Budget Directives

In September, County department and agency heads are required to submit operating and Capital Improvements Program (CIP) budgets in accordance with the following guidelines:

1. Operating Budget

a) Provide a line item budget request. Detailed information will be required for line items as defined by the Budget Division. Such detail may include, for example, listing all memberships, dues, continuing education, professional service contracts and maintenance contracts.

b) Provide documentation for any requests for additional personnel or position changes, including detailed operating and capital costs incurred as a result of the additional personnel or position changes. An organizational chart may be required depending on the type of request.

c) Departments charged with assessing or collecting revenue (tax, service fee, grant, etc.) provide a recommended budget for that revenue, including the impact of any recommended fee or rate changes.

2. Capital Improvements Program Budget

a) Submit justification and description of any capital projects that qualify for the CIP, complete with an analysis of impact on the operating budget for the following five years.

b) Provide documentation of any non-local funding (e.g. debt proceeds, grants, etc.) to be used to fund the capital project.

3. Five-Year General Fund Financial Plan

a) Submit justification and description of any requested service level change, additional personnel, position changes, or capital items for the following five fiscal years.

b) Provide documentation of any non-local funding for the Service Level Plan.

Finance & Management Services Policies

1. General Provisions

1-1 Adoption and Application of Policies

The Hanover County Financial Policies (Policies) set forth in this document supersede all previous Financial Policies. These Policies have been approved by the County Administrator and adopted by the Board of Supervisors of Hanover County (County), and shall apply to all County funds and School funds except the School Activity Funds as defined by the Department of Education. Other funds identified by action of the Board of Supervisors may be included in the coverage of these policies.

1-2 Purpose of Policies

A. Accounting: This policy addresses the accounting methods and other related requirements to be used by all covered funds.

B. Audit: This policy provides guidance on the selection of an independent accounting firm to provide opinions and/or reports on the County's financial statements, internal control over financial reporting and compliance with federal and State laws, regulations, contracts and grants. The role of the County's Internal Auditor is defined in this policy.

C. Budget: This policy prescribes procedures and requirements of the budget formulation process, including the adoption of the Five-Year Financial Plan and the Capital Improvements Program (CIP).This budget policy also prescribes procedures and requirements of the budget management process.

D. Debt: This policy establishes the debt issuance and post-issuance compliance guidelines.

E. Deposit and Investment Policy: The Treasurer of Hanover County has established a Detailed Deposit and Investment Policy. The Board of Supervisors has adopted the Detailed Deposit and Investment Policy as a joint policy between the County and the Treasurer. The Detailed Deposit and Investment Policy is subject to amendment by the Treasurer.

F. Fund Balance and Net Position Policy: This policy establishes guidelines for the appropriate fund balance and net position levels needed to maintain positive financial position.

G. Purchasing Policy: This policy is adopted to guide the County in obtaining high quality goods and services at reasonable cost, in conducting all procurement procedures in a fair and impartial manner with avoidance of any impropriety or appearance of impropriety. The policy provides access to the County's public business for all qualified vendors, and promotes efficient procurement practices among all County departments. The statutes governing the procurement of goods and services from nongovernmental sources are contained in the Virginia Public Procurement Act (*VPPA*) (*Code of Virginia*, § 2.2-4300 et seq.) and Hanover County Code Chapter 2, Article IV.

H. Revenue Policy: This policy establishes measures to maintain control over all revenues (including federal, state and private grants and cooperative agreements), to ensure strong fiscal management. This includes control over revenue budgeting and forecasting, reconciliations, accounts receivable management, compliance with grant awards, regulations and cooperative agreements and general oversight over the various revenues the County collects.

I. Travel and Business Expense Policy: This Policy establishes authority for payment and reimbursement of certain travel and business expenses incurred for County purposes by officials, employees and volunteers. Oversight of the department travel budgets is vested in the department heads, or Chair of the Board of Supervisors, respectively. County business for the purpose of this Policy includes conferences, seminars, workshops, hearings, educational programs, conventions and meetings and other activities which are directly related to or associated with the business of the County, and which provide a substantial benefit to the County.

1-3 Internal Controls

All aspects of accounting and financial reporting shall be subject to proper controls with standard controls documented and followed by all departments.

1-4 Delegation of Authority

The County Board of Supervisors delegates the responsibility for financial and contractual activities and reporting to the County Administrator subject to the limitations and terms included in this policy. In all cases, reference to a County or other official in this policy shall be deemed to include designees of the official. The County Administrator and School Superintendent may designate the Director of Finance and Management Services to be responsible for the financial and contractual reporting functions.

1-5 Ethics

All Hanover County employees are expected to represent the County and to carry out their work with professionalism at all times. Each employee shall demonstrate the County's standards of ethical conduct as referenced in the Human Resources Policy. The Hanover County Ethics Standards are intended to complement, not replace, all professional codes of ethics. Employees must be aware of and abide by their respective professional values and requirements.

Finance Department staff and all County employees engaged in financial and contractual activities and reporting should be generally familiar with the applicable provisions of the Government Finance Officers Association Code of Professional Ethics and the County Ethics Policy.

A. Purchasing staff and all County employees having official responsibility for a procurement transaction are subject to and should be generally familiar with the provisions of the *VPPA* relative to Ethics in Public Contracting, Article 6 (*Code of*

Virginia, § 2.2-4367 et seq.). As used here, "Official Responsibility" means administrative or operating authority, whether intermediate or final, to initiate, approve, disapprove or otherwise affect a procurement transaction, or any claim resulting therefrom.

B. No official or employee shall have a personal interest in a transaction or contract if such interest is prohibited by the *State and Local Government Conflict of Interests Act* (*Code of Virginia*, § 2.2-3100 et seq.). The County Administrator shall endeavor to provide appropriate information regarding these prohibitions to employees and affected volunteers.

1-6 Compliance

Department heads and School Cost Center Managers shall take necessary and prompt action to insure compliance with these Policies within their respective departments.

1-7 Amendment of Policies

These rules may be changed or amended by resolution of the Board of Supervisors.

1-8 Availability of Policies

The Financial Policies shall be maintained by the Director of Finance Management and Services and an electronic copy shall be maintained on the County's website.

2. Accounting Policy

2-1 Financial Statements

A. All activities for which generally accepted accounting principles (GAAP) consider the County to be financially accountable are incorporated into the audited financial statements to form the reporting entity.

B. The year-end financial statements shall be formulated based upon GAAP and the Comprehensive Annual Financial Report (CAFR) shall be prepared at the conclusion of the County audit to meet Government Finance Officer Association (GFOA) guidelines for the Certificate of Achievement for Excellence in Financial Reporting.

C. Interim and year-end financial reports shall be presented to the Board of Supervisors (the Board) for each fiscal year.

2-2 Fund Accounting

A. Accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity. Board approval is required for the establishment of any new CAFR reporting entity fund that requires an appropriation. The County Administrator authorizes all other funds.

B. Appropriate accruals of revenues and expenditures will be in accordance with GAAP.

Finance & Management Services Policies

2-3 Capital Assets

A. Tangible capital assets shall be recorded when the unit cost is greater than $5,000, the useful life exceeds five years, and the expenditure meets the GAAP definition of land, building, improvements to building, infrastructure, equipment or other relevant tangible fixed asset class. Intangible assets over $25,000 in value acquired in fiscal year 2010 and future years shall be capitalized when they meet the GAAP definition of a capitalizable intangible asset.

2-4 Donation Acceptance

A. The County Administrator is authorized to accept personal property, monetary and in-kind donations with an estimated value up to $50,000.

B. Authorization by the Board of Supervisors is required for acceptance of personal property, monetary and in-kind donations with an estimated value greater than $50,000 and all donations of real property, other than those dedications and conveyances that are made as part of the land development process.

2-5 Authorization of Disbursements and Transfers

A. All checks, bank transfers, and disbursements to a non-County account generated by the County and Treasurer's Office shall contain dual signatures with one signature representing an authorized signature of the County and the other signature representing an authorized signature of the Treasurer's Office.

B. All disbursements of funds shall have proper supporting documentation, approval of a department authorized signer, and be filed in a manner to provide the proper audit trail to such disbursement.

C. State tax and fee collections that are administered by the Treasurer’s Office are recorded in a separate Commonwealth fund. The Treasurer’s transfer of State tax and fee collections to the Commonwealth requires dual signatures, but does not require authorization of both the Treasurer and County.

2-6 Petty Cash

Petty cash funds shall be created and maintained in order to provide timely payment or reimbursement for proper expenses that do not exceed the transaction amount established by the Accounting Regulations.

2-7 Record Retention

All records shall be retained, and when required, disposed of in accordance with the Virginia Public Records Act and related schedules.

2-8 Accounting System

Unless otherwise approved by the Board, common accounting systems shall be utilized by all covered funds, for all payroll, general ledger, cash receipts, cash disbursements, and other accounting transactions.

Finance & Management Services Policies

3. Audit Policy

3-1 External Auditors

A. External auditors will be selected to perform annual audits through a request for proposal (RFP) procurement as required by the Virginia Public Procurement Act.

B. Proposals will be reviewed by a selection committee appointed by the County Administrator or his designee. The selection committee's recommendation will be presented to the Finance Committee prior to final selection of the external auditor.

C. As part of their duties, external auditors will:

(i) Be responsible for the timely issuance of any and all required opinions, internal control and compliance reports and management letters related to the audit of the financial statements, supplemental and statistical schedules, comparative report transmittal forms and any required State or Federal reports.

3-2 Internal Audit

A. The use of an internal auditor is intended to enhance and protect organizational value by providing risk based and objective assurance, evidence and insight throughout the County to foster and improve organizational processes and operations.

B. The Internal Audit Department will:

(i) Administer a telephone hotline for reporting of fraud, waste and abuse.

(ii) Develop an Internal Audit Plan annually and submit that plan to the Finance Committee for approval.

(iii) Work with appropriate County staff to help determine the scope of work of external auditors for the purpose of providing optimal audit coverage to the County. In addition, the internal auditor may contract with external auditors for annual and as-needed audit services.

(iv) Conduct audits in accordance with Government Auditing Standards and maintain audit documentation in compliance with applicable privacy standards.

(v) Ensure the actions of employees comply with the County's policies, regulations, procedures and applicable laws and regulations.

C. The Internal Audit Department shall have access to all the County's functions, records, property and personnel and, further, County employees shall not impede the Internal Audit Department's staff ability to access all necessary documentation and information.

D. Pursuant to Hanover County ordinance 09-33 and to conform with Va Code §§ 2.2-3705.3(7) and 15.2-2511.2, the Internal Audit Department is established and the

Director of Internal Audit appointed by the Board of Supervisors. The Internal Audit Director reports functionally to the Finance Committee of the Board of Supervisors and reports administratively to the County Administrator or designee.

4. Budget Policy

4-1 Budget Guidelines

A. The annual budget shall:

(i) Be prepared, considered, adopted and executed in accordance with the Code of Virginia.

(ii) Be balanced with estimated revenues, including the use of fund balance, meeting planned expenditures.

(iii) Reflect best budgeting practices and adhere to the County's mission statement, long-range strategic plans and current initiatives.

(iv) Be adopted in accordance with GAAP for governmental and fiduciary funds. Proprietary fund budgets shall be adopted in accordance with GAAP with the exception that the budget recognizes the flow of funds (i.e., payment of debt principal is budgeted while depreciation is not budgeted).

(v) Appropriate Reserve for Contingencies in the General Fund at an amount equal to at least 0.5% of the General Fund budget, net of transfers to the Capital Improvements Fund.

(vi) Be accompanied by a Five-Year Capital Improvement Plan and Five-Year General Fund Financial Plan.

B. All budget data in the CAFR represents the original adopted budget and the final amended budget (sum of adopted budget, reappropriation and budget transfers or supplements).

4-2 Budget Calendar

A. The following guidelines will be used in establishing the annual budget calendar and shall be established as part of the Board of Supervisors' meeting schedule:

(i) The proposed operating budget, Five-Year Capital Improvements Program, and Five-Year General Fund Financial Plan will be presented to the Board of Supervisors by the fourth Wednesday in February.

(ii) Any informational budget sessions and workshops will be held between presentation of the proposed budget and adoption of the budget, with special meetings held by the Board if necessary.

(iii) The budget shall be adopted in accordance with applicable state imposed deadlines.

B. The Board of Supervisors shall hold a public hearing on the budget, Capital Improvements Program, Five-Year General Fund Financial Plan, ordinance changes and personal property tax rates no later than the second Wednesday in April. Unless the Board of Supervisors decides otherwise, a separate public hearing on the real estate property tax rate, if applicable, shall be held on the same date.

C. If additional time is needed for (i) the formulation of the Superintendent's preliminary budget, (ii) action to be taken by the School Board relative to their budget request, (iii) preparation or review of the County Administrator's proposed budget, or (iv) review and adoption of the budget by the Board of Supervisors,, the budget calendar can be extended upon approval of the Board of Supervisors, provided the budget is adopted in a timely manner as required by the Code of Virginia.

4-3 Five-Year Capital Improvements Program

A. The Capital Improvements Program is a five-year plan for capital and capital-related expenditures and a plan to fund those expenditures. Qualifying expenditures include:

(i) Facilities, equipment and vehicles with a unit cost greater than $50,000; and

(ii) Purchases for multiple departments that are generally:

a) Managed by a single department or agency; or,

b) Are more than $50,000 annually in aggregate.

B. At least 10% of the total five-year general government portion of the Capital Improvements Program shall be funded by non-debt sources (e.g., General Fund and grants) over the five-year period.

C. The Planning Commission shall review land use and growth related projects in the County Administrator's proposed Five-Year Capital Improvements Program and provide a recommendation on the Program to the Board of Supervisors.

D. In addition to compliance with section 4-3.A above, the Hanover County Public Schools portion of the Capital Improvement Program shall be in accordance with the School Board policies regarding capital improvements including facility planning and design.

E. Public Utilities shall develop a Capital Improvements Program in accordance with section 4-3.A above. The program shall further the functional operation of the water and wastewater system and be funded by the users of the system.

4-4 Five-Year General Fund Financial Plan

A. Financial plans enable the funds subject to such plans to be managed to maintain financial stability over the long term by identifying current trends and future

challenges; identifying the most appropriate mix of funding sources; analyzing debt options and timing to minimize borrowing costs; encouraging strong fiscal and operational management; and encouraging consistency and financial integrity.

B. The Five-Year General Fund Financial Plan shall:

(i) Be balanced and identify major budget assumptions, including the anticipated collection of revenues, use of fund balance, expenditures, future operating costs of capital improvements and proposed changes in service levels and fees;

(ii) Describe proposed service levels and the means to finance such service levels over the five-year period;

(iii) Fund general governmental projects with General Fund revenues in accordance with Policy 4-3 B. (i.e., "pay as you go funding");

(iv) Maintain compliance with debt and fund balance polices for each year of the Plan; and

4-5 Budget Adoption

A. The Budget, Capital Improvements Plan and Five-Year General Fund Financial Plan shall be considered for adoption by the Board of Supervisors.

B. The Budget shall be legally enacted through adoption and appropriation resolutions for all fund types with the resolution appropriating budget amounts by fund.

C. County staff shall ensure that the proposal, consideration and adoption of the budget complies with applicable statutes regarding appropriations, public notices, ordinance changes, requests for bond referenda and any other legal restrictions imposed upon localities.

D. The budget adoption resolutions shall include approval for the reappropriation of encumbered balances.

E. The budget adoption resolutions shall include approval for the reappropriation of unencumbered Capital Improvements Program balances at fiscal year-end.

F. Related ordinance changes and other budgetary issues requiring Board of Supervisors' approval shall be presented to the Board for consideration with the budget adoption resolutions.

G. The adopted budget document shall be made available to the public, submitted to the Virginia Auditor of Public Accounts and forwarded to the Government Finance Officers Association for the Distinguished Budget Presentation Awards program within 90 days of budget adoption.

Finance & Management Services Policies

4-6 Budget Amendments

A. All budget amendments that increase the County's total appropriated budget shall require approval of the Board of Supervisors.

B. Public hearings and associated notice for budget amendments will shall be conducted in accordance with applicable statutes.

C. For purposes of determining the approval authority required for budget amendments:

(i) Definitions:

a) "Personnel" is defined as salaries and benefits;

b) "Operating" is defined as all expenditures not in the personnel or capital category;

c) "Capital" is defined as the Capital Improvements Program as well as capital line items within other funds; and

d) "Debt" is defined as principal, interest, issuance costs and other associated debt service related expenses.

D. For purposes of this section, transfer authority for budget amendments applies across all funds directed by each respective Board – the Board of Supervisors (County funds) or the School Board (School funds).

E. The Board shall have approval authority for budget transfers in the following categories and amounts. Any transfers within the County Administrator or School Superintendent's authority may be delegated as referenced in the Finance and Management Services Regulations.

(i) Transfers of **Reserve for Contingencies** to shall be approved as follows:

a) $25,000 or less per topic or issue – County Administrator (County funds) or the School Superintendent (School funds).

b) More than $25,000 per topic or issue – the Board of Supervisors (County funds) or the School Board (School funds).

(ii) Transfers involving the **Reserve for Revenue** appropriation shall be approved as follows:

a) $50,000 or less per topic or issue – County Administrator (County funds) or the School Superintendent (School funds).

b) More than $50,000 per topic or issue – the Board of Supervisors (County funds) or the School Board (School funds).

(iii) Revenue transfers shall be approved under the authority of the County Administrator.

(iv) Budget amendments that **do not move across categories** shall be approved in the following manner:

a) Personnel, Capital and Debt Categories: All amendments – County Administrator (County funds) or the School Superintendent (School funds).

b) Operating Category:

a) $75,000 or less per topic or issue – County Administrator (County funds) or the School Superintendent (School funds).

b) More than $75,000 per topic or issue – the Board of Supervisors (County funds) or the School Board (School funds).

(v) Transfers that cross categories shall be approved in the following manner:

a) $75,000 or less per topic or issue – County Administrator (County funds) or the School Superintendent (School funds).

b) More than $75,000 per topic or issue – the Board of Supervisors (County funds) or the School Board (School funds).

4-7 Reappropriation of Balances

A. The County Administrator shall submit a proposed budget amendment for reappropriation of unencumbered operating balances to the Board of Supervisors.

B. A review of the Capital Improvements Program shall be conducted at year end to determine the necessity for reappropriated funds. Those which are determined to be unnecessary will be transferred to other uses, as determined by the County Administrator.

C. Except for those balances reappropriated by the Board, appropriations lapse on June 30.

5. Debt Policy

5-1 Issuance Guidelines

A. The County will not use short-term borrowing to finance operating needs.

B. The maturity of any debt will not exceed the expected useful life of the project(s) for which the debt is issued.

C. Debt ratios for general governmental debt:

(i) Debt as a percentage of taxable assessed value will not exceed 2.5%.

(ii) The debt per capita will not exceed a ratio of $2,500 as of June 30, 2019, growing annually at 2%.

(iii) Debt service as a percentage of general (non-capital) governmental expenditures will not exceed 10%. General (non-capital) governmental expenditures includes the General Fund, Debt Service Fund, School Board Operating Fund, Cafeteria Fund and Economic Development Authority Fund.

(iv) Debt divided by per capita income will not exceed a ratio of $5,000.

For purposes of these debt ratios, contingent obligations of the General Fund extending beyond the current fiscal year incurred subject to annual appropriation (i.e., Support Agreement debt and Moral Obligation bonds) shall be treated on a par with general obligation debt and will be included in the calculation of debt ratio limits. Indebtedness of business type funds are not included in the calculations.

D. At least 25% of total debt (General Fund obligations as defined in 5-1;C;iv) will be repaid within 5 years and at least 50% of total debt within 10 years.

E. Variable rate debt will be limited to 10% of total outstanding debt.

F. Debt coverage ratios for all Proprietary Fund debt shall be in compliance with all debt covenants and all debt coverage ratios shall meet or exceed minimum legally required thresholds.

G. The issuance of debt require approval and appropriation of the proceeds by the Board.

H. In order to seek timely access to market conditions, proposals for refunding and refinancings can be solicited with County Administrator's authorization noting that Board approval is still needed for any issuance of debt.

5-2 Post-Issuance Compliance

A. The County Administrator or his designee shall oversee post-issuance activities to ensure compliance with federal guidelines and other legal and regulatory requirements.

B. Post-issuance compliance responsibilities include:

(i) Tracking that proceeds of a debt issuance are spent on qualified tax-exempt debt purposes;

(ii) Maintaining detailed records of all expenditures and investments related to debt funds;

(iii) Ensuring that projects financed are used in a manner consistent with the legal requirements;

(iv) Timely reporting of necessary disclosure information and other required filings; and

(v) Monitoring compliance with applicable arbitrage rules and performing required rebate calculations in a timely manner.

6. Deposit and Investment Policy

6-1 Deposit and Investment Objectives

A. This Deposit and Investment Policy applies to the investment activities of Hanover County, except for investments of the Retiree Medical Benefits Trust.

B. All investable balances shall be invested with the same care, skill, prudence and diligence that a prudent and knowledgeable person would exercise when undertaking an enterprise of like character and aims under circumstances prevailing at that time.

C. Safety - the safeguarding of principal shall be the foremost objective of the investment program by mitigating credit risk and interest rate risk with all other objectives subordinated to the attainment of this objective.

D. Liquidity - the investment portfolio shall be managed at all times with sufficient liquidity to meet all daily and seasonal needs, as well as special projects and other operational requirements either known or which might be reasonably anticipated.

E. Yield - the investment portfolio shall be managed with the objective of obtaining no worse than a fair value rate of return over the course of budgetary and economic cycles, taking into account the above objectives and the cash flows of the County.

6-2 Allowable Investments

A. All investments shall be in compliance at all times with provisions of the Code of Virginia and the Treasurer's Detailed Deposit and Investment Policy.

6-3 Prohibited Securities

A. The following securities shall be expressly prohibited, unless specifically approved in writing by the Treasurer:

(i) Derivative products that include any of the following characteristics: high price volatility, illiquid markets, products that are not market tested, highly leveraged products, products requiring a high degree of sophistication to manage, or products that are difficult to value.

(ii) Reverse repurchase agreements (repos).

6-4 County and Treasurer Internal Controls

A. The County and Treasurer shall maintain a system of internal controls which shall be documented and reviewed with internal and independent auditors and meet

the requirements of the Government Accounting Standards Board and other applicable regulators.

B. These controls shall be designed to provide reasonable assurance of loss prevention due to fraud, error, misrepresentation, unanticipated market changes or imprudent actions.

C. There shall be a separation of transaction authority from accounting and record keeping with all transaction activity properly documented in the Treasurer's cash receipts system and bank reconciliations to the general ledger performed monthly.

D. Treasurer and County officials involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions.

E. The Treasurer shall annually update the Board of Supervisors and at least quarterly update the County Administrator on securities held, maturities, investment returns, unrealized gains (loses), comparisons to established benchmarks, market conditions and prevailing investment philosophy.

F. Bank transfers.

(i) Dual authorizations representing the County and the Treasurer shall be in compliance with the Accounting Policy for all transfers that move County funds from a County account to a non-county account (e.g., debt service payments).

(ii) In addition, the Treasurer's Office will have dual processing procedures requiring two people to conduct transfers with County bank accounts.

(iii) All financial institutions used by the County will have written instructions regarding County authorizations for wire transfers, restrictions on accounts funds can be wired and other procedures that will mitigate unauthorized movement of funds (e.g., call-back to independent person, written confirmations, etc.).

7. Fund Balance and Net Position Policy

7-1 All Funds

A. Financial statement presentation of fund balances and net position shall comply with Governmental Accounting Standards Board (GASB) standards.

B. Fund balance shall be displayed in the following GASB-defined classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

(i) *Nonspendable fund balance* – amounts that are not in a spendable form, such as inventory, or are required to be maintained intact.

(ii) *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

(iii) *Committed fund balance* – amounts constrained to specific purposes by the Board (its highest level of decision-making authority). To be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same (highest-level) action to remove or change the constraint.

(iv) *Assigned fund balance* – amounts a government intends to use for a specific purpose, including budgeted use of prior year fund balance.

(v) *Unassigned fund balance* – amounts that are available for any purpose. These amounts are reported only in the General Fund, unless otherwise required by GASB standards.

7-2 Committed Fund Balances

A. In accordance with GASB criteria, unless otherwise established by Board policy, the Board shall pass a resolution to establish any desired committed fund balances for specific purposes. As required by GASB, such policy or resolution shall be established prior to the fiscal year-end, but the amount of such committed fund balances may be determined subsequent to the fiscal year end.

7-3 Assigned Fund Balances (permitted by GASB and applicable to all County Governmental Funds)

A. General Fund

(i) GASB standards define assigned fund balance as any amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed.

B. Special Revenue Funds and Capital Projects Funds

(i) By reporting particular amounts that are not restricted or committed in a special revenue or capital projects fund, the County has assigned those amounts to the purposes of the respective funds.

C. All Governmental Funds

(i) The Board has determined that the establishment of assigned fund balances, including the intent, specific purpose, and amounts may be made by the County Administrator for all County governmental funds, although any expenditure of assigned fund balances is subject to prior legal appropriation by the Board.

(ii) The County Administrator shall provide a summary to the Finance Committee of any specific assigned fund balances, including their purposes and amounts, prior to their establishment. In accordance with GASB standards, any fiscal year-end assigned fund balances shall be established prior to issuance of the annual CAFR.

7-4 Unassigned Fund Balance

A. General Fund

(i) The unassigned fund balance is the residual classification for the General Fund and represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes with the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

(ii) The unassigned fund balance is established to protect against unanticipated expenditures, to provide for cash flow reserves during the fiscal year due to the timing difference between the receipt of revenues and disbursement of expenditures, and to meet desired unassigned fund balance targets.

(iii) Unassigned fund balance shall be at least equal to 10% of the General Fund's total revenues as measured during the annual budget adoption process as total budgeted revenues, net of any budgeted uses of fund balance, and as measured at fiscal year-end as actual revenues recognized in accordance with generally accepted accounting principles over the preceding fiscal year. A target unassigned fund balance is determined by the requirements of the Fund Balance Regulations.

(iv) If there is a shortfall in the General Fund unassigned fund balance beneath the 10% minimum fund balance percent, the County Administrator shall approve a plan to achieve the minimum within three fiscal years.

(v) If there is a shortfall in the General Fund unassigned fund balance beneath the target established by the Fund Balance Regulations, the goal of the next Five-Year Financial Plan shall be to attain the target.

B. Special Revenue Funds and Capital Projects Funds

(i) For governmental funds such as Special Revenue and Capital Projects Funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

(ii) It is the goal of the County that funds do not maintain a negative unassigned fund balance. The County Administrator shall approve a plan

to eliminate any negative unassigned fund balance within three fiscal years.

7-5 Unrestricted Net Position

A. Unrestricted net position is reflected in entity-wide financial statements for governmental and business-type activities under the primary government and for the component units.

B. Business-type Activities and Proprietary Funds

(i) Business-type activities and proprietary funds do not reflect fund balance accounting, but instead report net positions, in accordance with GASB standards.

8. Purchasing Policy

8-1 Administration of Procurement Functions

A. Purpose and Applicability: Rules governing contract awards shall be established in advance of the competition, specifications shall reflect the procurement needs of the County rather than being drawn to favor a particular vendor, and the County and the vendor shall freely exchange information concerning what is sought to be procured and what is offered. In addition, surplus property is to be disposed of on a competitive basis whenever practicable.

B. General Authority: The County reserves the right to accept, reject or cancel any or all solicitations or parts thereof, to waive informalities, and to reissue solicitations. The County also reserves the right to award the contract as it deems shall best serve its interests. It further reserves the right to award the contract on a lump sum basis, individual item basis, or such combination as shall best serve the interests of the County. This may include multiple awards if provided for in the solicitation.

C. Specific Authority: Procurement authority for functions governed by the Virginia Public Procurement Act shall be delegated to the County Administrator pursuant to *Code of Virginia*, § 2.2-4302. The County Administrator may delegate authority for those functions to other officials or employees.

D. Award of Term Contracts: For purposes of this Policy, the authorization required for award of term contracts shall be determined by the estimated value of the initial term plus all available renewals.

E. Negotiation with Lowest Bidder in certain instances: Unless all bids are cancelled or rejected, the County reserves the right granted by Section 2.2-4318 of the Code of Virginia to negotiate with the lowest responsive, responsible Bidder to obtain a contract price within the funds available to the County whenever such low bid exceeds the County's available funds. For the purpose of determining when such negotiations may take place, the term "available funds" shall mean those funds which were budgeted by the County for this contract prior to the issuance of the

written Invitation for Bids. Negotiations with the low Bidder may include both modifications of the bid price and the Scope of Work/Specifications to be performed. The County shall initiate such negotiations by written notice to the lowest responsive, responsible Bidder that its bid exceeds the available funds and that the County wishes to negotiate a lower contract price. The times, places, and manner of negotiating shall be agreed to by the County and the lowest responsive, responsible Bidder.

8-2 Nondiscrimination

A. The County does not discriminate in the solicitation or award of contracts because of race, religion, color, sex, national origin, age, disability, status as a service disabled veteran, or any other basis prohibited by state law relating to discrimination in employment (*Code of Virginia*, § 2.2-4310A). The County shall prominently display a nondiscrimination statement in all invitations to bid, requests for proposals, contracts, and purchase orders indicating that the County does not discriminate against faith-based organizations (*Code of Virginia*, § 2.2-4343.1D).

B. Competitive solicitations, or notices of the issuance thereof, shall be sent to small businesses and businesses owned by women, minorities, and service disabled veterans (*Code of Virginia*, § 2.2-4310B).

9. Revenue Policy

9-1 Diversification of Revenues

A. The County shall strive to maintain a diverse yet stable revenue base as a means to shelter the County from fluctuating economic environments.

B. Tax and fee rates are based on the County's cost of services.

9-2 Establishment and Modification of Fees

A. Fees will be calculated based on appropriate cost of service delivery.

B. Fees will be reviewed and updated based on criteria defined in the Revenue Regulations.

C. In operation of the water and wastewater systems, Public Utilities shall:

(i) Establish user and capacity-fee rates to ensure long-term viability of the water and wastewater system.

(ii) Allocate the costs associated with providing water and wastewater service between service types and ensure that these costs are uniform for similar types and classes of customers. As appropriate, the Department shall establish separate rates for each service type.

(iii) Establish capacity fees and user fees using a generally accepted methodology that includes analysis of revenue requirements, cost of services, rate design and rate implementation impact.

9-3 Accounts Receivable Collection

A. Bad Debt Expense

The determination of the need for an allowance for doubtful accounts shall be based upon accepted business practices and accounting standards.

9-4 Federal, State and Private Grants and Cooperative Agreements

A. The purpose of this policy is to:

(i) Ensure proper oversight of all funds appropriated to the County from federal, state and local governments, non-profit agencies, and private sources;

(ii) Minimize the County's risk of non-compliance with the requirements of grant awards, regulations and cooperative agreements;

(iii) Ensure proper fiscal administration, accounting, audit and reporting of all grants and cooperative agreements.

(iv) Ensure proper program management of all grants and cooperative agreements.

B. Applicability

(i) This policy and related Revenue Regulations apply to all grant and cooperative agreement applications prepared or submitted by County departments and Constitutional Officers to agencies outside the County government for funds, materials, or equipment to be received or administered by the County or by an agency for which the County acts as fiscal agent, including any grant or cooperative agreement funds or items passed through to a sub-recipient.

C. Responsibility

(i) Responsibility for the overall fiscal management of all County grants and cooperative agreements shall reside in the Department of Finance and Management Services.

(ii) Department program managers and the Schools Assistant Superintendent of Business and Operations are responsible for grants relevant to their specific area.

10. Travel and Business Expense Policy

10-1 Allowable Expenses

A. Expenses incurred for County purposes for travel and business by employees, officials or volunteers may be paid or reimbursed in accordance with requirements established by the Internal Revenue Service for an accountable plan in which those

amounts are not subject to income taxation, and in compliance with this Policy and related Regulations approved by the County Administrator.

B. With the exception of travel for the purpose of promoting County economic development, meals and incidental per diem expense for travel shall not exceed the federal per diem rate established for the destination locality by the Internal Revenue Service. Payment or reimbursement of expenses for travel for the purpose of promoting economic development shall be in the amount of actual documented reasonable costs. The mileage reimbursement rate shall equal that established by the Internal Revenue Service.

C. Allowable expenses for lodging, public transportation and business expenses shall be the actual costs provided they are reasonable.

D. This Policy shall be administered so as to provide for the most cost effective travel and business activity for the benefit of the County. Expenses may be paid or reimbursed only when they are reasonable and necessary for the conduct of County business, within amounts appropriated by the Board of Supervisors, properly documented and approved by the appropriate authority.

E. The County Administrator shall interpret and administer this Policy and shall prescribe Regulations implementing this Policy and describing additional detailed requirements.

10-2 County Procurement Cards and Other Methods of Payment

Expenses paid by use of County procurement cards and other methods shall be subject to the same limits and standards of documentation as reimbursed expenses.

Budget Resolutions

HANOVER COUNTY BOARD OF SUPERVISORS

RESOLUTION

FY21 BUDGET ADOPTION

BE IT RESOLVED that the Board of Supervisors of Hanover County does hereby adopt the County of Hanover's FY21 Budget as presented by the County Administrator to the Board of Supervisors on February 12, 2020, with the amendments presented May 6, 2020, including the following funds and amounts, and the detail included in the FY21 Budget document filed with the Board papers:

General Fund	266,698,661
Schools Operating Fund	193,877,503
Food Services Fund	7,604,475
School Improvements Fund	13,000,000
County Improvements Fund	15,404,123
Debt Service Fund	18,811,920
Economic Development Authority	87,295
Public Utilities Fund	32,071,466
Public Utilities CIP Fund	9,335,313
Airport Fund	572,206
Airport CIP Fund	2,950,000
Self-Insurance Fund	48,012,900
Lewistown Commerce Center CDA Fund	1,762,000
Bell Creek CDA Fund	157,000

On motion of Mr. Davis, seconded by Mr. Peterson, the members of the Hanover County Board of Supervisors voted to adopt, by resolution, the County Administrator's Proposed Budget presented on February 12, 2020, with the proposed amendments as presented on May 6, 2020, as follows:

	Vote:
Sean M. Davis	Aye
Susan P. Dibble	Aye
F. Michael Herzberg, IV	Aye
Angela Kelly-Wiecek	Aye
W. Canova Peterson	Aye
Faye O. Prichard	Aye
Aubrey M. Stanley	Aye

Budget Resolutions

HANOVER COUNTY BOARD OF SUPERVISORS

RESOLUTION

FY21 BUDGET APPROPRIATION

BE IT RESOLVED that the Board of Supervisors of Hanover County does hereby appropriate the funds detailed in the County of Hanover's adopted FY21 budget in the same funds and amounts included in the budget adoption resolution approved May 6, 2020. *(A complete copy of the FY21 Budget is filed with the Board's papers.)*

BE IT FURTHER RESOLVED that all encumbered funds outstanding on June 30, 2020, both operating and capital, and all funds designated for capital improvements, shall be reappropriated for the 2021 fiscal year, to the same department and account for which they were appropriated for fiscal year 2020. At the close of the fiscal year, all unencumbered appropriations lapse for budget items other than capital improvements. This reappropriation action applies to all appropriations for the Capital Improvements Program outstanding on June 30, 2020, and to all encumbered appropriations in the FY20 budget.

On motion of Mr. Davis, seconded by Mr. Peterson, the members of the Hanover County Board of Supervisors voted to appropriate, by resolution, the funds included in the adopted FY21 Budget by fund category as reflected in the budget adoption resolution, as follows:

	Vote:
Sean M. Davis	Aye
Susan P. Dibble	Aye
F. Michael Herzberg, IV	Aye
Angela Kelly-Wiecek	Aye
W. Canova Peterson	Aye
Faye O. Prichard	Aye
Aubrey M. Stanley	Aye

Budget Resolutions

HANOVER COUNTY BOARD OF SUPERVISORS

RESOLUTION

2020 TAX RATES

BE IT RESOLVED that the Board of Supervisors of Hanover County does hereby adopt the following taxes for calendar year 2020:

Real Property Tax Rate	$0.81	per $100 of assessed valuation
Personal Property Tax Rate	$3.57	per $100 of assessed valuation
Qualifying Volunteer Fire and Rescue Vehicle Personal Property Tax Rate	$1.78	per $100 of assessed valuation
Qualifying Disabled Veterans Vehicle Personal Property Tax Rate	$1.78	per $100 of assessed valuation
Machinery and Tools Tax Rate	$3.57	per $100 of assessed valuation
Aircraft Personal Property Tax Rate	$0.50	per $100 of assessed valuation
Merchants' Capital Tax Rate	$1.90	per $100 of assessed valuation
Mobile Home Tax Rate	$0.81	per $100 of assessed valuation
Generating Equipment Tax Rate	$0.81	per $100 of assessed valuation
Hanover County Recycling Service District Tax Rate	$32.00	per residential lot in Service District
Atlee Manor Sewer Service District Tax Rate	$780.00	per residential lot in Service District

On motion of Mr. Davis, seconded by Ms. Prichard, the members of the Hanover County Board of Supervisors voted to adopt, by resolution, the property tax rates and fees for calendar year 2020, as follows:

	Vote:
Sean M. Davis	Aye
Susan P. Dibble	Aye
F. Michael Herzberg, IV	Aye
Angela Kelly-Wiecek	Aye
W. Canova Peterson	Aye
Faye O. Prichard	Aye
Aubrey M. Stanley	Aye

Budget Resolutions

HANOVER COUNTY BOARD OF SUPERVISORS

RESOLUTION

FIVE-YEAR CAPITAL IMPROVEMENTS PROGRAM

WHEREAS, the County Administrator has prepared and recommended a Five-Year Capital Improvements Program to the Board of Supervisors and that Program is included in the Board papers; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Hanover County does hereby adopt the Five-Year Capital Improvements Program for FY21 – FY25 as presented by the County Administrator on February 12, 2020, with amendments presented on May 6, 2020, including the following categories and amounts:

Summary by Function	Total
Public Utilities	109,644,873
Education	85,775,000
Public Works	48,709,611
Public Safety	22,898,000
Parks, Recreation & Cultural	435,000
General Government	9,340,000
Airport	10,279,250
Nondepartmental	3,500,000
Human Services	580,000
Judicial Administration	1,265,000
Total Five-Year CIP	**$ 292,426,734**

A complete copy of the adopted FY21 – FY25 Capital Improvements Program is in the Board papers.

On motion of Mr. Davis, seconded by Mr. Peterson, the members of the Hanover County Board of Supervisors voted to adopt, by resolution, the County Administrator's Proposed Five-Year Capital Improvements Program for FY21 – FY25 as presented on February 12, 2020, with the proposed amendments as presented on May 6, 2020 as follows:

	Vote:
Sean M. Davis	Aye
Susan P. Dibble	Aye
F. Michael Herzberg, IV	Aye
Angela Kelly-Wiecek	Aye
W. Canova Peterson	Aye
Faye O. Prichard	Aye
Aubrey M. Stanley	Aye

Budget Resolutions

HANOVER COUNTY BOARD OF SUPERVISORS

RESOLUTION

FIVE-YEAR GENERAL FUND FINANCIAL PLAN

BE IT RESOLVED that the Board of Supervisors of Hanover County does hereby adopt the Five-Year General Fund Financial Plan for FY21 – FY25 as presented by the County Administrator on February 12, 2020, with amendments presented on May 6, 2020. *(A complete copy of the Five-Year General Fund Financial Plan is included in the Board papers).*

On motion of Mr. Davis, seconded by Mr. Peterson, the members of the Hanover County Board of Supervisors voted to adopt, by resolution, the County Administrator's Proposed Five-Year General Fund Financial Plan for FY21 – FY25 as presented on February 12, 2020, with the proposed amendments as presented on May 6, 2020 as follows:

	Vote:
Sean M. Davis	Aye
Susan P. Dibble	Aye
F. Michael Herzberg, IV	Aye
Angela Kelly-Wiecek	Aye
W. Canova Peterson	Aye
Faye O. Prichard	Aye
Aubrey M. Stanley	Aye

Budget Resolutions

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF HANOVER, VIRGINIA DECLARING ITS INTENTION TO REIMBURSE THE COST OF CERTAIN EXPENDITURES IN THE MAXIMUM PRINCIPAL AMOUNT OF $10,000,000

WHEREAS, the Hanover County School Board (the "School Board") has made or will make expenditures (the "Expenditures") in connection with capital projects for school purposes. The expenditures for the school improvements including, without limitation, renovations, repairs and upgrades, (the "School Projects"), are being made from the School Improvements Fund; and

WHEREAS, the County may determine that the funds advanced and to be advanced to pay the Expenditures for the Projects will be reimbursed to the County or School Board from the proceeds of tax-exempt obligations (the "Indebtedness") issued by or on behalf of the County; and

WHEREAS, as of the date hereof, there are no funds of the School Board that are, or are reasonably expected to be, allocated on a long-term basis or reserved to finance that portion of the Projects that is to be financed with the Indebtedness;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF HANOVER, VIRGINIA (THE "BOARD"):

1. The Board hereby adopts this declaration of official intent under Treasury Regulations Section 1.150-2 and declares that the County intends to reimburse itself or the School Board, as appropriate, with the proceeds of Indebtedness for Expenditures made on, after or within sixty (60) days prior to the date hereof with respect to the Projects. Further, Expenditures made more than sixty (60) days prior to the date hereof may be reimbursed as to certain *de minimis* or preliminary expenditures described in Treasury Regulations Section 1.150-2(f) and as to other expenditures permitted under applicable Treasury Regulations.

2. The maximum principal amount of Indebtedness expected to be issued by the County in Fiscal Year 2021 for the Projects is $10,000,000.

3. This Resolution shall take effect immediately upon its adoption.

On motion of Mr. Davis, seconded by Mr. Peterson, the members of the Hanover County Board of Supervisors voted to adopt the Debt Reimbursement Resolution associated with the FY21 budget as follows:

	Vote:
Sean M. Davis	Aye
Susan P. Dibble	Aye
F. Michael Herzberg, IV	Aye
Angela Kelly-Wiecek	Aye
W. Canova Peterson	Aye
Faye O. Prichard	Aye
Aubrey M. Stanley	Aye

Budget Resolutions

ORDINANCE 20-01

AN ORDINANCE AMENDING HANOVER COUNTY SOLID WASTE DISPOSAL FEES PURSUANT TO TITLE 15.2, CHAPTER 9 OF THE CODE OF VIRGINIA AND INCLUDING SPECIFICALLY VA. CODE 15.2-928(A)(vi), PROPOSED TO BE EFFECTIVE JULY 1, 2020

WHEREAS Title 15.2, Subtitle II, Chapter 9, Article 2, Section 15.2-927 of the Code of Virginia and following sections authorize the Board of Supervisors to regulate disposal of solid waste, to provide and operate solid waste management facilities, and to charge and collect fees for services provided at those facilities;

WHEREAS the Department of Public Works has reviewed the cost for solid waste disposal services, and the cost for certain services has increased, but the fees for solid waste disposal have remained the same since October 2003;

WHEREAS the Department of Public Works has recommended increases in certain fees and changes to the fee structure, and the Board of Supervisors approves of these changes;

NOW, THEREFORE, be it resolved by the Hanover County Board of Supervisors that the following fees shall be applicable to disposal of solid waste at the Route 301 Transfer Station, to be charged to users in accordance with requirements of the Hanover County Code, subject to the stated exceptions.

1. Fees Applicable to all users at the Route 301 Transfer Station, with the exceptions noted in paragraph 2:

   Tipping Fee: $50.00 per ton except as detailed below
   Tires:
   Tire diameter no larger than 32 inches .....$2.25 each plus tipping fee
   Tire diameter larger than 32 inches, but not
   exceeding 44 inches .....$9.00 each plus tipping fee
   (no tires over 44 inches)
   Bulk .....$140.00 per ton

   Refrigerant-containing appliances from
   non-residential sources .....$15.00 each plus tipping fee

   Mattresses or inner coil spring mattresses from
   non-residential sources .....$15.00 each plus tipping fee
   (Does not include box springs or foundation mattress that can be readily crushed, e.g. wood framed)

   E-waste:
   CRT (cathode-ray tube) monitor or television.....$28.00 each
   Projection television .....$23.00 each
   LCD (liquid-crystal display) monitor or television.....$14.00 each
   Electronic printers .....$5.00 each

Oversized logs (4 inches to 12 inches).....$50.00 per ton

Commercial solid waste and yard waste .....$50.00 per ton

Construction and demolition waste .....$50.00 per ton
(residential and commercial)

Residential solid waste and yard waste (self-hauled) .....no charge

2. Exceptions:

A. Residents may register one oversized personal vehicle and establish a user account authorizing disposal of 4,000 pounds of residential refuse from one generation point per year (January 1 - December 31). The holder of an approved account shall provide verification of the generation point and nature of the refuse for each use of the Route 301 Transfer Station. No more than one vehicle may be registered for any generation point. Tonnage above the 4,000 pound limit will be billed to the user at the normal rate per ton.

B. There shall be no charge for disposal of four or fewer tires per day, from one residential source, provided that the tire diameter size is no larger than 32 inches.

C. There shall be no charge for waste generated from current season farming operations providing food chain crops (crops grown for human consumption, tobacco, and crops grown for pasture and forage or feed for animals whose products are consumed by humans), when delivered in accordance with Regulations of the Department of Public Works. Waste from commercial nurseries is not included in this exception.

D. There shall be no charge for residential waste generated and disposed pursuant to a permit, effective for a two-year period, issued by the Director of Public Works, pursuant to Chapter 18 of the Hanover County Code, to a non-resident providing assistance to a disabled or incapacitated resident.

E. There shall be no charge for residential waste generated and disposed of pursuant to an annual permit issued by the Director of Public Works to a part-time resident, allowing 24 visits to the convenience centers during the period of the permit.

F. The Department of Public Works may issue temporary 4-visit passes in the case of new residents, home clean out following the death of family member, or other similar circumstances.

G. During an emergency, the Director may amend the permitted brush size at designated convenience center(s) and the Route 301 Transfer Station, to permit residential generated and hauled limbs and logs 6 feet with a diameter up to 12 inches.

H. For periodic volunteer litter clean ups, charity events and home restoration/ winterization activities, tipping fees may be waived by the Director through a permit.

3. There is no charge for self-hauled residential solid waste and yard waste at the convenience centers.

4. The foregoing fees shall be effective July 1, 2020.

On motion of Mr. Davis, seconded by Mr. Peterson, the members of the Hanover County Board of Supervisors voted to adopt Ordinance No. 20-01 amending the fees at the Convenience Center, as follows:

	Vote:
Sean M. Davis	Aye
Susan P. Dibble	Aye
F. Michael Herzberg, IV	Aye
Angela Kelly-Wiecek	Aye
W. Canova Peterson	Aye
Faye O. Prichard	Aye
Aubrey M. Stanley	Aye

Budget Resolutions

ORDINANCE 20-03

AN ORDINANCE TO AMEND THE HANOVER COUNTY ZONING AND SUBDIVISION SCHEDULE OF FEES, PURSUANT TO SECTIONS 15.2-2241 AND 15.2-2286 OF THE CODE OF VIRGINIA, BY INCREASING THE FEE FOR A ZONING COMPLIANCE LETTER FROM A FLAT FEE OF $25 TO A FLAT FEE OF $75.

BE IT ORDAINED BY THE BOARD OF SUPERVISORS OF HANOVER COUNTY:

1. That the following portion of the Hanover County Zoning and Subdivision Schedule of Fees is amended to read as follows:

HANOVER COUNTY ZONING AND SUBDIVISION FEE SCHEDULE

Request:	**Current Fee:**	**New Fee:**
Zoning Compliance Letter	$25	$75

2. That the remainder of the Hanover County Zoning and Subdivision Fee Schedule, last modified by the Board of Supervisors in Ordinance 15-03, shall remain in effect.
3. That the provisions of this ordinance shall be effective July 1, 2020.

On motion of Mr. Davis, seconded by Mr. Peterson, the members of the Hanover County Board of Supervisors voted to adopt Ordinance No. 20-03 amending the fee for a zoning compliance letter, as follows:

	Vote:
Sean M. Davis	Aye
Susan P. Dibble	Aye
F. Michael Herzberg, IV	Aye
Angela Kelly-Wiecek	Aye
W. Canova Peterson	Aye
Faye O. Prichard	Aye
Aubrey M. Stanley	Aye

Budget Resolutions

HANOVER COUNTY BOARD OF SUPERVISORS

RESOLUTION ON PROPOSED CHANGES TO

WATER AND SEWER RATES

WHEREAS the Director of the Department of Public Utilities performed the annual review of the costs to provide water and sewer utility service and recommended, as part of a sound fiscal policy, that utility rates and capacity fees be slightly increased as of July 1, 2020; and

WHEREAS these proposed increases were discussed with the Board of Supervisors in February 2020, and the Board authorized that Ordinance 20-04, which would have adopted such rate and fee increases, be advertised along with the County's proposed budget, and the Board of Supervisors held a public hearing on the proposed changes; and

WHEREAS circumstances have changed since the proposed rate and fee increases were originally discussed, and the COVID-19 global pandemic has severely impacted the local economy and significantly impacted water and sewer ratepayers; and

WHEREAS the Board of Supervisors has determined that adopting such rate and fee increases would no longer be prudent;

NOW, THEREFORE, BE IT RESOLVED that, in light of the widespread impacts of the COVID-19 pandemic, including the Declaration of a Local Emergency, the Hanover County Board of Supervisors has decided to make no changes to Hanover County water and sewer utility fees and rates at this time and, therefore, is taking no action on Ordinance 20-04.

On motion of Mr. Davis, seconded by Mr. Peterson, the members of the Hanover County Board of Supervisors voted to adopt this resolution acknowledging no increases in Public Utility fees or rates for FY21, as follows:

	Vote:
Sean M. Davis	Aye
Susan P. Dibble	Aye
F. Michael Herzberg, IV	Aye
Angela Kelly-Wiecek	Aye
W. Canova Peterson	Aye
Faye O. Prichard	Aye
Aubrey M. Stanley	Aye

Budget Resolutions

HANOVER COUNTY BOARD OF SUPERVISORS

RESOLUTION

RECLASSIFICATION OF SCHOOL RESOURCE OFFICER

WHEREAS the support of the Hanover County Public Schools and the Hanover County Sheriff's Office continues to among the highest priorities of the Board of Supervisors; and

WHEREAS the Board of Supervisors has ensured that adequate funding has been in place for the Hanover County Public Schools and the Hanover County Sheriff's Office even when the State has failed to maintain its share of funding for local services; and

WHEREAS in June 2003 the Board of Supervisors took a number of steps to ensure that there was a locally-funded school resource officer at each of the County's high schools and middle schools, including the creation of an additional classification in the County's Pay and Classification Plan for school resource officers, the reclassification of then-existing positions to the newly-created school resource officer position, and for the different treatment of these officers than other positions in the Hanover County Sheriff's Office; and

WHEREAS since 2003 the Hanover County Sheriff's Office has expanded the use of deputies in the County's schools, including the assignment of staff at elementary schools and other Schools' facilities; and

WHEREAS to ensure that the Hanover County Sheriff has the maximum flexibility to assign staff at the schools and, when school is not in session or facilities are not open, to perform other law enforcement duties, the school resource officer position within the County's Pay and Classification Plan is no longer needed to ensure that the Hanover County Sheriff's Office can assign sworn officers at the County's schools; and

WHEREAS the reclassification of these positions will not affect the funding levels set by the Board of Supervisors for the Hanover County Sheriff's Office;

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors does hereby eliminate the classification of School Resource Officer in the County's Pay and Classification Plan; and

BE IT FURTHER RESOLVED that the current position of School Resource Officer shall be reclassified as Deputy Sheriff and that, like all positions in the Hanover County Sheriff's Office, these positions shall be hired by, and be under the supervision of, the Hanover County Sheriff.

Budget Resolutions

On motion of Mr. Davis, seconded by Mr. Peterson, the members of the Hanover County Board of Supervisors voted to adopt this resolution reclassifying School Resource Officers to the title of Deputy Sheriff, as follows:

	Vote:
Sean M. Davis	Aye
Susan P. Dibble	Aye
F. Michael Herzberg, IV	Aye
Angela Kelly-Wiecek	Aye
W. Canova Peterson	Aye
Faye O. Prichard	Aye
Aubrey M. Stanley	Aye

Additional References

In addition to the budget document, the following resources relate to County operations and finances:

Auditor of Public Accounts (APA) Reports

These are reports prepared by the State's APA and are reviews of State-related agencies (Clerk of the Circuit Court, Sheriff, etc.). These reports are made available to the public when published by the APA.
http://www.apa.virginia.gov/APA_Reports/Reports.aspx

Comparative Report of Local Government

This document is prepared by Finance and Management Services and reviewed by the County's independent auditors. The County's report enables the State to prepare an overall report which compares each locality's revenues and expenditures by department and category. The County's report is made available to the public in December and the State's report is usually available in March for the prior fiscal year.
http://www.apa.virginia.gov/APA_Reports/LG_ComparativeReports.aspx

Comprehensive Annual Financial Report (CAFR)

This document is a detailed presentation of the County's financial statements as of June 30 of each fiscal year. This report is prepared by Finance and Management Services and audited by the County's independent auditors in accordance with generally accepted auditing standards and as required under State law. The report is available to the public in November of each fiscal year.
https://www.hanovercounty.gov/283/Comprehensive-Annual-Financial-Report

Comprehensive Plan

This document is prepared by Planning and is Hanover's statement of goals, objectives and plans for the future. The plan consists of an inventory and analysis of past trends and development, as well as an analysis of existing conditions and a statement of goals and objectives for the future. This plan was adopted in 1972 and has been updated at least every five years since 1982.
https://www.hanovercounty.gov/199/Comprehensive-Plan

Financial Statements

Finance and Management Services prepares interim and year-end financial statements, which are generally available to the public in February for the six months ended December 31; May for the nine months ended March 31; August for the preliminary year-end report and November for the audited financial statements.

Hanover County Public Schools Budget

The proposed budget is the School Board's request submitted to the County for consideration. The adopted budget is the annual financial plan as adopted by the School Board. Included in this are the following items: the Superintendent's message, missions and goals, budget summary, detailed budget, summary of positions by job title, enrollment history and forecast, all fees for services and appendices.
http://hcps.us/departments/business_operations

Additional References

Official Statements

These documents are issued in conjunction with the issuance of lease revenue or general obligation bonds and give a detailed description of the bonds as well as economic and financial information of the County. These documents are prepared by Finance and Management Services and the County Attorney's Office with assistance from bond counsel, financial advisors and underwriters. These statements are available to the public at the time of each bond sale.
https://emma.msrb.org/

Vendor Payments Report

The information included in this report is extracted from the County's financial system and only includes Hanover County government payments. All vendor payments are included with the exception of confidential, private or protected information. The Vendor Payment Report is unaudited and for informational purposes only.
https://www.hanovercounty.gov/891/Vendor-Payment-Reports

Resumes of Certain County Officials

Cecil R. Harris, Jr. was appointed **County Administrator** in November 2004. Prior to that appointment, he had served as Deputy County Administrator since July 1998 and as Assistant County Administrator for Finance and Administration since July 1994. Mr. Harris was also the Director of Finance and Administration from 1991 to 1994, Acting Assistant County Administrator from 1990 to 1991, Director of Finance from 1987 to 1990 and Assistant Director of Finance from 1984 to 1987. Prior to his employment with the County, Mr. Harris was employed as a controller at E.M. Todd from 1983 to 1984 and as a staff accountant with KPMG Peat Marwick from 1982 to 1983. Mr. Harris received his Bachelor of Science in Accounting from the University of Richmond in 1980 and became a Certified Public Accountant (CPA) in 1982. Mr. Harris is a member of the American Institute of Certified Public Accountants (AICPA) and serves on the Greater Richmond Convention Center Authority (GRCCA) and the Greater Richmond Partnership (GRP). He is an International City/County Management Association Credentialed Manager (ICMA-CM) and is on the Board of Directors of the Virginia Risk Sharing Association (VRSA) and the Virginia Resources Authority (VRA).

Frank W. Harksen, Jr. was appointed **Deputy County Administrator** in March 2011. Mr. Harksen was hired by the County in 1999 as the Public Utilities Director and remained in that position until his appointment as Deputy County Administrator. Prior to his employment with the County, Mr. Harksen was Acting Director of the City of Richmond's Department of Public Utilities. He is a Past President of the Virginia Association of Municipal Wastewater Agencies and a member of that organization's Board of Directors. He serves on the Water Utility Committee for the Virginia section of the American Water Works Association and is President of the Virginia Nutrient Credit Exchange Association, an organization that helps wastewater treatment plant owners comply with regulations designed to protect the Chesapeake Bay. He is also an International City/County Management Association Credentialed Manager (ICMA-CM). Mr. Harksen graduated from Virginia Tech with a B.S. degree in Engineering, Electrical Technology.

Kathleen T. Seay was appointed **Deputy County Administrator** in October 2016. Prior to this appointment, Mrs. Seay served as Director of Finance and Management Services since 2010, being responsible for the department's Budget, Accounting and Purchasing Divisions. She served as Hanover County's first Director of Internal Audit from 2001-2010. Prior to being hired by Hanover County, she had been a Vice President and Nationwide Audit Manager at Bank of America. Mrs. Seay is a Past President of the Virginia Government Finance Officers Association (VGFOA) and has also served as a member of the Committee on Economic Development and Capital Planning for the national GFOA. She serves on the Greater Richmond Convention Center Authority (GRCCA) Finance Committee and the VRS Defined Contribution Plan Advisory Committee. She served on the State Wireless E-911 Services Board and is a member of the 2018 class of Leadership Metro Richmond. Mrs. Seay is a graduate of the University of Richmond, where she received a B.S. in Finance with a minor in Economics. She is an International City/County Management Association Credentialed Manager (ICMA-CM), a Certified Public Accountant (CPA) and a Certified Information Systems Auditor (CISA).

James P. Taylor was appointed **Deputy County Administrator** in February 2013. Prior to this appointment, Mr. Taylor served in a similar role as Assistant County Administrator since 2008 and previously served as Director of Human Resources from 2000 to 2008. Mr. Taylor had previously been employed by St. Joseph's Villa, Central Fidelity Bank, Capital One and Retreat Hospital. He received a Bachelor of Arts degree in Government from the College of William and Mary and received his Master of Public Administration degree from Virginia Commonwealth University in 1996. He has completed

the Senior Executive Institute and Leadership Metro Richmond. He is a member of the Virginia Local Government Management Association, International City/County Management Association (ICMA), Virginia Association of Local Human Services Officials and the International Public Management Association for Human Resources.

Dennis A. Walter was appointed **County Attorney** in May 2019. Prior to his appointment, Mr. Walter served in the County Attorney's Office from 2001 through 2014 as an Assistant County Attorney, and from 2014 to 2019 as a Deputy County Attorney. Before working at the Hanover County Attorney's Office, Mr. Walter was an Assistant Corporation Counsel with the New York City Law Department from 1996 to 1999, and was a Staff Attorney with the Virginia Division of Legislative Services from 1999 to 2001. Mr. Walter received his Bachelor of Arts from Providence College in 1993 and his law degree from the St. John's University School of Law in 1996. Mr. Walter was admitted to the Virginia State Bar in 2000.

Glossary

Accrual Basis: A basis of accounting in which transactions are recognized at the time they are incurred, as opposed to when cash is received or spent.

Appropriation: A legal authorization of the Board of Supervisors to incur obligations and to make expenditures for specific purposes.

Assessed Valuation: The valuation set upon real estate and certain personal property as a basis for levying property taxes.

Asset: Resources owned or held by a government that have monetary value.

Assigned Fund Balance: Amounts a government intends to use for a specific purpose, including budgeted use of prior year fund balance.

Balanced Budget: A balanced budget is a budget with total expenditures equal to total revenues, including use of fund balance.

Basis of Budgeting: Refers to the basis of accounting used to estimate financing sources and uses in the budget. This generally takes one of three forms: accrual, modified accrual or cash.

Bond: A long-term promise to pay. It is a promise to repay a specified amount of money (the face value of the bond) on a particular date (the maturity date). Bonds are primarily used to finance capital projects.

Bond – General Obligation: This type of bond is backed by the full faith, credit and taxing power of the government.

Bond – Revenue: This type of bond is backed only by the revenues from a specific enterprise or project, such as a hospital or toll road.

Bond Rating: An evaluation performed by an independent rating service of the credit quality of bonds issued. Ratings are intended to measure the probability of timely repayment of principal and interest on municipal securities.

Bond Refinancing: The payoff and reissuance of bonds to obtain better interest rates and/or bond conditions.

Budget: A plan of financial activity for a specific period of time indicating planned revenues and expenses for the budget period.

Budget Amendment: An adjustment to the original adopted budget. Examples include transferring funding from one department to another or from an existing capital project to a new capital project; providing supplemental funding to a fund or department; or establishing a new capital project. Amendments that increase the total appropriated budget require approval of the Board of Supervisors.

Budget Calendar: The schedule of key dates that a government follows in the preparation and adoption of the budget.

Budgetary Control: The control or management of a government in accordance with the approved budget for the purpose of keeping expenditures within the limitations of available appropriations and resources.

Capital Assets: Fixed assets that have a value of $5,000 or more and a useful economic life of more than five years; or, assets of any value if the nature of the item is such that it must be controlled as a fixed asset for custody purposes.

Capital Improvements: Major construction, acquisition or renovation activities that add value to a government's physical assets or significantly increase their useful life; assets greater than $50,000 that have a useful life of several years.

Capital Improvements Fund: A type of governmental fund that accounts for financial resources used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

Capital Improvements Program (CIP): A plan for capital improvements to be incurred each year over a five-year period in order to meet capital needs arising from the government's long-term needs.

Capital Outlay: An expenditure category that includes capital assets greater than $5,000 per unit cost that do not qualify for the Capital Improvements Program (equipment, vehicles, etc.).

Cash Basis: A basis of accounting in which transactions are recognized only when cash is increased or decreased.

Comprehensive Plan: A document that is prepared by Planning and is Hanover's statement of goals, objectives and plans for the future. (For more information, see Additional References).

Glossary

Comprehensive Annual Financial Report (CAFR): This is a detailed document of the County's financial statements as of June 30 of each fiscal year. (For more information, see Additional References).

Constitutional Officers: Refers to the officers or agencies directed by elected officials whose positions are established by the Constitution of the Commonwealth of Virginia or its statutes (Clerk of the Circuit Court, Commissioner of the Revenue, Commonwealth's Attorney, Sheriff and Treasurer).

Contingency: An appropriated budgetary reserve set aside for emergencies or unforeseen expenditures.

Contractual Services: An expenditure classification that includes services acquired from outside sources (i.e. private vendors or other governmental entities); examples include maintenance agreements and professional consulting services.

Debt Service: An expenditure category that includes the cost of paying principal and interest on borrowed money according to a predetermined payment schedule.

Department: The basic organizational unit of government that is functionally unique in its delivery of service.

Depreciation: The decrease in the value of a capital asset over the service life of the capital asset attributable to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence.

Disbursement: The expenditure of monies from an account.

Distinguished Budget Presentation Award: A voluntary awards program administered by the Government Finance Officers Association to encourage governments to prepare a budget document that meets program criteria as a policy document, an operations guide, a financial plan and communication device.

Encumbrance: The commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a specified future expenditure.

Enterprise Fund: A type of proprietary fund that provides services that are financed and operated similarly to those of a private business.

Expenditure: The payment of cash on the transfer of property or services for the purpose of acquiring an asset, service or settling a loss.

Expense: Charges incurred, whether paid or unpaid, on operations, maintenance, interest or other charges presumed to benefit the current fiscal period.

Fiduciary Fund Type: Fiduciary funds are used to report resources that are received and held by the County in a trustee or custodial capacity for the benefit of individuals, private organizations or other governments and cannot be used to support the locality's programs.

Fiscal Year: A 12-month financial operating period designated by an organization for accounting and budgeting purposes. The County's fiscal year begins July 1 and ends June 30.

Fringe Benefits: Contributions made by the County for non-wage compensation provided to employees. Examples include Social Security, retirement, health insurance and life insurance.

FTE (Full-time Equivalent): A measure of authorized staff positions, including full-time and part-time benefited employees. An FTE of 1.0 is a full-time position. For Hanover County, benefits begin at a full-time equivalent status of 0.5.

Functional Area: A group of related departments aimed at accomplishing a major service or regulatory program for which a government is responsible. Examples include community development, public safety and human services.

Fund: A fiscal entity with revenues and expenditures that are segregated for the purpose of carrying out a specific purpose or activity.

Fund Balance: The difference between assets and liabilities in a governmental fund.

Fund Type: A classification of funds that are similar in purpose and character.

GAAP (Generally Accepted Accounting Principles): Uniform minimum standards for financial accounting and recording.

GASB (Governmental Accounting Standards Board): The authoritative accounting and financial reporting standards-setting body for state and local governments.

Glossary

General Fund: The chief operating fund of the County. This fund accounts for most traditional local government programs such as general government, public safety and public works.

General Property Taxes: Revenue from taxes levied on property located in or owned by the residents and businesses of Hanover County, such as real and personal property.

GFOA (Government Finance Officers Association of the United States and Canada): The purpose of the GFOA is to enhance and promote the professional management of governments for the public benefit.

Grants: A contribution by a government or other organization to support a particular function.

Governmental Fund Type: Funds generally used to account for tax-supported activities. Most of the County's governmental functions are accounted for in governmental funds. These funds are appropriated by the Board of Supervisors.

Infrastructure: The physical assets of a government such as roads, sewers and parks.

Intergovernmental Revenue: Funds received from Federal, State or other local governments in the form of grants, shared revenues or payments in lieu of taxes.

Internal Service Fund: A type of proprietary fund used to account for the costs of operations for services provided to other County departments.

Levy: To impose taxes for the support of government activities.

Line Item Budget: A budget that specifies the types of expenditures planned for the fiscal year at the detailed operational level.

Long-term Debt: Money borrowed through financing mechanisms, such as bonds. The payment of principal and interest on borrowed money is through the Debt Service Fund.

Modified Accrual Basis: A basis of accounting in which revenues are recognized when measurable and available and expenditures generally are recorded when a liability is incurred.

Objective: A specific and measurable goal that is achievable within a specific period.

Obligation: An amount that a government may be legally required to meet out of its resources, including liabilities and encumbrances not yet paid.

Operating: An expenditure category that includes the cost for services, materials and supplies required in normal business operations.

Operating Budget: Plans of expenditures and the means to finance them. Contains appropriations for such expenditures as salaries & fringe benefits, supplies, training, services, repair & maintenance and capital outlay for various departments.

Operating Impact: The effect a capital improvement project will have on the department's operating budget. Impacts may include an increase or decrease in salaries & fringe benefits, operating and/or capital outlay. Operating impacts to the General Fund are reflected in the Five-Year General Fund Financial Plan.

Operating Revenue: Funds that the government receives as income to pay for ongoing operations. It includes such items as taxes, fees from specific services, interest earnings and grant revenues. Operating revenues are used to pay for day-to-day services.

Ordinance: A piece of legislation enacted by a municipal authority.

Personal Property: A category of property, other than real estate, identified for purposes of taxation. It includes resident owned items, corporate property and business equipment. Examples of personal property include automobiles, motorcycles, trailers, boats, aircraft, business furnishings and manufacturing equipment.

Proffers: Cash or property offered by developers to the County in land development projects.

Property Tax Rate: The dollar amount applied to the assessed value of various categories of property used to calculate the amount of taxes to be collected. The tax rate is usually expressed as an amount per $100 of assessed valuation.

Proprietary Fund Type: Proprietary funds account for a government's business-type activities. The services provided in these funds are intended to recover all or a significant portion of their costs through user fees. Proprietary funds include enterprise and internal service funds.

Glossary

Real Property: Real estate, including land and improvements (buildings, fencing and paving), classified for purposes of tax assessment.

Reserve: An account used either to set aside budgeted revenues that are not required for expenditure in the current budget year, or to earmark revenues for a specific future purpose.

Resolution: A special or temporary order of a legislative body; an order of a legislative body requiring less legal formality than an ordinance or statute.

Resources: The total amount available for appropriation including estimated revenues, fund transfers and beginning balances.

Revenue: A source of income that provides an increase in net financial resources and is used to fund expenditures. Budgeted revenue is categorized by its source, such as taxes, fees, bonds, investment income, federal and state grants or other financing sources.

Salaries & Fringe Benefits: An expenditure category for employee compensation, including salaries, wages, overtime and fringe benefits.

Service Level: Services or products that comprise actual or expected output of a given program. The focus of service levels is on results, not measures of workload.

Service Level Plan (SLP): A plan for increasing efficiencies and enhancing services provided to the citizens within each department's budget in the Five-Year General Fund Financial Plan.

Special Revenue Fund: A type of governmental fund used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Tax Levy: Charges imposed by a locality to support government activities.

Taxes: Compulsory charges levied by a government for the purpose of financing services performed for the common benefit of the people.

Transfers In/Out: Amounts transferred from one fund to another to assist in financing the services for the recipient fund.

Unassigned Fund Balance: Fund balance that is available for any purpose. This amount is reported only in the General Fund.

Unencumbered Balance: The amount of an appropriation that is neither expended nor encumbered. It is essentially the amount of money still available for future purposes.

User Fees: The payment of a fee for direct receipt of a public service by the party who benefits from the service.

Vision, Mission and Values Statements: The purpose and direction of the organization, created in order to remain focused on those activities appropriate and critical for local government.

VPSA (Virginia Public School Authority): Created by the General Assembly in 1962 for the purpose of supplementing the existing method of capital programs for public schools.

VRS (Virginia Retirement System): The retirement program that the County is statutorily required to participate in, which is overseen by the General Assembly who has the authority to set the rates.

Abbreviations

General Abbreviations

Addtl: Additional

ALS: Advanced Life Support

BOS: Board of Supervisors

CAFR: Comprehensive Annual Financial Report

CDA: Community Development Authority

CIP: Capital Improvements Program

CSA: Children's Services Act

CSB: Community Services Board

EDA: Economic Development Authority

EMS: Emergency Medical Services

FAA: Federal Aviation Administration

FBA: Fund Balance Assignment

FT: Full-time

FTE: Full-time Equivalent

FY: Fiscal Year

GAAP: Generally Accepted Accounting Principles

GASB: Governmental Accounting Standards Board

GF: General Fund

GFOA: Government Finance Officers Association of the United States and Canada

GIS: Geographic Information System

GRCCA: Greater Richmond Convention Center Authority

HCPS: Hanover County Public Schools

IT: Information Technology

Mgmt: Management

PT: Part-time

PYB: Prior Year's Balance

RAFT: Recovery Acceptance Friendship Teamwork

Rec: Recreation

Rehab: Rehabilitation

Repl: Replacement

RFP: Request for Proposal

SLP: Service Level Plan

VDOT: Virginia Department of Transportation

VPSA: Virginia Public School Authority

VRS: Virginia Retirement System

Public Utilities Abbreviations

AWWTP: Ashland Wastewater Treatment Plant

BWWPS: Beaverdam Wastewater Pump Station

CHSTP: Courthouse Sewage Treatment Plant

DWTP: Doswell Water Treatment Plant

DWWTP: Doswell Wastewater Treatment Plant

EQ: Equalization

FMP: Facilities Master Plan

MCWWPS: Mechumps Creek Wastewater Pump Station

MG: Million gallon

MGD: Million gallons per day

PLC: Programmable Logic Controller

PS: Pump Station

RAS: Return Activated Sludge

SCADA: Supervisory Control and Data Acquisition

SG: Switch Gear

STP: Sewage Treatment Plant

TWWTP: Totopotomoy Wastewater Treatment Plant

U/G: Underground

VFD: Variable Frequency Drive

W/L: Waterline

WST: Water Storage Tank

WTP: Water Treatment Plant

WWPS: Wastewater Pump Station

WWTP: Wastewater Treatment Plant