Capital Improvement Policy #2: Capital Improvement Financing

- Within the limitation of existing law, various funding sources may be utilized for capital improvements. Capital projects shall not be dictated by the nature of funding available except to the extent that the projects meet an initial test of being required to achieve County goals and to the extent that projects must be placed in priority dictated by the nature of funds available.

- Upon completion of capital projects, the Finance Department shall certify any unspent funds from the project, and such funds shall revert to the Capital Project Reserve as appropriate. Unspent capital project funds shall be reported to the County Council through the Quarterly Operating Report. The County Administrator shall include in the annual budget and capital improvement program recommendations to dispose of unspent capital project funds. In no case shall projects incur a funding deficit without the express approval of the County Council.

Investment Policies

This investment policy applies to all monetary assets of the government of Spartanburg County and as managed by the Spartanburg County Treasurer.

Whenever there is an available cash balance in the County treasury that is more than sufficient to meet the current expenditures properly payable, the County should invest such portion of funds as is expedient. Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital as prescribed in Section 12-45-220 of the South Carolina Code of Laws.

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipate demands. Full collateralization of the entire portfolio is required.

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return of investment is of secondary importance compared to the safety and liquidity objectives described above.

Accounting Policies

Policies relating to the procedures that the County utilizes in accounting for its financial transactions

Accounting Policy #1: Accounting System and Standards

- The County’s accounting and reporting system shall demonstrate the following characteristics:
  - Reliability;
  - Accuracy;
  - Consistency;
  - Responsiveness; and
  - Conformity with all legal requirements.

- The County’s accounting system shall be maintained in such a way so as to conform with the generally accepted accounting principles established by the Governmental Accounting Standards Board, State of South Carolina and Federal laws, and result in an unqualified opinion by the County’s independent auditor.

- The County shall annually prepare and publish, no later than December 30 of each year, a comprehensive annual financial report (CAFR) prepared in conformity with generally accepted accounting principles.
The Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting shall be pursued annually.

**Accounting Policy #2: Collateralization of Demand Deposit Accounts**

All demand deposit bank accounts under the authority of Spartanburg County will be required to be adequately collateralized to the extent that the balance exceeds the $100,000 limit covered by FDIC insurance. Pledged collateral should be held either in a Federal Reserve pledge account, or by an independent third-party institution that is the agent of Spartanburg County. Pledged collateral should be held in the name of Spartanburg County.

**Accounting Policy #3: Cash Handling Policy**

The establishment of strong internal controls for cash collections is necessary to prevent mishandling of funds and to safeguard against loss. Strong internal controls are also designed to protect employees from inappropriate charges of mishandling funds by defining his/her responsibilities in the cash handling process. Cash is considered to be any type of payment for goods or services including: coin, checks, money orders, credit cards and electronic funds transfers. All Spartanburg County departments receiving cash, including elected officials' offices, should have the following procedures in place:

- Proper accounting for cash as it is received.
- Adequate separation of duties with regard to cash receipts.
- Adequate safeguards for handling and storing cash.
- Approval of any voided cash receipts.
- Timely deposit of cash directly with the Spartanburg County Treasurer or in a departmental bank account.
- Timely notification of the Spartanburg County Internal Auditor of any changes in cash handling procedures.

Cash handling procedures are subject to audit by the Spartanburg County Internal Auditor and external audit firms.

**Debt Policies**

Policies relating to the long-term financing of the County’s Capital Improvement Program

**Debt Policy #1: Use of Debt Financing**

- The government of Spartanburg County, South Carolina shall only use long term debt for capital projects that cannot be financed out of current revenues within the Revenue Policy guidelines. Further debt financing shall generally be limited to one-time capital improvements projects and only under the following circumstances:
  - when the project’s useful life will exceed the term of the financing;
  - when project revenue or specific resources will be sufficient to service the debt; and,
  - when the project will benefit the citizens of Spartanburg County.

- Debt financing shall not be considered appropriate for:
  - current operating and maintenance expenses; and
  - any recurring purpose.

**Debt Policy #2: Limits on Issuance of Debt**

- Outstanding general obligation indebtedness of the County, other than enterprise revenue backed bonds, shall not exceed the percentage of the assessed value of the taxable property within Spartanburg County as permitted by the South Carolina Constitution.

**Debt Policy #3: Self-Imposed/Council Limits on Issuance on Debt**

- Except for the enterprise funds, debt service for long-term issues (greater than five years) shall not exceed 15% of the combined operating and capital budgets.