

# Financial Policies

## Charleston County

County Council has endorsed the concept of developing a series of Financial Policies for Charleston County. Having a formal set of financial policy statements enhances the credibility of and confidence in the government, contributes to continuity in the handling of the County's financial affairs, and helps Council and staff develop similar expectations regarding financial decision-making.

Thus far, the County has adopted three policies: debt, budget and building utilization. The Treasurer, an elected official, has developed a comprehensive investments policy. Council is committed to establishing additional financial policies for the County.

### **DEBT POLICY**

- A. Total general obligation debt will not exceed ten percent of the assessed value of all taxable property in the County, and total general obligation debt without a referendum will not exceed eight percent of the assessed value of all taxable property in the County.
- B. The County will confine long-term borrowing to capital improvements or projects that cannot be financed from current revenues.
- C. The County will not use long-term debt for current obligations.
- D. Where advantageous, the County will use special assessment, revenue or other self-supporting bonds instead of general obligation bonds.
- E. Good communications with bond rating agencies will be maintained, and a policy of full disclosure on every financial report and bond prospectus will be followed.

### **BUDGET POLICY**

- A. The County will pay for all current expenditures with current revenues. The County will avoid budgetary practices that balance current expenditures at the expense of meeting future years' expenditures.
- B. The County will provide for the adequate maintenance of capital plant and equipment. An orderly replacement schedule for vehicle fleet equipment will be maintained and funded.
- C. The County will prepare regular reports during the course of the year comparing actual revenues and expenditures to budget amounts.
- D. The County will maintain a budgetary control system to ensure compliance with the budget.
- E. Each year the County will develop and review operating expenditures and revenue projections for the next three years.

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F. The County will maintain funds for a Rainy Day reserve to provide emergency funds for use in the event of a major calamity. This funding will be maintained at no less than four percent of General Fund disbursements. Expenditures out of this funding will be authorized by amending the Budget Ordinance.

### **BUILDING UTILIZATION POLICY**

A. All requests for space by Non-County agencies will be submitted to the Facilities Management Department.

B. Facilities Management will obtain legal opinions and a fiscal impact statement, prepare a space analysis study and submit these to the County Administrator.

C. The County Administrator will submit a recommendation to Council for approval.

D. Council authorized leases for Non-County agencies may be extended in one year increments by the County Administrator, provided the space allocation is not modified.

E. Short-term leases of less than one year may be executed by the County Administrator.

F. All leases in excess of one year will be submitted to Council for review and approval.

### **INVESTMENTS POLICY**

A. The County's investment portfolio will be managed in a manner to attain a market rate of return throughout budgetary and economic cycles while preserving and protecting capital in the overall portfolio. Funds held for future capital projects will be invested to produce enough income to offset increases in construction costs due to inflation.

B. The "prudent investor" rule will be applied in managing the overall portfolio. The "prudent investor" rule states "Investments will be made with judgement and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

C. The Treasurer will not be held personally responsible for a specific security's credit risk or market price change, provided that these deviations are not reported immediately and that appropriate action is taken to control adverse developments.

D. All funds will be considered short-term except those reserved for capital projects and special assessment prepayments being held for debt retirements.

E. The County will diversify both long and short term investments by instrument, financial institution and maturity. Specific diversification schedules for all three categories have been developed and are periodically reviewed.

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F. The County will require the competitive selection of investment instruments. The County will accept the bid which provides the highest rate of return with the maturity required. The County will maintain a listing of "Qualified Institutions" and will conduct, at a minimum, an annual evaluation of each institution's credit worthiness.

G. All investment securities purchased by the County will be held in third-party safekeeping by an institution designated as a primary agent. Deposit type securities will be collateralized for any amount exceeding Federal Deposit Insurance Corporation (FDIC) coverage. Other investments will be collateralized by the actual security held in safekeeping by the primary agent.

H. The Treasurer will generate daily and monthly reports for management purposes.

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