

Gordon County, Georgia

Financial Policies

Applicable to All Departments and Constitutional Offices

***Adopted by the Board of County Commissioners
September 1, 2009***

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July 10, 2012, September 17, 2013,
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Foreword

In an effort to continue to improve the financial management of Gordon County, Georgia, the County's finance director, in the spring of 2008, initiated a project to develop formalized financial policies. In addition, the New York bond rating agencies strongly suggested to County representatives that the County formalize their policies. The County has been operating on a fiscally sound basis through the use of informal policies; however, the formalization of our financial policies should greatly enhance the financial management of our County.

Preface

These adopted financial policies provide the framework for assisting both the Gordon County Board of Commissioners and County's administrative staff, in making financial decisions about the financial welfare of the County. Many financial decisions must be based upon state statutes, particularly in the areas of operating budgets and investments. However, Georgia governments are given much discretion in making many of their financial decisions. This document will help County staff make these decisions in a fiscally sound manner.

This document is divided into seven sections. The first section provides the guidance regarding the preparation and management of the County's operating budget. State law provides much guidance for this topic. Section II provides an overall formalized framework for the County's capital improvement program. Section III discusses debt issuance and management. At this writing, the County's long-term debt is limited to capital leases. However, this policy addresses a variety of other debt issues that may occur in the future.

The administration of the County's revenues is discussed in Section IV. Section V provides the policy guidance for the County's accounting, auditing and financial reporting activities. County procurement policies and procedures are addressed in Section VI and Section VII provides overall policy guidance for the County's investment program. Finally, Section VIII provides travel policies and Section IX discusses grant procedures.

The Finance Department wants to thank the Board of County Commissioners for their guidance and support of the County's financial management.

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SECTION I

OPERATING BUDGET AND EQUITY RESERVE POLICIES

SECTION I. OPERATING BUDGET AND EQUITY RESERVE POLICIES

The budget process provides the primary mechanism by which key decisions are made regarding the levels and types of services the County provides within their estimated available resources. Budget policy guides this process. Budget policy also directs the County's financial health and stability and these policies provide the foundation for sound budget administration.

Georgia law (e.g., O.C.G.A. 36-81-1 et seq.) provides the budget requirements for Georgia local governments. These specific legal requirements are referenced throughout these budget policies, as applicable. The policies presented in this section provide an outline of the County's application of these state laws.

This section of the County's financial policies is divided into three subsections, general operating budget policies, specific operating budget policies, and equity.

SUBSECTION I. GENERAL OPERATING BUDGET POLICIES

A. SCOPE

These operating budget and equity policies apply to all budgeted funds, which are the responsibility, and under the management of the County and its Finance Department, including the Constitutional Officers.

B. FINANCING CURRENT COSTS

Current costs shall be financed with current revenues, which may include the use of available fund balances carried forward from the prior year if necessary. The County's goal is to achieve and maintain a structurally balanced budget for each fund where recurring revenues are equal to recurring expenditures. Each year will include unusual revenues and expenditures that are also incorporated, but these non-recurring items can be viewed separately. The County shall avoid balancing current expenditures by obligating the use of future year's resources. The County shall strive to avoid short-term borrowing to meet cash flow requirements. However, the County may enter into short-term borrowing should a critical need arise (see Debt Issuance and Management Policies, Section III).

C. BUDGET REQUIREMENTS BY FUND TYPE

The following budget requirements are established for the different funds the County uses (e.g., O.C.G.A. 36-81-3):

1. **General Fund** – The County adopts an annual budget for the General Fund which shall provide for general government operations of the County and maintain working capital necessary for the County's financial health and stability.
2. **Special Revenue Funds** – The County adopts annual budgets for each special revenue fund, which demonstrates that any legally restricted revenue sources are used consistent with the applicable laws and/or regulations (e.g., the E-911 Fund).
3. **Capital Project Funds** – The County adopts a project budget for its capital project funds (e.g., the SPLOST Fund). However, the County also adopts an annual budget, consistent with the County's fiscal year.

4. **Enterprise Funds** - Although generally accepted accounting principles (GAAP) or Georgia statutes do not require the County to adopt budgets for enterprise funds (e.g., the Solid Waste Management Fund), the County does adopt annual budgets for its enterprise funds in order to monitor revenues and control expenses. The County uses a business approach when budgeting enterprise funds.
5. **Agency Funds (e.g., the Probate Court Fund)** – GAAP and Georgia statutes do not require the adoption of budgets for the agency funds, since these funds primarily collect cash and forwards it to the general fund for the Constitutional Officers, or to other governmental agencies. These funds do not report operations; therefore, operating budgets are not necessary.

SUBSECTION II. SPECIFIC OPERATING BUDGET POLICIES

The operating budget shall be prepared on an annual basis and include those funds detailed in Sub Section I that are subject to annual appropriation or project appropriation for the fiscal year July1 to June 30.

A. BUDGET PROCESS AND ADOPTION

Prior to May 25 of each year, the County's administration must submit a recommended budget to the Board of County Commissioners for their consideration. During the review process, a state required and legally advertised public hearing is conducted to obtain public comment. In addition, the recommended budget is available for public inspection at the County Clerk's office and the public library. A copy of the budget shall also be made available, upon request, to the news media. Prior to July 1 of the budget year, the County's administration presents the final budget to the Board of County Commissioners, after which the Board of County Commissioners adopts the budget through the passage of a budget resolution (e.g., O.C.G.A. 36-81-5 and O.C.G.A 36-81-6).

B. DECENTRALIZED BUDGET DEVELOPMENT PROCESS

The County will utilize a decentralized operating budget process. All departments and Constitutional Officers are given an opportunity to participate in the annual budget process.

The County will utilize a "bottoms-up" resource allocation approach. Each department will have an opportunity to request personnel, services, supplies and capital items needed to carry on its responsibility in an exemplary manner. However, the Board of County Commissioners may establish certain budget increase parameters, which may limit budget growth.

C. DEPARTMENTAL BUDGET REQUESTS

The budget shall be developed based upon "line-item" expenditures within each department. This type of budget focuses on objects of expenditures such as personal services, purchased services, supplies, equipment, etc. within each department. At a minimum, each department's budget request shall be detailed by individual line item.

D. ESTIMATING REVENUES

In the budget development, the County will estimate its revenues conservatively, using an objective and analytical approach. Revenue estimates are based upon historic trends and independent analysis by County staff. Every attempt will be made to limit or reduce appropriations prior to increasing any fees or charges. However, to avoid a degradation of the County's service delivery, increases in fees and charges are adopted when necessary. (See Revenue Policies in Section IV).

E. A BALANCED BUDGET

The budget shall be balanced for each budgeted governmental fund. Total anticipated revenues plus the portion of fund balance required to equal total estimated expenditures for each fund will be used (e.g., O.C.G.A. 36-81-3). Fund balance should not fall beneath authorized reserves.

The budgeted expenses for enterprise funds (less depreciation) expense must equal estimated revenues.

F. THE BUDGETARY BASIS

All governmental fund budgets shall be adopted on a basis consistent with generally accepted accounting principles (i.e., the modified accrual basis of accounting) as promulgated by the Governmental Accounting Standards Board (GASB). Revenues are recognized when they become measurable and available and expenditures are charged against the budget when they become measurable, a fund liability has been incurred and that liability is due.

All enterprise fund budgets use the accrual basis of accounting.

G. LEVEL OF BUDGET ADOPTION AND CONTROL

The budget shall be adopted at the legal level of control, which is department within individual fund (i.e., expenditures may not exceed the total appropriation for any department within a fund without the Board of County Commissioner's approval in a public meeting). The Board of County Commissioners must approve transfers of personnel salary changes. See policy H below for amending the budget (e.g., O.C.G.A. 36-81-3 and O.C.G.A. 36-81-5).

H. BUDGET AMENDMENTS

The budget is a dynamic rather than static plan, which requires adjustments and formal budget amendments as circumstances change. During the fiscal year, the Board of County Commissioners may need to amend the budget for the funding of service level delivery policy changes, unforeseen catastrophic events or redirection of resources.

Generally, the Board of County Commissioners should approve all budget amendments before expenditures occur. However, due to emergencies or unforeseen circumstances, the Board of County Commissioners may confirm a budget amendment after the expenditure has occurred.

The County administration will present proposed budget amendments to the Board of County Commissioners at regularly scheduled meetings, as necessary.

The Board of County Commissioners must amend the budget for all increases in total departmental appropriations, transfers of appropriations between departments not overseen by the same department head/elected official and increases in the number of authorized positions (full and part-time).

Any budget amendments must be adopted by resolution (i.e., the same process that is used to originally adopt the budget) (e.g., O.C.G.A. 36-81-3).

I. UTILIZATION OF PRIOR YEAR'S FUND BALANCE IN BUDGET

If necessary, the County may use fund balance in excess of the minimum reserve for working capital as a funding source for that fund's budget. The amount of unreserved fund balance

shall be estimated conservatively, taking into consideration future year needs. The minimum requirement for the designation for working capital (see Budget Policy, section I, part B), must first be met before utilizing the excess fund balance as a funding source for the budget.

J. APPROPRIATIONS AT YEAR END

All annual operating budget appropriations (i.e., including encumbered appropriations) shall lapse at the end of the fiscal year. Purchases encumbered in the current fiscal year, but not received until the following fiscal year, are charged against each department's subsequent year appropriation. However, the Board of County Commissioners may re-appropriate an encumbered order in the following fiscal year's budget through a budget amendment.

K. BUDGET REPORTING SYSTEM

The County shall maintain a system of budgetary control reports to assure adherence to the budget. The County makes available to departments through its financial program monthly financial reports comparing actual revenues, and outstanding encumbrances and expenditures with budgeted amounts.

L. DEMONSTRATING LEGAL COMPLIANCE

The County will demonstrate its legal compliance with its budget by presenting "budget to actual" comparison schedules within the County's published annual comprehensive financial report (ACFR). The general fund and any major special revenue funds' budgetary comparison statements will be represented as "basic financial information." All other budgetary comparison schedules will be presented as "supplementary information."

M. CONTINGENCIES

The County shall establish a contingency line in the general fund, within the non-departmental budget, in order to accommodate unexpected operational changes, legislative impacts, or other economic events affecting the County's operations which could not have been reasonably anticipated at the time the budget was prepared.

The amount will vary depending upon available resources as determined during the budget process.

If any of the contingency budget is needed in a separate department, Board of County Commissioners approval is required. If approved, the Finance Department will transfer the appropriation from the contingency line item to the applicable line item(s) within the applicable department's budget.

N. FUNDING OF DEFINED BENEFIT PLAN

The County will fully fund its required contribution to the defined benefit plan and will strive to make the recommended contribution each year.

O. CAPITAL ASSET MAINTENANCE

Within the resources available each year, the County shall maintain capital assets and infrastructure at a sufficient level to protect the County's investment, to minimize future replacement and maintenance costs, and to continue service delivery levels. A complete inventory and recurring measurement of the physical condition and existence of all capital

assets should be done periodically. A qualified engineer may assist with the preparation of the plan as it relates to infrastructure or any other capital asset type that the County does not have qualified staff to assist with. The condition measure should be understandable and reliable. This should be used as a basis for multi-year capital planning and annual budget funding for capital asset maintenance and replacement.

P. CONTRIBUTIONS

Unless authorized by Board of County Commissioners, outside contributions to programs operated by County departments shall be subject to the County's accounting and budgetary policies. The County welcomes both unrestricted and restricted contributions compatible with the County's programs and objectives. Any material contribution shall be appropriated by Board of County Commissioners prior to expenditure.

Q. PRIVATIZATION

The County will encourage delivery of services by other public and private organizations whenever and wherever greater efficiency and effectiveness can be expected as well as develop and internally use technology and productivity advancements that will reduce or avoid increasing personnel costs. The intent is to control personnel costs as a proportion of the total budget, to more productively and creatively use available resources, and to avoid duplication of effort and resources.

SUBSECTION III. EQUITY POLICIES

A. FINANCIAL RESPONSIBILITY

The County will live within its means. All departments supported by the resources of this County must function within the limits of the financial resources identified or available specifically to them. A balance must be maintained between revenues and expenditures, so that the public can realize the benefits of a strong and stable government. It is important to understand that this policy is applied to budget entities over periods of time which extend beyond current appropriations. By law, budgets cannot exceed available resources, defined as revenues generated in the current period added to balances carried forward from prior years. Temporary shortages, or operating deficits, can and do occur, but they are not tolerated as extended trends. The County will not develop a legacy of shortages or a legacy of mixing one-time resources and expect the continued delivery of services.

B. BUDGET STABILIZATION RESOURCES

The County shall establish an unrestricted GAAP fund balance designation in the General Fund for working capital purposes. The purposes of working capital is to eliminate cash flow issues, cover the cost of expenditures caused by unforeseen emergencies, cover shortfalls caused by revenue declines, and to eliminate any short-term borrowing for cash flow purposes. This designation shall accumulate and then be maintained at an amount, which represents the equivalent of a minimum of six months of operating and debt expenditures, including transfers to other funds. A similar six months of operating and debt expenditures reserve shall be maintained in unrestricted retained earnings of both enterprise funds. Unusual one-time expenditures could potentially reduce these balances, but efforts should be made to replenish them within one to three years.

SECTION II

***CAPITAL IMPROVEMENT
PROGRAM POLICIES***

SECTION II - CAPITAL IMPROVEMENT PROGRAM POLICIES

The County will prepare a 5 year Capital Improvement Program (CIP), which will be updated annually. This plan will assist in the planning, acquisition, and financing of capital projects.

Major capital projects will be budgeted in a capital projects fund and/or in one of the County's enterprise funds. Also, some projects or purchases may be budgeted in the general fund. With the involvement of each of the County departments, the County Administrator's Office will prepare the capital budget in conjunction with the operating budget.

A. IDENTIFICATION OF CAPITAL PROJECTS

For purposes of the CIP, a capital project generally is defined as an expenditure that has an expected useful life of more than one year with an estimated total cost of \$20,000 or more. Examples include building/infrastructure, road construction, land acquisitions, equipment, and vehicles.

B. CIP PREPARATION

Updating of the CIP will occur annually, usually during the development of the annual budget. Each department will identify potential capital projects throughout the year and forward the list of identified projects to the Finance Department, when requested. All identified projects with agreement on need will be added to the CIP document, even if funding has not been secured.

C. PRIORITIZING CAPITAL PROJECTS

The Board of County Commissioners considers the following criteria when prioritizing capital projects and/or capital asset purchases:

- Legal obligations and mandates
- Fiscal impact
- Third party financing availability
- Health and safety impacts
- Economic effects
- Environmental, aesthetic and social effects
- General public support
- Disruption and inconvenience to the public
- Implications if project is deferred to future years
- Effect on surrounding governments
- Impact on other capital projects
- Life expectancy of project
- Percentage of population served

D. PROJECT LENGTH BUDGET

The CIP shall be developed based upon defined projects approved by the Board of County Commissioners. Capital needs are projected for the subsequent five-year period. Once a project has been approved and funding has been identified, it will be incorporated into the annual operating budget. The Board of County Commissioners will adopt a project budget for these projects. Budget appropriation shall include the complete project costs with contingency amounts as appropriate. (O.C.G.A. 36-81-3)

E. AUTHORIZATION OF BUDGET ADJUSTMENTS AND AMENDMENTS

Department heads must submit budget amendment requests transferring appropriations from one line item to another within the same capital project. The County Administrator or Finance Director (or his designee) shall review and approve all requests for budget adjustments. Adjustments from appropriations that have been obligated, committed, or reserved for a designated purpose shall not be transferred until formal a de-obligation occurs. The de-obligation of budget dollars to a specific project will only occur after the completion of the project, or when a project was identified and budget and funding is no longer necessary.

F. CONSTRUCTION CONTRACTS

All capital projects must be included in a formal construction contract and the contract must be approved by the Board of County Commissioners. All other contract components must be consistent with the County's purchasing rules and regulations.

G. CONSTRUCTION CONTRACT CHANGE ORDERS

All construction contract change orders must be supported by County staff recommendations and must be approved by the capital project architect and/or project engineer (if applicable) and each must be approved by the Board of County Commissioners in a public meeting. All other contract change order components must be consistent with the County's purchasing rules and regulations.

H. COORDINATION WITH DEBT POLICY

If the Board of County Commissioners determines that borrowing is necessary to finance a capital project included within the CIP, the financing will be coordinated with the debt policies of the County (See "Debt Issuance and Management Policies," Section III).

SECTION III

***DEBT ISSUANCE AND MANAGEMENT
POLICIES***

SECTION III - DEBT ISSUANCE AND MANAGEMENT POLICIES

The County recognizes the foundation of any well-managed debt program is a comprehensive debt policy. A debt policy sets forth the parameters for issuing debt and managing outstanding debt and provides guidance to decision makers regarding the timing and purposes for which debt may be issued, types and amounts of permissible debt, method of sale that may be used and structural features that may be incorporated. The debt policy should recognize a binding commitment to full and timely repayment of all debt as an intrinsic requirement for entry into the capital markets. Adherence to a debt policy helps to ensure that a government maintains a sound debt position and that credit quality is protected. Advantages of a debt policy are as follows:

- Enhances the quality of decisions by imposing order and discipline, and promoting consistency and continuity in decision making,
- Rationalizes the decision-making process,
- Identifies objectives for staff to implement,
- Demonstrates a commitment to long-term financial planning objectives, and
- Is regarded positively by the rating agencies in reviewing credit quality.

The policies also:

- Establish criteria for the issuance of debt obligations so as not to exceed acceptable levels of indebtedness
- Transmit a message to investors and rating agencies that the County is committed to sound financial management
- Provide consistency and continuity to public policy development

Issuing debt commits the County's revenues several years into the future, and may limit its flexibility to respond to changing service priorities, revenue inflows, or cost structures. Adherence to this debt policy helps ensure that the County issues and manages its debt prudently in order to maintain a sound financial position and protect its credit rating.

Georgia law provides the authorizations and requirements for debt issuances by Georgia local governments. These specific legal requirements are referenced throughout the debt policies, as applicable.

Although the following debt policies relate to a sophisticated debt program, current practice for debt issuance is limited to capital leases, and the County has no general obligation or revenue bonds outstanding.

A. CONDITIONS FOR ISSUING LONG-TERM DEBT

Debt financing for capital improvements and equipment generally will be used when at least one of the following conditions exist:

- When one-time, non-continuous projects (those not requiring annual appropriations) are desired;

- When the County determines that future users will receive a benefit from the capital improvement that the debt financed;
- When the project is necessary to provide basic services to County residents;
- When total debt, including debt issued by overlapping governments (e.g., the school board), does not constitute an unreasonable burden to County taxpayers.
- Exhausting the use of all other possible revenue sources to provide alternative funding for capital projects.

B. CONDITIONS FOR ISSUING SHORT-TERM DEBT

The County will limit its short-term borrowing to cover cash flow shortages through a bank loan or the issuance of tax anticipation notes (TANS) (Georgia Constitution, Article 9, Section 5, Paragraph 5).

C. LIMITATION ON DEBT ISSUANCE

Georgia law limits the amount of general obligation debt that the County may issue to 10% of the assessed value of all taxable property located within the boundaries of the County (Georgia Constitution, Article 9, Section 5, Paragraph 1). However, the County takes a more conservative approach and limits the issuance of general obligation debt to 5% of this assessed value.

The amount of general long-term debt financing for capital assets (i.e., through capital leases) may be 100% of the fair market value of the purchase.

D. SOUND FINANCING OF DEBT

When the County utilizes debt financing, the following activities will occur to ensure that the debt is soundly financed:

- Analysis of the financial impact, both short-term and long-term, of issuing the debt;
- Conservatively projecting the revenue sources that the County will use to repay the debt;
- Insuring that the term of any long-term debt the County incurs shall not exceed the expected useful life of the asset the debt financed;
- Maintaining a debt service coverage ratio (i.e., for revenue secured debt) that ensures that the revenues pledged for the repayment of the outstanding debt will be adequate to make the required debt service payments.

E. REFUNDING DEBT

The County will consider refunding outstanding bonds when the net present value savings (net of issuance costs and any other cash contribution), as a percentage of the refunding bonds should be at least "3% - 5%" as a guide. A refunding should also be considered if the County has debt that includes restrictive bond or legal covenants that need to be eliminated.

F. DEBT RETIREMENT

Generally, borrowings by the County should be of a duration that does not exceed the economic life of the capital improvement that it finances and where feasible, should be shorter than the projected economic life. To the extent possible, the County should design the repayment of debt so as to recapture rapidly its credit capacity for future use.

Annual budget appropriations shall include debt service principal and interest payments and reserve requirements for all debt currently outstanding.

G. FULL DISCLOSURE

The County shall follow a policy of full disclosure in financial reporting and with the preparation of a bond prospectus.

H. LEGAL COMPLIANCE

When issuing debt, the County shall comply with all legal requirements, including the continuing disclosure requirements. This compliance includes adherence to local, state and federal legislation and bond covenants.

More specifically, the Finance Director is responsible for maintaining a system of record keeping and reporting to meet the arbitrage rebate compliance requirements of the federal tax code. This effort includes tracking investment earnings on bond proceeds, 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. Additionally, general financial reporting and certification requirements embodied in bond covenants are monitored to ensure that all covenants are complied with.

The County will comply with Amended SEC Rule 15c2-12 (the "Rule") by providing secondary market disclosure for all long-term debt obligations, which are subject to the Rule. As required, the County will submit annual financial information to all nationally recognized municipal securities repositories pursuant to the Rule, on a timely basis.

I. CREDIT RATINGS

The Finance Director is responsible for maintaining relationships with the rating agencies that assign ratings to the County's various debt obligations. This effort includes providing periodic updates on the County's general financial condition along with coordinating meetings and presentations in conjunction with a new debt issuance.

Credit ratings are the rating agencies' assessment of the County's ability and willingness to repay debt on a timely basis. Credit ratings are an important indicator in the credit markets and can influence interest rates the County must pay. Each of the rating agencies believes that debt management is a positive factor in evaluating issuers and assigning credit ratings. Therefore, implementing debt management practices will be viewed positively by the rating agencies and could influence the County's credit rating and ultimately lower borrowing costs.

When the County issues bonds, it will consider insuring the bonds, which essentially results in the highest bond rating possible which may result in lower interest costs.

J. RELATIONSHIP WITH CAPITAL IMPROVEMENT PROGRAM (CIP)

All bond issue requests, as well as requests for new capital leases, shall be coordinated by the Finance Department during the annual budget process. Requests for the issuance of new bonds must be identified during the CIP process (See Section II, CIP policies). Capital leases cannot be approved without the review of the County Administrator and Director of Finance. As a matter of course, nominal amounts will not be considered for capital leases.

K. 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.

L. USING FINANCIAL SPECIALISTS

The County employs 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.

SECTION IV
REVENUE ADMINISTRATION POLICIES

SECTION IV - REVENUE ADMINISTRATION POLICIES

The County levies, collects and records certain taxes, license and permit fees, intergovernmental revenues, charges for services, investment earnings, fines and forfeitures, and other miscellaneous revenues and financing sources. This policy provides direction in the application, acceptance and administration of revenues the County receives.

A. DIVERSIFICATION AND STABILITY

All revenues have particular characteristics in terms of stability, growth, sensitivity to inflation or business cycle effects, and impact on the tax and rate payers. A diversity of revenue sources can improve a County's ability to handle fluctuations in revenues and potentially help to better distribute the cost of providing services.

The County shall strive to maintain a diversified and stable revenue structure to shelter it from short-term fluctuations in any primary revenue source. When possible, the revenue mix shall combine elastic (e.g., sales taxes) and inelastic (e.g., property taxes) revenue sources to minimize the effect of economic downturns.

The County will work towards diversifying its revenue base in order to reduce its dependence upon property taxes.

B. REVENUE BUDGET ESTIMATES

As part of the annual budget process, an objective analytical process will estimate revenues realistically and prudently. The County Finance Department will estimate revenues of a volatile nature conservatively.

C. USER BASED FEES AND CHARGES (Exchange Revenues)

The County will strive to keep the revenue system simple which will result in a decrease of compliance costs for the taxpayer or service recipient and a corresponding decrease in avoidance to pay. The County will avoid nuisance taxes, fees, or charges as revenue sources.

The County's revenue system will strive to maintain equity in its structure. That is, the County will seek to minimize or eliminate all forms for subsidization between entities, funds, services, and customers. However, it is recognized that public policy decisions may lead to subsidies in certain circumstances.

When establishing user charges, the following issues will be considered:

- Ability to pay
- Pricing to limit or encourage demand
- Identifiable benefits
- Discourage waste
- Cost of collection

For services associated with a user fee or charge, a fee shall offset the costs of that service, where possible. Costs of services include direct and indirect costs such as operating and maintenance costs, administrative costs, and charges for the use of capital (e.g., depreciation and/or debt service).

D. DETERMINING THE AMOUNT OF USER FEES AND CHARGES

The level of user fee cost recovery should consider the county-wide versus *special service* nature of the program or activity. The use of general purpose revenues is appropriate for county-wide services, while user fees are appropriate for services that are of special benefit to easily identified individuals or groups.

Fees will be reviewed and updated on an ongoing basis to ensure that they keep pace with changes in the cost-of-living as well as changes in methods or levels of service delivery. The Finance Department will forward any proposed changes to the Board of County Commissioners for approval.

E. UPDATING USER FEES AND CHARGES

The County will review all user fees and charges annually in order to keep pace with the cost of providing that service. This review normally will occur during the development of the annual operating budget.

The County will consider changing fee rates when:

- The fee is not covering its costs.
- The fee is covering its costs and generates excess revenue that in turn cross-subsidizes other services, unless public policy suggests otherwise.

F. NEW USER FEES AND CHARGES

When imposing new fees and/or charges, the proposed fee/charge should be examined using the following criteria:

- Sufficiency - fees and/or charges should recover the full cost of issuance, administration, and enforcement, recognizing that adjustments may be necessary for the benefit of the public;
- Efficiency - fees/charges should be designed for easy, inexpensive administration by the County and easy, inexpensive compliance by the individual/business paying the fee/charge. A minimum of the revenue raised through the collection of a fee/charge should be consumed in the process of raising it;
- Simplicity - fees/charges should be understood easily by the payee and County officials, leaving as small a margin as possible for subjective interpretations.

If the new fee would recover costs of a service previously funded by general revenue, the County should examine a decrease in general taxes or decide on a use of the liberated revenues.

G. ALTERNATIVE REVENUE SOURCES

The County shall seek alternative funding sources whenever possible to reduce the required revenue from non-exchange transactions (e.g., property taxes). Such alternative sources include private and public grants, federal or state assistance, and public and private contributions.

H. REVENUE COLLECTION

The County will follow an aggressive policy of collecting revenues, consistent with state and federal laws. This policy includes charging of penalties and interest on delinquent payments, revoking County licenses, and providing for the transferring and assignment of tax executions.

Real property will be sold to satisfy non-payment of property taxes by the Tax Commissioner. All attorney fees incurred during this process will be deducted from any excess collection before remittance to the taxpayer.

I. RATES AND CHARGES

The Board of County Commissioners shall approve all revenue rates, charges, and processes in association with receipted funds that are deposited by the County.

K. RAISING PROPERTY TAXES

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

SECTION V

ACCOUNTING, AUDITING AND FINANCIAL REPORTING POLICIES

SECTION V – ACCOUNTING, AUDITING AND FINANCIAL REPORTING POLICIES

The Government Finance Officers Association (GFOA) Executive Board has adopted a body of recommended practices in the functional areas of public finance to give GFOA members and other state and local governments more guidance on sound financial management practices. Most of the following financial policies are consistent with the recommended accounting, auditing and financial report practices. These policies include three subsections, accounting, auditing and financial reporting.

SUBSECTION I. ACCOUNTING

The County shall maintain a system of financial monitoring, control, and reporting for all operations and funds in order to provide an effective means of ensuring that financial integrity is not compromised. In addition, such practices shall provide County officials with the necessary resources in order to make sound financial decisions.

A. SCOPE

This policy applies to all accounting records that are the responsibility and under the management of the County's Finance Department.

B. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

The County will establish and maintain a high standard of accounting practices. Accounting standards will conform to accounting principles generally accepted in the United States as promulgated by the Governmental Accounting Standards Board (GASB). The County also follows the Financial Accounting Standards Board's pronouncements issued on or before November 30, 1989, unless they conflict or contradict GASB pronouncements.

C. FUND STRUCTURE

The County will maintain the minimum number of funds consistent with legal compliance and sound financial administration. Also, the County will adhere to the mandatory fund structure included in the Georgia Department of Community Affairs' (DCA) chart of accounts (see below). In addition, funds shall be classified in conformity with GAAP. Further, all funds shall be reported within the County's annual comprehensive financial report (ACFR).

D. CHART OF ACCOUNTS

The Georgia General Assembly passed the Local Government Uniform Chart of Accounts and Reporting Act in 1997 (House Bill 491). This law requires the DCA to prepare and issue a standardized chart of accounts for Georgia governments. It shall be the policy of the County to implement and utilize the account classifications as the chart of accounts prescribes (O.C.G.A. 36-81-3).

SUBSECTION II. AUDITING

Georgia Law on Local Government Audits, O.C.G.A. Section 36-81-7, requires an independent annual audit for the County. The annual independent audit shall be conducted in accordance with generally accepted auditing standards (GAAS) and generally accepted governmental auditing standards (GAGAS). In addition, the County shall comply with the requirements of the General Accounting Office (GAO) and the Office of Management and Budget (OMB) when audits are conducted relating to federal funding, consistent with the 1996 (and any future) amendments to the Single Audit Act.

A. SCOPE

This policy applies to all funds that are the responsibility and under the management of the County and its Finance Department.

B. AUDITOR QUALIFICATIONS

A properly licensed Georgia independent public accounting firm shall conduct the annual audit. The firm must have experience in auditing Georgia local governments. The firm must also be able to substantiate their audit staff has met the continuing education requirements and that the firm has had a "peer review" conducted.

C. AUDITOR INDEPENDENCE

The auditors of the County's financial statements shall conform to the independence standard promulgated in the General Accounting Office's *Government Auditing Standards* even if the audit engagement is not subject to generally accepted government auditing standards.

D. CHOOSING THE AUDIT FIRM

Every five years, the County will consider issuing a request for proposal to choose an audit firm for a period of five years with multiple year renewal options. The County will request two proposals from qualified public accounting 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 the qualified firms are chosen. When awarding the contract for the independent audit, the decision will be based more on technical qualifications rather than on cost.

E. AUDIT AGREEMENT

The agreement between the independent auditor and the County shall be in form of a written contract or an engagement letter. The contract or engagement letter shall include the request for proposal as an appendix to the written document and all issues addressed in the request for proposal shall be required as part of the contract or engagement letter.

F. INTERNAL AUDIT FUNCTION

The County shall develop, and once developed, maintain a strong internal audit function, whereby applying financial practices and policies to transactions. The County shall develop accounting practices and procedures, which will be documented for use in internal control evaluation.

The national Government Finance Officers Association (GFOA) recommends that every government should consider the feasibility of establishing a formal internal audit function because such a function can play an important role in helping county management maintain a comprehensive framework of internal controls. Because of limited financial resources, the County has not established a separate internal audit function, rather the Finance Department should continue to develop and monitor internal controls until an internal auditor position can be funded.

G. MALFEASANCE AND EMBEZZLEMENT

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.

SUBSECTION III. FINANCIAL REPORTING

The Finance Department shall develop and maintain an ongoing system of financial reporting to meet the information needs of the County, authorities, and regulatory agencies. In addition, the Board of County Commissioners, County Administrator, Department Heads and the public shall have access to reports to allow them to monitor, regulate, and to use as a basis for future financial decisions.

A. COMPREHENSIVE ANNUAL FINANCIAL REPORT

In conjunction with the annual independent audit, the County shall prepare and publish an Annual Comprehensive Financial Report (ACFR). The County shall prepare the CAFR in conformity with GAAP and the GFOA's program requirements. Annually, the County will submit its ACFR to the GFOA to determine its eligibility to receive the GFOA's coveted "*Certificate of Achievement for Excellence in Financial Reporting*" award. The County shall make this report available to the Board of County Commissioners, bond rating agencies, creditors, and any interested citizens.

All financial statements and schedules contained within the ACFR shall be audited, with the purpose to effectively communicate the complete financial affairs of the County to all interested readers. Limited procedures will be applied to the supplementary schedules.

B. ANNUAL BUDGET DOCUMENT

The County shall prepare and publish an annual budget document in accordance with the policies contained within Section I of these financial policies, the "Operating Budget and Fund Equity" section.

C. FINANCIAL REPORTING TO THE BOARD OF COUNTY COMMISSIONERS

Quarterly, the Finance Department shall prepare and present a summarized "*Statement of Revenues and Expenditures*" to the Board of County Commissioners for all County operating funds. This report shall detail budget to actual comparisons to provide data for analysis.

D. FINANCIAL REPORTING TO THE DEPARTMENTS

County departments have on-line access to departmental budgetary information. County departments should monitor their budgets at least on a monthly basis.

E. EXTERNAL FINANCIAL REPORTING TO THE STATE OF GEORGIA

The County shall report their financial information to the State of Georgia in conformity with O.C.G.A Section 36-81-7. A copy of the County's annual audited financial statements (i.e., the ACFR) shall be submitted to the Georgia Department of Audits and Accounts within 180 days of year-end (December 31), as required.

SECTION VI
***PROCUREMENT POLICIES AND
PROCEDURES***

SECTION VI - PROCUREMENT POLICIES AND PROCEDURES

This policy provides guidance for the procurement of goods and services in compliance with procurement provisions of the County and all current applicable laws of the State of Georgia and the United States. In the event any portion of this Policy shall be declared invalid for its failure to conform to state or federal law, such invalidity shall not affect the remaining portions hereof. Notwithstanding any other provision of this Policy, the County may enter into any contract, follow any procedure, or take any action that is otherwise at variance with this Policy if necessary or convenient to receive funds from the government of the United States or the state of Georgia. The goal of this policy is to establish, foster, and maintain the following principles:

- Consideration of the County's best interest in all transactions;
- Purchasing without prejudice by seeking to obtain the best value from the most qualified responsible bidder; and
- To subscribe to and work with honesty and truth in purchasing.

All departments of the County including the constitutional offices are subject to these procurement policies. The following supplies and services are exempt from this policy.

- a. Works of art for public places, or other creative/artistic endeavors that require a particular and demonstrated skill or talent to include, but not limited, artists, musicians, and writers;
- b. Printed copyright material including published books, maps, periodicals and technical pamphlets (not including software for computer systems), except where a greater savings can be realized by a quantity purchase;
- c. Real property, real estate brokerage and appraising, abstract of titles for real property, title insurance for real property and other related costs of acquisition;
- d. Dues, memberships and board member fees;
- e. Subscriptions;
- f. Services provided directly to individual citizens and employees including reimbursements and other miscellaneous payments, including but not limited to services provided in response to general liability insurance claims;
- g. Utilities, where there is no reasonable basis for competitive procurement, for example electric power, water and sewerage;
- h. Licensed health professionals, to include veterinary services;
- i. Legal services, litigation, and related legal services;
- j. Financial Instruments: Professional services and instruments/products related to the County's financial well-being as governed by policies approved by the Board of Commissioners related to Debt Management and Investments. This exemption includes the purchase of professional services related to financial transactions and associated instruments. The areas covered by this exemption include debt, debt management, debt service, investments, banking, assets and pension assets. Examples of service providers include Financial Advisory Services; Underwriting

Services; Broker Dealers; Arbitrage Calculation Services; Banking Services; Merchant Processing Services; Sinking Fund Custodian; Paying Agent, etc.

- k. Training, facilitators for meetings, travel, lodging or meal expense covered by other County policies and regulations;
- l. Antiques and other unique assets of historical value, including restoration of these items;
- m. Professional services explicitly directed at improving the economic well-being and quality of life in the County through qualities that include, but are not limited to the following: enhancement of economic activity, job creation, job retention, business retention & expansion, neighborhood development, tax base enhancements, marketing, etc.; and
- n. Other professional services, such as engineering and auditing services.

This Section includes Subsection I for General Policies, Subsection II for Specific Policies, and Subsection III for Specific Procedures.

SUBSECTION I - GENERAL POLICIES

A. FULL AND OPEN COMPETITION

The County shall make every effort to obtain high quality goods and services at the best possible price. All procurement procedures will be conducted in a fair and impartial manner with avoidance of any impropriety. All qualified vendors have access to County business. No bidder will be arbitrarily or capriciously excluded from providing goods and services to the County. Competition shall be sought for all procurement to the maximum extent possible. The conditions of all contracts shall be made clear in advance of the competition. Specifications shall reflect the needs of the County and provide safeguards for the maintenance of quality, integrity and equity.

The County's procurement system shall encourage full and open competition on all purchases and sales.

The operation of the County's procurement system and surplus property disposal system shall be based upon competitive bidding whenever possible.

It is the responsibility of the Purchasing Department to ensure that an adequate selection of bidders is solicited for every bid to achieve optimum competition. This responsibility includes using various advertising methods when sources may be limited and personally contacting potential bidders either via phone, mail, e-mail or fax if deemed necessary.

B. INTEREST OF COUNTY OFFICIALS OR EMPLOYEES IN EXPENDITURE OF PUBLIC FUNDS

No official or employee of the County will have an interest directly or indirectly (e.g., a financial gain) in any transaction with, sale to, work for, or contract with the County or any department of the County or service involving the expenditure of public funds in violation of ethical conduct. The County shall not contract with, or purchase from, a vendor who is a member of the immediate family having a financial interest with that vendor (i.e. owner, director or officer) of a County Commissioner, County Administrator, County Attorney,

County Clerk, Purchasing Director, Department Head, HR Director, or any Finance Department staff. The County shall not use a vendor for services in an operating department who is a member of the immediate family of an employee of that operating department. Individuals serving on the following boards are exempt from this policy if they are not covered as full time County employees or members of the Board of Commissioners

- Airport Authority
- Board of Elections & Voter Registration
- Board of Equalization
- Board of Family & Children Services
- Board of Health
- Board of Tax Assessors
- Development Authority
- Gordon/Floyd Development Authority
- Highland Rivers Community Service Board
- Historic Preservation Commission
- Historic Society
- Hospital Authority
- Library Board
- Limestone Valley RCDC Agency
- Northwest Georgia Regional Commission
- Planning & Zoning Board
- Region One Emergency Medical Services Council
- Regional Planning Board for MH,DD, & AD
- Tallatoona Community Action Partnership

C. GIFTS AND GRATUITIES

Officials or County employees are not authorized to accept gifts or gratuities from any individual, company, firm or business establishment that is a vendor to the County or is marketing the County with regard to future purchases. Limitations should not be interpreted so as to prohibit acceptance of de minimis items such as meals and holiday gifts that contribute to good public relations or to prohibit employees from obtaining loans from established lending institutions.

D. DISCLAIMER OF RESPONSIBILITY

The County will not be responsible for a purchase made by any County employee, County official, or an employee of any department utilizing public funds who fail to follow these procurement policies and procedures.

It shall be considered a "breach of duty" on the part of any employee who procures goods or services not consistent with the procurement policies contained herein. Any breaches shall be reported to the County Administrator, Finance Director, or Constitutional Officer, if applicable.

The Board of County Commissioners may disclaim responsibility and liability for any expenditure or agreement for expenditure arising from a procurement of goods and services made in its name, in the name of any governmental department under its fiscal authority, by an unauthorized person or any person acting outside these policies. The cost of any such disclaimed transaction will become the personal liability of the individual who acted improperly.

SUBSECTION II – SPECIFIC POLICIES

A. CENTRALIZED PROCUREMENT CONTROL

The County will maintain a centralized procurement control system whereby all County purchases will be coordinated by the Purchasing Department. However, the County's Purchasing Director may delegate to personnel within a user department the authority to purchase certain commodities or services if such delegation is deemed advantageous to the County or is necessary for the effective procurement of those items.

B. BUDGET ALLOCATION

Unless a budget appropriation is available, no procurement shall occur which obligates the County to pay for goods or services. Each respective department head or designee has the responsibility for reviewing budget authorization and availability prior to beginning the procurement process. Exceptions shall be made only for emergency purposes (see paragraph N below).

C. OPERATIONAL SUPPLIES, SMALL EQUIPMENT, AND CAPITAL EQUIPMENT THRESHOLDS

Operational supplies purchases are defined as an item that cost \$1,000 or less and have a useful life less than one year.

Small equipment purchases are defined as an item that cost between \$1,001 and \$19,999 and have a useful life of more than one year.

Capital equipment purchases are defined as an item that cost \$20,000 or more and have a useful life of more than one year.

D. COOPERATIVE PURCHASE

The County may participate in a cooperative purchase for the acquisition of commodities, supplies and services through an authorized contract of any other governmental entity or agency whether federal, state or local provided a competitive procurement process has been followed and determined to be in the best interest of the County. An example would be the use of Sourcewell. Documentation to substantiate this decision will be maintained by the Purchasing Division.

E. STATE OF GEORGIA PROCUREMENT CONTRACTS

The County is authorized to use any State of Georgia statewide contracts through the Georgia Department of Administrative Services, in lieu of obtaining quotes or issuing competitive sealed bids when it is to the economic advantage of the County (O.C.G.A. 50-5-100). The state contract price may be used to establish the maximum price for a good or service.

F. SOLE SOURCE PROCUREMENT

Sole source procurement is permissible if a required good or service is available from only a single supplier. A requirement for a particular proprietary item does not justify sole source procurement if there is more than one potential bidder for that item or service. The County Administrator may approve sole source procurement when there is a clear and compelling reason that sole source is justified.

G. PUBLIC WORKS CONSTRUCTION

The Georgia Local Government Public Works Construction Law (O.C.G.A. 36-91-1) establishes the basic requirements that all counties must follow when hiring private contractors to perform construction projects other than road construction that cost more than \$100,000 to ensure that public works contracts are awarded in a fair and competitive manner. The County shall solicit formal sealed bids for all public works construction contracts estimated to cost \$40,000 or more

H. ROAD CONSTRUCTION

O.C.G.A. 32-4-63(1) and 32-4-74 outlines state law regarding road construction projects that all counties must follow when hiring private contractors to perform road construction or maintenance projects that cost more than \$200,000. The County shall solicit formal sealed bids for road construction or maintenance projects estimated to cost \$200,000 or more that will be performed by private contractors. Design-build procedure means a method of contracting under which a county contracts with another party that will both design and build the structures, facilities, systems and other items specified in the contract. When a county determines that it is in the best interests of the public, a county may combine any or all of the environmental services, utility relocation services, right of way services, design services, and construction phases of a public road or other project into a single contract using a design-build procedure. Design-build contracts may be advertised and awarded notwithstanding the requirements of Code Section 32-4-63; provided, however, that construction activities shall not begin on any portion of such project until title to the necessary right of way and easements for the construction of that portion of the project has vested in the county and all railroad crossing and utility agreements have been executed. A county shall adopt resolution procedures for administering design-build contracts. Such procedures shall include, but not be limited to:

- 1) Prequalification requirements;
- 2) Public advertisement procedures;
- 3) Request for qualification requirements;
- 4) Request for proposal requirements;
- 5) Criteria for evaluating technical information and project costs;
- 6) Criteria for selection and award process, provided that the resolution shall specify that the criteria for selection shall consist of the following minimum two components for any two-step procurement process;
 - A statement of qualifications from which a county will determine a list of qualified firms for the project, provided that, if a county determines it is in the county's best interest, it may omit this requirement and move directly to a one-step procurement process through the issuance of a request for proposal from which a county may select the lowest qualified bidder; and
 - From the list of qualified firms as provided, a technical proposal and a price proposal from each firm from which the county shall select the lowest qualified bidder.
- 7) Identification of those projects that a county believes are candidates for design-build contracting; and

8) Criteria for resolution of contract issues. A county may adopt a method for resolving issues and disputes through negotiations at the project level by the program manager up to and including a dispute review board procedure. Regardless of the status or disposition of the issue or dispute, the design-builder and a county shall continue to perform their contractual responsibilities. This will not prevent an aggrieved party from seeking judicial review.

In contracting for design-build projects, a county shall be limited to contracting for no more than 50 percent of the total amount of construction projects awarded in the previous fiscal year. Any firm selected for a design-build project shall self-perform at least 30 percent of the project.

I. REQUIRED BONDS

BID BOND

The Purchasing Director may require a bid bond or other bid security in the amount of at a minimum of 5% of the submitted bid for any County project to protect the County if the selected bidder fails to execute an awarded contract. The bid bond, if required, shall be submitted at the time the bid is submitted. If a bidder fails to accompany the submitted bid with the required bid bond or bid security, the bid may be rejected as non-responsive. If the selected bidder fails to execute an awarded contract, the bid bond amount will be retained by the County to pay for the expenses of rebidding the project. This bond can take the following forms: cash, certified check, irrevocable letter of credit, or an insurance product from a company authorized to do business in the state of Georgia.

PERFORMANCE BOND

The Purchasing Director may require a performance bond in the amount of 100% of the submitted bid for any County project to provide the County reimbursement if the selected bidder fails to complete the project according to the contract. The performance bond, if required, shall be submitted after being awarded the bid. If the selected bidder fails to complete the project according to the contract, the performance bond may be called and the amount recovered will be retained by the County to complete the project. This bond can take the following forms: cash, certified check, irrevocable letter of credit, or an insurance product from a company authorized to do business in the state of Georgia.

PAYMENT BOND

The Purchasing Director may require a payment bond in the amount of 100% of the submitted bid for any County project to protect the County and the contractor's subcontractors and suppliers. The payment bond, if required, shall be submitted after being awarded the bid. If the awarded contractor fails to pay any of his subcontractors or suppliers who assist in the project, the subcontractors and suppliers seek recovery against the payment bond, not the County. This bond can take the following forms: cash, certified check, irrevocable letter of credit, or an insurance product from a company authorized to do business in the state of Georgia.

J. PUBLIC BID OPENINGS

All formal sealed bids will be publicly opened and recorded by the Purchasing Director at the time and place included in the invitation for bids or proposals.

K. FORMAL BID AWARDS

The Purchasing Director and the user department director, if applicable, shall recommend to the Board of County Commissioners the award of all bids exceeding \$40,000. Only the Board of County Commissioners shall award such bids in a public meeting.

L. CANCELLATION OR REJECTION OF BIDS OR PROPOSALS

The Board of County Commissioners reserves the right to cancel any outstanding formal sealed bids prior to the opening of the bids and also reserves the right, after the bid opening but prior to the award of a bid, to reject, in whole or in part, any bids or proposals. Any cancellations or rejections should be consistent with these procurement policies and procedures.

M. CHANGE ORDERS

The County may make written changes to the plans, specifications, scheduling, and performance period of any contract. However, any changes that increase the total dollar amount of the original contract or makes a material change to the scope of the project shall be approved by the Board of County Commissioners in a public meeting.

N. EMERGENCY PURCHASES

An emergency purchase is one in which a situation exists where inventory, supplies, equipment, etc. are depleted and would hamper County operations or when a threat to public health, safety, or property exist and goods or services are needed. Emergency purchases are allowed when using the procedures in Section III.

O. VENDOR QUALIFICATIONS AND RESPONSIBILITIES

Any potential vendor desiring to conduct business with the County shall adhere to vendor relations requirements included in Subsection III of this document.

P. LOCAL BIDDER PRIVILEGE

Because bids awarded to "local" vendors contribute to the Gordon County tax base and promote the local economy, the Gordon County Board of Commissioners has determined that, under certain circumstances, such "local" vendors shall be provided an additional privilege when bidding against non-local vendors.

If a "local" vendor's bid shall meet all specifications and is not more than four percent (4%) more than the lowest responsive and responsible bidder, the lowest bidding "local" vendor shall be given one (1) business day from the opening of such bids in which to notify the Purchasing Director that it agrees to match the low bid submitted by any non-local vendor. If such "local" vendor shall not agree to match the low bid, then the next lowest "local" vendor, if any within this specified category, shall be given one (1) business day there from to notify the Purchasing Director that it agrees to match the low bid submitted by any non-local vendor, and so on until all "local" vendors who fall within the specified category have had an opportunity to match the low bid.

This privilege or preference shall not apply to road construction or public works projects otherwise governed by Georgia Law or to the purchase of any other goods and/or services, for which such preference is prohibited by Georgia Law.

A “local” vendor for purposes of this section shall be defined as a vendor maintaining a physical presence within Gordon County, including, but not limited to the maintenance of one (1) or more offices within Gordon County with continuous employment of not fewer than two (2) persons at such office(s) for more than six (6) months prior to the submission of such bid. The mere maintenance of a post office box within Gordon County shall not qualify a vendor as “local” for purposes of this policy.

Q. SALE OF SURPLUS COUNTY PROPERTY

COUNTY EQUIPMENT AND VEHICLES

Annually, or on an “as needed” basis, the Board of County Commissioners, in a public meeting, may declare unneeded County equipment and vehicles as surplus County property and authorize the County Administrator to dispose of the surplus County equipment through public auction or formal seal bids.

The Board of County Commissioners may authorize, in a public meeting, a donation of surplus County equipment or vehicles to another public entity located within the County in lieu of a public auction or formal seal bids.

COUNTY-OWNED REAL PROPERTY

O.C.G.A. 36-9-3(a)(1) outlines state law regarding the sale of County-owned real property other than real property used for roads that all counties must follow when disposing of County-owned real property.

COUNTY-OWNED REAL PROPERTY USED FOR ROAD PURPOSES

O.C.G.A. 32-7-3 outlines state law regarding the sale of County-owned real property used for road purposes that all counties must follow when disposing of this type of property.

R. LOANING OF COUNTY EQUIPMENT

County-owned equipment and vehicles shall not be used for personal reasons. County equipment may be loaned to contracted parties where in-kind work will benefit the County and proof of insurance can be obtained.

SUBSECTION III – SPECIFIC PROCEDURES

A. ORGANIZATION

The authority for centralized purchasing in the County is placed with the County Administrator who may delegate a portion of that authority to the Purchasing Director. The Purchasing Director may, in turn, authorize employees within the Purchasing Department or any other department within the County to perform the necessary procedures to procure supplies, materials, equipment, and services.

B. SCOPE

These procedures shall apply to all purchases of supplies, materials, equipment, and services including repairs that involve public funds. The purchasing procedures herein

supersede and repeal all previously existing ordinances and procedures to the extent that they are inconsistent with these provisions.

C. EMPLOYEES APPROVED FOR PROCUREMENT

- The Purchasing Department will maintain a list of County employees who are authorized by their department head to requisition goods and services. Employees not on the list who request purchase orders will not be allowed to continue until authorization from their department head is obtained.
- Department heads must submit a list of people in their departments authorized to process requisitions.
- Department heads must update the list as changes occur.
- Department heads shall inform their employees as to the individuals within their department who are authorized to process requisitions.
- Department heads are ultimately responsible for all requisitions and invoices submitted to the Purchasing Department. Only personnel with knowledge and experience of the overall department functions should be given the authority to requisition and approve invoices.

D. GENERAL PURCHASES

All purchases are subject to the Purchasing Department's approval. The department requesting a purchase which is deemed to be an inappropriate item or service, by the Purchasing Department, may obtain a further review from the Finance Director. All departments shall use the accounting finance system, when possible, for the requisition of needed items and services. Items and services shall not be purchased without a purchase order first being issued.

E. RECURRING PURCHASES

Recurring purchases such as utilities, debt service, contracted services (e.g., exterminations, propane, waste services, security monitoring, postage and metering) are exempted from these policies. Blanket purchase orders may be issued to cover recurring expenses for similar items when it is deemed necessary in order to allow departments to continue to provide or maintain current levels of service. Blanket purchase orders may be subject to annual formal sealed bidding procedures for purchases such as recurring repairs and maintenance expenses.

F. COUNTY CREDIT CARD PURCHASES

Purchases made by the County's credit card should be infrequent and used primarily for travel related expenses such as reserving hotel rooms, renting vehicles, fuel purchases when traveling, and for certain internet purchases. Normal purchasing procedures shall apply when using the County's credit card. The credit card is simply a payment method. Under no circumstances shall the County's credit card be used for personal purchases, even to be reimbursed later by the employee.

G. EMERGENCY PURCHASES

- If an emergency occurs, the user department will contact the vendor to acquire the needed item(s).
- The vendor must supply the item or items and the correct documentation (invoice).
- After the emergency situation is taken care of, the user department must prepare a purchase requisition containing detailed information on the item(s) purchased, the reasons for the emergency, and as to the choice of vendor.

- The purchase requisition shall be clearly labeled "EMERGENCY" and shall be signed by the department head, if appropriate.
- The requisition form must then be forwarded to the Purchasing Department with the invoice and any other appropriate information.
- The Purchasing Director will then contact the vendor and issue a purchase order number or the using department may enter a requisition and receive a purchase order to deliver to the vendor.

H. VENDOR RELATIONS

- Potential vendors should be instructed to contact the Purchasing Department.
- Once a bid process is under way, no further contact or correspondence regarding the purchase is allowed between the user department, any employee, or any elected official and the potential vendor until the bid is awarded to ensure that all bidding information is consistent.
- In no instance will quotations received from one vendor during bidding or other negotiations be divulged to other vendors prior to bid opening. After bid opening, all vendor quotations are public information.
- Offers of gifts from vendors should be reported to the Purchasing Department immediately.
- No informal agreements are to be made with vendors, only the Purchasing Department will make formal agreements with vendors.

I. NORMAL PURCHASING PROCEDURES (\$1 to \$19,999)

- Purchases estimated to cost \$4,999 or less shall obtain an electronic requisition and purchase order. All purchases estimated to cost between \$5,000 and \$20,000 shall obtain three quotes via written, telephone, e-mail or fax. The requisition form shall contain details including date, vendor, quote and terms.
- All departments must submit a requisition to the Purchasing Department. The required price quotes must be submitted in the note section of the requisition. It is the responsibility of the requesting department to determine the estimated cost of the increase, and if other charges are to be added to the invoice (i.e., freight, fuel adjustment or other miscellaneous charges). Each is to be noted on the requisition.
- The Purchasing Department will verify the department's budget authorization and availability of funds to purchase the requested item(s) or service.
- The Purchasing Department will then, if funds are available, release a purchase order to the user department.
- The user department must then issue the assigned purchase order to the vendor.
- The user department will then arrange the delivery as to time and place desired.
- When delivered, the department must check the items against the purchase order and retain a delivery ticket or send this document to the Finance Department.
- The invoice shall then be delivered to the Finance Department to be matched with the purchase order form, receiving document and processed.
- Where appropriate, warranty forms shall be maintained in a "warranty file" in the user department.

J. WRITTEN QUOTES PROCEDURE (\$20,000 TO \$39,999)

- The Normal Purchasing Procedures must be completed, and three written quotes submitted
- Board of Commissioners approval must be obtained if the item was not included in the annual budget.
- Department Director and Director of Finance must approve.

H. FORMAL SEALED BIDS PROCEDURE (\$40,000 and greater)

- Formal sealed bids shall be used when the following conditions exist:
 - There are clear specifications;
 - Basis of award is price (as related to quality desired);
 - There are several bidders who can provide the product or service;
 - There is more than one (1) brand or product that meets the requirements or the specified brand can be obtained through more than one (1) source;
 - There is adequate time to advertise or solicit bids.
- The Purchasing Director will check the department's budget authorization and availability of funds to purchase the requested item or service.
- If authorized, an invitation to bid document will be produced by the Purchasing Director. The bid specifications will be written so as not to exclude nor favor any vendor whenever possible.
- The invitation to bid will be posted in accordance with state law. Public works construction contracts are required to be posted for four consecutive weeks in accordance with Georgia Local Government Public Works Construction Law (see Subsection II (G)).
- Every opportunity will be made to have the competitive bidding open to as large a number of bidders as is practically possible. A minimum of three vendors will be contacted to submit sealed bids, if available. The following process will be used to ensure competitive bidding:
 - Posting in the Georgia Procurement Registry;
 - Referencing of past bid/proposal files to locate vendors
 - Internet searches for appropriate vendors;
 - Placement of bid/proposal announcement on the County's website.
- When bids are received, they will be stamped as to date and time they arrived.
- At the time and place specified in the invitation to bid, the bids will be opened publicly and read aloud in the presence of a representative of the Purchasing Department. Bidders are not allowed to alter bid packages in any way after they have been opened at the bid opening time. Late bids will not be accepted. However, a clerical mistake that is patently obvious on the face of the bid, may be corrected upon written request and verification, submitted by the bidder. A non-material omission in a bid may be clarified and/or corrected if the Purchasing Director determines clarification and/or correction to be in the County's best interest. Omissions affecting or relating to any of the following shall be deemed material and shall not be corrected after bid opening:
 - Price information
 - Any required bonding

Bids may be withdrawn at any time prior to the bid opening. After bids have been publicly opened, withdrawal of bid shall be based upon the following:

The bidder shall give notice in writing of his claim of right to withdraw his bid due to an error within two business days after the conclusion of the bid opening procedure. Bids may be withdrawn from consideration if the price was substantially lower than the other bids due solely to a mistake therein, provided the bid was submitted in good faith, and the mistake was a clerical mistake as opposed to a judgment mistake, and was actually due to an unintentional arithmetic error or an unintentional omission of a quantity of work, labor or material made directly in the compilation of the bid, which unintentional arithmetic error or unintentional omission can be clearly shown by objective evidence

drawn from inspection of original work papers, documents and materials used in the preparation of the bid sought to be withdrawn. The bidder's original work papers shall be the sole acceptable evidence of error and mistake if request is made to withdraw the bid. If a bid is withdrawn under the authority provision the lowest remaining responsive bid shall be deemed to be the low bid.

- The Purchasing Director will evaluate all submitted bids on the basis of the lowest responsive bid and responsible bidder. A responsive bid is one that meets all bid specifications and requirements of the bid document. A responsible bidder is one who is capable to best deliver the product or service indicated in the bid package, has a favorable past performance of delivery, and positive references. The Purchasing Director and the user department will evaluate the technical aspects of the product or service to determine if it meets the bid specifications. After the evaluation is completed, a recommendation will be made to the Board of County Commissioners for their consideration of awarding the bid. The Board of County Commissioners specifically reserves the right to accept or reject any or all bids and to waive any technicalities and formalities.
- The Purchasing Director may reject bids or may defer bid awards to allow time for additional evaluation or review of bids or for other business purposes, consistent with the best interests of the County.
- The following types of bids shall be disqualified for consideration for a bid award:
 - A bid which is incomplete in any material aspect, element, or fact;
 - A bid submitted without required bonds
 - A bid submitted by an individual, firm or business on the Ineligible Source List. The following persons shall be placed on an Ineligible Source List pursuant to the provisions of this section for a reasonable period not to exceed three years, based on the recommendation of the County Administrator, Director of Finance and Purchasing Director.
 - a. Any person who submits a bid or proposal in bad faith;
 - b. Any person who breaches a contract with the County or who has poor contract performance that has been documented by the County;
 - c. Any person who repeatedly refuses to accept a bid or proposal award;
 - d. Any person who has established a pattern or practice of unethical or immoral business practices;
 - e. Any person who has been convicted of a crime involving moral turpitude;
 - f. Any person who is owned, controlled or managed, in whole or in part, by any other person described in a. through e. above; and
 - g. Any person who violates the Employment of Unauthorized Aliens Prohibited above.

A bid submitted by an individual, firm or business who has litigation pending against the County, or anyone representing a firm or business in litigation against the County, not arising out of the procurement process, settlement on property title, or condemnation proceeding where the County is not subject to financial penalty.

- The successful bidder will be contacted, and a purchase order will be released.

K. FORMAL SEALED PROPOSALS (\$40,000 and greater)

- Formal sealed proposals will be handled and processed in the same manner as formal sealed bids. This process may be used when clear specifications are not available or when a service is required.
- In this procurement method, qualifications will be primary and price may or may not be used in the evaluation of the proposals. The basis of award is the criteria outlined in the proposal. At the public opening, only the names of the companies offering the proposals will be read. Because negotiations are still possible, the contents of the proposal will not be released until the item or service has been evaluated and awarded. It is the Purchasing Department's responsibility to determine the method of purchase and to select the bid or the proposal method that is in the best interest of the County.

L. SPECIAL ISSUES

- Vendors performing a service for the County shall provide proof of workers compensation insurance and general liability insurance. When the Purchasing Director determines that it is in the best of interest of the County, they may waive the workers compensation insurance and general liability insurance requirements. In these instances, the vendor shall sign a release and indemnity waiver form.
- Any in-County vendor performing a service for the County shall also provide proof of a valid business license and be current on all County taxes and fees.
- All conditions being equal, the in-County vendor will be awarded the bid in the case of a tie. In the case of multiple in-County ties or multiple out-of-County ties, the decision will be determined by drawing.
- If alternates are offered in the bidding/proposal process, a full explanation of how the alternative will meet the required specifications shall be submitted with the bid/proposal. The County shall reserve the right to accept or reject any or all of the alternative proposals.
- In certain situations that involve highly technical solutions, a mandatory pre-bid conference may be required. If so required, only bids from those potential bidders in attendance will be considered.
- In the event a bidder is awarded a bid or proposal by the Board of County Commissioners and the selected bidder fails to fulfill the conditions of the award, the Purchasing Director shall have the authority to award the bid to the second most responsive and responsible bidder without rebidding. If the second bidder cannot fulfill the conditions of the award, the Purchasing Director shall have the authority to award the bid to the third most responsive and responsible bidder without rebidding. If the third bidder cannot fulfill the conditions of the award, the Purchasing Director will rebid the item or service.
- Vendors will be required to sign a form that states that they agree to the terms and conditions contained in the bid/proposal package as well as applicable federal, state, and local laws.
- Each vendor shall sign a form indicating that no act(s) of collusion have taken place in the bid/proposal process.
- If a bidder has a grievance regarding these bidding procedures or their application, the bidder must first file a written grievance with the Purchasing Director for a resolution.

within 10 days of the bid award. If the Purchasing Director cannot resolve the grievance in a satisfactory manner to the bidder, the bidder may appeal to the Board of County Commissioners.

- It is the policy of Gordon County that all contractors and subcontractors who contract with the County in connection with the physical performance of services must comply with the Illegal Immigration Reform and Enforcement Act and all applicable Federal and State laws. Therefore, the County shall not enter into a contract for the physical performance of services within the State of Georgia unless the contractor provides evidence on a County-provided Affidavit form that it and its subcontractors have registered for and are participating in the federal work authorization program as defined by O.C.G.A. §13-10-90 et seq.

M. VIOLATIONS OF PURCHASING PROCEDURES

All employees are expected to follow these purchasing policies and procedures. If not followed, disciplinary actions may result.

N. APPROVAL OF CONTRACTS

All contracts shall be reviewed and approved as to form by the County Administrators' Office prior to execution on behalf of the County. A contract shall conform to state and federal law, as well as County ordinances and shall otherwise contain such provisions as are reasonably necessary to protect the interests of the County.

SECTION VII

DEPOSIT AND INVESTMENT MANAGEMENT POLICIES

SECTION VII - DEPOSIT AND INVESTMENT MANAGEMENT POLICIES

This policy establishes overall guidelines for the deposit and the investment of financial assets for the benefit of the County. The Finance Department is responsible for the management of daily receipts and investment of cash and related accounting operations. The following policies are to be judged and understood in light of that overall sense of stewardship. In that regard, the basic investment standards shall be those of a prudent investor as articulated in applicable state statutes.

Much of the “*Investment Management Policies*” are modeled after the Government Finance Officers Associations’ (GFOA) best practices document titled, “*GFOA Sample Investment Policy*.”

This section of the County’s financial policies is divided into three subsections, general policies, deposit management policies and investment management policies.

SUBSECTION I. GENERAL POLICIES

A. SCOPE

This investment policy applies to all cash and investments, which are the responsibility, and under the management of the County and its Finance Department.

B. POOLED CASH AND INVESTMENT MANAGEMENT

All non-restricted cash and investments will be maintained in a single cash and investment pool allowing for the maximum use of available resources. The County shall maintain an accounting system that allows non-restricted assets to be pooled, while separately recorded on the general ledger. All available idle cash shall be invested.

C. ALLOCATION OF INVESTMENT EARNINGS

Investment earnings from the pooled cash and investments will be allocated to each investing fund consistent with fund ownership in the pool. The investment earnings shall be allocated monthly, based upon each fund’s average monthly balance. The allocation of the investment earnings process shall coincide with the month end close process.

D. ETHICS AND CONFLICTS OF INTEREST

County 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 to the Board of County Commissioners any material financial interests in financial institutions that conduct business with the County, and they shall further disclose any large personal financial or investment positions that could be related to the performance of the County's portfolio.

SUBSECTION II. DEPOSIT MANAGEMENT POLICIES

A. CHOOSING DEPOSITARIES

The national GFOA recommends that state and local governments periodically initiate competitive-bidding and negotiation processes, in accordance with the state and local laws and regulations, for major banking services. Currently, the County banks locally and will expand this policy, if needed.

B. COLLATERALIZATION

The County shall require pledges of collateral from the depository institution covering at least 110% of the deposits. This requirement is in accordance with O.C.G.A. 36-83-5; 45-8-12; 50-17-59; and 45-8-13.

SUBSECTION III. INVESTMENT MANAGEMENT POLICIES

A. GENERAL INVESTMENT OBJECTIVES

The primary objective in the investment of County funds under control of the County is to ensure the safety of principal, while managing liquidity requirements of debt service and other financial obligations of the County, providing the highest investment return using authorized investment instruments, and promoting economic development in the County.

Safety - The safety of principal is the foremost objective of the investment program. County investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio. To attain this objective, diversification is required to ensure that the Finance Director prudently manages market, interest rate and credit risk. Each investment purchase shall be limited to those defined as eligible under Georgia statutes (see below).

a. Credit Risk - the County will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:

- Limiting investments to the safest types of securities.
- Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the County will do business.
- Diversifying the investment portfolio so that potential losses on individual securities will be minimized.

b. Interest Rate Risk – the County will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by:

- 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.
- Investing operating funds primarily in shorter-term securities, money market mutual funds, or the State of Georgia Local Government Investment Pool.

Liquidity - The investment portfolio shall remain sufficiently liquid to enable the County to meet all operating requirements that might be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (i.e., static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (i.e., dynamic liquidity). A portion of the portfolio also may be placed in money market mutual funds or the State of Georgia Local Government Investment Pool which offer same-day liquidity for short-term funds.

Return on Investments - The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity with the following exceptions:

- A security with declining credit may be sold early to minimize loss of principal.
- Liquidity needs of the portfolio require that the security be sold.

Economic Development and Local Considerations - The County seeks to promote economic development in the County through various programs that provide incentives for community reinvestment and financial assistance.

B. DELEGATION AND AUTHORITY

The responsibility for conducting investment transactions resides with the Finance Department. The County's Finance Director is designated as investment officer and is responsible for investment decisions and activities, under the direction of the County Administrator. The Finance Director shall develop and maintain written administrative procedures for the operation of the investment program, consistent with all investment policies. No person may engage in an investment transaction except as provided under the terms of the investment policies and the procedures established by the Finance Director.

C. PRUDENCE

The standard of prudence used by investment officials is the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

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.

D. SAFEKEEPING AND CUSTODY

If the County decides to invest in the public investment market, a list will be maintained of financial institutions authorized to provide investment services to the County. In addition, a list also will be maintained of approved security broker/dealers selected by the security dealer's experience and knowledge of public funds investing; the financial strength of the firm; registration with FINRA and any citations; the names and contact information for references similar to the entity; and potential conflicts of interest. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (i.e., uniform net capital rule).

Competitive procedures should be used on the purchase of securities when at all possible. All investment securities purchased by the County shall be held in third-party safekeeping by an institution designated as primary agent. The primary agent shall issue a safekeeping receipt to the County listing the specific instrument, rate, maturity and other pertinent information. Security transactions shall be settled on a delivery basis versus payment method to perfect ownership under a written custodial agreement. All transaction documentation shall be retained for audit trail purposes, including trade tickets, confirmations and safekeeping receipts.

E. INTERNAL CONTROLS

The Finance Director 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:

- The cost of a control should not exceed the benefits likely to be derived and
- The valuation of costs and benefits requires estimates and judgments by management.

Accordingly, the Finance Director shall establish a process for an annual independent review by an external auditor to ensure compliance with policies and procedures. This process should be part of the external audit. The internal controls shall address the following points:

- Control of collusion
- Separation of transaction authority from accounting and recordkeeping
- Custodial safekeeping
- Avoidance of physical delivery securities
- Clear delegation of authority to subordinate staff members
- Written confirmation of transactions for investments and wire transfers
- Development of a wire transfer agreement with the lead bank and third-party custodian

F. PURCHASING INVESTMENTS

A market trend analysis will be conducted to determine which maturities would be most advantageous prior to the purchase of any investment, based upon the projected cash flow requirements of the County. The County shall seek competitive investment/interest rates within its safety criteria.

G. LEGAL INVESTMENT INSTRUMENTS

Investments (other than bond proceeds) shall be made in instruments permitted by the State of Georgia for local governments (O.C.G.A. 36-83-4). Such instruments include:

- Obligations issued by the U.S. government;
- Obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States;
- Obligations of any corporation of the U.S. government;
- Prime bankers' acceptances;
- Repurchase agreements;
- Obligations of other political subdivisions of the state;
- The Georgia local government investment pool (i.e., Georgia Fund I); and
- Obligations of this state or of other states.

In accordance with O.C.G.A. 36-82-7, investments made with unexpended bond proceeds shall be limited to:

- Bonds or obligations of such county, municipal corporation, school district, political subdivision, authority, or body or bonds or obligations of this state or other states or other counties municipal corporations, and political subdivisions of this state;
- Bonds or other obligations of the United States which are fully guaranteed by such government,
- Obligations of and obligations guaranteed by agencies or instrumentalities of the U.S. government, including those issued by the Federal Land Bank, Federal Home Loan Bank, Federal Intermediate Credit Bank, Bank for Cooperatives, and any other such agency or instrumentality now or hereafter in existence; provided, however, that all such obligations shall have a current credit rating from a nationally recognized rating service of at least one of the three highest rating categories available and have a nationally recognized market;
- Certificates of deposit of national or state banks insured by the Federal Deposit Insurance Corporation;
- Certificates of deposit of Federal Saving and Loan Associations; and
- The Georgia local government investment pool (Georgia Fund I)

H. USING THE STATE OF GEORGIA LOCAL GOVERNMENT INVESTMENT POOL

The County will utilize the State of Georgia local government investment pool (e.g., Georgia Fund I) anytime this investment tool is deemed to be in the best interest of the County. Criteria used to determine the use of this investment pool will be the same as any other investment purchase (O.C.G.A 36-83-2).

I. INVESTMENT DIVERSIFICATION

It is the policy of the County to diversify its investment portfolios. Assets held in the pooled funds and other investment funds shall be diversified to eliminate the risk of loss resulting from the over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. In establishing diversification strategies, the following general policies and constraints shall apply:

- Based upon the annual cash flow analysis, provisions shall be made for adequate liquidity of investments so that the County can efficiently and effectively meet, without financial penalties, disbursements and obligations. An appropriate

placement of short-term (one year or less) and long-term (over one year) investments shall be made in accordance with operational needs.

The Finance Director shall establish strategies and guidelines for the percentage of total portfolios that may be invested in securities other than U.S. Treasury issues.

J. INVESTMENT MATURITIES

Investments for all operating funds shall be made in maturities consistent with the estimated cash flow of the County. Both short-term (one year or less) and long-term (over one year) may be utilized in order to maximize investment return.

K. REPORTING

Methods - The Finance Director shall prepare an investment report at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the last quarter. This management summary will be prepared in a manner which will allow the County to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report will include the following:

- Listing of individual securities held at the end of the reporting period.
- Realized and unrealized gains or losses resulting from appreciation or depreciation by listing the cost and market value of securities (in accordance with Governmental Accounting Standards Board (GASB) requirements).
-
- Listing of investment by maturity date.
- Percentage of the total portfolio which each type of investment represents.

Performance Standards - The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates.

Marking to Market - The market value of the portfolio shall be calculated at least quarterly and a statement of the market value of the portfolio shall be issued at least quarterly. This will ensure that review of the investment portfolio, in terms of value and price volatility, has been performed consistent with the GFOA Recommended Practice on "Mark-to-Market Practices for State and Local Government Investment Portfolios and Investment Pools."

SECTION VIII
TRAVEL POLICIES

SECTION VIII – TRAVEL POLICIES

This policy provides guidance for allowable County travel expenses. The County shall pay or reimburse employees who incur travel expenses while performing official duties for the County. All departments of the County including the constitutional officers are subject to these travel policies.

Employees may be reimbursed for reasonable travel-related expenses incurred while on official business for the County. Subject to the provisions outlined in these travel policies, the Board of County Commissioners has authorized payment or reimbursement for the following expenses associated with employee travel:

- Meals associated with overnight stays and in certain circumstances where there is no overnight stay;
- Lodging expenses;
- Mileage for use of a personal vehicle if no County vehicle is available;
- Transportation expenses, including parking and toll fees; and
- Certain miscellaneous expenses associated with travel.

Situations may arise in the course of performing official job duties that may require employees to incur travel expenses that are generally not reimbursable. The County Administrator is authorized to grant exceptions for unusual circumstances on a case-by-case basis.

A. DEFINITIONS

COMMERCIAL TRANSPORTATION - any entity that offers transportation of people or goods to the public for pay.

LODGING - a hotel, motel, inn, apartment, or similar entity that furnishes lodging to the public for pay.

EMPLOYEE TRAVEL EXPENSE STATEMENT - the accounting document used as the basis to reimburse an employee for travel expenses incurred while on official County business. Forms can be obtained from the County's Finance Department.

PERSONAL MOTOR VEHICLE - a motor vehicle that is owned or leased for personal use by an employee.

TRAVEL ADVANCE - any payment to an employee for travel expenses that will be incurred for a scheduled, future trip.

TRAVEL REQUEST FORM – the form an employee uses to submit their travel expenses to be reimbursed. Forms can be obtained from the County's Finance Department.

B. TRAVEL AUTHORIZATION

Employees who are required to travel for their official job duties and are eligible for travel reimbursement should receive authorization from their department head or other designated official prior to performing the travel and approved by the County Administrator and Finance Director. This authorization should be submitted the week following any travel arrangements that are made, so that time allows for any adjustments that might be needed.

Travel costs will not be paid or reimbursed unless a travel request form has been submitted and the travel has been approved in advance. Travel request forms must be completed in their entirety before approval can be granted, and will be returned without consideration, until the form has been properly completed.

C. MEAL ALLOWANCE

- **Overnight Stays**

Employees who are required to travel overnight will be reimbursed a per diem amount based upon the per diem rates set by the IRS each year. The per diem is designed to cover the cost of meals including taxes and tips based on the number of meals per day for which the employee is eligible. Meal per diem may be advanced prior to travel and no receipts will be required. Employees traveling overnight are generally eligible for per diem amounts designed to cover the cost of three meals per day for all days on travel status including the day of departure and the day of return. Travel documentation for advance, including itinerary for training, should be received a week prior to departure.

The full per diem amount is reimbursed when the employee leaves the County by 6:00 a.m. and returns after 7:00 p.m. with an overnight stay. The per diem amount will be prorated if the employee leaves after 6:00 a.m. or returns before 7:00 p.m. using the following individual meal rates:

- Breakfast 20%
- Lunch 30%
- Dinner 50%
- For example, the 2024 IRS per diem rate is \$64. Breakfast will be reimbursed at \$13, lunch at \$19 and supper at \$32.

No payment or reimbursements for alcoholic beverages will be allowed.

If any meal is included as part of the cost of conference registration, such meal(s) should not be considered eligible in the calculation of per diem. For example, if conference registration includes breakfast and lunch, the employee will only receive per diem for the dinner meal. Because most conferences accommodate a variety of dietary needs/restrictions, employees are expected to participate in such meals.

- **No Overnight Stay**

Employees who are required to travel for their job duties and do not stay overnight will not receive per diem for meals. An exception is made for sworn officers in the performance of their official duties such as transporting inmates throughout the state. In this exception, receipts will be required.

- **Conducting County Business**

Meals and other related expenses incurred for the purpose of conducting County business within the County will be paid or reimbursed on a case-by-case basis with prior approval from the County Administrator or Finance Director. Receipts will be required.

D. LODGING

Employees who travel more than 50 miles from their County office or residence may be reimbursed for lodging expenses associated with approved overnight travel. Employees should select the least expensive option available. The employee must inquire about the government rate availability, or the conference lodging rate and select the lowest available rate. When the hotel or motel is the conference or convention site, reimbursement will be limited to the conference rate, if available.

Reasonable lodging expenses are reimbursed at actual cost. All lodging claims must be documented with receipts and conference block rates available, must be provided. Upgraded room accommodations that incur an additional charge are not allowed. A complimentary upgrade should be noted on the expense report. Lodging may be reserved using a County credit card and preferably be paid by a County check to ensure that the County is exempt from state sales tax and local hotel/motel tax. If an individual pays the room on a credit card, they must ensure that all taxes and fees are handled properly on the final invoice when checking out.

Family members are not prohibited from lodging with employees but in no case will expenses directly attributable to family members be paid or reimbursed.

Prior to travel within Georgia, the employee will be responsible for obtaining a County check with the proper lodging amount **excluding** the state sales tax and the local hotel/motel tax. In addition to the County check, the employee will also be responsible for obtaining a sales tax exemption form and a hotel/motel tax exemption form from the Finance Department so the County can be exempt from paying the state sales tax and the local hotel/motel tax as a lodging expense (O.C.G.A. 48-13-51). Upon check-in, the employee will submit these forms to the hotel/motel clerk. Upon check-out, the employee will confirm that the final lodging bill does not include the state sales tax and the local hotel/motel tax. All applicable taxes for lodging outside Georgia will be paid or reimbursed. The County will not reimburse for in-room movies.

If an employee uses a personal credit card, check, or cash to pay for lodging expenses within Georgia, the employee will be responsible for the state sales tax and the local hotel/motel tax and will not be reimbursed for those taxes.

Employees should not book nonrefundable rates or deposits unless required by conference lodging. It is the employee's responsibility to understand the cancellation rules of the room confirmed. All expenses related to cancellation of lodging shall be borne by the employee unless otherwise approved by the Finance Director and the County Administrator, and in no case may the room be paid or reimbursed by the County for the exclusive use of someone other than the approved employee.

E. TRAVEL BY COMMERCIAL OR PUBLIC TRANSPORTATION

When commercial transportation is necessary, employees may use the County's credit card or be reimbursed for the expenses incurred. Employees will be reimbursed for actual expenses incurred, provided the appropriate steps were taken to obtain the lowest possible fare or cost. Travel by commercial or public transportation must be approved by authorized department personnel prior to the date of travel. When considering such a request, department personnel should consider the distance to be traveled, the travel time, and the cost.

- **Commercial Air Transportation**

Employees should utilize commercial air transportation when it is more cost effective and efficient to travel by air rather than by vehicle. Employees who require air travel are expected to select the least expensive flight, direct if only a small cost differences. In many cases a traveling employee can save hundreds of dollars by purchasing tickets on discount airlines, promotional flights that may require advance booking, that may entail one stop, or that may depart and/or arrive at times slightly less convenient. The savings available on these flights frequently outweigh the traveler's inconvenience, even when they necessitate travel schedule adjustments..

In general, it is the County's policy that employees traveling by commercial air carrier travel in the most cost-effective manner with the advance purchase of tickets, if possible, to obtain the lowest available coach fares. Employees traveling by commercial air carrier will not be reimbursed for the portion of non-coach (i.e. first class, business class, etc.) airfare that exceeds the cost of the lowest, available fare.

Occasions may arise when airlines overbook, change, delay or cancel flights, thereby imposing travel inconveniences on their passengers. In these instances, airlines often offer the impacted passengers indemnification for these inconveniences. Examples of indemnification that may be offered by an airline include vouchers for meals or lodging, upgrades to non-coach travel, and credits toward future flight costs. Employees are authorized to accept such indemnification if the travel inconvenience was imposed by the airline and there is no additional cost to the County.

Under certain circumstances, state and federal agencies may reimburse the County for expenses incurred for air travel, provided these expenses were approved prior to the date of travel.

Employees who choose to travel by personal vehicle when air travel is more cost effective will only be reimbursed for the cost of the lowest available airfare to the specified destination.

- **Travel by County Owned Vehicle, Personal Vehicle, or Rental Vehicle**

Only one County vehicle shall be used when more than one employee is traveling outside the County. Most County vehicles available will accommodate four individuals comfortably. If there are more than four employees traveling, utilize a second County vehicle. The County Administrator's Office has a vehicle that may be reserved and other departments may have vehicles available also. When more than one employee is attending a particular conference, separate car allowances will not be approved unless separate arrival and departure times are dictated by other County business or the number of employees attending is great than five. .

County Owned Vehicle – An employee may use a County owned vehicle and a County credit card for fuel purchases or they may be reimbursed by submitting appropriate receipts for fuel purchases. The County vehicle should be fueled at the County's fueling station before commencing the trip.

Personal Vehicle – An employee may use a personal vehicle and be reimbursed according to the current IRS standard mileage rate in effect at the time of travel only if one of the following conditions is met:

- No suitable County vehicle is available; and
- The requesting party has a physical handicap which requires the use of a specially equipped vehicle.

Mileage must be documented using odometer readings from the personal vehicle or from a website used for directions and maps and must be reasonable given the context of the trip. Advance approval must be obtained on the travel request form.

Rental Vehicle – An employee's use of a commercially rented vehicle will be left to the discretion of the County Administrator and the Finance Director and will be evaluated on a case-by-case basis. This would normally apply if an employee had to fly to another location and required extended transportation. The County's credit card can be used to reserve and pay for a rental vehicle or the employee can be reimbursed for the actual rental expenses. Employees traveling on County business in a rented vehicle are covered by the County's liability policy; therefore, liability coverage should be declined when renting a vehicle. Employees requiring the use of a commercially rented vehicle will be reimbursed for gasoline purchases associated with the business use of such vehicle, provided appropriate receipts are submitted. The County will only reimburse economy class rental rates.

- **Travel by Mass Transportation, Taxi, or Airport Vans**

Employees officially on travel status may be reimbursed for necessary costs of transportation by bus, taxi, or airport vans for the following situations:

- Between the employee's departure point and the common carrier's departure point;
- Between the common carrier's arrival point and the employee's lodging or meeting place; and
- Between the lodging and meeting places if at different locations.

It is expected that airport vans will be utilized when available and practical, and when they are the lowest cost alternative.

- **Required Documentation of Expenses**

All travel by rented or public transportation must be recorded on the employee travel expense statement. Employees requesting reimbursement must submit receipts for travel by commercial air carrier and for the cost of rented vehicles, including the cost of gasoline purchased. When requesting reimbursement for airfare, the employee must attach a receipt from the airline which includes the itinerary and the amount paid.

Although receipts are recommended, employees are not required to submit receipts for travel by mass transportation, taxi, or airport vans. However, a point-to-point explanation is required for each item reimbursed. All transportation expenses should be itemized on the employee travel expense statement.

F. MISCELLANEOUS

Employees may be reimbursed for expenses incurred for work related telephone, fax messages, and other business services when traveling. Employees must document these expenses on the travel expense statement, and indicate the location from which each call was made, the person contacted, and the reason for the communication.

Employees may be reimbursed for reasonable travel related expenses including parking fees at airport and hotels, tips, toll fees, and fees associated with baggage handling services (portage) when an expense is actually incurred in moving luggage into or out of lodging places, common carriers, and/or airports.

The Board of County Commissioners is allowed a separate expense account for meals, lodging, and transportation for the purpose of conducting County business.

SECTION IX
GRANT POLICIES

SECTION IX – GRANT POLICIES

This policy provides procedures for the financial administration of grants. These grant funds are from State and Federal sources and may be used for County operated programs or may be pass-through funds for local agencies or organizations.

The granting agencies, state and federal law, and generally accepted accounting principles impose specific requirements for the proper accounting and reporting of grant revenues and expenditures. Therefore, the Finance Department must be informed of grants applied for and awarded to the County to assure that accounting procedures are in place to allow expenditure and receipt of grant funds.

A. PROCEDURES

The following procedures are designed to outline the actions to be taken by County staff throughout the life of a grant. The phases of a grant include application, acceptance, program activity and request for reimbursement, receipt of funds, and close out.

B. APPLICATION PHASE

When County staff decides to seek grant funding, they should consult with the Finance Director to determine whether cash/in-kind match is required, and, if so, provide detail to establish funding. The County department that is requesting the grant must prepare to present before the Board of County Commissioners a report stating the purpose for applying for the grant, match/non-match of funds, and request that the Board authorize the Chairman to sign all documents pertaining to the grant. After Board approval, the department may submit the grant application to the granting agency. Copies of the grant application must also be submitted to the County Clerk and Finance Department to be placed on file.

C. ACCEPTANCE PHASE

Once the grant is awarded, the Board of County Commissioners must vote to accept the grant, any budget amendment that coincides with the grant, and for the Chairman to sign the necessary documents pertaining to accepting the grant. Copies of the award documents must be submitted to the County Clerk and Finance Department to be placed on file. The Finance Department will then establish appropriate general ledger accounts to ensure financial accountability.

D. PROGRAM ACTIVITY AND REQUEST FOR REIMBURSEMENT PHASE

County departments are required to follow County procurement policies and procedures for grant purchases, unless the grant conditions state otherwise. Purchase requests must contain the grant name and number to ensure that the purchase is being charged to the grant account in the accounting system.

Copies of the following documents should be provided to the Finance Department:

- Reimbursement requests when initiated;
- Any amendments to the grant;
- Documentation of reporting requirements and frequency;

- Any applicable contracts and renewal letters for contractors.

The grantee department is responsible for enforcing the terms and conditions outlined in the grant. These should be routinely reviewed by the department for compliance. The grantee department is responsible for submitting reimbursement requests in a timely manner. Requests should be filed in accordance with grant requirements, terms, and conditions.

Throughout the County's fiscal year, the grantee department should work with the Finance Department to review revenue received and expenditures incurred for each grant. Any discrepancies or inconsistencies should be reported to the Finance Department for resolution.

Grants may be reviewed by the external auditors during the course of the annual audit. The areas examined could include documentation, compliance with the terms of the grant, and timeliness of reports and reimbursement requests.

E. RECEIPT OF FUNDS

If reimbursement checks are received directly to the grantee department, they should be brought by the grantee department to the Finance Director with an explanation describing the grant, the reimbursement request, and the period covered by the reimbursement. The Finance Department will then code the checks, submit the checks for deposit, and enter the revenue into the accounting system.

F. CLOSE OUT OF GRANT

The grantee department should close out the grant in accordance to the grant requirements. Copies of the final grant report should be submitted to the County Clerk and the Finance Department to be placed on file.