



# **Bulloch County**

## **Financial Policies**

**July 2019**

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## **Section 1 - Purpose and Objective of the Policy Manual**

### **1.0 General Provisions**

The Board of Commissioners of Bulloch County, Georgia has a responsibility to carefully account for public funds, to manage finances wisely, and to plan for the provision of public services. Sound financial policies are necessary to carry out these objectives responsibly and efficiently. The financial policies of the Board of Commissioners of Bulloch County, Georgia are the framework for the County's overall financial management and enable the County to achieve and maintain a long-term positive financial condition through planning, directing and maintaining daily financial affairs. While the financial policies may be amended periodically to ensure the County stays abreast of best practices, the key values of the County's financial management, which include fiscal integrity, prudence, planning, accountability, honesty, and openness, will always undergird any future policy amendments.

## **Section 2 - Accounting, Auditing and Financial Reporting Policies**

### **2.0 General Provisions**

The County shall maintain a system of financial monitoring, control, and reporting for all operations and funds in order to provide effective means of ensuring that overall County goals and objectives are met. The following policies shall apply:

### **2.1 Accounting Standards**

The County will establish and maintain a high standard of accounting practices. Accounting standards will conform to generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board.

### **2.2 Accounting Structure, Classification of Transactions, Disclosure**

Each department shall establish an adequate accounting structure to ensure that all valid transactions are identified and recorded; that all transactions are properly classified and monetarily valued; that all transactions are properly recorded in the appropriate accounting period; and, that all transactions are properly presented and disclosed.

### **2.3 Annual External Auditing and Procurement**

An annual audit will be conducted by a properly licensed independent public accounting firm in accordance with the requirements of O.C.G.A. § 36-81-7. Every three to five years, the county will issue a request for proposal to choose an auditor for a period of three years with two one-year options. The government will request two proposals from qualified CPA firms. One proposal shall contain the firm's costs and a second will contain the firm's qualifications. The cost proposals shall only be opened after up to three qualified firms are determined. When awarding the contract for the independent audit, not less than 70% of the decision will be based upon technical qualifications rather than cost.

### **2.4 Audit Coverage**

All general purpose, combining and individual fund and account group statements and schedules may be subject to a full scope audit. The general-purpose financial statements shall be subject to the annual audit. The combining, individual fund and account group financial statements and schedules shall be limited to the relation to audit coverage.

### **2.5 Monthly Financial Reporting**

The Chief Financial Officer or designee will prepare monthly financial reports for internal management purposes.

### **2.6 Comprehensive Annual Financial Report**

Annually, the finance office may prepare a comprehensive annual financial report. This report shall be made available to the elected officials, bond rating agencies, creditors and citizens. Annually, or at the discretion of the Board of Commissioners, the County may prepare and submit a comprehensive annual financial report to the Government Finance Officers Association (GFOA) to determine its eligibility to receive the GFOA's Certificate of Achievement for Excellence in Financial Reporting.

2.7 Internal Controls and Auditing

The County will maintain strong internal audits function and internal control structures. All County departments shall develop and implement a plan of organization determining methods and procedures to be used to safeguard assets and resources and assure those assets and resources are used as effectively as possible. As trustees of County funds, the Board of Commissioners may direct the County Manager and Chief Financial Officer to conduct randomly or on demand internal audits on any funds and accounts under their fiduciary control and not in conflict with any other law or regulation.

2.8 Illegal Acts

Any employee will be prosecuted to the extent of the law in any instance where the employee is proven to have committed an illegal act such as theft.

## **Section 3 - Budgetary Policies**

### **3.0 General Provisions**

Budgeting is an essential element of the financial planning, control, and evaluation process of county government. The annual general appropriations budget or annual budget is the county's annual financial operating plan. The annual budget includes the operating departments of the general fund, special revenue funds, debt service fund, capital project funds, enterprise fund, and other approved funds that may be established as needed.

### **3.1 Fiscal Year**

The County's annual fiscal year for budgeting and financial reporting will be the period beginning July 1 and ending June 30.

### **3.2 Participatory Process**

The County will utilize a decentralized operating budget process. Each department will have an opportunity to participate in requesting personnel, goods, capital items and services needed to carry on its responsibility in an exemplary manner.

### **3.3 Comprehensiveness**

Annual fiscal year budgets will be adopted for all funds. Project budgets shall be adopted for major capital projects and no budgets are adopted for trust funds since budget authorization and control is achieved alternatively through stipulations in the trust agreements.

### **3.4 Budget Calendar**

The County Manager in consultation with the Chief Financial Officer shall prepare an annual budget preparation package for each department and budget unit explaining the calendar, policies and procedures for submission. The County Manager may outline priorities, targets and other guidelines consistent with good budgeting practice and the opportunities and challenges facing the County in the pending fiscal year planning period.

### **3.5 Fixed Position Allocation**

The Board of Commissioners shall adopt an annual budget that shall have a fixed position allocation list showing the level of full-time equivalent (FTE) personnel (full-time and part-time) ratio for each department or budget division. Any increase in the additional positions or the FTE level shall require a budget amendment to be submitted to the County Manager for approval by the Board of Commissioners.

### **3.6 Public Notice**

The County shall follow public notice and review procedures for adoption of the budget as provided for in O.C.G.A. §§ 36-81-5 and 36-81-6. Adoption of the budget shall be by either resolution or ordinance.

### **3.7 Balanced Budget Required**

The budget must be structurally balanced for all budgeted funds. Total anticipated revenues plus that portion of beginning fund balance in excess of the unreserved fund balance (see policy 3.10 below) must equal total estimated expenditures for the general fund; provided, however, that if the Board of Commissioners determines that circumstances so warrant and it is in the best interest of the citizens of Bulloch County, the Board of Commissioners may elect to utilize a portion of the fund

reserve to balance the general fund budget. Total anticipated revenues must equal total estimated expenditures/expenses for all other funds.

### 3.8 Performance Measurement

The county may develop a program to integrate performance measures and objectives into the budget and a system to monitor performance in meeting objectives.

### 3.9 Presentation Standards

The county may annually submit documentation to qualify for the Governmental Finance Officers Association "Distinguished Budget Presentation Award."

### 3.10 Fund Balance Policy, Generally

The purpose of this policy is to establish criteria to define and maintain adequate fund balances in the County's fund accounting structure that will provide sufficient cash flow to meet daily and unforeseen financial needs, and to ensure the highest credit quality for the County. Fund balance measures the net financial resources available to finance expenditures for future periods. The application of fund balance policy for the County shall be subject to guidance under Statement Number 54 of the Governmental Accounting Standards Board, and for each fund in the County's fund structure may be composed of the following classifications:

- a) **Nonspendable:** This includes amounts that are in an un-spendable form or are required to remain intact (inventories, endowment from a corpus fund, prepaid items, long-term loans and notes receivable etc.).
- b) **Restricted:** This includes amounts that can be spent only for the specific purposes stipulated by Georgia Constitution, external resource providers, or through enabling legislation (grant revenues, contributions, debt covenants, etc.). Certain fund balance amounts are restricted in accordance with State and Federal laws and are generally held in Special Revenue Funds.
- c) **Committed:** This includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority (major construction projects, stabilization funds for contingency or emergency). Fund balance of the County may be committed for a specific purpose by formal action of the Board of Commissioners. Amendments or modifications of the committed fund balance must also be approved by formal action of the Board of Commissioners.
- d) **Assigned:** These are amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed (specific projects, etc.). Fund balance may also be delegated to be assigned when appropriate by the County Manager or his designee under the approved annual appropriations budget.
- e) **Unassigned:** This amount is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned (to maintain liquidity).

### 3.11 Fund Balance Policy, Specifically

Governmental fund types include the General Fund, Special Revenue Funds, Capital Projects Funds, and Debt Service Funds.

The Board of Commissioners hereby adopts the following fund balance policies for each governmental fund type:

- a) **General Fund:** The General Fund should be used to account for and report all financial resources not accounted for and reported in another fund. The General Fund will maintain reserves to ensure the County's ability to offset unanticipated revenue fluctuations, respond to local and regional emergencies or other unanticipated non-recurring expenditures, and remain liquid during prolonged periods of revenue shortfalls. Additionally, the County will obtain more favorable financing should the need to borrow funds arise.

The unassigned General Fund balance may only be appropriated by resolution of the Board of Commissioners. It shall be the general policy of the Board of Commissioners to maintain an unassigned fund balance equivalent to three (3) months of annual budgeted operating expenditures, except where it is necessary or expedient to commit or assign no more than one (1) month for purposes that are in the county's best interests. In circumstances where expenditures are to be made for a purpose for which amounts are available in multiple fund balance classifications, resources will be expended in the following order:

1. Restricted fund balance.
2. Committed fund balance.
3. Assigned fund balance.
4. Unassigned fund balance.

In the event that funds are available over and beyond the targeted amount, excess fund balance amounts in the General Fund may be appropriated for non-recurring expenditures such as capital acquisitions or improvements or may be transferred to capital funds at the Board's discretion.

- b) **Special Revenue Funds:** Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The restricted or committed proceeds of special revenue sources should be expected to continue to comprise a substantial portion of the inflows reported in the fund. Other resources also may be reported in the fund if those resources are restricted, committed, or assigned to the specified purpose of the fund.

The Board of Commissioners may discontinue reporting a special revenue fund, and instead report the fund's remaining resources in the General Fund, if the government no longer expects that a substantial portion of the inflows will derive from restricted or committed revenue sources.

In circumstances where expenditures are to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows:

1. Restricted fund balance.
2. Committed fund balance.
3. Assigned fund balance.
4. Unassigned fund balance.

The Board of Commissioners commits the following fund balances to be reported as Special Revenue Funds:

1. Airport Fund: Funding will be provided by revenues generated by primarily hangar rental, fuel sales and other miscellaneous charges, fees and commissions. The revenue will be used solely and exclusively to support operational and capital expenses of the airport. It shall be the general policy of the Board of Commissioners to maintain an average unassigned fund balance equivalent to three (3) months of annual budgeted operating revenue, except where it is necessary or expedient to commit or assign a portion of the unassigned fund balance for purposes that are in the airport's best interests.
2. E-911 Fund: Funding is provided by subscription fees to provide Bulloch, Evans, and Candler Counties with an Enhanced 911 Emergency Telephone System and public safety answering point. The revenue will be used solely and exclusively to support operational and capital expenses of the facility. It shall be the general policy of the Board of Commissioners to maintain an average unassigned fund balance equivalent to three (3) months of annual budgeted operating revenue, except where it is necessary or expedient to commit or assign a portion of the unassigned fund balance for purposes that are in E911's best interests.
3. Hotel Motel Tax Fund: Funding is provided by an excise tax in an amount determined in the county code of ordinances pursuant to state law and according to the taxing option selected by the Board of Commissioners. The revenue will be used as prescribed by state and local law.
4. Streetlights Tax Districts Fund: Funding is provided through a special assessment on the annual ad valorem tax bill upon property owners within geographically defined unincorporated areas to collect the utility charges for streetlights in said district, as prescribed by local ordinance and enabled by state law.
5. Rural Fire District Fund: Funding is provided through an annual fee upon property owners in the County's rural fire district to provide fire protection while assisting in various mutual aid agreements with other jurisdictions. The revenue will be used solely and exclusively to support operational and capital expenses of the service. It shall be the general policy of the Board of Commissioners to maintain an average unassigned fund balance equivalent to three (3) months of annual budgeted operating revenue, except where it is necessary or expedient to commit or assign a portion of the unassigned fund balance for purposes that are in County's best interests.
6. Statesboro Fire District Fund: Funding is provided through ad valorem taxes for a special tax district for a defined geographic unincorporated area contiguous to the City of Statesboro where the city fire department acts as first responder for fire calls within a five-mile radius of municipal fire stations. This arrangement provides enhanced fire service response and lower fire hazard insurance rates for homeowners and businesses in this area. The revenue

will be used solely and exclusively to support operational and capital expenses of the service.

7. Tax Allocation Districts Funds: Funding is provided by revenues generated from positive tax allocation increments of ad valorem taxes generated in a designated tax allocation district, once authorized. The revenue will be used for redevelopment costs within the tax allocation district as prescribed by state law and local ordinances or resolutions. Subscribing to the minimum funds principle, debt service for principal and interest will be accounted for in this fund, rather than maintaining a separate debt service fund.
8. Road Tax District Fund(s): Funding is provided through a special assessment on the annual ad valorem tax bill upon property owners within geographically defined unincorporated areas to amortize the cost for paving or improving a road or roads in said district, as prescribed by local resolution or ordinance, and enabled by state law.
9. Jail Add-On Fee Fund: Funded by additional assessment on fines and penalties by the court system for criminal violations as prescribed by state law. The revenue will be used solely and exclusively to support operational and capital expenses of the jail.
10. Juvenile Services Fund: Funded by a supervision fee imposed by the court system as prescribed by state law. The revenue will be used to support operational and capital expenses for supplemental services as determined by the juvenile court.
11. Drug Abuse Treatment and Education Fund: Funded by additional assessment on fines and penalties by the court system for drug related offenses as prescribed by state law. The revenue will be used solely and exclusively to support operational and capital expenses for drug abuse treatment and education programs and/or the drug and mental health court division.
12. Jail Commissary Fund: Funded by revenue generated by inmates or their outside supporters, the purpose of the jail's commissary or "canteen" is to give inmates the opportunity to purchase various items or amenities which are not provided by the jail. An offender's money is inventoried upon incarceration and an account is established for them. Deposits are made as money arrives for the inmates and canteen purchases are deducted from their accounts. Inmates are not permitted to keep money in their possession. Surplus revenue or net earnings may be used to support operations and capital expenses of the facility, or for law enforcement purposes.
13. Jail Inmate Telephone Fund: Funding will be provided by commission revenue from the sale of phone cards to inmates. The revenue will be used to support operations and capital expenses of the facility, or for law enforcement purposes.
14. Sheriff's Fingerprint Fund: Funding is provided by fees generated from the sales of fingerprint reports and identification cards. Surplus revenue or net earnings may be used to support operations and capital expenses for law enforcement purposes.

15. Sheriff's Forfeited Property Fund: Funding is provided by the forfeiture of cash and other property seized in the course of criminal activity. The revenue will be used to support operational and capital expenses for law enforcement purposes.
16. Correctional Institute Commissary Fund: Funded by revenue generated by inmates or their outside supporters, the purpose of the institute's commissary or "canteen" is to give inmates the opportunity to purchase various items or amenities which are not provided by the institute. An offender's money is inventoried upon incarceration and an account is established for them. Deposits are made as money arrives for the inmates and canteen purchases are deducted from their accounts. Inmates are not permitted to keep money in their possession. Surplus revenue or net earnings may be used to support operations and capital expenses of the facility.
17. Correctional Institute Inmate Telephone Fund: Funding will be provided by commission revenue from the sale of phone cards to inmates. The revenue will be used to support operations and capital expenses of the facility.
18. Multiple Grants Fund: This fund accounts for receipts and disbursements for state and federal grants for restricted purposes. The revenue will be used to support operational and capital expenses for the grant's purpose.

c) Capital Projects Funds Balance Policy: Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital Projects Funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments. In circumstances where expenditures are to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: 1) restricted fund balance, 2) committed fund balance, and 3) assigned fund balance.

The Board of Commissioners commits the following fund balances to be reported as Capital Projects Fund:

1. Special Purpose Local Option Sales Tax Fund: Funding is provided by a 1% sales tax, subject to voter referenda and state law, for capital outlay projects. Subscribing to the minimum funds principle, debt service for principal and interest will be accounted for in this fund, rather than maintaining a separate debt service fund.
2. Transportation Special Purpose Local Option Sales Tax Fund: Funding is provided by a 1% sales tax, subject to voter referenda and state law, for capital outlay projects. Subscribing to the minimum funds principle, debt service for principal and interest will be accounted for in this fund, rather than maintaining a separate debt service fund.

In circumstances where expenditures are to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows:

1. Restricted fund balance.

2. Committed fund balance.
  3. Assigned fund balance.
  4. Unassigned fund balance.
- c) Debt Service Fund Balance Policy: Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest, even if it is being accumulated for future years' payments. Debt Service Funds should be used to report resources, if legally mandated.

In circumstances where expenditures are to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows:

1. Restricted fund balance.
2. Committed fund balance.
3. Assigned fund balance.
4. Unassigned fund balance.

Proprietary fund types include the Enterprise and Internal Service Funds.

The Board of Commissioners hereby adopts the following fund balance policies for each governmental fund type:

- a) Proprietary Fund Balance Policy: Proprietary funds are used to account for a government's business-type activities. There are two types of proprietary funds – enterprise funds and internal service funds whereby the intent of both the enterprise and internal service funds is to recover the full cost of providing services (including capital costs) through fees and charges on those who use their services. In circumstances where expenditures are to be made for a purpose for which amounts are available in multiple fund balance classifications, resources will be expended in the following order:
1. Restricted net assets.
  2. Unrestricted net assets.

The Board of Commissioners hereby adopts the following net assets policies for each proprietary fund type:

1. Aquatic Center Enterprise Fund: Funding will be provided by revenues generated primarily from fees and sales. The revenue will be used to support operational and capital expenses of the facility. It shall be the general policy of the Board of Commissioners to maintain average unrestricted net assets equivalent to three (3) months of annual budgeted operating revenue, except where it is necessary or expedient to commit or assign no more than one (1) month for purposes that are in the fund's best interests.
2. Employee Group Health Insurance Internal Service Fund: Funding will be provided by revenues generated from both employee and employer payments for premiums. The

revenue will be used to support payments for claims and administration for the self-insured insurance plan. Total net assets shall maintain a positive balance.

3. Correctional Food Internal Service Fund: Funding will be provided by revenues generated for the preparation and service of meals to inmates of the County Jail, County Correctional Institute, and for selected County functions where food service is required. Total net assets shall maintain a positive balance.

#### 3.12 Contingency Budget

The county may include an amount in the general fund for unforeseen emergency type operating expenditures (i.e., a line-item for contingencies). The amount of the contingency will be no more than 2% of the general fund operating budget.

#### 3.13 Proprietary Funds

The enterprise and internal service operations of the county shall have the objective of being self-supporting to the extent that current revenues shall cover current expenditures (including direct and indirect costs), debt service and capital improvements.

#### 3.14 Internal Charges

An annual administrative fee assessment may be used to reimburse the general fund for support services against all eligible enterprise, special revenue and internal services funds.

#### 3.15 Lapsed Appropriations

All operating and unencumbered capital appropriations lapse at year end. Encumbered capital appropriations shall be reappropriated in the subsequent year.

#### 3.16 Basis of Accounting

All budgets shall be adopted on a basis of accounting consistent with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Boards, except for encumbrances. Revenues are budgeted when they become measurable and available and expenditures are charged against the budget when they become measurable, or where a liability has been incurred and the liability will be liquidated with current resources.

#### 3.17 Control and Reporting

The county will maintain a budgetary control system to ensure adherence to the budget and will prepare timely, monthly financial reports comparing actual revenues, expenditures and encumbrances with budgeted amounts.

#### 3.18 Legal Level of Control

The budget shall be adopted at the minimum legal level of control required by Georgia law, which is any expenditures for each department for each fund for which a budget is required (i.e., the expenditures may not exceed the total for any department within a fund without the Board of Commissioners approval).

#### 3.19 Transfers

The County Manager shall have the authority to transfer appropriations within a department within the same fund from one-line item to other line items (i.e., to another object classification within the same department) for all departments under the direction of the Board of Commissioners. The

County Manager may be granted this authority by constitutional officers requesting such transfers provided it is properly documented. Any transfer affecting the allocations of constitutional officers or other operating departments may not be made without Board approval.

### 3.20 Amendments

The Board may authorize a budget amendment through a supplemental budget resolution at any time where upon and after consultation with the County Manager and other county officers such amendment is needed out of public necessity and in the best interest of the citizenry, and to further reflect any significant change in total revenues and expenditures.

## Section 4 - Revenue Policies

### 4.0 General Provisions

Recognizing that the delivery of services requires sufficient funding, the county shall establish and maintain a system of revenues that strive to meet characteristics of simplicity, equity, stability, adequacy and vigorous collection, while meeting local, state and federal requirements, as prescribed.

### 4.1 Revenue Diversification

The county will attempt to maintain a diversified and stable revenue system to shelter it from short-run fluctuations in any single revenue source. The revenue mix should combine elastic and inelastic revenue sources to minimize the effect of economic downturns.

### 4.2 Fees and User Charges

The county will establish fees and user charges at a level related to the total cost (i.e., operating, direct, indirect and capital or debt service) to provide a service. The county will review all fees and user charges annually in order to keep pace with the cost of providing that service. When establishing user charges, the following issues must be considered:

- a) ability to pay;
- b) pricing to limit or encourage demand;
- c) identifiable benefits;
- d) discourage waste; and,
- e) cost of collection.

### 4.3 Fee Waivers and Reductions

All waivers or reductions in fees must be approved by the Board of Commissioners except where discretionary authority has been granted by other policy or resolution, for example the waiver of fees during the occurrence of natural disasters or similar emergency.

### 4.4 Revenue and Expenditure Projections

The county shall prepare an annual and long-term financial plan of at least five years that will forecast revenues, expenditures and financial position for each fund that will be founded on meaningful analysis of numerous factors such as:

- historical trends along with growth patterns and key economic indicators
- legal and regulatory changes such as mandates of federal, state and local government
- internal analysis of the County's environment to identify opportunities, problems or changes that could impact the sustainability of service levels and demands over a multi-year period
- the affordability of debt and of maintaining or replacing capital assets

Additionally, this plan considers the timing of receipts, seasonality of expenditures, and one-time sources or uses of funds such as non-recurring grants, donations or cost recovery from other entities or governments. Finally, the County's projections take caution to ensure revenue estimates shall not be overly optimistic and expenditure projections shall not be understated.

### 4.5 Ad Valorem Tax Estimates

Upon the advice of the Tax Commissioner, Tax Assessor, County Manager and Chief Financial Officer, the Board of Commissioners may estimate the expected revenue to be generated by ad

valorem taxes for the upcoming fiscal year in the annual budget. However, property tax rates to generate the estimated revenue for the applicable taxing year shall be set not later than prescribed by state law in conjunction with the submission of the ad valorem tax digest to the Georgia Department of Revenue.

4.6 Ad Valorem Tax Objective

Property tax rates shall be maintained at a rate adequate to fund the desired basic service level. Based upon taxable values, rates will be adjusted when necessary to fund this desired service level.

4.7 Revenue Collections Objective

The county will follow an aggressive policy of revenue collection. Services will be discontinued, if applicable, and legal means of collection for non-payment will be pursued. Real property will be sold at the discretion of the Tax Commissioner to satisfy non-payment of property taxes.

## Section 5 - Capital Improvement Program

### 5.0 General Provisions

The Capital Improvement Program (CIP) is a means to identify, assess and prioritize capital improvements for the County and through which funding sources and annual capital budgets are developed. Capital improvements are to be identified, assessed and prioritized based on the objectives, goals, strategic plans of Bulloch County such as the Bulloch County Comprehensive Plan, Recreation Master Plan, Master Greenways Plan, Transportation Plan, Greenspace Plan, Solid Waste Management Plan, projects identified in a Special Purpose Local Option Sales Tax (SPLOST) referendum or Transportation Special Purpose Local Option Sales Tax (TSPLOST) referendum, or any other relevant operational planning document.

The capital budget provides annual funding for long-term capital projects. The capital improvement program (CIP) will be developed for a period of six years. The first year will represent a current year program budget. The following five years will represent a plan for expenditures subject to annual review and update for each subsequent budget period.

During the annual budget process, each department shall submit its budget request including operating and capital needs. Upon review of the requests, major capital projects are placed in the appropriate capital improvements fund. Other capital outlays shall be placed in the department's operating budget.

### 5.1 Capital Improvements Criteria, Maintenance and Replacement

a) Criteria: For the capital improvement program, all vehicles, equipment and machinery, land and land improvements and building projects costing \$5,000 or more with an estimated useful life of three years or more are classified as major capital assets. Equipment and machinery costing \$5,000 or less with an estimated useful life of three years or less is classified as minor capital assets.

Minor capital assets should be included generally in the operating budget, either in the equipment escrow account, or as line-item expenditure for the year the equipment is to be purchased. The Board of Commissioners may make exceptions to include minor capital assets in the capital improvements program at its discretion.

All capital items such as vehicles and heavy equipment should be clearly marked (identified) as Bulloch County property unless the property is used by law enforcement agencies for undercover or investigative purposes. The markings should be visible on both sides of the vehicle, equipment and machinery, no less than 1-1/4 inches high and easily read while moving or in use.

b) Maintenance: All capital improvements should be cared for in a manner that will ensure optimal performance, preserve its useful life, minimize failures and unplanned downtime, reduce repair costs and comply with safety standards. Preventative maintenance will be performed at scheduled intervals.

c) Replacement: Bulloch County's intent is to maintain the availability, safety and reliability of long-term improvements. Capital Improvements shall be evaluated for replacement at scheduled intervals and will consider age, mileage or machine hours, maintenance costs and general condition. The following minimum standard shall be considered with regard to age, mileage or machine hours:

1. Buildings and Building Improvements – 40 years
2. Equipment and machinery – 8 years and/or 120,000 miles or 20,000 machine hours
3. General purpose vehicles – 8 years and/or 120,000 miles
4. Ambulance and Rescue vehicles – 7 years and/or 150,000 miles
5. Fire trucks – 15 years and/or 100,000 miles
6. Law Enforcement Patrol vehicles – 5 years and/or 100,000 miles

When extenuating circumstances exist whereby property does not meet the replacement criteria, property may be replaced if funding is available. Such extenuating circumstances may be:

1. Damage from an accident or natural disaster
2. Excessive repair/maintenance costs
3. Continued use presents a safety hazard

#### 5.2 Capital Improvements Prioritization

Capital projects and/or capital asset purchases will receive a higher priority if they are based on an objective rating of the following criteria:

- a) public health and safety hazards;
- b) mandates;
- c) preservation of assets;
- d) economic development;
- e) operating budget impact;
- f) life expectancy of investment;
- g) level of service;
- h) population levels served;
- i) relationship to existing plans;
- j) extent of use;
- k) scheduling or timing of projects;
- l) special needs;
- m) available leveraged funding;
- n) timeliness; and,
- o) public support.

While these criteria will be the basis for ultimately prioritizing projects, they will be considered in conjunction with various other tangible and intangible factors including input from the general public and other public officials.

#### 5.3 Fund Accounting

The County may establish those capital improvements funds as necessary to achieve appropriate fund accounting goals.

#### 5.4 Funding

The County's primary capital funding source will typically be the Special Purpose Local Option Sales Tax (SPLOST) and Transportation Special Purpose Local Option Sales Tax (TSPLOST). Other sources of alternative funding should be considered to help leverage SPLOST and TSPLOST funds for additional projects. Regardless of funding source, every effort should be made to ensure adequate

funding, and more specifically, cash flow, for each improvement. For construction projects, design may be initiated with 25% of funds available and construction may proceed with 85% of funds available. For equipment funding, 100% of funds must be available unless outside funding is to be applied toward a project or external entities require funding to be dispersed only upon a reimbursement basis. Projects involving outside funding or debt financing should have these commitments substantially in place prior to authorization.

If a project is projected to exceed the budgeted funds, a formal revision of the budget must be approved by the Board of Commissioners, and a cost reallocation should be done. Some ways by which this may be accomplished include:

- a) Shifting surpluses in other budget line items to cover the cost overrun;
- b) Reductions in program scope that do not compromise the objectives of the capital project;
- c) Reductions in scope of other budget lines which do not affect the basic program (e.g., equipment);
- d) Scaling back on later phases of construction if the project has multiple construction phases;
- e) Using project contingency funds to cover the cost overrun so long as the future fiscal viability of the project is not put at risk

#### 5.5 Carrying Over Funds

The CIP will incorporate in its projection of expenditures and funding sources any amounts relating to the previous year's appropriations but have yet to be expended.

#### 5.6 Pay-as-you Go Objective

To the extent that the unreserved general or enterprise fund balances exceed three months of annual budgeted operations, the County may draw upon the fund balance to provide pay-as-you-go financing for capital projects, or to otherwise leverage expenditures on capital projects.

## Section 6 - Investment and Portfolio Policies and Procedures

### 6.0 General Provisions

This investment policy applies to activities of Bulloch County with regard to investing the financial assets of its funds (except for Retirement Funds and financial assets under the direct control of any of the Constitutional Officers of Bulloch County). These funds are accounted for in the County's annual financial report and include:

- a) General Fund
- b) Special Revenue Funds
- c) Debt Service Funds
- d) Capital Project Funds
- e) Proprietary Funds
- f) Internal Service Funds
- g) Other funds which may be created from time to time

At such time as funds under the direct control of Constitutional Officers might pass to the Board of Commissioners, then these policies will be applicable.

Except for cash in certain legally restricted and special funds, the County will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

### 6.1 Objectives

Bulloch County's investment objectives in order of priority are:

- a) Safety of Principal: 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 in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.
- b) Credit Risk: Bulloch County will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:
  - 1) Limiting investments to the types of securities listed in this Investment Policy
  - 2) Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the County will do business with.
  - 3) Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.
- c) Interest Rate Risk: The County will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:
  - 1) Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity
  - 2) Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance

with this policy.

- d) Maintenance of Adequate Liquidity: 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 anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). Alternatively, a portion of the portfolio may be placed in money market mutual funds or local government investment pools which offer same-day liquidity for short-term funds.
- e) Return on Investment: The County seeks to attain market rates of return on its investments, consistent with constraints imposed by its safety objectives, cash flow considerations and state laws that restrict the placement of certain funds.
- f) Performance Standard: The goal of the overall portfolio shall be an annual objective of exceeding the average return on for the Georgia Local Government Investment Pool (Georgia Fund 1) by twenty-five (25) basis points, net of any investment or safekeeping fees. The investment program shall seek to augment returns above this threshold, consistent with risk limitations identified herein and prudent investment principles.

#### 6.2 Legal Compliance, Ethics and Conflict of Interest

Funds of Bulloch County will be invested in compliance with the provisions of Georgia Code Section 36-83-4, 36-80-3 and 45-8-18, and in accordance with these policies and written administrative procedures. Certain funds may from time-to-time have outstanding bond issues which have specific investment policies contained within the bond ordinances and official statements. Those policies will be adhered to and are not in conflict with the terms of this policy.

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions, Employees and investment officials shall disclose any material financial interests in financial institutions, banks or broker-dealers that are considered for conducting business with the County.

#### 6.3 Delegation of Authority

The Board of Commissioners of Bulloch County shall establish the overall investment policies, the management and implementation of which is delegated to the Chief Financial Officer, designated as the investment officer who shall establish procedures for the operation of the investment program. Such procedures may include explicit delegation of authority to personnel or entities responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Chief Financial Officer.

#### 6.4 Prudence and Ethical Standards

The standard of prudence to be used by the Chief Financial Officer or his delegated entities shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. The "prudent person" standard is herewith understood to mean the following: "Investments shall be made with judgment 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."

#### 6.5 Suitable and Authorized Investments

Suitable and authorized investments set forth in the Official Code of Georgia Annotated, generally, are:

- a) Obligations of the State of Georgia or of other states.
- b) Obligations issued by the United States government consisting of U.S. Treasury Bills, Notes and Bonds.
- c) Obligations fully insured or guaranteed by the United States government or a United States government agency).
- d) Obligations of corporations of the U.S. Government.
- e) Repurchase agreements backed by b), c) or d)
- f) Prime Bankers' Acceptance that are eligible for purchase by the Federal Reserve Bank and have a credit rating of A1/P1 or better.
- g) The Local Government Investment Pool of the State of Georgia.
- h) Obligations of other political subdivisions of the State of Georgia.
- i) Time deposits and savings deposits of banks organized under the laws of Georgia or the U.S. Government and operating in Georgia.
- j) Certificates of Deposit insured by the Federal Deposit Insurance Corporation provided, however, that that portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation shall be secured by direct obligations of the State of Georgia or the United States.

Where allowed by state law and in accordance with the *GFOA Recommended Practices on the Collateralization of Public Deposits*, full collateralization will be required on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit.

#### 6.6 Approved Broker-Dealers and Banks

A list will be established and maintained for competitive proposals offered by local financial institutions and depositories (banks) selected by creditworthiness (e.g., a minimum capital requirement of \$10,000,000 and at least five years of operation) qualified to provide depository services. A formal request for proposals MAY be issued every three years.

A list will be established and maintained for competitive proposals offered by financial institutions and depositories (banks) and also by approved security broker/dealers selected by creditworthiness (e.g., a minimum capital requirement of \$10,000,000 and at least five years of operation) qualified to provide investment services. A formal request for proposals shall be issued every five (5) years. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).

- a) It is the policy of Bulloch County to purchase securities only from those broker/dealers and banks that are authorized by the Board of Commissioners.
- b) Repurchase Agreements will be conducted only with those banks and broker/dealers who have executed a Master Repurchase Agreement with the County. All repurchase agreements must be in written form using the *Securities Industry and Financial Markets Association Master Repurchase Agreement* as a guide. *Annex 1* of this guide shall materially conform to the *GFOA*

*Best Practice for Establishing a Repurchasing Agreement.* Agreements not substantially conforming to this *Master and Annex 1* are unacceptable.

- c) All financial institutions and broker/dealers who desire to become qualified for investment transactions must supply the following as appropriate:
  - 1) Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines.
  - 2) Proof of National Association of Securities Dealers (NASD) certification (not applicable to Certificate of Deposit counterparties)
  - 3) Proof of FINRA certification
  - 4) Proof of state registration
  - 5) Completed broker/dealer questionnaire (not applicable to Certificate of Deposit counterparties)
  - 6) Certification of having read and understood and agreeing to comply with the County's investment policy.
  - 7) Evidence of adequate insurance coverage.

An annual review of the financial condition and registration of all qualified financial institutions and *broker/dealers will be conducted by the Chief Financial Officer.* The County shall seek to follow *GFOA Recommended Practice on "Governmental Relationships with Securities Dealers.*

#### 6.7 Safekeeping of Securities

- a) To protect against potential fraud and embezzlement the investment securities of the County shall be secured through third-party custody and safekeeping procedures. A Safekeeping Agreement will be executed. Securities will be held by a centralized independent third-party custodian selected by the County as evidenced by safekeeping receipts in the County's name listing the specific instrument, rate, maturity and other information. The safekeeping institution shall annually provide a copy of their most recent report on internal controls (*Statement of Auditing Standards No. 70, or SAS 70*).
- b) Exempt from the third-party safekeeping procedures are securities which collateralize Repurchase Agreements of 7 days duration or less. These securities shall be safekept at the Federal Reserve Bank, pledged to the Board of Commissioners of Bulloch County Board and the County. shall have the right to approve any substitutions of collateral should that prove necessary.
- c) The Safekeeping Agreement explicitly requires that securities will be delivered versus payment. This practice ensures that the County neither transfers money or securities before receiving the other portion of the transaction. Both transactions occur simultaneously through the custodial bank, authorized to conduct transactions for the County.
- d) Deposit type securities shall be collateralized at 110% of the face value. Other investments shall be collateralized by the actual security held in safekeeping by the primary agent.

#### 6.8 Diversifications of the Portfolio

- a) It is the policy of Bulloch County to diversify its investment of idle funds to eliminate the risk of loss resulting from overconcentration of assets in a specific maturity, a specific issuer or a specific class of securities. Diversification strategies shall be reviewed periodically.
- b) In establishing specific diversification strategies, the following guidelines apply:
  - 1) Portfolio maturities shall be staggered to provide funds when needed.

- 2) Maturities selected shall provide for stability of income and reasonable liquidity.
- 3) When evaluating the purchase of an individual security to a specific maturity its impact on the portfolio as a whole should be the major consideration.

6.9 Specific Policies to Ensure Liquidity

Diversification of Investment Maturities

- a) The longer the maturity of a particular investment, the greater its susceptibility to market price and credit losses. The County seeks to limit such risk by maintaining conservative maturities that are within guidelines recommended by O.C.G.A. 36-83-4, and/or those recommended by the Government Finance Officers Association. The GFOA guidelines generally recommend avoiding securities with maturities beyond five years unless the investment is matched and held to a specific maturity.
- b) Investment maturities shall be scheduled to coincide with projected cash flow needs, taking into consideration large routine expenditures (i.e. payroll and debt payments) as well as anticipated revenues (i.e. property tax collections).
- c) Maximum maturities by class of security are as follows:

U.S. Treasury Obligations	5 years
U.S. Government Agency Securities and Securities issued by Instrumentalities of Government Sponsored Corporations	4 years
Repurchase Agreements	180 days
Prime Bankers' Acceptance	270 days
Local Government Investment Pool	N/A
Certificates of Deposit	2 years
Obligations of other political subdivisions of the State of Georgia	3 years

6.10 Active Secondary Markets

Although many securities are acceptable for investing using the legal authorized list, some are not very desirable from a liquidity standpoint. Accordingly, although investments may be on the authorized list, only those securities with an active secondary market may be purchased from that list.

6.11 Establishment of Internal Control and Oversight

The Chief Financial Officer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the County are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management. It is the policy of the County to establish a system of internal controls which shall be in writing. The internal controls shall address the following points:

- a) Control of collusion: Collusion is a situation where two or more employees are working in conjunction to defraud their employer.

- b) Separation of functions: By separating key functions and having different people perform each function, each person can perform a "check and balance" review of the other people in the same area.
- c) Separation of transaction authority from accounting and recordkeeping: By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a good separation of duties is achieved.
- d) Custodial safekeeping: Securities purchased from any bank or dealer, including appropriate collateral, should be placed into a third-party bank for custodial safekeeping.
- e) Avoidance of bearer-form securities: Bearer-form securities are much easier to convert to personal use than securities that are registered in the name of Bulloch County.
- f) Avoidance of physical delivery securities: Book entry securities are much easier to transfer and account for since actual delivery is never taken. Physical delivery securities must be properly safeguarded as are many valuable documents. The potential of fraud and loss increases with physical delivery securities.
- g) Clear delegation of authority to subordinate staff members: Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid any improper actions. Clear delegation of authority also preserves the internal control structure that is built around the various staff positions and their respective responsibilities.
- h) Written confirmation of telephone transactions for investments and wire transfers: Due to the potential for errors and improprieties arising from telephone transactions, all telephone transactions should be supported by written communications and approved by the appropriate person.
- i) Documentation of transactions and strategies: All transactions and the strategies that may have been used to develop the transactions should be documented in writing and approved by the appropriate person.
- j) Development of a wire transfer agreement with the County's lead bank: This agreement should outline the various controls and security provisions for making and receiving the wire transfers.
- k) Reporting: The Chief Financial Officer shall prepare periodic investment reports summarizing recent market conditions, economic developments, anticipated investment conditions, rates of return and portfolio performance.
- l) Oversight: Compliance should be assured through the County's annual independent audit. However, additional and periodic oversight shall be provided by the County's finance committee.

#### 6.12 Policy Considerations

Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy. This policy shall be reviewed on an annual basis. Any changes must be approved by the Board of Commissioners in consultation with the Chief Financial Officer.

## Section 7 - Debt Management Policies

### 7.0 General Provisions

Debt may result when the county identifies the need to borrow from an individual or an institution. The county in this instance receives funds to acquire resources for current use with an obligation for repayment later. The debt from borrowing generally must be repaid with interest. The Board of Commissioners of Bulloch County recognizes that to maintain flexibility in responding to changing service priorities, revenue inflows, and cost structures, a debt management strategy is required. The County strives to balance service demands and the amount of debt incurred. The County realizes that failure to meet the demands of growth may inhibit its continued economic viability, but also realizes that too much debt may have detrimental effects as well. The goal of the County's debt policy is to maintain a sound fiscal position and to protect the credit rating of the County. When the Board of Commissioners of Bulloch County uses debt financing, it will ensure the debt is financed soundly and conservatively and the terms are fair and reasonable under current market conditions. The following policies shall apply:

### 7.1 Tax Anticipation Notes

The County may use short-term borrowing to cover cash flow shortage through the issuance of tax anticipation notes subject to Article 9, Section 5, Paragraph 5 of the Constitution of the State of Georgia.<sup>1</sup>

### 7.2 Long Term Debt

The issuance of long-term debt is limited to capital improvements or projects that cannot be financed from current revenues or resources. For purposes of this policy, current resources are defined as that portion of fund balance in excess of the required reserves. Every effort will be made to limit the payback period of the debt to the estimated useful life of the capital projects or improvements. The county may use long-term debt financing when the following conditions exist:

- a) when non-continuous capital improvements are desired; and,
- b) when it can be determined that future citizens will receive a benefit from the improvement.

When the county utilizes long-term debt financing it will ensure that the debt is financed soundly by:

- a) conservatively projecting the revenue sources that will be utilized to repay the debt;
- b) financing the improvement over a period not greater than the useful life of the improvement; and,
- c) determining that the cost benefit of the improvement, including interest cost, is positive.<sup>2</sup>

### 7.3 Multi-Year Leases

Multi-year lease-purchase contracts, including certificates of participation, may be used to finance equipment purchases and for the acquisition of real estate pursuant to the provisions of O.C.G.A. 36-60-13, in-lieu of long-term debt-financing.

### 7.4 Bond Rating Objectives

The County will maintain good communications with bond rating agencies and will try to improve or maintain its current bond rating. The County shall follow a policy of full disclosure in financial reporting and with the preparation of a bond prospectus.

- 7.5 Long-Term Debt Scheduling  
All efforts will be made to limit the long-term debt maturity schedule to the estimated useful life of the capital asset constructed or purchased.
- 7.6 Debt Service Budgeting  
Annual budget appropriations shall include debt service payments and reserve requirements for all debt currently outstanding.
- 7.7 Capital Improvements Planning  
When necessary, long-term borrowing should be incorporated into the county's capital improvement plan.
- 7.8 Interfund Loans  
Where cost effective, the Board of Commissioners may choose to issue loans between funds within its reporting entity. A document outlining the amount, rate, repayment terms, and other such pertinent items will be completed by County Manager after direction is issued by the Board of Commissioners to complete the inter-fund loan transaction. A meaningful financial analysis will be performed by the Chief Financial Officer and the County Manager on the lending fund's working capital to assure adequate cash flows will remain after the money is transferred to the borrowing fund. As a general rule, the lending fund should not incur financial hardship or an increase in rate structure as a result of the transaction. Any inter-fund loan must be approved in final by the Board of Commissioners.
- 7.9 Competitive Financing  
The County generally will conduct financings on a competitive basis. However, negotiated financings may be used due to market volatility or the use of an unusual or complex financing or security structure. The County may employ outside financial specialists to assist it in developing a bond issuance strategy, preparing bond documents, and marketing bonds to investors. The key players in the County's financing transactions include its financial advisor and bond counsel, the underwriter and County representatives.
- 7.10 Fixed and Variable Rate Debt  
The Board of Commissioners of Bulloch County, Georgia will exercise prudence and caution in the management of financial affairs, particularly regarding the issuance of debt so that the County utilizes the most effective method for accomplishing strategic objectives without imposing inappropriate risks. Therefore, the County will primarily issue fixed rate debt in order to lesson interest rate risk over the life of the issue. Variable rate debt may be considered under certain limited circumstances only after a sufficient understanding of the products and their appropriate use has been developed in conjunction with an educated advisor, such as the Chief Financial Officer or a qualified municipal financial advisor.
- 7.11 Legal Compliance  
When issuing debt, the County shall comply with all legal requirements. This compliance adherence to local, state and federal legislation and bond covenants. Specifically, the Chief Financial Officer is responsible for maintaining a system of recordkeeping and reporting to meet the requirements of the federal tax code (the "Code"). This system of record keeping and reporting shall include the following: (a) a list of all property financed with the proceeds of tax-exempt debt ("Tax-Exempt Debt Property") and (b) a system for tracking investment earnings on debt proceeds and moneys pledged

to the repayment of the debt, calculating rebate payments in compliance with tax law, and remitting any rebatable earnings to the federal government in a timely manner in order to preserve the tax-exempt status of the County's outstanding debt issues.

The use of Tax-Exempt Debt Property shall be monitored to ensure that such use does not constitute "private business use" within the meaning of the Code. Without limiting the foregoing, each contract, including but not limited to management contracts relating to such Tax-Exempt Debt Property shall be reviewed by legal counsel prior to the execution of such contract. The list of Tax-Exempt Debt Property shall be reviewed at least annually to ensure that none of the Tax-Exempt Debt Property has been sold. In the event that Tax-Exempt Debt Property is used in a manner that constitutes "private business use" or the Tax-Exempt Debt Property is sold, the remediation provisions of Treasury Regulation § 1.141-12 shall be carried out in consultation with bond counsel. If bond counsel advises that a fund or account needs to be yield restricted (*i.e.*, not invested at a yield in excess of the debt), the moneys on deposit in such fund or account shall be invested in United States Treasury Obligations – State and Local Government Series ("SLGS"), appropriate "yield reduction payments" shall be made if permitted by the Code or the Chief Financial Officer shall establish other procedures to ensure that such fund or account is yield restricted. At the time the debt is issued, the Chief Financial Officer shall determine if he or she reasonably expects that one of the arbitrage rebate exceptions will be satisfied. If the arbitrage rebate exception relates to the time period over which the proceeds of the debt are spent, the Chief Financial Officer shall verify that the appropriate expenditures have been made at each milestone. If one of the milestones is not satisfied or the Chief Financial Officer does not reasonably expect that one of the arbitrage rebate exceptions will be satisfied, an outside arbitrage rebate consultant shall be retained unless the Chief Financial Officer has determined that positive arbitrage will not be earned. All records relating to the debt needed to comply with Section 6001 of the Code shall be maintained. These records shall be kept in paper or electronic form and shall include, among other things, (i) basic records relating to the transaction (including the debt documents, the opinion of bond counsel, etc.), (ii) documents evidencing the expenditure of the proceeds of the debt, (iii) documentation evidencing the use of Tax-Exempt Property by public and private entities (e.g., copies of management contracts, leases and research agreements) and (iv) documentation pertaining to any investment of debt proceeds (including the purchase and sale of securities, SLG subscriptions, yield calculations for each class of investments, actual investment income received from the investment of the proceeds of the debt, guaranteed investment contracts and rebate calculations). Such records must be maintained as long as the debt is outstanding, plus three years after the final payment or redemption date of the respective debt.

Additionally, the Chief Financial Officer is responsible for implementing appropriate systems and procedures to ensure that the County complies with all its continuing disclosure undertakings entered into pursuant to Amended SEC Rule 15c2-12 (the "Rule"). These systems and procedures shall include the following (a) signing up for email reminders from the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("EMMA") and (b) systems for determining if a "material event" has occurred and reporting that event on EMMA. The County shall comply with its continuing disclosure undertakings made pursuant to the Rule and shall file on EMMA all operating and financial data and all material event notices required by its continuing disclosure undertakings.

Finally, the Chief Financial Officer is also responsible for implementing appropriate systems and procedures to ensure that general financial reporting and certification requirements and financial covenants are monitored to ensure that all covenants are complied with.

## **Section 8 – Purchasing Policies**

### **8.0 General Provisions**

The purpose of this policy is to provide for the fair and equitable treatment of all businesses involved in public purchasing by the County, to maximize the purchasing value of public funds in procurement, and to provide safeguards for maintaining a procurement system of quality and integrity.

The Purchasing Manager shall solicit bids and proposals for goods and services, unless otherwise provided for herein. The Purchasing Manager is responsible for 1) assisting in the purchasing of goods and services for County departments; 2) reviewing requisitions for completeness and clarity and assisting in making needed corrections; 3) conferring with departments concerning the quality, quantity and kind of items requisitioned; and 4) issuing purchase orders. Departments under the operational jurisdiction of the Board of Commissioners are required to adhere to this policy, while departments under the operational jurisdiction of other elected officials are strongly encouraged to adhere to this policy.

### **8.1 Purchase Orders**

A purchase order must be used for all purchases exceeding \$2,500 except recurring contractual obligations (e.g., leases, maintenance and utilities). Funding must be budgeted before a purchase order is executed. Any purchase of goods or services of \$15,000 or more must be approved by the Board of Commissioners.

### **8.2 Change Orders**

Any change order in excess of \$25,000 must be approved by the Board of Commissioners. The County Manager is authorized to approve and execute all other change orders.

### **8.3 Purchasing Verification**

Department heads must approve the payment of all invoices to verify that the product or service has been received in the quantity and quality specified. Receipts and invoices should be sent to Finance for prompt payment.

### **8.4 Local Buying Preference**

For all purchases of \$15,000 or more, if the quality, service, price, and other factors are substantially equal, then a local vendor whose bid is within 5% of the lowest bid may be given an opportunity to match the lowest bid. This policy shall be stated in all applicable solicitations but does not apply to public works construction projects or road projects.

For purposes of this provision, a “local vendor” is one that 1) has a principal business location within the boundaries of Bulloch County; 2) has a valid occupational tax certificate issued by a jurisdiction located in Bulloch County; and 3) owns the property where the principal business location is located, or has a lease for a term of no less than one year for the principal business location which in effect requires the local vendor to pay the ad valorem taxes on the leased property.

A “principal business location” is further defined as a permanent facility with a physical location in Bulloch County where it can be demonstrated 1) that the goods or services are either made, stored, processed, sold or rendered at the facility; and 2) that substantial administrative or management

activities are performed by one or more employees, principals, representatives or agents for the purpose of transacting business.

To request the local vendor preference, a vendor must include a completed local vendor form with its submitted bid. It is the vendor's responsibility to provide clear and convincing evidence that it meets the requirements for being considered a local vendor pursuant to this provision. The determination of whether a vendor has submitted sufficient evidence to support being deemed a local vendor shall be solely within the discretion of the Board of Commissioners and shall not be subject to challenge.

#### 8.5 Conflicts of Interest

No employee of Bulloch County shall have a financial interest either directly or indirectly in the purchase of or contract for any goods or services, nor in any firm, corporation, partnership, limited liability company, or any other legal entity furnishing any goods or services to Bulloch County or any of its departments. For purposes of this provision, an indirect financial interest includes, but is not necessarily limited to, a financial interest of an employee's spouse. Nor shall any employee of Bulloch County accept or receive, directly or indirectly, from any person, firm, corporation, partnership, limited liability company, or any other legal entity furnishing any goods or services to Bulloch County 1) any money or anything of more than nominal value; or 2) any promise, obligation, or contract for future reward or compensation. Provided, however, that nothing in Section 8.5 shall preclude employees of Bulloch County from 1) attending seminars, courses, lectures, briefings, or similar functions at any manufacturer's or vendor's facility or at any other place if any such seminar, course, lecture, briefing, or similar function is for the purpose of furnishing the employee with knowledge and information relative to the manufacturer's or vendor's products; 2) receiving meals from a manufacturer or vendor in connection with any such seminar, course, lecture, briefing, or similar function; or 3) receiving educational materials and business-related items of not more than nominal value from a manufacturer or vendor.

No employee of Bulloch County shall personally participate either directly or indirectly in the purchasing or supervision of any goods or services furnished to Bulloch County by an immediate family member of the employee or by a firm, corporation, partnership, limited liability company, or any other legal entity in which the employee's immediate family member has a direct financial interest. For purposes of this provision, "immediate family member" means the employee's child, parent or sibling.

#### 8.6 Petty Cash Process

Employees assigned a purchasing card should use the card instead of petty cash. Other employees may use petty cash if approved by the department head for each purchase up to \$100 per transaction. The department head will have the employee fill out a petty cash reimbursement voucher and pay the employee from petty cash and request a reimbursement of the petty cash fund from Finance.

#### 8.7 Small Purchases

Certain employees may make purchases without a purchase order if 1) they are granted authority by the department head to purchase items less than \$2,500 per transaction; and 2) sufficient funds are available in the department budget. Some employees recommended by each department head and approved by the County Financial Officer will be issued procurement cards for purchases.

## 8.8 Written Quote Process

Any purchase which is at least \$2,500 but less than \$15,000 must use a purchase order, after the department head or designee has obtained at least three written quotes. Each vendor must be given sufficient information to assure that the quotes are for the same product, or a similar product made by another company. The information given to the vendors and their quotes are then given to the Purchasing Manager for review and approval. Specific brands and models should be listed, if possible. For purposes of satisfying this provision, quotes that are hand delivered, mailed, faxed, emailed or obtained from the internet shall all be considered "written quotes." Quotes should include the following information: the date, product description, price, delivery terms, and the name and position of the company representative who prepared the quote. In the event that three quotes cannot be obtained, documentation justifying the lack of three quotes must be submitted to and approved by the Purchasing Manager.

## 8.9 Competitive Sealed Bid Process

- a) Threshold: Except as otherwise provided in this policy, the competitive sealed bid process must be used for any purchase that is \$15,000 or more. It also includes capital equipment where the number of units would make the price rise above \$15,000 or more (e.g., three units costing \$6,000 each equal a total cost of \$18,000).
- b) Public Notice: Solicitations shall be posted on the County website and the Georgia Procurement Registry a minimum of fourteen days prior to the bid opening and may be posted on other electronic or print media as determined by the Purchasing Manager. The bid advertisement must contain at a minimum the following information: 1) description of the product or service; 2) quantity; 3) where to get detailed specifications and obtain answers about them; 4) where and when to submit the bids; 5) how to address the envelope, time and place of bid opening; and 6) any special instructions or conditions, such as attendance at a mandatory or voluntary pre-bid conference. A standard clause which reserves the Board of Commissioners' right to reject any and all bids or proposals, to waive any technicalities or informalities associated with the bid or proposal, and to make the award that it deems in the best interest of the County shall be included in all sealed bids.
- c) Bid Solicitation: Department heads should forward recommended specifications to the Purchasing Manager, who shall prepare the advertisement and the specifications. Below are the specific steps involved in this process:
  - 1) No later than one week prior to the bid opening, potential bidders shall submit to the Purchasing Manager written questions for clarification regarding any aspect of the bid document. The Purchasing Manager will post the questions and responses on the County Procurement website.
  - 2) No addendum can be issued within 72 hours of the date and time set for the bid opening unless the bid date is extended by a minimum of 72 hours beyond the date of the addendum is issued.
  - 3) Sealed bids can be delivered by hand, mail or express carrier. Each sealed bid shall be marked on the envelope with the date and time it was received.
  - 4) Bids will be publicly opened and read aloud at the time and place designated in the solicitation. No late bids will be accepted or considered.
  - 5) When bids are opened by the Purchasing Manager, each base bid and alternate bid (additive or deductive) will be read aloud. A designated witness will write them on the Bid Tabulation

Sheet. The Purchasing Manager will make clear that the County may elect to use or not use any alternate bid and will select the best bid resulting from those elections.

- 6) The Purchasing Manager and witness will double-check the entries on the Bid Tabulation Sheet, note any errors, and sign the Bid Tabulation Sheet.
- 7) Copies of the bid documents, bid bond, and any payment and performance bonds if required, can then be turned over to an engineering, architectural, or other consultant, if applicable, for review and recommendation.
- 8) A memorandum with the recommendation(s) of the department head and Purchasing Manager, with the bid tabulation shall be submitted for administrative review for inclusion on the next Board of Commissioners meeting for action.
- 9) The award, if made, shall be made to the lowest responsive and responsible bidder, subject to any local vendor preference pursuant to Section 8.4.

#### 8.10 Competitive Sealed Proposals Process

Except as otherwise provided in this policy, the competitive sealed proposal process may be used for goods or services when it is determined that competitive sealed bidding is not practicable or advantageous, subject to the following conditions:

- a) Proposals shall be solicited through a request for proposals.
- b) Public notice shall be given in the same manner as provided for competitive sealed bidding.
- c) Discussions may be conducted with offerors who submit proposals determined to be reasonably susceptible of being selected for award, for the purpose of clarification to assure full understanding of and responsiveness to the solicitation requirements.
- d) Offerors shall be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals; and such revisions may be permitted after submissions and prior to award for the purpose of obtaining best and final offers.
- e) In conducting discussions there shall be no disclosure of any information derived from proposals submitted by competing offerors.
- f) The award, if made, shall be made to the responsible offeror whose proposal is determined to be the most advantageous to the county, taking into consideration price and the evaluation factors set forth in the request for proposals.

#### 8.11 Fixed Price Agreements Process

Goods or services used by one or more departments on a regular and continuing basis may be purchased under a contract covering a specified extended period of time at an established price for such goods or services which shall be valid for the duration of the contract period. Purchase agreements under this provision shall be solicited through competitive sealed bids or proposals as set out above. The departments of the County can then purchase these goods or services on an as-needed basis throughout the agreed time period at the accepted bid price with a valid purchase order, or using the procurement card if the cost is below the assigned card's transaction limit.

Any department head wishing to use the fixed price agreement process should request its use by memorandum to the Purchasing Manager, with a copy to the Chief Financial Officer and County Manager. In addition, the Purchasing Manager may initiate the process as well by requesting its use from the Chief Financial Officer and County Manager. Once the Chief Financial Officer and County Manager approve its use, the Purchasing Manager shall be responsible for following the procedures for competitive sealed bids or proposals as set out above to procure the best terms and price. The Purchasing Manager shall notify all of the departments of any additions or deletions to the list of fixed price agreements currently in effect. Once the County has entered into a fixed price agreement

on a particular product, all departments must use that agreement for its duration in obtaining that product.

#### 8.12 Georgia Local Government Public Works Construction Law Process

- a) Chapter 91 of Title 36 of the Official Code of Georgia Annotated, or as subsequently amended, requires counties that engage in the building, altering, repairing, improving, or demolishing of any public structure or building or other public improvements of any kind to any public real property other than those projects covered by Article 3 of Chapter 4 of Title 32 of the OCGA (see Georgia County Road Projects below) in which the value of said work is \$100,000 or more, to use the competitive sealed bid or competitive sealed proposal processes set out in these statutory provisions, unless the proposed work qualifies for one of the limited exceptions. This statute does not apply to the routine operation, repair, or maintenance of existing structures, buildings, or real property, or any energy savings performance contract or any improvements or installations performed as part of an energy savings performance contract.
- b) The preferred construction delivery method for these projects is the competitive sealed bid method. No other method allowed by state law shall be used unless expressly approved by the Board of Commissioners. No project requiring a contract under this method shall begin the design phase without the express approval of the County Manager or his/her designee, even if it has been included in the annual capital budget, so that its methods of financing, design, advertisement, and award have been thoroughly reviewed.
- c) Notwithstanding any other provision of this policy, written quotes may be obtained in lieu of sealed bids for any public works project valued at less than \$100,000 that would otherwise be subject to the competitive bid process required by state law.

#### 8.13 Georgia County Road Projects

- a) Road projects (construction, reconstruction, or maintenance) valued at \$200,000 or more that require a contract must use the competitive bid process set out in Article 3 of Chapter 4 of Title 32 of the Official Code of Georgia Annotated, or as subsequently amended, unless the proposed work qualifies for one of the limited exceptions.
- b) No project requiring a contract under this method shall begin the construction phase without the express approval of the County Manager or his/her designee, even if it has been included in the annual capital budget, so that its methods of financing, design, advertisement, and award have been thoroughly reviewed.
- c) Notwithstanding any other provision of this policy, written quotes may be obtained in lieu of sealed bids for any road project valued at less than \$200,000 that would otherwise be subject to the competitive bid process required by state law.

#### 8.14 Sole Source Purchases

The County Manager or his/her designee is authorized to designate a sole source for any item or service under \$15,000 in value which, due to special scientific, technological, or extraordinary specifications or circumstances, should be purchased from only one vendor. Any sole source purchase that is \$15,000 or more in value must be approved by the Board of Commissioners. Any department wishing to make a sole source purchase must furnish the Purchasing Manager (who will then refer it to the County Manager) with a written request which fully explains why it is essential to do so. The County Manager shall make the decision or schedule it for action by the Board of Commissioners, depending on the estimated cost.

#### 8.15 Emergency Purchases

The County Manager is authorized to waive any or all bidding requirements for the purchase of necessary goods or services whenever an emergency condition exists which presents a threat to the safety, health or welfare of the citizens of the County and whenever such requirements would cause undue delay in the delivery of essential services under such conditions. Any emergency purchases must be reported to the Board of Commissioners at the next regular meeting of the Board of Commissioners. Any department wishing to make an emergency purchase must furnish the Purchasing Manager (who will then refer it to the County Manager) with a written or verbal request which fully explains why it is essential to do so. In the absence of the County Manager, the approval of the Chairman of the Board of Commissioners or the County Manager's designee can be substituted.

#### 8.16 Professional and Other Technical Services

Although professional services are not required to be competitively procured, when determined to be in the best interest of Bulloch County, requests for proposals may be issued for professional services. Negotiated contracts for professional services can be used when a formal Bid or RFP was not completed and this exception is typically (though not exclusively) utilized when additional services are needed on an existing contract or when recurring services are needed and a relationship has been established with an existing vendor and cost associated with changing vendors may be more than savings achieved through the purchasing process. A professional service is one that typically requires a specialized degree in higher education and/or a license to practice the profession sanctioned by the state and/or a governing organization. For purposes of this policy, professional services are defined as and limited to services provided by the following professions: lawyers; certified public accountants; architects; engineers; land surveyors; physicians or other medical professionals; veterinarians; funeral directors; and consultants in specialized areas.

#### 8.17 Real Property Acquisitions

- a) The acquisition of any interest in real property, including but not limited to easements, leases, other limited property rights, and fee simple ownership may be negotiated on behalf of the County by the County Attorney and the County Manager, but must be approved by action of the Board of Commissioners.
- b) The Board of Commissioners is authorized to act as the agent to acquire property at any tax lien sale; and such property acquired thereby may by action of the Board of Commissioners be conveyed, sold, transferred, assigned, or given to a duly authorized Land Bank Authority established by Bulloch County or any of its municipalities pursuant to the statutory provisions of Article 4, Chapter 4 of Title 48 of the Official Code of Georgia Annotated, or as subsequently amended.
- c) Pursuant to Section 32-4-40 et. seq. of the Official Code of Georgia Annotated, or as subsequently amended, the County shall notify the Georgia Department of Transportation of any roads either added or abandoned from the county road system.

#### 8.18 Cooperative Purchases

The County Manager may authorize the Purchasing Manager or participating departments to enter into cooperative purchasing agreements with other units of government when it would be in the best interest of the County.

#### 8.19 Federal and State Purchases

Whenever any goods or services are available to the County through a contract with the federal or state government, and when such items or services meet the requirements of a using department,

such item or service shall be deemed to have met all the requirements of competitive bidding and may be purchased under the federal or state contract without regard to further government requirements.

8.20 Leases for Real Property and Personal Property (Equipment)

All participating departments requiring the lease of lands, buildings or structures for office or storage space, or for operating equipment shall notify the County Manager. The County Manager shall be solely responsible for selection of the space, for negotiation of lease terms and conditions except for legal terms. The County Attorney will determine insurance requirements, preparation of the lease agreement or review of the lessor's standard contract form. A department requiring the lease or purchase of equipment or personal property, shall notify the County Manager's office prior to entering negotiations to determine if it is in the best interest of the County.

8.21 Property Disposal: Purpose

The purpose of this section is to govern the disposition of county property and is intended to support the following purposes: 1) save the County money through centralized redistribution and disposal of unneeded property; 2) create an audit trail that verifies and validates appropriate property disposal; 3) maximize the return on investment for the disposal of County property; and 4) provide guidance while ensuring fair and equitable treatment of all persons involved in the surplus process.

8.22 Declaration of Property as Surplus Prior to Disposition

No property owned by the County shall be disposed of as surplus property until the Board of Commissioners has adopted a resolution 1) declaring such property as unserviceable in that it cannot be beneficially or advantageously used under all the circumstances for County purposes; and 2) authorizing the disposition of such property in accordance with this policy. Provided, however, that property of de minimus value may be disposed of without formal action of the Board of Commissioners.

8.23 Disposition of Personal Property

(a) The Board of Commissioners is authorized to dispose of surplus personal property by one of the following means:

- (1) Transfer to other local government agencies;
- (2) Sell to the highest responsible bidder through a live or internet auction;
- (3) Trade in surplus personal property on the purchase of new vehicles or equipment if it is in the best interest of the County;
- (4) If the surplus personal property has no value or the cost of maintaining and selling the surplus personal property exceeds the anticipated proceeds from the sale of the surplus personal property, the property may be destroyed and disposed of or recycled and removed from County inventory; or
- (5) Transfer to charitable institution or nonprofit corporation through a negotiated sale, provided that the Board of Commissioners determine 1) that such sale would be in the best interests of the County; and 2) the negotiated sales prices constitutes a reasonable consideration for the personal property.

(b) No employee of the County or such employee's immediate family member shall purchase or receive any county personal property through any other method than a live or internet auction.

8.24 Disposition of Real Property

Sale or other disposition of real property shall be in accordance with state law.

## Section 9 – Lines of Credit, Credit Card, Fuel Card, and Purchasing Card Policies

### 9.0 Purpose

The purpose of this policy is to establish policies and procedures for the issuance and use of Lines of Credit, Fuel Cards, and Purchasing Cards (or P-Cards) by Bulloch County's elected officials and employees while conducting business on behalf of Bulloch County.

### 9.1 Definitions

*Approving Official:* Person having approval authority for all charges incurred by individual Card Users within that department. Usually the Department Head but may be his/her designee.

*Card Administrator:* The Finance Department designee handling the administrative function of the purchase card program, and who retains authority to approve or deny specific requests.

*Card Issuer:* The business organization or financial institution or its duly authorized agent which issues a Credit Card, Fuel Card, or P-Card.

*Card User:* An elected official or employee who is authorized to use a Credit Card, Fuel Card, or P-Card in accordance with this policy. Whether the Cardholder or not, the Card User must sign and assent to the terms and conditions of the Purchasing Policy and a Card User Agreement.

*Cardholder:* The government entity or person to whom or for whose benefit a Credit Card, Fuel Card, or P-Card is issued by a Card Issuer. The Cardholder must be an employee of Bulloch County or an elected official acting in his or her official capacity.

*Credit Card:* A card issued by a Card Issuer that allows a Cardholder to borrow pre-approved funds at the point of sale in order to complete a purchase of goods or services. Whenever the term Credit Card is used in this policy, it is understood that it is a Credit Card other than a Fuel Card or a P-Card and is only authorized for use by Bulloch County Elected Officials.

*Department Head:* The person who retains authority to request issuance of or authorization to the Card Administrator for Credit Card, Fuel Card or P-Card issuances and transaction limits for Cardholders and Card Users under his or her direct supervision.

*Fuel Card:* A specific type of Credit Card that is issued through the State of Georgia and which may only be used for the purchase of regular unleaded gasoline. Fuel Cards may only be issued to (a) employees whose job responsibilities are of a 24-hour nature; (b) employees who must travel outside Bulloch County; or (c) employees when Bulloch County fueling facilities are not readily available to fleet users.

*Purchasing Card or P-Card:* A specific type of Credit Card issued by Bulloch County's primary banking services provider for the purpose of making small-dollar purchases of \$1,000 or less. P-Cards are readily identified as they have Bulloch County and the Card User's name on the face of the card.

*Line of Credit:* An agreement through which a financial institution or vendor extends credit, or a specified amount of money, to a borrower that must be obtained only after approval from the Finance Department and the Board of Commissioners, and after appropriate forms have been completed, where required. All Lines of Credit shall be payable on or before December 31 of the year in which the debt is incurred.

## 9.2 Designation of Authorized Bulloch County Elected Officials

In accordance with the requirements of O.C.G.A. § 36-80-24 and subject to the provisions of this policy, the following Bulloch County elected officials are authorized to be issued or to use a Credit Card, Fuel Card, and/or P-Card: (1) Chairman of the Board of Commissioners; (2) Commissioners; (3) Clerk of Court; (4) Coroner; (5) Magistrate Judge; (6) Probate Judge; (7) Solicitor-General; (8) State Court Judge; (9) Sheriff; and (10) Tax Commissioner. Provided, however, that prior to being issued or using a Credit Card, Fuel Card, or P-Card, an elected official must sign and accept a Card User Agreement referenced in this policy. Any purchases by an elected official using a Credit Card, Fuel Card, or P-Card must be solely for items or services that directly relate to such official's public duties.

## 9.3 Transaction Limits

Transaction limits are set forth below, in accordance with and subject to thresholds established in the General Provisions of the Purchasing Policy. If changes in the transaction limit become necessary, the specification of the higher limit and approval shall be indicated on an updated Card User Agreement with the signatures of the Cardholder, Department Head and Card Administrator.

- a) Transaction Limit for Credit Cards: Single purchase – \$2,500.
- b) Transaction Limit for Fuel Cards: Single purchase – \$150.
- c) Transaction Limit for P-Cards: Single purchase – \$2,500.
- d) Transaction Limit for Lines of Credit: Single purchase - \$2,500
- e) Transaction Limit for Elected Officials: In the case of elected officials, the above transaction limits and procedures for changing the transaction limits shall apply, except that instead of the approval of a Department Head, the approval of the Chairman of the Board of Commissioners (or, if the Card User is the Chairman, the approval of the Vice-Chairman) shall be required.
- f) Purchases may not be split to avoid transaction limits. If items to be purchased from a single vendor on any given date exceed the transaction limit, the purchase order process must be used.

## 9.4 Authorized and Unauthorized Purchases

- a) Authorized Purchases: Authorized employees and elected officials shall only use Lines of Credit, Credit Cards (Elected Officials only), Fuel Cards, and/or P-Cards to purchase goods or services necessary for and directly related to their employment with Bulloch County and that are required to maintain the continuous operation of Bulloch County or the public duties of the elected official. Fuel Cards will only be used (a) when a Bulloch County fueling center is not reasonably available; and (b) at self-service islands for the purchase of regular gasoline for a Bulloch County vehicle. All purchases are subject to this policy, the agreement signed by the Card User, the adopted budget, and any other Bulloch County policies that may impact any such purchases.
- b) Unauthorized Purchases: Lines of Credit, Credit Cards, Fuel Cards, and/or P-Cards shall not be used to avoid compliance with purchasing policies and procedures, to purchase goods or services that are not approved in Bulloch County's budget, to purchase goods or services exceeding transaction limits, or to make purchases not in compliance with the agreement signed by the Card User. Lines of Credit, Credit Cards, Fuel Cards, and/or P-Cards shall not be used for personal purchases of goods or services under any circumstances. Without limiting the applicability of the foregoing, the following types of purchases may not be made:
  - 1) Gasoline, fuel, or oil inside Bulloch County (except for authorized use of Fuel Cards);
  - 2) Alcoholic beverages;
  - 3) Cash advances;
  - 4) Personal items and services;

- 5) Prescription drugs and controlled substances;
  - 6) Items included in fixed price agreements or contracts;
  - 7) Any additional goods or services restricted by the Department Head, not necessary for continual operations of Bulloch County or which professional judgment would not support.
- c) Reimbursement and Disciplinary Action: Unauthorized purchases are strictly prohibited. If such purchases are made, whether personal in nature or not, the employee, Cardholder or Card User's authorization to use a Line of Credit, Credit Card, Fuel Card or P-Card is subject to immediate revocation. Additionally, the employee or Card User will be required to reimburse Bulloch County for the unauthorized purchases, and will also be subject to immediate disciplinary action, up to and including termination of employment (unless the employee or Card User is an elected official).

#### 9.5 Documentation; Review and Auditing Procedures

- a) Documentation
  - 1) Itemized Receipts: The Card User must obtain an itemized receipt for each purchase made with a Line of Credit, Fuel Card, or P-Card.
  - 2) Missing Receipts: If for some reason the employee or Card User cannot provide an itemized receipt for a particular purchase, the employee or Card User must complete a Missing Receipt Form.
- b) Review and Auditing Procedures
  - 1) Employees and Cardholders must verify each charge on his or her statement by retaining all itemized receipts, invoices or other documentation and matching them, or the missing receipt form when applicable, to the monthly statement within one week of receiving the statement from the Card Administrator. If the employee or Cardholder needs to dispute a charge on the monthly statement, the employee or Cardholder should notify the financial institution, vendor or Card Issuer immediately to begin the charge dispute process. Additionally, a charge dispute form should be completed and remitted along with the statement.
  - 2) The Approving Official must review each employee's or Cardholder's statement and detailed documentation to verify the County's need for the purchases and authorize approval before forwarding the statement to the Card Administrator or Finance Department for payment and recording of expenditures to the corresponding budget. The Approving Official must complete this review and approval within five days of receiving the statement from the employee or Cardholder. Additionally, the Approving Official will ensure all charges are properly coded to the appropriate budgetary line, and will resolve any questions or discrepancies about the statement with the employee or Cardholder prior to remitting the statement to the Card Administrator or Finance Department.
  - 3) The Card Administrator and accounts payable office will review every statement, verifying compliance with all aspects of the purchasing policy before recording transactions to the correct budgetary item. He or she will also report any necessary disciplinary action to the employee's, Cardholder's or Card User's Department Head.

#### 9.6 Employee Responsibilities

In addition to responsibilities regarding documentation, reviews, and audits, the following employees shall have the following responsibilities regarding Lines of Credit, Credit Cards, Fuel Cards, and/or P-Cards:

- a) Card Users

- 1) Maintain card security.
  - 2) Immediately report a lost or stolen card to the Card Issuer and Card Administrator.
  - 3) Identify Bulloch County's sales tax exemption status to vendors.
  - 4) Assure that cards are used only for authorized purchases.
  - 5) Responsible and accountable for all transactions that occur on the card.
- b) Department Heads
- 1) Establish any monthly limits on purchases for each individual employee.
  - 2) Request card issuance to the designated eligible employees.
  - 3) Collect cards from employees upon their termination, transfer, or employment separation and forward to the Card Administrator.
  - 4) Notify the Card Administrator of cards that need to be cancelled and the effective date the cards should be cancelled.
- c) Approving Official
- 1) Verify legitimacy of purchases and approve them.
  - 2) Ensure purchase is properly coded.
  - 3) Ensure documentation exists for each transaction on the Cardholder's or vendor statement.
  - 4) Resolve any questions or discrepancies with the employee or Cardholder.
  - 5) Forward the approved statement to the Card Administrator or Finance Department.
- d) Card Administrator
- 1) Process requests for new issuances or limit changes.
  - 2) Order new or replacement cards, to include cards for name changes.
  - 3) Collect and destroy damaged cards or those issued to persons who no longer require one in the performance of their duties or upon termination.
  - 4) Verify compliance and coordinate policy issues.
  - 5) Participate in ongoing program reviews.
  - 6) Report program activity quarterly to management.
  - 7) Maintain master Card User/number record.

#### 9.7 Violations and Penalties

A Line of Credit, Fuel Card, and/or P-Card will be suspended or revoked if the employee or Card User violates any provisions of this policy or misuses the line of credit or card in any way. In addition, the offending employee or Card User may be subject to civil and criminal penalties depending on the nature of the violation, and (unless the employee or Card User is an elected official) will be subject to disciplinary action, up to and including termination of employment. The following list of misuse or policy non-compliance is not exhaustive.

- a) Unauthorized use to purchase items for personal or non-business-related use; and use for cash advances, refunds and credits held on account with a vendor.
- b) Unauthorized or inappropriate purchases including gift cards, alcoholic beverages or any substance, material, or service that violates policy, law or regulation pertaining to the County.
- c) Knowingly allowing use of the card or line of credit by another individual who is not a county employee; purchasing from vendors who are friends or relatives creating a conflict of interest.
- d) Splitting a purchase to circumvent the limitations of the Bulloch County's Purchasing Policies; using of another employee's card to circumvent the assigned purchase limit; failure to apply tax exemptions for purchases except in cases where it is infeasible or impractical.
- e) Failure to provide the Department Representative or the Finance Department with the required receipts or other proper documentation for purchases.
- f) Failure to provide, when requested, information about specific purchases.
- g) Failure to obtain approval from the Finance department to open a line of credit.

## Section 10 – Grants Management Policies

### 10.0 General Provisions

All county departments shall confer with the County Manager and Chief Financial Officer prior to application to determine if the grant application meets criteria that serves the best interest of the county, or its core functions. The county will seek grant funding for activities that meet the following criteria:

- a) The funded activities will further core county functions and are in the best interest of the citizens of the county.
- b) The merits of the program will be assessed as if it were funded with local tax dollars.
- c) Local tax dollars will not be used to make up for losses of intergovernmental aid without first reviewing the program and its merits as a budgetary increment.
- d) The funded activities are incorporated in county's annual budget by original adoption or by resolution.
- e) No grant is to be accepted that incurs management and reporting costs greater than the grant amount, unless indirect costs or administrative costs can be reimbursed.

### 10.1 Funding Authority and Pre-Award Procedures

The County Manager is given authority to make application for and accept grants meeting the criteria above. However, the Board of Commissioners must approve by resolution, the application for and acceptance of any grants and key provisions in excess of the limits established for approval by the County Manager according to the thresholds below.

<i>County Manager May Approve if</i>	<i>and, the Match</i>
<i>Grant Amount is:</i>	<i>Requirement is:</i>
\$100,000 or <	0%
\$50,000 or <	20% or <
\$25,000 or <	40% or <

### 10.2 Post-Award Procedures

- a) The recipient department must immediately notify the County Manager upon notice of any grant award.
- b) Prior to the receipt or expenditure of grant revenues, the County Manager or his/her designees will be provided with the necessary information as defined in this section prior to receiving grant revenues or making purchases against the grant.
- c) Each department shall consult with the Chief Financial Officer to establish appropriate reporting and accounting of all financial transactions in such form consistent with the County's Uniform Chart of Accounts.
- d) All grants shall be subject to the county's accounting and budgetary policies. Accounting and budgeting information shall be inclusive of required matching funds, both direct and in-kind.
- e) Each department is responsible for the program management of its grant funds and periodic reporting that meets the specifications of the grantor agency and the County.
- f) The department shall follow procurement requirements of the County unless the grantor agency's requirements are more restrictive. Should procurements result in savings that would leave unexpended funds in a grant allocation, the recipient department shall negotiate with the grantor agency to expend such funds for additional allowable resources.

- g) The recipient department must immediately notify the County Manager upon closure of any grant award.

The file descriptions below consist of the minimum recommended system for county awarded grants. These file descriptions will apply to most grant awards, though some may be more applicable to construction, land acquisition or equipment awards. The file system is consistent with items and/or areas that a grantor agency will typically review during a monitoring visit or an audit. Please note that grant files should be maintained in an area that that can be secured. Such files typically must be retained for a period of three years after the grant closeout.

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Endnotes:

<sup>1</sup>a) the aggregate amount of such loans may not exceed seventy five percent (75%) of the total gross income from ad valorem taxes collected in the last preceding year; b) all such loans shall be payable on or before December 31 of the calendar year in which such loan is made; and, c) no such loan may be obtained when there is a loan then obtained unpaid in any prior year; and, d) the aggregate of such loans incurred in any one calendar year for current expenses shall not exceed the total anticipated revenue for such calendar year.

<sup>2</sup> The county will limit the total of its general obligation long-term debt to 10% of the assessed value of all taxable property within the county.

Financial Policies: Approved: March 2005; Revised: June 2009, February 2012, December 2015, November 2018, July 2019