

Accounting Policy

1. Background

- a) An accounting policy addresses the accounting methods utilized in the different fund types for revenues, expenditures, assets, liabilities and fund equity.
- b) An accounting policy also addresses the process through which revenues are collected and disbursements are made.

2. Standards

- a) Generally Accepted Accounting Principles (GAAP).
- b) National Council on Governmental Accounting Statements.
- c) Governmental Accounting Standards Board (GASB).
- d) Financial Accounting Standards Board (FASB).
- e) Accounting Principle Board opinions.
- f) Accounting Research Bulletins.
- g) Code of Virginia.
- h) State of Virginia's Library and Archives Public Records Management.

3. Financial Statements

- a) All activities for which the County exercises oversight responsibility are incorporated into the financial statements to form the reporting entity.
- b) The School Board and all of its funds (School, Cafeteria, Textbook, School Improvements and Scholarship) are classified as a discretely presented component unit of the financial reporting entity.
- c) The Comprehensive Annual Financial Report (CAFR) will be prepared at the conclusion of the County audit.
- d) The quarterly financial reports are prepared for the second and third quarters of the fiscal year for the County's General, Utility and School funds and shall also include:
 - i) Forecasted year-end balances of the General and Utility funds.
 - ii) Capital Improvements Program project status.
 - iii) Utilization of reserve for contingencies.
 - iv) Other footnote disclosures and narrative analysis as deemed necessary.
- e) A preliminary year-end report will be prepared for the County's General, School and Utility funds.
- f) Funds not administered by the County and not included in any financial statements include the Narcotics and Vice Fund; which is administered by the Sheriff's Office.
- g) Funds not administered by the County and not included in the CAFR include the School Activity Funds which are administered by the individual schools and issued under separate financial statements.

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4. Fund Accounting

- a) Accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity.
- b) Operations of each fund are accounted for with a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equities, revenues and expenditures, or expenses, as appropriate.
- c) Modified accrual basis of accounting will be followed by the governmental funds and agency funds with revenues recognized when measurable and available and expenditures recognized when incurred, with the exception of interest on long-term debt, which is recognized when due.
- d) Accrual basis of accounting will be followed by the proprietary fund types with revenues recognized when earned and expenses recognized when incurred.
- e) Purchase orders, contracts and other commitments for expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation.
- f) Appropriations shall be limited to the following funds: General, Community Services, Comprehensive Services, Industrial Development, Stormwater Management, County Improvements, School, Textbook, Cafeteria, School Improvements, Utilities, Utilities Improvements, and Self-Insurance.
- g) Agency funds, where the County serves as a custodian of funds, shall be limited to the following: Escrow, Special Welfare and Scholarships.

5. Fixed Assets

- a) Fixed assets shall be capitalized for unit costs greater than a \$5,000 expenditure for which useful life exceeds five years and meets capital designations of land, building, improvements to building or equipment.
- b) Fixed assets in the enterprise fund shall be depreciated over the estimated useful life of the asset using the straight-line method as follows:
 - i) Treatment and pumping facilities: 20-35 years.
 - ii) Water and sewer lines: 35 years.
 - iii) Equipment: 5-15 years.
 - iv) Assets acquired during the fiscal year will have a half-year of depreciation recognized in the year of acquisition and half-year of depreciation in the year of disposal, with a full-year of depreciation recognized in all other years
 - v) Capitalization of interest costs, in the enterprise funds, will be performed when the interest costs are material in relation to total enterprise fund expenses and fixed assets.

6. Check Disbursements and Bank Transfers

- a) All checks and bank transfers generated by the County and Treasurer's Office will 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 for all disbursements and transfers that move County funds from a County account to a non-County account (e.g., debt service payments).

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- b) Manual checks with dual signatures will only be issued in circumstances that are deemed appropriate by the Finance Director.
- c) invoice) and be filed in a manner to provide the proper audit trail to such disbursement.
 - i) For all warrants issued by Social Services, supporting documentation shall be maintained by Social Services and subject to the same audit trail controls.
 - ii) All County business-related expenses incurred by employees of the County are reimbursable with proper supporting documentation

7. Record Retention

- a) All records shall be retained in accordance with the State of Virginia's Library and Archives Public Records Management policies.

8. General Ledger Entries

- a) All journal and budget entries shall contain at least two signatures authorizing entry with at least one signature representing a supervisor in Finance unless otherwise noted.
- b) School Board journal entries shall contain at least two signatures with at least one signature representing a supervisor in School Board or County Finance.

9. Fiscal Agent

- a) The County's role as fiscal agent for the Pamunkey Regional Jail Authority shall be in accordance with all County policies and procedures unless otherwise noted.

10. Accounting System

- a) The County shall maintain one centralized accounting system, including the School Board, whereby all payroll, general ledger, cash receipts, cash disbursements and other accounting transactions are properly recorded.