

# Blount County Financial Management Policies

## ADMINISTRATIVE POLICIES AND PROCEDURES FOR THE FINANCIAL MANAGEMENT COMMITTEE OF BLOUNT COUNTY

### GENERAL PROVISIONS

The Financial Management Committee of Blount County consists of the County Mayor, the Highway Superintendent, the Director of Schools and four members of the county legislative body elected at its regular October session each year. The committee elects its own chairman and the director of finance serves, ex-officio, as secretary of the committee.

The objective of the Financial Management Committee is to establish and approve policies, procedures and regulations for implementing and maintaining a sound and efficient financial system for administering the funds of Blount County. The system shall include budgeting and accounting, purchasing, payroll, cash management, information technology, risk management, human resources, and other financial matters necessary to an efficient system.

### MEETING TIME

The Financial Management Committee of Blount County shall meet on the Monday preceding the Monday prior to the regular monthly Commission meeting of each month at 5:30 pm in the County Commission room at the Blount County Courthouse.

If necessary, the chairman may call a special meeting at any time by notifying each member by telephone or in writing, provided the notice of the meeting shall be delivered at least seventy-two (72) hours in advance of the meeting. Public notice of the meeting shall be given in accordance with applicable laws.

Upon petition of two members of the Financial Management Committee, the chairman shall call a special meeting. Notice of the meeting shall still be delivered to each member of the committee in writing or by telephone at least seventy-two (72) hours in advance of the meeting. Public notice of such meeting shall be given in accordance with applicable laws.

## **AGENDA**

Only items appearing on the agenda may be discussed or acted upon by the Blount County Financial Management Committee at its meetings. Any person or group of persons desiring to bring business to the committee for action or discussion must notify the secretary (Finance Director) of the request. Each person or group of persons having business with the Financial Management Committee should state the request exactly as it should appear on the committee's agenda.

The secretary shall prepare an agenda listing all requests and items of business to be discussed or acted on for each meeting of the Financial Management Committee. To allow the committee members adequate time for research and to become informed on the items appearing on the agenda, the secretary shall have the agenda prepared and distributed to committee members at least seventy-two (72) hours in advance of each meeting. Request received by the secretary less than seventy-two hours prior to the committee meeting shall be placed on the agenda for the next succeeding Financial Management Committee meeting. Items on the agenda are to be discussed or acted on in the order they appear on the agenda. The committee may, by proper motion and second and the approval of at least four members of the committee, change the order in which items are to be discussed or acted upon.

## **QUORUM**

Four (4) members of the Blount County Financial Management Committee shall constitute a quorum and may transact any business lawfully subject to action by the committee.

## **PUBLIC PARTICIPATION**

The commission secretary shall notify the press in writing or by phone of the items appearing on the agenda for the Blount Financial Management Committee as soon as the agenda is distributed to committee members. The public is invited and encouraged to attend meetings of the Financial Management Committee. The secretary shall provide at least (10) copies of the agenda for the audience at each meeting.

Only committee members, staff and/or persons or groups whose request appearance on the agenda may speak during the meetings of the Financial Management Committee.

## **MINUTES**

The secretary shall take the minutes of each meeting of the Financial Management Committee, being careful to record each motion and second and the action taken on each item of business conducted. After each meeting, the secretary shall have the minutes of the meeting formally prepared and distributed to each member of the committee.

The minutes approved by the Financial Management Committee shall be kept as a permanent record file in the office of the secretary (finance director). The committee shall keep the Blount County Legislative Body fully informed of the action it takes on each item

appearing on the agenda of the Blount County Financial Management Committee. The secretary shall distribute a copy of the approved minutes of each committee meeting to each member of the Blount County Legislative Body.

## **ACCOUNTING POLICIES AND PROCEDURES**

The Finance Director's responsibilities are to ensure compliance with state statute and to ensure proper financial management of the County. The purpose of the accounting system for Blount County is to record financial information so that it can be utilized (1) as a basis for managing Blount County's fiscal affairs (2) as a control to prevent waste and inefficiency, (3) as a check on the fidelity of persons administering interested parties (creditors, investment bankers, bond rating services, statistical reporting agencies, educational research organizations, and the general public) of the county's financial condition and operations.

### **Basic Objectives**

The objectives of accounting and financial reporting for Blount County are to prepare financial statements in accordance with GAAP:

- To provide financial information useful for determining and forecasting the flows, balances and requirements of short-term financial resources of Blount County
- To provide financial information useful for determining and forecasting the financial condition of Blount County and changes therein
- To provide financial information useful for monitoring performance under terms of legal, contractual and fiduciary requirements
- To provide information useful for planning, budgeting and for forecasting the impact of the acquisition and allocation of resources on the achievement of operational objectives
- To provide information useful for evaluating managerial and organizational performance
- To communicate the relevant information to its users in a timely manner which best facilitates its use

### **External Audits**

All funds, agencies, departments and offices of Blount County shall be subject to an independent annual audit by the County audit division of the audit department of the State of Tennessee or by an independent Certified Public Accounting firm. Selection of the auditors for Blount County shall be made by the Financial Management Committee of Blount County each year prior to the 1<sup>st</sup> day of February in the fiscal year for which the audit is made. After the selection by the Financial Management Committee of the firm to

perform the audit for the fiscal year, a contract shall be prepared, signed by the County and the audit firm and then forwarded to the division of county audit of the audit department of the State of Tennessee for their approval of the contract. Copies of the audit report shall be provided to each County Commissioner, each member of the Financial Management Committee, the Finance Director and the County Clerk.

## **BASIS FOR BUDGETING**

The budgets of general government type funds (for example, the General Fund) are prepared on a modified accrual basis. Briefly, this means that obligations of the County (for example, outstanding purchase orders) are budgeted as expenditures, but revenues are recognized only when they are measurable and available.

The Internal Service Funds also recognize expenditures as encumbrances when a commitment is made (e.g., through a purchase order). Revenues, on the other hand, are recognized when they are obligated to the County.

In all cases, (Internal Service Funds and General Governmental Funds), when goods and services are not received by year end, the encumbrances lapse. The CAFR shows the status of the County's finances on the basis of "generally accepted accounting principles" (GAAP). In most cases this conforms to the way the County prepares its budget. Exceptions are as follows:

- Compensated absences liabilities that are expected to be liquidated with expendable available financial resources are accrued as earned by employees (GAAP) as opposed to being expended when paid (Budget).
- Depreciation expense is recorded on a GAAP basis only, until such time as GASB34 becomes effective.

The Comprehensive Annual Financial Report shows funds expenditures and revenues on both a GAAP basis and budget basis for comparison purposes.

## **LETTERS OF AGREEMENT**

According to the Tennessee Code Annotated (TCA) section §8-20-101, counties which have elected to pay officeholders out of the county general fund may operate under letters of agreement by which the County and the official agree upon the number and compensation of deputies. The letter of agreement is filed in court, eliminating the necessity of petitioning the court for a decree. Blount County operates under this system. At the beginning of each fiscal year, all elected officials of the fee offices, if they are in agreement with the county, sign this document and file it with the appropriate clerk of court. This document will stay on file and is in effect until the beginning of the new fiscal year and a new agreement is signed or a new agreement may be filed during the year if it becomes necessary.

# Notes