

9. RESOLUTION ADOPTING A POLICY
ESTABLISHING MINIMUM OPERATING
STANDARDS FOR AN UNRESERVED FUND
BALANCE (FINANCE DEPARTMENT)

Commissioner Kaplan moved for adoption of the *Resolution Adopting a Policy Establishing Minimum Operating Standards for an Unreserved Fund Balance (Finance Department)*. Commissioner Whiteheart seconded the motion, which was approved unanimously.

Therefore, the following Resolution was unanimously adopted.

R. F. #241-7178

1104170

**RESOLUTION ADOPTING A POLICY ESTABLISHING
MINIMUM OPERATING STANDARDS FOR
AN UNRESERVED FUND BALANCE
(FINANCE DEPARTMENT)**

WHEREAS, the Chief Financial Officer recommends the adoption of a policy establishing minimum operating standards for unreserved fund balance for Forsyth County;

WHEREAS, the establishment of said policy is essential to provide year-end direction to the Chief Financial Officer and to ensure that the Comprehensive Annual Financial Report (CAFR) appropriately reflects the policy;

WHEREAS, the goal of said policy is to maintain an adequate General Fund balance while directing excess funds to be used to fund capital facilities, thus minimizing the necessity to issue debt;

WHEREAS, it is expected that the County will continue to appropriate an amount of General Fund balance to balance the annual budget with the intent that actual revenues would equal or exceed actual expenditures resulting in no use of fund balance in General Fund or annual operations;

WHEREAS, the County, by review of its cash flow needs and in consultation with bond rating agencies, the Local Government Commission, and other highly rated counties, has determined that an unreserved funds balance between 14% and 16% of the subsequent year's budget provides adequate cash flow to fund operations as well as providing for potential emergencies for County Departments and opportunities which may occur;

WHEREAS, the County also maintains a "Contingency Fund" in the non-departmental section of each annual budget for emergencies and unanticipated financial events for County departments;

WHEREAS, the Board of Commissioners of Forsyth County, by separate document, is establishing a County Facility Capital Reserve Fund in accordance with the provisions of N.C.G.S. 159-18 through 159-22, to be used to accumulate monies for the projects named therein and may only be utilized by direct authorization of the Board in accordance with the applicable statutes;

WHEREAS, to the extent that the unreserved balance in the General Fund exceeds 16% as of June 30th of each year, the Chief Financial Officer will be directed to identify such excess in the General Fund and, once the annual audit is complete and the CAFR is issued, will report such excess amount to the Board of Commissioners for its consideration for transfer to the County Facility Capital Reserve Fund after considering

projected results on operations in the General Fund for the current year and the effects on unreserved fund balance policy.

NOW, THEREFORE, BE IT RESOLVED that the Forsyth County Board of Commissioners hereby adopts the foregoing policy establishing minimum operating standards for an Unreserved Fund Balance.

BE IT FURTHER RESOLVED that the Chief Financial Officer is hereby directed, as of June 30th of each year, to identify all unreserved amounts in the General Fund in excess of 16% of the subsequent year's budget and, once the annual audit is complete and the CAFR is issued, to report such amounts to the Board for its consideration for transfer to the County Facility Capital Reserve Fund.

Adopted this the 9th day of July 2007.

ADOPTED

JUL 09 2007

**Forsyth County Board
of Commissioners**

1104172

16. RESOLUTION ADOPTING AND ESTABLISHING
A DEBT POLICY FOR FORSYTH COUNTY
(FINANCE DEPARTMENT)

Vice Chair Conrad moved for adoption of the following *Resolution Adopting and Establishing a Debt Policy for Forsyth County (Finance Department)*. Commissioner Whisenhunt seconded the motion, which was approved by a vote of four (4) to three (3), with Commissioners Marshall, Plyler, and Witherspoon voting in opposition to the motion.

Therefore, the following Resolution was adopted.

R.F.# 292-7947

**RESOLUTION ADOPTING AND ESTABLISHING
A DEBT POLICY FOR FORSYTH COUNTY
(FINANCE DEPARTMENT)**

WHEREAS, the Chief Financial Officer recommends the adoption of the attached Debt Policy establishing a limit on total annual debt service for Forsyth County; and

WHEREAS, the establishment of said Debt Policy is fundamental to the County's sound financial management; and

WHEREAS, the goal of said Debt Policy is to maintain the highest bond ratings, which reduces the cost of financing capital projects and enhances the reputation and financial marketability of the County; and

WHEREAS, based on information from the County's Chief Financial Officer, bond rating agencies, the Government Finance Officers Association, and other highly rated counties, Forsyth County has determined that a debt limit not to exceed 15% of the total annual debt service, less revenues restricted to debt service will be adequate to fund the construction of Forsyth County's future capital facility needs;

NOW, THEREFORE, BE IT RESOLVED that the Forsyth County Board of Commissioners hereby adopts the attached Debt Policy dated September 12, 2011, which is incorporated herein by reference, and which establishes that the total annual debt service, less revenues restricted to debt service shall not exceed 15% of the appropriations in the annual adopted budgets as shown in the budget ordinance.

Adopted this the 12th day of September 2011.

ADOPTED

SEP 12 2011

Forsyth County Board
of Commissioners

**5. RESOLUTION ADOPTING AN AMENDED
POLICY ESTABLISHING MINIMUM OPERATING
STANDARDS FOR UNRESERVED FUND
BALANCE FOR FORSYTH COUNTY (FINANCE
DEPARTMENT)**

Vice Chairman Martin moved for adoption of the following *Resolution Adopting an Amended Policy Establishing Minimum Operating Standards for Unreserved Fund Balance for Forsyth County (Finance Department)*. Commissioner Kaplan seconded the motion, which was approved by a majority vote of five (5) to two (2). Commissioners Plyler, Martin, Kaplan, Marshall and Witherspoon voted in favor of the motion and Commissioners Linville and Whisenhunt voted in opposition to the motion.

Therefore, the following Resolution was adopted by majority vote.

Commissioner Whisenhunt expressed her concern with changing the standards for Forsyth County's unreserved fund balance and increasing the debt limit as it could affect Forsyth County's Triple A bond rating.

Commissioner Marshall stated the County is required to fund education and he feels that changing the standards on Forsyth County's unreserved fund balance and increasing the debt limit should not cause any increase in taxes.

R.F. #334-8570

**RESOLUTION ADOPTING AN AMENDED POLICY ESTABLISHING
MINIMUM OPERATING STANDARDS FOR
UNRESERVED FUND BALANCE FOR FORSYTH COUNTY
(FINANCE DEPARTMENT)**

WHEREAS, the Chief Financial Officer recommends an amendment to the policy establishing minimum operating standards for unreserved fund balance for Forsyth County; and

WHEREAS, the establishment of said policy is essential to provide year-end direction to the Chief Financial Officer and to ensure that the Comprehensive Annual Financial Report (CAFR) appropriately reflects the policy; and

WHEREAS, the goal of said policy is to maintain an adequate General Fund balance while directing excess funds to be used to fund capital facilities, thus minimizing the necessity to issue debt, and to fund economic development opportunities; and

WHEREAS, it is expected that the County will continue to appropriate an amount of General Fund balance to balance the annual budget with the intent that actual revenues would equal or exceed actual expenditures resulting in no use of fund balance in the General Fund for annual operations; and

WHEREAS, the County, by review of its cash flow needs and in consultation with bond rating agencies, the Local Government Commission, and other highly rated counties, has determined that an unreserved fund balance between 14% and 16% of the succeeding year's budget provides adequate cash flow to fund operations as well as providing funds for potential emergencies of County Departments and opportunities which may occur; and

WHEREAS, the County also maintains a "Contingency Fund" in the non-departmental section of each annual budget for emergencies and unanticipated financial events of County Departments; and

WHEREAS, the County also maintains debt leveling plans which provide liquidity in the event of any unforeseen fiscal emergency; and

WHEREAS, under the amended policy, to the extent that the unreserved balance in the General Fund exceeds 14% as of June 30th of each year, the Chief Financial Officer will be directed to identify such excess in the General Fund and, once the annual audit is complete and the CAFR is issued, to report such excess amount to the Board of Commissioners for its consideration for transfer to Capital Projects Funds and/or Economic Development Reserves in the General Fund based on projected results on operations in the General Fund for the current year and the effects on unreserved fund balance policy.

NOW, THEREFORE, BE IT RESOLVED that the Forsyth County Board of Commissioners hereby adopts the amended policy establishing minimum operating standards for Unreserved Fund Balance for Forsyth County.

BE IT FURTHER RESOLVED that the Chief Financial Officer is hereby directed, as of June 30th of each year, to identify all unreserved amounts in the General Fund in excess of 14% of the succeeding year's budget and, once the annual audit is complete and the CAFR is issued, to report such amounts to the Board for its consideration for transfer to the Capital Projects Funds and/or Economic Development Reserves in the General Fund

Adopted this the 27th day of April 2015.

ADOPTED

APR 27 2015

**Forsyth County Board
of Commissioners**

1119123

**6. RESOLUTION AMENDING THE DEBT POLICY
FOR FORSYTH COUNTY (FINANCE
DEPARTMENT)**

Commissioner Witherspoon stated Forsyth County is a very conservative county and expressed support in amending the debt policy.

Vice Chairman Martin stated he would never support anything that would jeopardize Forsyth County's bond rating and increasing the debt limit would authorize payment of the debt on a citizen-approved bond referendum.

During discussion of Item #5, Commissioner Whisenhunt expressed her opposition to increasing Forsyth County's debt policy.

Vice Chairman Martin moved for adoption of the following *Resolution Amending the Debt Policy for Forsyth County (Finance Department)*. Commissioner Kaplan seconded the motion, which was approved by a majority vote of five (5) to two (2). Commissioners Plyler, Martin, Kaplan, Marshall and Witherspoon voted in favor of the motion and Commissioners Linville and Whisenhunt voted in opposition to the motion.

Therefore, the following Resolution was adopted by majority vote.

R.F. #334-8571

**RESOLUTION AMENDING
THE DEBT POLICY FOR FORSYTH COUNTY
(FINANCE DEPARTMENT)**

WHEREAS, the Chief Financial Officer recommends the adoption of the attached Debt Policy amending the limit on total annual debt service for Forsyth County; and

WHEREAS, the said Debt Policy is fundamental to the County's sound financial management; and

WHEREAS, the goal of the said Debt Policy is to maintain the highest bond ratings, which reduces the cost of financing capital projects and enhances the reputation and financial marketability of the County; and

WHEREAS, based on information from the County's Chief Financial Officer, bond rating agencies, the Government Finance Officers Association, and other highly rated counties, Forsyth County has determined that a revised debt limit not to exceed 18% of the total annual debt service will be adequate to fund the construction of Forsyth County's future capital facility needs;

NOW, THEREFORE, BE IT RESOLVED that the Forsyth County Board of Commissioners hereby adopts the attached amended Debt Policy dated April 27, 2015, which is incorporated herein by reference, and which establishes that the total annual debt service shall not exceed 18% of the appropriations in the annual adopted budgets as shown in the budget ordinance.

Adopted this the 27th day of April 2015.

ADOPTED

APR 27 2015

**Forsyth County Board
of Commissioners**

Forsyth County, North Carolina

Debt Policy

Forsyth County recognizes that a formally adopted debt policy is fundamental to sound financial management. It further recognizes that the bond rating agencies consider the development of and adherence to a debt policy to be essential to achieve the highest bond ratings and that the development of a debt policy is a recommended practice of the Government Finance Officers Association.

Debt Issuance

The County may issue debt for the purpose of acquiring or constructing capital assets including land, buildings, machinery, equipment, furniture and fixtures. The County Manager will annually prepare a Capital Improvement Plan (CIP) to identify and establish an orderly plan to meet the County's infrastructure needs which will identify all proposed debt funded projects and the related debt service and operating cost impacts. The CIP will be prepared in accordance with the debt limitations included in this policy.

Debt Limitations

The total annual debt service shall not exceed 18% of the appropriations in the annually adopted budgets as shown in the budget ordinance.

Amendment

This policy may be amended from time to time by the Forsyth County Board of Commissioners.

Adopted as amended this 27th day of April, 2015.

Forsyth County, North Carolina

Debt Policy

Forsyth County recognizes that a formally adopted debt policy is fundamental to sound financial management. It further recognizes that the bond rating agencies consider the development of and adherence to a debt policy to be essential to achieve the highest bond ratings and that the development of a debt policy is a recommended practice of the Government Finance Officers Association.

Debt Issuance

The County may issue debt for the purpose of acquiring, constructing, improving and renovating capital assets including land, buildings, machinery, equipment, furniture and fixtures. The County Manager will annually prepare a Capital Improvement Plan (CIP) to identify and establish an orderly plan to meet the County's infrastructure needs which will identify all proposed debt funded projects and the related debt service and operating cost impacts. The CIP will be prepared in accordance with the debt limitations included in this policy.

Debt Limitations

The total annual debt service, less revenues restricted to debt service (including, but not limited to, federal payments related to "Build America Bonds" and "Qualified School Construction Bonds" and state lottery proceeds) shall not exceed 15% of the appropriations in the annually adopted budgets as shown in the budget ordinance.

Amendment

This policy may be amended from time to time by the Forsyth County Board of Commissioners.

Adopted this 12th day of September, 2011.

ADOPTED

SEP 12 2011

**Forsyth County Board
of Commissioners**

POLICIES AND GOALS

Policies, Goals & Basis for Future General Fund Budget Projections

The financial policies for Forsyth County include:

1. The total debt service for long-term obligations should not exceed 18% of the total annually adopted budgets as shown in the Budget Ordinance.
2. Fund Balance available for appropriation in the General Fund should be at least 14% of the subsequent year's budget. For FY 2018-2019, 14% equals \$60,745,176.
3. Projections of revenues, expenditures and fund balances for the next five years should be updated annually. Longer-range projections should be developed as appropriate.
4. The Board of Commissioners prefers to limit the growth of the annual operating budget to an amount which can be accommodated by growth in the tax base as well as other local, state and federal revenues, without a tax rate increase, whenever possible.

In keeping with these policies, the Future General Fund Budget Projections sheet is prepared each year. Allowable growth in operating expenses is considered within the framework of anticipated growth in the revenues, and the County's overall financial policies.

This sheet also summarizes the future tax rates, per penny equivalent, long term debt including capital improvement projects, long term debt as a percentage of the budget including the CIP, and debt capacity. Careful attention to these trends helps the County to stay within policy guidelines, and to make corrections as needed.

POLICIES AND GOALS

Financial Policies and Goals

These financial policies and goals are the basis for all of our budgeting, accounting and financial reporting:

1. **Tax Rate** – The Board of Commissioners strives to limit the growth of the annual operating budget to an amount which can be accommodated by growth in the tax base as well as other local, state and federal revenues, without a tax increase, whenever possible. The FY19 Recommended Tax rate is 0.7465.
2. According to North Carolina General Statute, local governments are required to operate under an annual balanced budget ordinance. A budget ordinance is balanced when the sum of estimated net revenues and appropriated fund balances is equal to appropriations.
3. **Debt Policy** - Forsyth County recognizes that a formally adopted debt policy is fundamental to sound financial management. The total annual debt service shall not exceed 18% of the appropriations in the annually adopted budgets as shown in the Budget Ordinance. This policy of keeping debt service at less than a specified percentage of the budget greatly influences the timing and/or amount of funding for a project, as well as the method of financing. For FY19, Debt Service will be 17.7% of the General Fund budget based on expenditures of \$76,753,817.
4. Maintain the County's Aaa/AAA bond ratings (Moody's Investors Service, Standard & Poor's, and Fitch Investors Service).
5. **Fund Balance Policy** – Available fund balance in the General Fund should be at least 14% of the subsequent year's budget. Fund balance is defined as the cumulative difference of all revenues and expenditures from the government's creation. Fund balance is defined as the equity (excess) of assets over liabilities in a governmental fund. For Internal Service and Special Revenue funds, fund balance is uncommitted cash or other liquid/cash convertible assets in excess of fund liabilities. In North Carolina, the Local Government Commission requires a minimum fund balance of 8% for cash flow purposes, since receipt of cash does not coincide with needed cash disbursements. For Forsyth County, fund balance in the fund financial statements is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. These five categories are:
 - a) **Non-spendable** – amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.
 - i) Prepaid items – the portion of fund balance that is not an available resource because it represents the year-end balance of prepaid items, which are not spendable resources.
 - b) **Restricted** - includes revenue sources that are statutorily restricted for specific purposes, or restricted for specific purposes by grantors or creditors. Forsyth County has nine restricted categories of fund balance: 1) *Restricted for Stabilization by State Statute* – this amount is usually comprised of receivable balances that are not offset by deferred revenues and encumbrances related to purchase orders and contracts outstanding at year end that will be honored by the County in the next fiscal year; 2) *Restricted for Register of Deeds* – this represents the unspent portion of Register of Deeds fees whose use is restricted by State statute for expenditure on computer and imaging technology in the office of the Register of Deeds; 3) *Restricted for Capital Projects*; 4) *Restricted for Fire Protection*; 5) *Restricted for Law Enforcement*; 6) *Restricted for Emergency Telephone System*; 7) *Restricted for Other* – the portion of fund balance restricted by revenue source for soil & water conservation, social services, and library purposes; 8) *Restricted for Human Services*; and 9) *Restricted for Housing and Community Redevelopment*.
 - c) **Committed** – includes amounts that can only be used for specific purposes imposed by majority vote of the governing board. Any changes or removal of specific purposes requires majority action by the governing board. Forsyth County has five committed categories of fund balance: 1) *Committed for Education Debt Leveling Plan* – in the General Fund, unspent revenue generated by three point three cents (3.3¢) of the ad valorem tax rate and interest on the unspent portions thereof are designated for retirement of general obligation education debt authorized by the November 2006 referendum. In addition, in the General Fund, unspent revenue generated by one point two one cents (1.21¢) of the ad valorem tax rate and interest on the unspent portion thereof, are designated for the retirement of general obligation education debt authorized by the November 2008 referendum; 2) *Committed for Capital Projects* – the portion of fund balance formatted

POLICIES AND GOALS

by action of the governing board for certain school and County capital expenditures. 3) *Committed for Library Debt Leveling Plan* – in the General Fund, unspent revenue generated by zero point five seven cents (0.57¢) of the ad valorem tax rate and interest on the unspent portions thereof are designated for retirement of general obligation library debt authorized by the November 2010 referendum; 4) *Committed for 2017 Bonds Debt Leveling Plan* - in the General Fund, unspent revenue generated by two point nine cents (2.9¢) of the ad valorem tax rate and interest on the unspent portion thereof are designated for the retirement of general obligation debt authorized by the November 2016 referendum; and 5) *Committed for Court Facilities Debt Leveling Plan* – in the General Fund, unspent revenue generated by two point three cents (2.3¢) of the ad valorem tax rate and interest on the unspent portion thereof are designated for the retirement of limited obligation debt authorized by the Board of Commissioners for Court Facilities.

- d) Assigned – this classification includes amounts that the County budgets for specific purposes. In Forsyth County, there is one (1) category of assigned fund balance *Assigned for Capital Maintenance Projects* – in the General Fund, unassigned fund balance in excess of 14% of the subsequent year’s budget is assigned for capital maintenance and capital outlay in the subsequent year. Of the total assigned, the first \$2.1 million is designated for planned capital maintenance and the remainder is for pay-as-you-go capital expenditures.
 - e) Unassigned – this portion of fund balance has not been restricted, committed, or assigned to specific purposes or other funds.
6. **Revenue Spending Policy** – the County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Chief Financial Officer will use resources in the following order: debt proceeds, Federal funds, State funds, local non-County funds, and County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. The Chief Financial Officer has the authority to deviate from this policy if it is in the best interest of the County.
 7. Projections of revenues, expenditures and fund balances for at least the next five years are updated annually. Longer-range projections are developed as appropriate.
 8. The Capital Improvement Plan which includes anticipated capital projects and related debt service and operating costs for the subsequent six years, are updated annually. The annual impact on the General Fund is delineated on pages located within the Capital Improvements Plan tab.
 9. The County does not expect to undertake any major new programs, projects or expansion of services without substantial public support for both the services and the tax rate increase, if necessary, to support them.
 10. We should evidence the quality of our Comprehensive Annual Financial Report and our Annual Budget by receiving the Government Finance Officers Association Certificate of Achievement for Excellence In Financial Reporting and the Distinguished Budget Presentation Award.
 11. The Board of Commissioners has adopted an investment policy with the objectives of safety, liquidity and yield, in that order. That policy and the relevant state law place emphasis on credit quality and maturity. Under the authority of North Carolina General Statute 159-30, the County invests in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers’ acceptances; and the North Carolina Capital Management Trust (NCCMT).
 12. Internal Audit has the objective of auditing each department on a four-year cycle and providing a written report to the Board of Commissioners.
 13. Management provides financial and operating reports to the Board of Commissioners on a monthly basis.
 14. The County maintains aggressive safety and risk management programs to protect employees and minimize financial exposure to the County.
 15. The County is committed to simplicity in its financial accounting and reporting and therefore levies property tax and accounts for all of its on-going operations in the General Fund.
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POLICIES AND GOALS

Basis of Budgeting and Budgetary Amendments

In accordance with North Carolina General Statutes, Forsyth County uses the modified accrual basis for budgeting and for the audited financial statements. The modified accrual basis requires the recognition of certain revenue when it becomes measurable and available to meet the operation of the current period. Therefore, for financial reporting purposes, revenue under certain programs will be recognized prior to being received in cash.

As required by North Carolina law, the County adopts an annual budget for the General Fund and for four Special Revenue Funds: the Special Fire Tax Districts Fund, the Law Enforcement Equitable Distribution Fund, the Emergency Telephone System Fund, and the Moser Bequest for Care of Elderly Fund. All annual appropriations lapse at fiscal year end. Funds authorized by project ordinance continue until the projects are closed. The agency funds do not require annual budgets.

The County Manager is authorized to transfer budgeted amounts within any fund or financial plan and report such transfers to the Board of Commissioners; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Commissioners.

Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Amendments may be initiated by the affected department, the County Manager's Department or by administrative departments such as Budget or Finance when the need becomes apparent. Details describing the amount and nature of the amendment are entered on standard Ordinance Amendment Cover Sheet and Board Appropriation forms.

These forms are submitted to the County Manager by the requesting department. The forms are entered onto a log, and are circulated to staff departments (Budget, Finance, Attorney and sometimes Human Resources). Each staff department reviews the item, and indicates either agreement or disagreement, with supplemental notes if needed. The item is then returned to the County Manager and is discussed during bi-weekly staff meetings. Dates are set during the staff meetings for presentation of the item to the Board of Commissioners.

Agenda items are generally reviewed by the Board of Commissioners at two Thursday afternoon briefings before being voted on at a bi-monthly Thursday afternoon Commissioners' meeting. When the item is approved by the Board of Commissioners, Finance Department staff enters the data into the accounting system to complete the process.

There are three categories of budget revisions that do not require formal prior approval by the Board of Commissioners:

1. **Transfers between departments.** These transfers are approved by the County Manager, and reported to the Board of Commissioners at their regularly scheduled meetings. A standard form is initiated by the requesting department or the Budget & Management Department describing the reason for the transfer and listing the amounts being transferred into or out of specific accounts. The transfer is circulated to the staff departments for signature and is then sent to the Manager for approval. When the transfer is approved by the Manager, the Finance Department makes the needed changes in the accounting system.
 2. **Transfers within a department requiring the Manager's approval.** Certain types of transfers go through the circulation and approval process described above, but are not formally approved by or reported to the Board of Commissioners. They include:
 - a. Transfers into or out of Personal Services
 - b. Transfers into (but not out of) Capital Outlay
 - c. Transfers into (but not out of) Training & Conference
 - d. Transfers into or out of Claims and Insurance Premiums
 - e. Transfers between accounts in grant funded programs when allowed by grantor
 - f. Transfers between accounts in Capital and Grant Project Ordinances
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POLICIES AND GOALS

- 3. Transfers at discretion of department.** Departments have the discretion to transfer funds within expenditure lines in their adopted budgets with the exception of the areas described above. A standard form used to describe the reason and amount of the transfer is sent to the Finance Department by the requesting department. Finance enters the requested changes into the financial system.

The County follows the modified accrual basis of accounting for the General Fund, the special revenue funds, and the project ordinances. The accrual basis is used for agency funds and the Pension Trust Fund. The Pension Trust Fund has a flow of economic resources measurement focus. All of these funds are accounted for using a current financial resources measurement focus except the agency funds which are custodial in nature and do not involve measurement of results of operations.

Debt Management

The majority of debt service for the County is shown in the General Fund. However, less than 1% of annual debt service is shown in the Emergency Telephone System Special Revenue Fund and is an allowable expense of E-911 revenue generated from a \$0.60 per month per subscriber fee for all landline and cellular telephones.

General obligation bonds are backed by the full faith, credit and taxing power of the County. Installment purchase obligations are secured by the real or personal property acquired in the transaction. Principal and interest requirements for general obligation bonds and installment purchase obligations are appropriated in the General Fund when due.

The Board of Commissioners adopted a debt policy limiting the total debt service for long-term obligations to 18% of the total annually adopted budget.

Annual requirements to amortize general obligation bonds and installment purchase obligations, including interest (total outstanding debt) are presented on the Debt Service page.

A portion of debt is appropriated in the E911 Emergency Telephone System Special Revenue Fund. Statutes allow for the fund to be used for debt on allowable 911 expenditures. The debt apportioned to this fund is for debt associated with the 1998 COPS and 2005 Refunding COPS for equipment related to dispatching emergency calls.

Balanced Budget

North Carolina General Statute 159-8 states that each local government and public authority shall operate under an annual balanced budget ordinance. A balanced budget is defined as follows: A budget ordinance is balanced when the sum of estimated net revenues and appropriated fund balances is equal to appropriations.
