

FISCAL POLICY

Policy

The mission of Washington County in the area of financial management is to provide fiscal integrity through sound management practices. Fiscal policies in a governmental setting are governed by generally accepted accounting principles (GAAP), federal and state statutes, and county board policies. The diverse nature of governmental operations and the necessity of assuring legal compliance require a variety of bases of accounting be used within the same government entity. A government entity is accounted for through funds and account groups, each separately accounting for assets, liabilities, equity, revenues, and expenditures, and/or other balances.

Guidelines

- A. The county maintains accounting systems and internal controls that allow it to:
 - 1. Protect and manage the assets and liabilities of the county;
 - 2. Process receipts and disbursements of county resources.
 - 3. Prepare financial statements in conformance with GAAP;
 - 4. Present fairly, and with full disclosure, the financial operations of the funds and account groups of the county in conformity with GAAP; and
 - 5. Determine and demonstrate compliance with financially-related legal and contractual provisions.

- B. The financial management system is organized and operated on a fund basis. A fund is a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The county will establish only the minimum number of funds necessary to comply with legal and operating requirements.

- C. The county achieves the objectives of governmental fund accounting by accounting for fixed assets and long-term liabilities in funds or account groups.

1. Fixed assets related to proprietary funds are to be accounted for through these funds. All other fixed assets are accounted for through the general fixed asset account group.
 2. Bonds, notes, and other long-term liabilities (e.g., for capital leases, pensions, judgments, and similar commitments) directly related to and expected to be paid from proprietary funds, are to be included in such funds. These are considered fund liabilities, even though the full faith and credit of the county may be pledged as assurance that the liabilities will be paid. These liabilities may include a mortgage or lien or specific fund properties or receivables.
 3. All other long-term indebtedness of the county is general long-term debt and can be accounted for in the general long-term debt account group.
- D. The county uses the modified accrual or cash basis of accounting, as appropriate, to measure financial position and operating results. Revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized when the related fund liabilities are incurred, except for principal and interest on general long-term obligations which are recognized when due. Compensated absences are considered expenditures when paid to employees. Earned but unpaid paid time off (PTO), vacation and sick leave that has vested, and sick leave that is expected to vest are shown in the general long-term debt account group. All other unvested sick leave is not reported in the financial statements. Encumbrances outstanding at year end are reported as reserved fund balances since they do not constitute expenditures or liabilities.
- E. The county adopts an annual budget to plan and control the financial operations of the governmental funds. The appropriations can be exceeded only through a budget amendment approved by the County Board. The financial management system provides for appropriate budgetary control at the department level. Budgetary comparisons are included in the appropriate financial statements and schedules for governmental funds for which an annual budget has been adopted.
- F. The county compiles and maintains readily available financial reports to facilitate control of financial operations by management, the County Board, oversight by the state, and to respond to information requests from external agencies and residents. Additionally, a Comprehensive Annual Financial Report (CAFR) is compiled under generally accepted accounting principals as the official annual financial report.

- G. The county ensures that expenditures are properly authorized and documented, and that the corresponding services, materials, or equipment are received by the county prior to disbursement.
- H. The county accounts for all revenues received and deposits them in a timely manner. Funds are invested in conformance with the county's investment policy, state statutes, and federal regulations.
- I. The county maintains a centralized property control system to adequately safeguard county assets.

Responsibility

- A. The Accounting and Finance Department is responsible for administering practices that implement the fiscal policies.
- B. The Finance Committee is charged with the responsibility of monitoring all fiscal policies.

Source

Washington County Board Resolution #83-112, dated October 11, 1983
County Board Actions April 26, 1986; April 3, 2001, October 15, 2002, July 26, 2005
Replaces county Policy #2002
County Board action December 8, 2009