

**Resolution No. 16-08-14**  
**Exhibit A**

**Washington County, TN**  
**Capital Projects Fund Policy**

**Description**

The Capital Projects Fund provides for investments in fixed assets valued at \$10,000 or more, such as school facilities, County buildings, roads and bridges, water and sewer line extensions, communications and technology systems, economic development incentives, and vehicles and equipment, with expected useful lives or benefit of five years or greater.

**Purpose**

To provide a recurring source of funding for the long term capital needs of Washington County based on a ten-year forecast of projects identified in the Capital Investment Plan; and to manage the provision of those needs within available financial resources, considering the priority and affordability of each project.

To ensure that prior investments of tax dollars in capital assets will continue to serve effectively their intended purpose by providing for timely funding of capital maintenance and improvements.

To serve as a resource management tool intended to facilitate a "pay-as-you-go" strategy and minimize the need for future debt obligations.

To provide long-term tax rate stability through planned use of funding designated for capital needs.

To provide a source of available funding for emergency or unanticipated needs.

**Revenues**

Revenue sources for the Capital Projects Fund may include pennies allocated from the property tax rate, borrowed funds resulting from the issuance of bonds or capital outlay notes, transfers from other funds, and grants from other governments or agencies.

**Expenditures**

An enabling Resolution approved by the County Commission, identifying a specific project or use of capital funds, is required prior to expenditure or transfer from the Capital Projects Fund. Requests to increase a project budget must be appropriately approved prior to additional funds being committed or expended. Project completion should not exceed 36 months from the date of the funding commitment. All expenditures shall be performed in accordance with the requirements of the County Purchasing Law of 1957 and other statutes, rules and regulations applicable to the source and use of funding.

### **Use of Funds**

Capital Project Funding committed by County Commission Resolution for a specific use or purpose shall not be redirected to another use or purpose without the expressed consent of the County Commission in the form of a Resolution. Any unspent funds resulting from a completed or cancelled project will revert to undesignated Capital Project Fund balance.

### **Use of Borrowed Funds**

Bond or Capital Outlay Note proceeds allocated to the Capital Projects Fund may only be used for qualified or eligible capital expenditures as defined in the resolution authorizing the bond or note offering and the term should not exceed the useful life of the projects financed or other term limits as established by state law. Borrowed funds may only be used for direct capital costs and not for administrative or operational expenses. When possible bonds or notes will be issued as federally tax-exempt obligations under the Internal Revenue Code (the "Code") and the County will endeavor to time such issuances to qualify for applicable exemptions to rebate of interest earning under the Code.

### **Capital Investment Plan**

The Capital Investment Plan is a long-term financial planning tool used to identify, estimate cost and prioritize capital needs and commitments of available funding in the Capital Projects Fund. The Capital Investment Plan, structured as a ten-year rolling forecast of planned and ongoing projects, is also intended to facilitate a strategy that provides for cash funding of as many of the capital needs of Washington County as possible in order to minimize the debt service burden and bonded indebtedness of the County. The Capital Investment Plan, a working document subject to periodic amendments, will be formally reviewed and approved during the annual budget process as a component of the Capital Projects Fund budget.

### **Reporting**

A comprehensive report of Capital Projects Fund revenue and expenditures and projected changes in revenue or expenses, is to be presented by the Director, Finance and Administration to the Budget Committee for acceptance, quarterly.

### **Policy Review**

This policy shall be reviewed by the Washington County Legislative Body annually. Such review is to be initiated by the Budget Committee.

*Adopted: August 22, 2016*

# WASHINGTON COUNTY, TENNESSEE BOARD OF COUNTY COMMISSIONERS

## RESOLUTION No. 16-08-14

### RESOLUTION TO ADOPT A CAPITAL PROJECTS FUND POLICY FOR WASHINGTON COUNTY, TENNESSEE

WHEREAS, at its August 10, 2016 meeting, the Budget Committee reviewed a Capital Projects Fund Policy for Washington County, Tennessee, attached as Exhibit A, incorporated herein, and recommended consideration and approval of the Capital Projects Fund Policy to the Board of County Commissioners; now therefore

BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF WASHINGTON COUNTY, TENNESSEE THAT:

SECTION 1. The Capital Projects Policy attached as Exhibit A to this Resolution is hereby adopted.

SECTION 2. This Resolution shall take effect from and after the date on which it is approved by the County Mayor or as indicated by certification of the County Clerk, as hereinafter set forth.

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**Introduced by Commissioner:** *Grandy*

**Seconded by Commissioner:** *Hensley*

**Commissioners Voting FOR:** *Matherly, Storey, Hodge, Oldham, England, Meredith, Wise, Baker, Chase, Tomita, McAllister, Stanton, Grandy, Davenport, Ford, Larkey, Light, Wolfe, Edens, Hensley, Boreing*

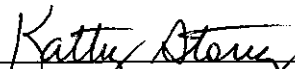
**Commissioners Voting AGAINST:** *Tester*


**Commissioners Abstaining:** *None*

**Commissioners Absent:** *Humphreys, McGuire, Krieger*

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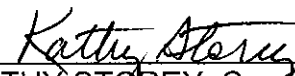
ADOPTED BY THE COUNTY LEGISLATIVE BODY, in session duly assembled, on this the 22<sup>nd</sup> day of August, 2016.

  
KATHY STOREY, County Clerk

  
GREG MATHERLY, Chair of the Board

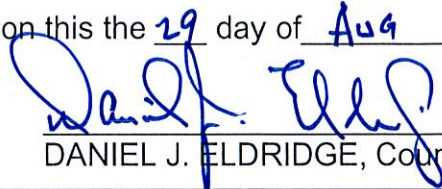
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REFERRED to County Mayor this the 29 day of August 2016.

  
KATHY STOREY, County Clerk

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APPROVED by County Mayor on this the 29 day of Aug 2016.

  
DANIEL J. ELDRIDGE, County Mayor

The County Mayor having declined to approve this Resolution, the same became effective on the \_\_\_ day of \_\_\_\_\_ 2016, pursuant to Tennessee Code Annotated § 5-6-107(b)(5).

\_\_\_\_\_  
KATHY STOREY, County Clerk

Approved as to form by the County Attorney this 25<sup>th</sup> day of August 2016.

  
THOMAS J. SEELEY III, County Attorney