

Accounting Policy

I. Background

This policy addresses the accounting methods and the manner in which revenues are collected and recognized and expenditures are disbursed and incurred.

II. 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) will be prepared at the conclusion of the County audit.
- C. Quarterly financial reports shall be presented to the Board of Supervisors for the second and third quarter of each fiscal year. A preliminary year-end report shall be presented for the fourth quarter.

III. Fund Accounting

- A. Accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity.
- B. Appropriate accruals of revenues and expenditures will be in accordance with GAAP.
- C. Purchase orders, contracts, and other commitments for expenditure of moneys are recorded for budget purposes as encumbrances in order to reserve that portion of the appropriation.
- D. The Board of Supervisors' approval is required for the establishment of any new County reporting entity fund that requires an appropriation. The County Administrator authorizes all other funds.

IV. 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, or equipment. 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.
- B. Personal property, monetary and in kind donations:
 - 1. The department head may authorize acceptance of these donations with an estimated value below \$5,000.
 - 2. The County Administrator may authorize acceptance of these donations with an estimated value between \$5,000 and \$50,000.
 - 3. Board of Supervisor's authorization is required for acceptance of these donations with an estimated value greater than \$50,000.

V. Check Disbursements and Bank Transfers

- A. All checks, bank transfers, and disbursements to a non-County account 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.
- B. Manual checks with dual signatures will be issued only in circumstances that are deemed appropriate by the Director of Finance and Management Services.
- C. All disbursements of funds will have proper supporting documentation (e.g., vendor's invoice), approval of a department authorized signer, and be filed in a manner to provide the proper audit trail to such disbursement.
- D. 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.

VI. Petty Cash

- A. Petty cash funds shall be maintained in order to provide timely payment or reimbursement for proper expenses that do not exceed \$50 per transaction.
- B. Petty cash funds shall also be established at cashiering points to provide change for County business transactions.
- C. Internal controls shall be followed to ensure the appropriate reconciliations are performed and petty cash is safeguarded.
- D. Petty cash balances and locations shall be documented in the Accounting Regulations.

VII. Record Retention

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

VIII. Accounting System

The County shall maintain one centralized accounting system, including the School Board, for all payroll, general ledger, cash receipts, cash disbursements, and other accounting transactions.