

Staff Report

Subject: Addendum No. 16 to the Effingham County Financial Policies
Author: Mark W. Barnes, Finance Director
Department: Finance Department
Meeting Date: 2/20/24
Item Description: Consideration to approve Addendum No. 16 to the Effingham County Financial Policies

Summary Recommendation:

Staff recommends approving Addendum No. 16 to the Effingham County Financial Policies which defines surplus fund balance and its uses, defines limitations on debt and defines the County investment policy.

Executive Summary

The county recently engaged Davenport & Company to assist with several financial projects. This included a review of our financial policies, and after that review Davenport has proposed several changes contained in this addendum to our financial policies.

The first proposed change is under the 'Fund Balance' heading on page 26. It creates a new sub-section F-4. The Board previously approved setting a minimum fund balance requirement of 25% of annual expenditures and this addendum proposes that any fund balance in excess of 40% be considered surplus fund balance and available for one-time expenditures, such as capital outlays.

The second proposed change is under the 'Financing and Debt Management' heading on page 32, and it creates a new section M. This section defines the maximum debt that the County can take on as being 1.75% of the total taxable full value (market value) of the County. Debt service can be no more than 15% of operating expenditures. Self-supporting enterprise funds may be excluded from these percentages.

The final proposed change creates an entirely new heading in the policies, 'Investments'. The County does not currently have a formally defined investment policy. This policy describes the fundamentals of County investments and describes which investments the County may participate in under Georgia law. The proposed policy is very similar to policies of other comparable local governments.

Davenport recommended these changes in general, with County staff determining the particulars of the changes. Having these policy changes in place will not just help financial governance but will improve how rating agencies and other stakeholders view the County.

Alternatives for Commission to Consider:

1. Approve the proposed addendum to the financial policies.
2. Do not approve the proposed addendum to the financial policies.
3. Provide staff with direction

Recommended Alternative:

4. Staff recommends Alternative number 1 – Approve the proposed addendum to the financial policies.

Other Alternatives:

N/A

Department Review: *(list departments)*

Finance, County Manager

Funding Source:

No funding required

Attachments:

Addendum No. 16 to the Effingham County Financial Policies