>87,773</u>
<b>Subtotal Judicial Administration</b>	<b>\$ 3,998,909</b>
<b>Public Safety</b>	
Fire, Rescue and Emergency Management	\$ 8,239,482
Juvenile Detention and Probation	309,457
<u>Sheriff's Office</u>	<u>19,618,165</u>
<b>Subtotal Public Safety</b>	<b>\$ 28,167,104</b>
<b>Public Works</b>	
Environmental Services - Convenience Sites	\$ 2,641,182
<u>General Services</u>	<u>5,238,460</u>
<b>Subtotal Public Works</b>	<b>\$ 7,879,642</b>

# Adopted Budget Resolution

## FY 2018 Expenditures

<b>Fund/Department</b>	<b>Amount</b>
<b>Health &amp; Welfare</b>	
Community Services Board	\$ 475,225
Public Health	590,172
<u>Social Services/CSA</u>	<u>10,611,171</u>
<b>Subtotal Health &amp; Welfare</b>	<b>\$ 11,676,568</b>
<b>Culture</b>	
Library	\$ 2,353,360
Lord Fairfax Community College	65,027
<u>Parks and Recreation</u>	<u>3,936,076</u>
<b>Subtotal Culture</b>	<b>\$ 6,354,463</b>
<b>Community Development</b>	
Agriculture Development	\$ 63,781
Community Development	3,630,297
Contributions	701,174
Cooperative Extension	152,702
Economic Development	768,126
John Marshall Soil & Water Conservation	182,807
<u>Planning Commission &amp; Board of Zoning Appeals</u>	<u>150,786</u>
<b>Subtotal Community Development</b>	<b>\$ 5,649,673</b>
<b>Non-Departmental</b>	
<u>Non-Departmental</u>	<u>\$ 1,727,662</u>
<b>Subtotal Non-Departmental</b>	<b>\$ 1,727,662</b>
<b>Transfers</b>	
Airport Enterprise Fund	\$ 16,000
Capital Improvement Fund	2,366,061
County Asset Replacement Fund	1,329,000
Debt Service Fund	12,572,750
Landfill Enterprise Fund	666,348
School Division Operating Fund	86,086,173
<u>Utility Fund</u>	<u>100,000</u>
<b>Subtotal Transfers</b>	<b>\$103,136,332</b>
<b>Total General Fund</b>	<b>\$183,054,098</b>

# Adopted Budget Resolution

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## FY 2018 Expenditures

<b>Fund/Department</b>	<b>Amount</b>
<b>Other Funds</b>	
Airport Enterprise Fund	\$ 715,851
Ambulance Revenue Recovery Fund	1,383,889
Capital Improvement Fund	17,107,393
Conservation Easement Service District Fund	759,726
County Asset Replacement Fund	1,359,000
Debt Service Fund	13,091,837
Fire & Rescue Levy Fund	6,708,423
Fleet Maintenance Fund	3,803,739
Health Insurance Fund	31,118,765
Landfill Enterprise Fund	5,846,621
School Division Operating Fund	137,343,273
School Nutrition Fund	5,495,869
School Textbook Fund	1,181,924
School Asset Replacement Fund	3,389,436
<u>Regional Governor's School Fund</u>	<u>1,571,084</u>
<b>Total Other Funds</b>	<b>\$230,876,830</b>
<b>Subtotal All Funds</b>	<b>\$413,930,928</b>
Less Transfers	<u>(103,036,332)</u>
<b>Total Appropriations:</b>	<b>\$310,894,596</b>

# Adopted Budget Resolution

## FY 2018 Revenue

<b>Source</b>	<b>Amount</b>
<b>LOCAL REVENUE</b>	
<b>General Property Tax</b>	
Real Estate	\$ 98,953,919
Public Service	6,069,681
Personal Property	22,866,000
Rollback Taxes	30,000
Bethel Academy	58,460
Delinquent Real Property	775,000
Delinquent Public Service	20,000
Delinquent Personal Property	245,000
Penalties	815,000
<u>Interest</u>	<u>400,000</u>
<b>Total General Property Tax</b>	<b>\$ 130,233,060</b>
<b>Other Local Taxes</b>	
Sales Tax (Local)	\$ 8,640,000
Utility Tax	1,445,000
Utility Consumption Tax	190,000
BPOL Tax	1,355,000
Auto Decals	1,850,000
Bank Stock Tax	150,000
Recording Tax & Fees (Deeds)	1,500,000
Recording Tax & Fees (Wills)	50,000
<u>Transient Occupancy Tax</u>	<u>100,000</u>
<b>Total Other Local Taxes</b>	<b>\$ 15,280,000</b>
<b>Permit, Fees, and Licenses</b>	
Dog Tags	\$ 38,000
Land Use Fees	11,135
Transfer Fees	2,600
Concealed Weapon Permits	10,000
Police Background Checks	20,000
State Primary Fees	10,500
<u>Community Development Fees</u>	<u>1,464,000</u>
<b>Total Permits, Fees, and Licenses</b>	<b>\$ 1,556,235</b>

# Adopted Budget Resolution

## FY 2018 Revenue

<b>Source</b>	<b>Amount</b>
<b>Fines and Forfeitures</b>	
Local Fines	\$ 425,000
Zoning Violation Fines	500
<u>Interest on Local Fines</u>	<u>7,000</u>
<b>Total Fines and Forfeitures</b>	<b>\$ 432,500</b>
<b>Use of Money and Property</b>	
Interest Income - General Fund	\$ 100,000
Rental of County Property	109,932
Rental Health Department	25,700
Rental of Armory	-
<u>Rental Hospital Hill Property</u>	<u>125,640</u>
<b>Total Use of Money and Property</b>	<b>\$ 361,272</b>
<b>Charges for Services</b>	
Excess Fees	\$ 80,000
Remote Access Clerk Fee	-
Sheriff Fees	3,742
Courtroom Security	145,000
Detention Fee	3,500
Law Library Fees	10,000
Local Cost	30,000
Inmate DNA	900
Inmate Processing Fee	11,000
Commonwealth's Attorney Fees	7,000
County Attorney Fees	15,000
Correction & Detention Charges	55,000
Street Signs	2,000
Police Report/Fingerprinting Fees	8,500
Parks & Recreation	500,491
Library Fees	76,000
<u>Sales of GIS Maps</u>	<u>5,000</u>
<b>Total Charge for Services</b>	<b>\$ 953,133</b>

# Adopted Budget Resolution

## FY 2018 Revenue

<b>Source</b>	<b>Amount</b>
<b>Miscellaneous Revenue &amp; Recovered Costs</b>	
Farm Tour Donations	\$ 1,000
Admin Fees - Debt Set-Off	60,000
Lien Fees - Treasurer	45,990
Lien Fees - County Attorney	3,500
Commonwealth's Attorney Collection Fees	155,000
Circuit Court Collection Fees	1,000
General District Court Collection Fees	3,500
J&DR Court Collection Fees	250
HR Background Checks	25,000
Wellness Dollars	25,000
HR Miscellaneous Revenue	15,681
Town Election Reimbursements	3,200
Town Code Red Emergency System Recoveries	5,000
Miscellaneous Revenue	88,981
Other Government Charges	10,500
Work Release	65,000
Canteen Medical Reimbursements	6,500
Home Incarceration Fees	22,000
CSA Refunds	10,000
Warrenton Community Center Recovered Costs	19,000
Radio Reimbursement - Culpeper/Rappahannock	13,681
<u>Miscellaneous Recoveries</u>	<u>2,000</u>
<b>Total Miscellaneous Revenue &amp; Recovered Costs</b>	<b>\$ 581,783</b>
<b>Total Local Revenue</b>	<b>\$ 149,397,983</b>
<b>STATE REVENUE</b>	
<b>Non-Categorical Aid</b>	
Rolling Stock Tax	\$ 88,500
Mobile Home Titling Tax	25,000
Rental Car Tax	10,000
Personal Property Tax Relief	13,657,510
<u>Communication Tax</u>	<u>2,800,000</u>
<b>Total Non-Categorical Aid</b>	<b>\$ 16,581,010</b>

# Adopted Budget Resolution

## FY 2018 Revenue

<b>Source</b>	<b>Amount</b>
<b>Shared Expenses</b>	
Commonwealth's Attorney	\$ 507,289
Sheriff	3,643,103
Commissioner of the Revenue	185,256
Treasurer	153,251
Registrar	64,111
Clerk of the Court	471,477
<u>Adult Confinement – Detention</u>	<u>200,000</u>
<b>Total Shared Expenses</b>	<b>\$ 5,224,487</b>
<b>Categorical Aid</b>	
Social Services	\$ 1,457,875
Comprehensive Services Act	2,717,730
Recordation Tax	450,000
Library Aid	153,496
Commissioner of the Arts	5,000
Jury Duty Reimbursement	25,000
Adult Court Services – Pretrial	243,636
Community Corrections	268,071
Juv. Community Crime Control	36,836
E-911 Wireless Program	117,716
Prisoner Transportation	10,000
Armory	17,751
<u>Miscellaneous</u>	<u>17,000</u>
<b>Total Categorical Aid</b>	<b>\$ 5,520,111</b>
<b>Total State Revenue</b>	<b>\$ 27,325,608</b>
<b>FEDERAL REVENUE</b>	
Welfare Administration	\$ 2,242,031
<u>Public Safety</u>	<u>17,725</u>
<b>Total Federal Revenue</b>	<b>\$ 2,259,756</b>
<b>INTERGOVERNMENTAL</b>	
Fire & Rescue Levy Fund	\$ 1,318,724
Capital Projects Fund	\$ 117,137
Ambulance Revenue Recovery Fund	902,692
School Division Operating Fund	300,000
<u>Stormwater Management Fund</u>	<u>338,971</u>
<b>Total Intergovernmental</b>	<b>\$ 2,977,524</b>
<b>Use of Fund Balance</b>	<b>\$ 1,093,227</b>
<b>Total General Fund</b>	<b>\$ 183,054,098</b>

# Adopted Budget Resolution

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## FY 2018 Revenue

<b>Source</b>	<b>Amount</b>
<b>OTHER FUNDS</b>	
Airport Enterprise Fund	\$ 715,851
Ambulance Revenue Recovery Fund	1,383,889
Capital Improvement Fund	17,107,393
Conservation Easement Service District Fund	759,726
County Asset Replacement Fund	1,359,000
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School Nutrition Fund	5,495,869
School Textbook Fund	1,181,924
School Asset Replacement Fund	3,389,436
<u>Regional Governor's School Fund</u>	<u>1,571,084</u>
<b>Total Other Funds</b>	<b>\$ 230,876,830</b>
<b>Total All Funds</b>	<b>\$ 413,930,928</b>
<u>Less Local Support</u>	<u>(103,036,332)</u>
<b>Total Revenue</b>	<b>\$ 310,894,596</b>

# County Financial Policies

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## Policy: Budget Adjustment Guidelines Effective Date: September 11, 2014

### I. **Purpose**

The purpose of the Transfer and Supplemental Appropriation policy is to establish procedures for revising the Board of Supervisors' adopted fiscal plan and to set forth the specific approvals required to implement proposed changes.

### II. **Scope**

This policy applies to all General County Government departments and agencies, and to the School Division in the case of supplemental appropriations and carryovers.

### III. **Budget Action Form**

Agencies and staff requesting revisions to their adopted budgets will submit a Budget Action Form (BAF) to the County Office of Management and Budget. Budget staff will either authorize the change or submit recommendations to the County Administrator, depending on the type of request and the requirements described by this policy.

A. **Transfers:** A transfer involves the movement of budgetary appropriations within a departmental or agency budget or between agency budgets, provided that the proposed action does not impact overall appropriations at the fund level.

1. To initiate a request for transfer the initiating department(s) shall complete a Budget Action Form (BAF).
2. This form shall be reviewed by the Office of Management and Budget which shall be tasked with reviewing the justification for the transfer and providing a written statement of findings and recommendations.
3. All requests for budget transfers must provide justification and be signed by the initiating department head(s).
4. Departments are responsible for ensuring that expenditures are reconciled with budgets for the following categories: personnel, operations, and capital.

B. **Transfer Approvals (Between Departments in the Same Fund):**

1. The Office of Management and Budget is the approval authority for all intra-departmental transfers (transfers within a department).
2. The Office of Management and Budget is the approval authority for all inter-departmental transfers of less than \$50,000.
3. The County Administrator is the approval authority for all inter-departmental transfer requests of \$50,000 and above.
4. Transferring appropriations between the personnel and non-personnel categories will be allowed on an exception basis only, subject to a positive recommendation from the Office of Management and Budget and approval by the County Administrator.
5. The Board of Supervisors is the approval authority, upon review and recommendation of the Finance and/or Personnel Committees, for all transfer requests to establish full-time or part-time permanent positions or any action that would create a multi-year financial commitment.

## County Financial Policies

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6. The Board of Supervisors is the approval authority, upon recommendation of the Finance Committee, for all requests to transfer appropriations from the Undedicated Contingency Reserve or a Dedicated Contingency Reserve.
7. The initiating Department(s) may appeal a determination of the Office of Management and Budget to the County Administrator.
8. Initiating Department(s) that do not report to County Administration may appeal a determination of the County Administrator to the Finance Committee.

**C. Supplemental Appropriations:** Supplemental Appropriations involve actions that increase or decrease the overall budget appropriation for the County Budget or a Fund contained therein. Funding sources for these changes may include grants, unanticipated revenues, inter-Fund transfers or the use of Fund Balance.

**D. Supplemental Appropriation Approval:**

1. The County Administrator is provided the administrative authority by the Board of Supervisors to accept and appropriate grants awarded outside of the annual budget process based on the following:
  - a. An adjustment is required for a grant appropriated through the annual budget process, where notice is received from the granting agency that the actual award varies from the appropriated budget, requiring a supplemental appropriation of funds or de-appropriation of funds and the total adjustment does not exceed \$15,000, and the following requirements are met:
    - i. Any applicable local match funding must be available within the department's existing, approved budget(s).
    - ii. The approved scope and intent of the grant shall remain unchanged.
  - b. One-time supplemental grant awards, for grants not included in the adopted budget, totaling less than \$15,000, and the following requirements are met:
    - i. No ongoing funding requirements are included in the grant acceptance, including but not limited to the establishment of temporary or permanent positions.
    - ii. Any applicable local match funding is available within the department's existing, approved budget(s).
2. The County Administrator is provided the administrative authority by the Board of Supervisors to accept and appropriate insurance recoveries or other non-recurring miscellaneous revenue items of less than \$20,000.
3. The Office of Management and Budget will provide the Finance Committee a list of any supplemental appropriation adjustments notated above for review at the Committee's regularly scheduled monthly meeting.
4. The Office of Management and Budget will prepare an annual appropriations resolution that will authorize staff to carry forward appropriations authority for unexpended grants and encumbrances from the prior fiscal year as part of the annual closeout process.
5. All requests for supplemental appropriation that do not fall under the preceding guidelines require the Board of Supervisors' approval upon recommendation of the Finance Committee, as applicable.

# County Financial Policies

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**E. Supplemental Appropriations – Public Hearing:**

1. The Code of Virginia (Sec. 15.2-2507) requires a public hearing when supplements to the budget exceed 1% of the total budget.
2. The Office of Management and Budget has administrative responsibility to ensure that statutory requirements are met in regard to budget adjustments.

**F. Schools Categorical Transfers:** For the purpose of this policy, transfers between School budgetary categories shall also require Board of Supervisors' approval, provided that the School budget was approved using categorical appropriations.

**G. Capital Projects (Capital Improvement Fund (CIP), Asset Replacement Fund and Enterprise Funds):**

1. Intra-Project Transfers: Transfers within project budgets are subject to the same procedures as intra-departmental transfers, described in Section III.A of this policy.
2. Inter-Project Transfers: The Board of Supervisors is the approval authority, upon recommendation from the Finance Committee, for all requests for transfer between capital projects.
3. Project Activity (CIP/Asset Replacement Funds): All capital projects having no activity (expenditure) within an 18 month period will be identified and submitted to the Finance Committee for review. Any of the projects for which there is no justified reason for inactivity will be closed and any residual funding will be transferred to the appropriate construction reserve account (County or Schools). These funds will be available for other County/School capital needs as determined by the Board of Supervisors.
4. Project Activity (Enterprise Funds): Inactive capital projects are subject to the same review process as identified in the previous section. Funding from closed projects will be de-appropriated and designated as unobligated fund balance for future use.

# County Financial Policies

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## Policy: County Funds Structure & Uses Effective Date: July 1, 2010

### I. Purpose

The purpose of the County Fund Structure and Uses policy is to establish and identify the structure and relationship between County funds. The Fauquier County Board of Supervisors is committed to the prudent management of County finances, promoting fiscal integrity and planning for the adequate funding of services desired by the public. The County Funds Structure and Uses policy establishes the framework for the County's overall fiscal planning and management.

### II. Scope

This policy applies to the County's governmental and proprietary funds. For the purposes of this policy, a fund is defined as a mechanism employed for budgeting and accounting purposes to segregate resources related to specific activities. Fund types described in this policy consist of two major categories:

- A. Governmental Funds - General use funds typically consisting of activities supported by taxes, grants and similar resources.
- B. Proprietary Funds – Business-type activities consisting of self-funded enterprises or the provision of internal services to other governmental units.

Resource requirements for both types of funds are reviewed and appropriated by the Board of Supervisors during its annual budget process and revisited as circumstances require over the course of the fiscal year.

### III. Governmental Funds

The County's governmental funds employ modified accrual accounting and are budgeted on the same basis. This category also includes special revenue funds that are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. Accounting and budgeting procedures must be consistent with generally accepted accounting principles (GAAP). The following funds are categorized as governmental funds:

- A. General Fund – The primary operating fund for all non-education governmental activities. The General Fund is supported by a combination of local tax revenue, fees, charges for service, intergovernmental revenues, and outside grant funding.
- B. School Operating Fund – The primary fund for all education-related governmental activities. School Operating Fund revenue consists of a transfer from the County's General Fund, aid from the State and Federal governments, as well as various charges for service. The School Board has direct control over the allocation of resources within this fund.

# County Financial Policies

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- C. Debt Service Fund – This fund provides for the repayment of debt service on municipal debt issued to construct facilities. Additional information regarding the Debt Service Fund may be found in the Debt Issuance and Management Policy (FC-4).
- D. Asset Replacement Funds – The County maintains separate asset replacement funds for the General Government and the School Division. The Asset Replacement Funds provide for the financing of major maintenance and systems replacement, renovations and major asset replacements, principally through the accumulation of cash funding and various grants.
- E. Capital Improvement Fund – This fund provides for the acquisition, construction or total replacement of physical facilities to include additions that increase the square footage of an existing facility using a combination of cash funding and debt financing.
- F. Affordable Housing Fund – This fund supports the County’s efforts to increase opportunities for work force housing. The Affordable Housing Fund is supported by grants, proffers, and a transfer from the General Fund.
- G. Ambulance Billing Fund – This fund provides for the administration of the County’s ambulance revenue recovery program. Revenue generated from the County’s ambulance fee supports career and volunteer emergency medical service expenses.
- H. Conservation Easement Service District Fund – This fund provides for the administration of the County’s purchase of development rights program. The PDR program is funded by a dedicated real estate tax levy.
- I. Volunteer Fire and Rescue Association Fund – This fund supports expenditures for the County’s volunteer fire and rescue system. The VFRA Fund is supported by a dedicated real estate tax levy.
- J. Parks and Recreation Fund – This fund is used for private donations to support parks and recreation facilities and programs.
- K. Library Fund – This fund is used to account for private donations to support library facilities and programs.
- L. Proffer Fund – This fund is used for contributions from developers to support the impact on infrastructure from new housing growth.
- M. Vint Hill Transportation Fund – This fund accounts for the contributions received from developers to support the expansion of roads in the Vint Hill area.
- N. Non-Major School Division Funds – The School Division maintains several non-major funds for accounting purposes, consisting of the School Nutrition Fund, Textbook Fund and the Regional Governor’s School Fund, which is a fiduciary fund. These funds are supported by a combination of outside grants, fees and a transfer from the School Operating Fund.

#### IV. Proprietary Funds

The County’s proprietary funds employ a full accrual accounting method that recognizes the financial effect of transactions, events and interfund activities when they occur, regardless of the timing of related cash flows. The following funds are to be categorized as proprietary funds:

## **County Financial Policies**

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- A. Internal Service Funds – These funds are used to account for goods or services provided by one department or agency to another governmental unit on a cost reimbursement basis. Examples of internal service funds include the Fleet Maintenance and Health Insurance funds.
- B. Enterprise Funds – These funds house activities that are financed and operated as self-supporting activities. Examples of enterprise funds include the Environmental Services Fund and the Warrenton-Fauquier Airport Fund.

# County Financial Policies

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## Policy: Debt Issuance & Management Effective Date: July 8, 2010

- I. Purpose
  - a. The purpose of the Debt Issuance and Management policy is to establish procedures for the financing of major capital projects and policies for the issuance and management of debt.
  
- II. Scope
  - a. This policy applies to the financing of all General County Government and School Division capital facilities projects and the management of outstanding debt (including expenses relating to activities associated with the Volunteer Fire and Rescue and Conservation Easement Service District fund).
  
- III. Debt Referendum Policies
  - a. Capital Improvement Program: The County will develop and the Board of Supervisors will adopt a multi-year plan for capital improvements.
    - i. All capital improvement projects will be implemented in accordance with the adopted Capital Improvement Program.
  - b. Cash Financing: The Board of Supervisors will attempt to fund not less than 10% of the Capital Improvement Program's construction costs from current financial resources.
  - c. Referendum Requirements: The County will consider the use of general obligation debt on facility construction projects or acquisitions requiring at least \$25,000,000 in debt issuance. Issues requiring the threshold amount of debt issuance shall be subject to voter referendum regardless of the financial mechanism.
    - i. The County will confine long-term borrowing and capital leases to capital improvements, projects, and/or equipment that cannot be financed from current financial resources.
    - ii. The Board of Supervisors may, by majority vote, waive the referendum requirement to the extent allowed by law in order to meet a critical health and/or public safety need, or in conjunction with a court order.
    - iii. The Board of Supervisors may authorize cash expenditures for reasonable related expenses in preparation for a referendum. These expenditures may include preliminary architectural and engineering design work needed to provide County citizens with adequate details on the referendum issue. Funding will be made in accordance with existing Finance Committee policies.
    - iv. The County will not fund current operations from the proceeds of borrowed funds.
  
- IV. Debt Management Policies
  - a. Debt Capacity: The County's debt capacity will be defined as 10% of the aggregate total of budgeted revenue in the General Fund, Volunteer Fire and Rescue Fund and the Conservation Easement Service District Fund.

# County Financial Policies

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- i. Payments on debt issued for the County’s enterprise funds (e.g. the Airport Fund and the Environmental Services Fund) shall be incorporated into the business models for those funds and not considered as part of the annual debt capacity calculation.
- b. Debt Service Fund: The Debt Service Fund will provide for the payment of debt service, both principal and interest, on municipal debt issued to construct facilities.
  - i. The Fund will track debt service payments for educational and non-educational facilities, as well as public safety and conservation projects supported by the Volunteer Fire and Rescue and Conservation Easement Service District funds.
  - ii. Debt service payments on enterprise fund debt shall be included in the respective enterprise funds’ annual budgets.
  - iii. The Debt Service Fund will be appropriated by the Board of Supervisors as part of the annual budget process, but will represent the long-term financing costs resulting from policy decisions made by the Board of Supervisors and the School Board as expressed by the Capital Improvement Program.
  - iv. The County will make every effort to apply reductions in annual debt service payments toward future capital needs and/or debt reduction.
- c. Issuance Guidelines:
  - i. Debt issuances will be pooled together when feasible to minimize costs.
  - ii. The Board will be requested to adopt a reimbursement resolution in conjunction with the budget process or prior to incurring expenditures for which a subsequent debt issuance is anticipated.
  - iii. Debt service reserve funds and other funds as required by bond covenants shall be established and monitored annually to ensure continued compliance with bond covenants, County policies, and Federal and State regulations.
- d. Post-Issuance Guidelines:
  - i. The Director of Finance shall be responsible for monitoring and documenting post issuance compliance through the following actions:
    - 1. Coordinate procedures for record retention and review of such records.
    - 2. Review post-issuance compliance procedures on a periodic basis, not less than annually.
    - 3. Obtain and store all closing documents of relevant and customary transaction documents.
    - 4. Confirm that the applicable information report (Form 8038 series) has been filed for each issue with the Internal Revenue Service (“IRS”) on a timely basis.
    - 5. Coordinate receipt and retention of relevant records with respect to the investment and expenditure of the proceeds with other applicable County staff.
    - 6. Coordinate with the State Non Arbitrage Program (“SNAP”) or other outside arbitrage rebate specialists to monitor compliance with

## County Financial Policies

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the applicable arbitrage rules and perform required rebate calculations in a timely manner.

7. Monitor to ensure compliance with Federal tax requirements after bonds are issued for taxable or non taxable bonds which include Federal subsidies for a portion of their borrowing costs.

e. Recordkeeping:

- i. Records necessary to support the tax-exempt status of each bond financing will be maintained for the life of the bond plus 3 year as required by IRS regulations or longer if required by the Library of Virginia. If maintained electronically, these records shall be stored in compliance with Federal law, Treasury Regulations, IRS and Virginia guidelines.

f. Disclosure and Communications:

- i. The County will maintain good communications with bond rating agencies to inform them about the County's financial position by providing them the County's Comprehensive Annual Financial Report (CAFR) and Adopted Budget.
- ii. The County will follow best practices of full continuing disclosure as outlined by the Government Finance Officers Association.
- iii. The County will provide continuing disclosures through the Electronic Municipal Market Access system ("EMMA") as required by the SEC, Rule 15c2-12.

# County Financial Policies

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## **Policy: Fund Balance Management** **Effective Date: May 12, 2011**

- I. Purpose  
The Board of Supervisors recognizes the significance of maintaining an appropriate level of fund balance as one component of sound financial management; and, therefore, formally establishes this policy for the County's Fund Balance. An adequate fund balance level is an essential element in both short-term and long-term financial planning, and serves to mitigate the impact of future risks, sustain operations during economic downturns, and enhance creditworthiness. Through the maintenance of adequate levels of fund balance, the County can help stabilize funding for operations, stabilize taxes and fees, and realize cost savings in issuing debt. The County has achieved a prudent level of fund balance to enable it to set aside the funds needed to meet the target established herein.
  
- II. Scope  
This policy establishes the level of unassigned fund balance required for the County's General Fund and fund balance management. It sets forth the levels deemed appropriate for County operations, and the protocol for the use and maintenance of the established levels. Further, the policy discusses the fund balance of other funds and the impact on the General Fund. This policy is established on the modified accrual basis of accounting for governmental funds.
  
- III. Components of Fund Balance  
Fund Balance is the difference between assets and liabilities reported in governmental funds. It serves as a measure of financial resources available for current operations. The Governmental Accounting Standards Board prescribes the classification scheme for components of fund balance. The types of fund balance components are non-spendable, restricted, committed, assigned and unassigned. The policy will focus on the amount remaining after accounting for non-spendable and restricted fund balance, which is comprised of three elements; committed, assigned and unassigned fund balance.

## County Financial Policies

Types	Definition	Example
Non-spendable:	Amounts that cannot be spent because they are not in spendable form, or for legal or contractual reasons, must be kept intact.	<ul style="list-style-type: none"> <li>• inventory,</li> <li>• prepaid assets,</li> <li>• long-term receivables</li> <li>• Corpus of an endowment fund</li> </ul>
Restricted:	Constraints placed on the use of these resources are either externally imposed by creditors, grantors, contributors, or other governments; or imposed by law through constitutional provisions or enabling legislation.	<ul style="list-style-type: none"> <li>• federal grants,</li> <li>• unspent bond proceeds,</li> <li>• bond covenants,</li> <li>• taxes raised for a specific purpose</li> </ul>
Committed:	Financial resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Supervisors. Constraints may only be removed or changed by taking the same type of action previously committing these amounts.	<ul style="list-style-type: none"> <li>• Requires action by the highest level of decision making authority. No delegation of authority is allowed</li> <li>• Limitation imposed no later than the close of the reporting period</li> <li>• “Rainy Day” funds with limitation imposed by formal action pursuant to this category.</li> <li>• Encumbrances (amounts imposed by formal action)</li> </ul>
Assigned:	That portion of fund balance intended to be used for a specific purpose as expressed by the Board of Supervisors a local body, or official to which the Board of Supervisors has delegated the authority to assign amounts including but not limited to the County Administrator and the Office of Management and Budget.	<ul style="list-style-type: none"> <li>• Encumbrances (Amounts imposed by informal action pursuant to this category, but that are neither restricted nor committed)</li> <li>• Recommended use of fund balance at year-end</li> </ul>
Unassigned:	That portion of unrestricted fund balance that has not been committed or assigned for other uses; therefore, it is available to spend in future periods.	10% set aside for emergency needs as approved by Board of Supervisors

# County Financial Policies

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## IV. Fund Balance Requirements

- A. The Government Finance Officers Association recommends that at a minimum, the total of committed, assigned and unassigned fund balance in the General Fund be available to cover at least two months of operating revenues or expenditures. The County sets the level of fund balance needed to mitigate risks and minimize costs associated with debt as follows:
1. The minimum level of unassigned fund balance at each fiscal year end shall be set at ten percent (10%) of general operating revenues.
  2. Ten percent (10%) is identified as the minimum amount needed to safeguard the County's financial stability and as one component in maintaining its bond ratings. This level, when combined with committed and assigned balances, provides the County with sufficient funds to operate in excess of two months without interrupting service levels.
- B. Appropriations from the fund balance below the minimum of ten percent of operating revenue shall occur only in the event of emergency needs as approved by the Board of Supervisors.
- C. Unassigned fund balance amounts that exceed ten percent may be transferred to the Capital Projects Fund construction reserve account for future construction needs.
- D. Fund balance shall be evaluated during the annual budget process. It shall be the goal of the Board of Supervisors to adopt a budget that maintains the target established herein.
- E. When both restricted resources and other resources are available to be used for the same purpose, it is the County's policy to use restricted resources first, and then committed, assigned and unassigned fund balance as they are needed.

## V. Policy Compliance

- A. The County's Finance Department in coordination with the Office of Management and Budget shall submit an annual report to the Finance Committee upon completion of the audit. If the County does not meet its target, a compliance plan shall be submitted to the Board for approval which will meet this policy by the end of the subsequent fiscal year.
- B. The County shall demonstrate compliance with this policy in its annually adopted budget.

## VI. Governmental Fund Categories and Fund Types

### A. General Fund

1. The County's general operating fund accounts for all governmental activities unless required to be accounted for in another fund.

### B. Capital Projects Funds

1. Fund balances in the Capital Funds are maintained to support the projects adopted in the Asset Replacement and Capital Improvement Program. The balances in these funds are either committed or assigned for specific projects/uses.

# County Financial Policies

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2. Annually, cash transfers are made from the supporting operating fund for projects that are approved as cash basis.
3. Debt proceeds are maintained in the Capital Projects Fund for those projects funded with debt.
4. The fund balance in these funds minimizes any potential liability for the General Fund.

## C. Special Revenue Funds

1. Any revenue in excess of expenditures is retained in these funds. If expenditures are approved in excess of revenues, the General Fund will bear the cost. The fund balance target established for the General Fund takes this potential liability into account.

## D. Schools Operating Fund

1. The Schools Operating Fund does not maintain a fund balance.
2. At each fiscal year-end if revenue exceeds expenditures, after accounting for carry forward expenditures, the surplus is allocated by resolution. The General Fund is the primary support for the Schools Operating Fund. In the event, the Schools experience revenue shortfalls or increased costs of operation, the General Fund may be impacted. The fund balance target established for the General Fund takes this liability into account.

## E. Proprietary Funds

1. The County currently has four Proprietary Funds: Landfill & Recycling Fund, Airport, Fleet Maintenance and Health Insurance.
2. These operations are intended to be self-supporting. As such, the charges for services should be adjusted to cover any deficits.
3. In the event of deficits, the General Fund may approve a loan to cover the deficit with an appropriate repayment schedule. The fund balance target established for the General Fund takes this liability into account.

## F. Debt Service Funds

1. The Debt Service Fund provides for the payment of debt service, both principal and interest, to fund capital projects. In the event debt service expenditures exceed budget, the General Fund will be impacted. The fund balance target established for the General Fund takes this liability into account.

# County Financial Policies

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## Policy: Grant Management Effective Date: September 11, 2014

### I. Purpose

This document outlines the policies for any county program, department, or division that is submitting and/or administering a grant on behalf of Fauquier County. The purpose of this policy is to:

- Ensure that grant applications are within the scope of Fauquier County's strategic goals.
- Facilitate coordination of Fauquier County department contacts throughout the lifecycle of a grant.
- Ensure that Fauquier County maintains compliance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
- Minimize risks associated with non-compliance of grant requirements.

### II. Scope

This policy applies to all grant applications for which the general County government is the applicant or for which the County is required to act as sponsor.

### III. Definitions

#### A. Budget Action Form

A form that County departments complete and submit to the Office of Management and Budget (OMB) in order to initiate a supplemental appropriation, transfer, or de-appropriation of funds throughout the fiscal year.

#### B. Capital Project

Major construction, acquisition, or renovation activities which add value to a government's physical assets or significantly increase their useful life.

#### C. Donation

A gift given voluntarily for charitable purposes, generally without any requirements or special conditions regarding use. While all unbudgeted revenues must be appropriated by the Board of Supervisors, donations are not subject to the requirements of this policy.

#### D. Fiscal Agent

An organization that acts as a sponsor for a project or group. A fiscal agent agrees to accept and execute grant awards.

#### E. Funding Source

The original financial source for a grant, typically in the form of a government agency or non-profit organization. Another term that can be used for Funding Source is Granting Agency.

# County Financial Policies

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## F. Grant

A grant may be a sum of money, or services, given for specific purposes, typically as a result of a grant application or proposal which has been submitted to the funding organization.

## G. Grant Action Plan

A plan of action created by departments to manage grants throughout their management and close-out phases.

## H. Grant Application Summary

A form that County departments complete to highlight key grant information. This form initiates the County approval processes required before grant submission.

## I. Multi-jurisdictional

A grant program that is completed by more than one jurisdiction or power(s) of authority working together in support of one program.

## IV. Guidelines

- No grant application shall be submitted to the funding agency or organization without the prior approvals defined in the “Application Approvals” section of this policy.
  - Under extenuating circumstances, such as an emergency situation or in the event a department is not given adequate notice of a grant opportunity to comply with the timelines noted in the “Application Approvals” section of this policy, such department shall alert OMB immediately upon receiving notice of funding availability, to ensure OMB’s availability to assist with expediting the application and approval process.
- The only authorized signatory on behalf of Fauquier County is the County Administrator, unless otherwise designated by the Board of Supervisors and/or the County Administrator.
- Prior to submission, all grant applications shall be reviewed by OMB, using the Grant Application Summary.
- A Grant Application Summary shall be completed for every grant application. The form and the procedures for completing it in accordance with this policy are available through OMB.
- Unless otherwise noted in the grant agreement, a Request for Reimbursement (RFR) shall be submitted once per quarter or when a grant reimbursement would surpass \$25,000, whichever comes first.
- The Finance Department (Finance) shall be sent a copy of all RFR submissions.
- Finance and OMB shall be notified within one (1) business day if a grant audit has been issued.
- Grants are to be approved, whenever possible, through the annual budget process using the appropriate budget forms and the Grant Application Summary.
- If a final grant award differs from the grant award approved during the annual budget cycle, the department shall submit a BAF to either de-appropriate funds or request a supplemental appropriation within seven (7) business days of notice.

# County Financial Policies

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- The need to establish new and separate account codes for grants should first be confirmed with OMB. If necessary, OMB will initiate account(s) with Finance and the Treasurer's Office.
- All grants require award approval and appropriation from the Board of Supervisors, either through the annual budget process or at regular Board of Supervisors meetings. No grant funds will be disbursed until the grant has been accepted and appropriated by the Board of Supervisors.
- For grant awards that are accepted outside of the annual budget cycle, it is the responsibility of the requesting department to submit a BAF for all such supplemental appropriations for consideration by the Finance Committee.
- OMB shall maintain a current System for Award Management (SAM) user account to ensure the County's eligibility to apply for Federal grants.

## V. Process

### A. Identification

1. Identify the need for grant funding to support a County initiative.
2. Search for grants utilizing eCivis, Grants.gov, Federal and State programs, and other alternative funding notification sources.
  - a. Determine the County's eligibility to apply.
  - b. Review application requirements.
  - c. Determine fiscal impacts.
3. OMB will notify the department (or vice versa) upon acknowledgment of the grant opportunity.

### B. Application

1. Outside annual budget cycle:
  - a. Submit a Grant Application Summary and draft grant application to OMB for review.
  - b. Provide input to OMB, as needed, to determine the level(s) of approval required to submit the grant.
  - c. Submit the grant application through the required level(s) of approval and obtain approval.
  - d. Once approval has been obtained, submit the grant application per granting agency requirements.
2. During annual budget cycle:
  - a. In accordance with annual budget cycle deadlines, submit budget forms and the Grant Application Summary to OMB.
  - b. After approval has been obtained through the annual budget cycle, submit the grant application per granting agency requirements.

### C. Award and Acceptance

1. Outside annual budget cycle:
  - a. Obtain grant award from Granting Agency.
  - b. Notify OMB of grant award within seven (7) business days of award date.

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- c. Coordinate with OMB to have the grant formally accepted and appropriated by the Board of Supervisors.
  - d. OMB will coordinate signature(s) from County Administration to accept the grant.
  - e. Send grant award acceptance documentation to the granting agency.
  - f. Send OMB a copy of all grant documents once they have been fully executed.
  - g. OMB will forward grant documents to Finance within ten (10) business days.
2. During annual budget cycle:
- a. Obtain grant award from Granting Agency.
  - b. Notify OMB of grant award within seven (7) business days of award date.
  - c. OMB will coordinate signature(s) from County Administration to accept the grant.
  - d. Send grant award acceptance documentation to the granting agency.
  - e. Send OMB a copy of all grant documents once they have been fully executed.
  - f. OMB will forward grant documents to Finance within ten (10) business days.

## D. Management

1. Collaborate with OMB and Finance to develop a Grant Action Plan, which details how the grant will be managed throughout its lifecycle.
2. Adhere to the Grant Action Plan.
  - a. In certain requirements, OMB and Finance reserve the right to review Requests for Reimbursement (RFRs) prior to submission.
3. Notify OMB and Finance if there are any changes to the Grant Action Plan.

## E. Close-out

1. Send final reporting and close-out information to OMB.
2. OMB will coordinate signature(s) from County Administration, as needed.
3. Submit final reporting information to granting agency and send OMB a copy of this information.
4. Receive notification of grant close-out from granting agency and send OMB a copy of this information.
  - a. OMB will forward close-out information to Finance.

## VI. Application Approvals

- The following approvals may be required in order for applications to be sent on behalf of Fauquier County:
  - Department Head
  - Department-specific Boards, as appropriate
  - Office of Management and Budget (OMB)
  - County Administrator (CAO)
  - Finance Committee
  - Facilities Planning and Implementation Committee (FPIC)
  - Board of Supervisors (BOS)
  - BOS Committees, as appropriate
- Departments shall adhere to the following deadlines, as needed:

## County Financial Policies

Approving Body	Deadline
Department Head	Prior to submitting an application to OMB.
OMB	A minimum of seven (7) business days prior to the next level of approval deadline.
CAO	A minimum of seven (7) business days prior to the next level of approval deadline and/or the application deadline.
Finance Committee	A minimum of seven (7) business days prior to the Finance Committee agenda deadline for the desired meeting if the grant application must be reviewed by the Finance Committee. A completed grant application is not necessary for Finance Committee consideration.
FPIC, Department-specific Boards, and BOS Committees	A minimum of seven (7) business days prior to the FPIC agenda deadline for the desired meeting if the grant application must be reviewed by the FPIC. A completed grant application is not necessary for FPIC consideration.
BOS	A minimum of seven (7) business days prior to the BOS agenda deadline for the desired meeting if the grant guidelines require a public hearing and/or formal resolution by the BOS.

- Departments shall adhere to the following application approval requirements, keeping in mind that a grant application may fit into more than one scenario. If a grant application fits into more than one scenario, the department should adhere to the highest level of approval requirements.

Grant Application Scenario	Department Head	OMB	CAO	Finance Committee <sup>1</sup>	BOS	FPIC	Department-specific Board or BOS Committee
No local match is required	X	X	X				
Local match can be found within the department's adopted budget	X	X	X				
There is no continuing commitment of local funds beyond the grant period	X	X	X				
A continuing commitment of local funds beyond the grant period can be met through reallocation of funds in the department's future budgets	X	X	X				

## County Financial Policies

Grant Application Scenario	Department Head	OMB	CAO	Finance Committee <sup>1</sup>	BOS	FPIC	Department-specific Board or BOS Committee
A continuing commitment of local funds beyond the grant period cannot be met through reallocation of funds in the department's future budgets	X	X	X	X	X		
The grant guidelines require a public hearing	X	X	X	X	X		
The grant guidelines require a BOS resolution	X	X	X	X	X		
The grant program scope is multi-jurisdictional	X	X	X	X	X		
The department cannot identify funds within its adopted budget to offset 100% of the local match	X	X	X	X	X		
Fauquier County is serving as the fiscal agent for the grant program	X	X	X	X	X		
The grant scope includes a capital, comprehensive maintenance, or major systems replacement project	X	X	X	X	X	X	
The grant scope fits within a Department-specific Board or a BOS Committee	X	X	X	X	X	X	X

<sup>1</sup>If a grant's application timeline is limited and does not allow for Finance Committee review, OMB will arrange for the grant to bypass Finance Committee and move straight to a BOS approval at the next regularly scheduled BOS meeting.

# County Financial Policies

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## Appendix to the Grant Management Policy

Fauquier County acknowledges the following information on the newly-mandated Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards:

- These newly-mandated requirements are effective on December 26, 2014.
- These newly-mandated requirements affect all Federal grant awards after this effective date, including existing programs that seek additional funding allocations.
- Failure to adhere to newly-mandated requirements risk the County denial of Requests for Reimbursement(s), as well as the potential for future funding award denials.
  - Individual County departments can place the entire County at risk for future funding.
- The three major areas of change in requirements encompass the administration of Federal awards, cost principle reforms, and audits.
  - There is a large emphasis on performance goals and performance reporting.
    - If a department fails to adhere to performance goals and reporting outlined in the grant program, the County is at risk for reimbursement and future funding.
  - Finance and OMB shall be notified within one (1) business day if a grant audit has been issued.

For more information on these newly-mandated requirements, please visit:

<https://www.federalregister.gov/articles/2013/12/26/2013-30465/uniform-administrative-requirements-cost-principles-and-audit-requirements-for-federal-awards>

# County Financial Policies

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## Investments and Deposits

The duties to collect funds, make payments, and invest funds for the County are duties of the Treasurer, an elected office of Fauquier County Government, as provided for in the Constitution of the Commonwealth of Virginia. All County investments and deposits are invested and held in conformance, as statutorily required, to the Virginia Public Finance Act and the Virginia Security of Public Deposits Act. Below is an overview of the requirements of these statutes and protection afforded to the County for funds invested and deposited within the statutes.

### **Investments:**

Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of other states not in default, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, bankers’ acceptances, repurchase agreements, the State Treasurer’s Local Government Investment Pool (LGIP), and the Virginia State Non-Arbitrage Program (SNAP). Bond proceeds subject to arbitrage rebate are invested in the SNAP. Capital lease proceeds are held in escrow and invested in money market funds. External Investment Pools – The County invests in an externally managed investment pool, the LGIP, which is not SEC-registered. Pursuant to Section 2.2-4605 of the Code of Virginia, the Treasury Board of the Commonwealth sponsors the LGIP and regulatory oversight of the pools rests with the Virginia State Treasury. The LGIP reports to the Treasury Board at their regularly scheduled meetings, and the fair value of the position in the LGIP is the same as the value of the pool shares. Investments authorized by the LGIP are the same as those authorized for local governments in Section 2.2-4500 et seq. of the Code of Virginia.

### **Deposits:**

Deposits with banks are covered by the Federal Depository Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”) Section 2.2-4400 of the Code of Virginia. Under the act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and, depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized. The Act provides for a pooling of collateral pledged with the Treasurer of Virginia to secure public deposits as a class. No specific collateral can be identified as security for any one public depositor and public depositors are prohibited from holding collateral in their name as security for deposits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and notifying local governments of compliance by banks and savings and loan associations. A multiple financial institution collateral pool that provides for additional assessments is similar to depository insurance. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. If the value of the pool’s collateral is inadequate to cover the loss, additional amounts would be assessed on a pro rata basis to the members of the pool. Funds deposited in accordance with the requirements of the Act are considered fully secured.