

Financial Policies of Ben Hill County

SECTION 1. FISCAL YEAR AND BUDGETING

1.1 Fiscal Year

The fiscal year for Ben Hill County shall begin on January 1 and end on December 31.

1.2 General Budget Policies

- A. Ben Hill County will finance all current expenditures with current revenues. Ben Hill County shall endeavor to not use short term borrowing to finance current operational requirements but is not prohibited by this policy from using short- term borrowing to meet operating budget requirements.
- B. All governmental funds, except Capital Project funds, are subject to the annual budget process. Capital Projects will be subject to project length budgets.
- C. All budgets will be adopted on a basis of accounting consistent with Generally Accepted Accounting Principles (GAAP). Revenues will be recognized when they become measurable and available and expenditures are charged against the budget when they become measurable, a liability has been incurred, and the liability will be liquidated with current resources. Revenues will be recognized as available at the end of the year using the sixty-day rule. Expenditures will be recognized at the end of the fiscal year if incurred during the fiscal. All expenditures for the purchase of inventory will be recognized using the purchase method. If Ben Hill County establishes a proprietary fund, that fund shall use the consumption and FIFO method of expenditure recognition for inventories.
- D. The budget shall be adopted by the approval of a budget resolution that specifies the anticipated revenues by appropriate categories, the proposed expenditure totals for each department, each non-departmental expense, and for each fund covered by the budget. Amendments to the budget must be approved by resolution. The budget shall be adopted at the fund/department level, which is the legal level of budgetary control. The current year's budget may be adjusted to reflect changes in local economy, changes in priorities or service needs, receipt of unbudgeted revenues and for unanticipated expenditures.
- E. The budget must be balanced for all budgeted funds. Total anticipated revenues and other resources available including unreserved fund balance must equal total estimated expenditures for each fund.
- F. All operating budget appropriations will lapse at year-end. Encumbrances can be reappropriated in the next fiscal year by a budget amendment. Capital Budget appropriations under the Capital Improvement Program shall be appropriated with project-length balanced budget for major projects.
- G. The operating budget will provide for adequate maintenance and operation of capital equipment and facilities and allocate funds to the Capital Budget for their orderly replacement.
- H. Ben Hill County will strive to establish a unassigned fund balance reserve for the general fund to pay expenditures caused by unforeseen emergencies, for revenue shortfalls and to eliminate short-term borrowing for cash flow purposes or because of the schedule of tax

collections. Ben Hill County will strive to maintain the reserve fund at the amount of twenty-five percent (25%) of the current adopted general fund budget. Unrestricted fund balance will be prioritized for maintaining the reserve balance during the budget planning process. The County's Fund Balance Policy is further expanded upon in Section 10.

I. The county will strive to include a contingency amount in the general fund budget for unforeseen or emergency operating expenditures. The amount of the contingency will be no more than three percent of the operating budget.

J. The budget shall be adopted at the legal level of budgetary control that is the fund/department level. Transfers of non-personal appropriations within a department shall require only the approval of the County Manager or his/her designee. Transfers between departments or funds, an increase of a personal services appropriation, or an increase in the level of authorized positions shall require the approval of the board of commissioners. Department heads and elected officials are directed to operate within budget limitations to prevent "emergency" situations.

K. Budget Amendments- The Board Commissioners may authorize new projects or expenditures during the budget year by adopting a Budget Resolution that includes the project cost and revenue source. Each Budget Resolution must be balanced. The Board of Commissioners shall adopt on a quarterly basis a budget amendment that incorporates all of the budget resolutions for the previous quarter.

L. The County Manager or his/her designee is designated as the Budget Officer for Ben Hill County. He shall prepare a budget calendar, a balanced budget proposal and a budget resolution to be presented to the County Commission. He shall prepare a revenue plan itemizing all anticipated county revenues. The County Manager or his/her designee shall be responsible for the preparation, administration and fiscal control of the budget.

M. The County Manager shall utilize a decentralized budget process that gives Department Heads and Constitutional Officers the opportunity to provide input into the budget process. The Department Heads and Constitutional Officers must provide a current service level budget with a letter recommending any expanded service levels or additional personnel.

N. The County Manager or his/her designee is charged with insuring that Ben Hill County shall comply with all state laws applicable to budget hearings, public notices, public inspection, and budget adoption.

O. Ben Hill County will maintain a budgetary control system to ensure adherence to the budget and will prepare timely financial reports comparing actual revenues expenditures and encumbrances with budgeted amounts.

SECTION 2. PURCHASE OF MATERIALS AND SERVICES; CONTRACTS FOR PUBLIC WORKS AND ROAD CONSTRUCTION

2.1. Intent.

It is the intent of the governing authority of the county to establish regulations and procedures to provide for an efficient and fiscally responsible system for the procurement of goods and services of materials and services necessary for the effective operations of the county government and to ensure the administration of such system is in accordance with the highest ethical and fiscal standards and applicable laws.

2.2 Applicability.

The provisions of this section shall apply to all departments, divisions or other units of the county government receiving appropriations from the Board of County Commissioners and to other agencies, as the board may deem appropriate.

2.3 Designation of purchasing agent.

The County Manager or his/her designee shall serve as the purchasing agent of the county.

2.4 Powers and duties.

The purchasing agent shall have the following authority, responsibility and duties:

- (1) To ensure the administration of the purchasing system is in accordance with the highest ethical and fiscal standards and applicable laws and insure that all due diligence is applied to the purchasing process.
- (2) To purchase or contract for all materials, supplies and services required by the using departments and divisions of the county government pursuant to the provisions of this section.
- (3) To purchase or procure for the county materials, supplies, equipment and contractual services from the "lowest and best bid" by a responsive and responsible bidder meeting the specifications.
- (4) To maintain up-to-date files of all vendors known to the county who are reputable and responsible vendors of materials, supplies, and services regularly used by the county, including descriptions of their goods or services, prices, and discounts as may be available.
- (5) To sell or dispose of all obsolete or unusable personal property in accordance with the ordinance rules, regulations, or resolutions which may be adopted by the county.
- (6) To coordinate cooperative purchasing practices with other governmental entities.
- (7) To establish, and amend when necessary, as authorized, all rules and regulations as may be necessary for the implementation of this section.

2.5 Purchase Orders.

Except as otherwise provided herein, all purchases for materials, supplies, and services for the county shall be on an official county purchase order as prescribed by the County Manager. The Manager has the authority not to honor purchase made outside these procedures. The individual responsible for the purchase may incur these obligations instead. Purchase Orders are specific as to

vendor and cannot be reassigned.

2.6 Purchase Procedures

All purchases for materials, supplies, equipment or services estimated to cost over \$100,000.00 shall be based on competitive bidding or proposal procedures. These procedures include formal advertising, contracts, specifications, sealed bids, public opening, bid deposits and performance bonds. Equipment purchases from the Georgia Department of Administrative Services surplus or state and federal contracts are exempt from this provision. Ben Hill County reserves the right to reject bids, waive technicalities and make awards in the best interest of the county and in compliance with state law. Purchases of \$100,000 or more require approval from the Ben Hill County Board of Commissioners.

Any purchases for materials, supplies, equipment or services with an estimated cost between \$1000.01 and \$100,000 shall be based upon written competitive quotations from at least three reputable vendors if available, without regard for formal advertising. Equipment purchases from the Georgia Department of Administrative Services surplus or state and federal contracts are exempt from this provision. Purchases between \$1000.01 and \$100,000 require approval from the County Manager or County Commission Chairman.

Any item, materials or service that has a value of \$1000.00 or less may be purchased from any approved vendor recommended by the using agency or in the absence of such recommendation, from any approved vendor selected by the purchasing agent.

Sole Source Purchases shall be allowed when only one source is able to fill the requirements for the intended use. Sole Source may be used for compatibility with equipment for repair purposes or to continue standardization. The County Manager or Commission Chairman shall approve all initial sole source purchases.

Emergency Purchases shall be allowed when there is a threat to the health, safety or welfare of people or property or when faced with the loss of an essential governmental service. Competitive purchasing shall be resumed as soon as practical. The County Manager or Commission Chairman must authorize the initiation of this procedure.

Professional Services refer to such services as legal, medical, engineering, surveying, architectural and others whose professions are licensed by the state of Georgia. It is the policy of Ben Hill County to award contracts for professional services on the basis of demonstrated competence and qualifications at a fair and reasonable price with the selection based on the best interest of the county. The County Manager shall issue a request for qualifications from a minimum of three candidates if available every five years.

Local Preference- Bids awarded to local vendors contribute to the local tax base and will, therefore, be given special consideration when bidding against outside vendors. The County Manager is given the authority to give vendors from within the confines of the county, whose initial bid is within five percent of the low bid submitted by an out of county bidder, an opportunity to meet the lower bid price. The local bidder must agree in writing within 48 hours to meet the lowest price.

The Purchasing Agent should use State of Georgia D.O.A.S. Contracts where feasible and if in the best interest of the County. The Purchasing Agent is also allowed to use the Georgia Correctional Industries Administration as a vendor.

2.7 Multi-Year Contracts

Ben Hill County may enter into a Multi-Year contract or purchase agreement to lease, purchase or lease-purchase any goods, materials, real property, personal property, services, or supplies conditional on the following requirements:

- A. The contract must terminate and renew at the end of the calendar year
- B. The contract must specify the total obligation of Ben Hill County
- C. The title of any supplies, material, equipment or other personal property must remain with the vendor until the obligation is liquidated or it must be specified in the contract that the title reverts back to the provider upon termination of the agreement or contract.
- D. The contract or agreement must specify that the county can terminate the contract if funds are not appropriated.

2.8 Construction Contracts

Construction Contracts, excluding roads, over \$100,000.00 will be let in accordance with the Georgia Local Government Public Works Construction Law O.C.G.A §36-91-1 et seq.

Contract Opportunities shall be posted conspicuously in the Ben Hill County Annex and advertised twice in the four weeks preceding the bid/proposal opening. The first ad must run at least four weeks before the bid opening date. The second ad must follow at least two weeks later.

Plans and Specifications must be available on the first day of the advertisement and must be available to the public.

Bid, Payment and Performance Bonds shall be required on all projects over \$50,000.00. Bid Bonds or Proposal guarantees must be five percent of the bid price.

All Contractors must execute a written oath stating that they have not unlawfully restricted competitive bidding on the project.

2.9 Road Construction Contracts

Ben Hill County shall award all contracts with private firms to build, rebuild or maintain a road that cost over \$200,000.00 to the lowest responsive and responsible bidder. The Contract must be approved by a resolution of the Board of Commissioners and entered in the official minutes.

Contracts with the State of Georgia, other Counties or Cities are exempt from this provision.

Ben Hill County is exempt from the bidding law for purchases of supplies, material and equipment if the county performs the work.

Emergency Repairs under this section as defined by the O.C.G.A §36-91-22(e) are exempt from the bidding provisions.

All Contract opportunities subject to the bidding law referred to in this section must be advertised in the legal organ of Ben Hill County at least two times with the first ad appearing two weeks before the opening of the bid cycle. The second must appear one week after the first.

Ben Hill County and the Board of Commissioners reserve the right to reject any and all bids, re-advertise the project, perform the work in-house or abandon the project.

Bonds are required on all road construction projects. All bidders must submit a proposal guaranty in an amount sufficient to insure the execution of the contract with a minimum amount of five percent of the bid amount.

The Contractor must provide Ben Hill County with a payment bond and a performance bond in the amount of the bid on all Road Contracts over \$50,000. The Contractor must provide Ben Hill County with proof of sufficient General Liability in the County's name to protect against all claims for personal or property damage.

All Contractors must execute a written oath stating that they have not unlawfully restricted competitive bidding on the project.

2.10 Record Keeping and Retention

The County Manager shall create and maintain the following files for use in the purchasing and contracting process:

Bidders List Purchase Order file

Bid, Proposal and Quotation file both completed and solicitations

All records are subject to the open record act of the State of Georgia and shall be retained in accordance with the Retention Schedule established by the Georgia Secretary of State Department of Archives and History.

2.11 Disposition of Property

- A. Disposition of real property shall be conducted at a public sale as provided for by state law.
- B. Exceptions to Public Sale
 - 1. A redemption of real property acquired by a tax deed
 - 2. A grant of easement or license
 - 3. A grant or conveyance of right-of-way or other transportation purpose
 - 4. A conveyance to any other unit of government
- C. Disposition of Personal Property

The Board of Commissioners shall be the sole determinant of whether a particular item or group of items has no further value to the County. They may deem such personal property as surplus and order it sold by public auction, sealed bids, spot bids or by other means most advantageous to the County.

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SECTION 3. CAPITAL BUDGET POLICIES

3.1 Intent

Capital projects will be undertaken to preserve infrastructure and public facilities; promote economic development and enhance the quality of life; improve the delivery of services; preserve community assets; and improve economically depressed areas and those with low- and moderate-income households.

3.2 Capital Improvement Program

Ben Hill County will seek to develop and maintain a five-year Capital Improvement Program (CIP) annually to direct the financing of and appropriations for all capital projects. Ben Hill County defines a capital project for inclusion in the CIP as any asset or project as defined in Section 6.1. The Capital Improvement Program will be balanced with anticipated funding sources equal to proposed expenditures.

Ben Hill County will coordinate the development of the Capital Improvement Program with the development of the operating budget to ensure that future operating costs are projected and included in the operating budget where appropriate. The Capital Improvement Program shall be formally adopted by the Board of Commissioner's annually.

All capital expenditures must be approved as part of each department budget or in the Capital Improvement Program. At the beginning of the fiscal year, the County Manager will work with Department Heads to schedule the appropriate timing of capital purchases. Before committing to a capital improvement project, the County Manager or his/her designee must verify fund availability.

Countywide capital improvements are assessed and prioritized based on the determination of the Board of Commissioners.

Reporting Periodic financial reports will be provided to enable the County Manager to monitor and control the capital budget and to enable the Department Heads to manage their capital budgets.

3.3 Vehicle Replacement

Ben Hill County will develop a program to replace authorized vehicles and equipment without significant impact to the capital budget. This is to include a budgeted capital replacement allocation from the departmental section of the General Fund to replace assigned vehicles.

3.4 Authorization to seek grant funds

Ben Hill County will seek public and private grants, contracts, and other outside sources of revenue to fund projects included in the Capital Improvement Program.

3.5 Budget Length

Budgets for Capital projects shall not lapse at the end of a fiscal year. They shall be adopted in a project length budget and remain in effect until project completion.

SECTION 4. INVESTMENTS

4.1 Purpose

To insure the safety and liquidity of the investment, to insure the highest possible return on investments and to maximize the utilization of excess County funds

4.2 Scope

This investment policy applies to all funds under the control of Ben Hill County and accounted for in our annual financial report.

4.3 Investment Criteria

Ben Hill County's investment criteria in order of priority are:

1. Safety - Preservation of principal shall always be the foremost objective in any investment transaction involving County funds. Those individuals investing funds on the County's behalf must first ensure that capital losses are avoided by limiting credit and interest risk. Credit risk is the risk of loss due to the failure of the security issues or backer. Interest risk is the risk that market value portfolios will fall due to an increase in general interest rates.
2. Liquidity - The second objective shall be the maintenance of sufficient liquidity within the investment portfolio. The County's investment portfolio shall be structured such that securities mature at the time when cash is needed to meet anticipated demands (static liquidity). Additionally, since all possible cash demands cannot be anticipated, the portfolio should maintain some securities with active secondary or resale markets (dynamic liquidity).
3. Return on Investment - The third objective shall be the realization of competitive investment rates, relative to the risk being assumed. However, yield on the County's investment portfolio is of secondary importance compared to the safety and liquidity objectives described above.

4.4 Delegation of Authority

The Board of Commissioners of Ben Hill County shall establish the overall investment policies for Ben Hill County. The Ben Hill County Manager is designated as the investment director for the County and authorized to make all appropriate investment decisions within the scope of those policies. Responsibilities to fulfill this County include: opening accounts with banks, brokers, and dealers; arranging for the safekeeping of securities; and executing necessary documents. The County Manager shall maintain a standard of prudence in accord with the "prudent person rule" that all investment decisions will be made with the judgment and care a person of intelligence and prudence would exercise in the administration of their own affairs.

4.5 Acceptable Investments

All investments of Ben Hill County shall adhere to O.C.G.A. §36-80-3, O.C.G.A. §36-80-4, and O.C.G.A. §36-83-4 and may invest and reinvest any money subject to its control and jurisdiction in:

- (A) Obligations of this state and of its agencies and instrumentalities;
- (B) Obligations issued by the United States government;

- (C) Obligations fully insured or guaranteed by the United States government or a United States government agency;
- (D) Obligations of any corporation of the United States government;
- (F) The local government investment pool established by Code Section 36-83-8;

Additionally, the County will maintain investments, where applicable, that have a long term rating in the “AA” category or better from one of the Nationally Recognized Credit Rating Agencies

4.6 Allocation of Interest

All interest earned from investments unless otherwise indicated by action of the Board of Commissioners shall be retained within the fund generating the interest.

4.7 Cash and Investments

Ben Hill County shall require pledges of collateral for all cash deposits and investments from depository institutions as required by the O.C.G.A. §36-83-5.

4.8 Prudence

The standard of prudence to be used by County officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. Under the “prudent person” standard, 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 revenue to be gained.

The County Manager and all designees acting in accordance with 1) written procedures, 2) this investment policy, and 3) 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 appropriate action is taken to control adverse development.

4.9 Diversification

Ben Hill County agrees with the premise that diversification is an important component of portfolio security. Therefore, the County shall endeavor to maintain an adequate level of diversification among its investments. The County shall not be over invest in any one type of instrument or financial institutions. No more than 25% of the total investment portfolio shall be place with a single issuer. This limitation shall not apply to the Local Government Invest Pool, direct obligations of the United States government or obligations fully insured or guaranteed by the United States government or a United States government agency.

4.10 Report on Deposits and Investments

Periodic investment reports will be submitted to the County Manager. Reports should include the following: an average daily balance of investment in each investment category; a current portfolio yield for each investment type and for the portfolio as a whole; an average daily balance of uninvested collected funds; an average daily balance of uncollected funds; and a percent of

available funds invested. The report shall also provide a list of investments and accrued interest as of the last day of the quarter.

4.11 Maturities

To achieve the objective of adequate liquidity within County's portfolio, the County shall attempt to match investment maturities with anticipated cash flow requirements. Unless matched to a specific cash flow, the maximum maturity of any instrument in the County's portfolio may not exceed two years from the date of acquisition by the County.

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SECTION 5. DEBT MANAGEMENT

5.1 Purpose of Debt Issuance

Ben Hill County will utilize long-term debt only for capital improvement projects that are too extensive to be financed from current revenue sources. Ben Hill County will not use long-term debt to finance current or on-going operations of the County.

5.2 Debt Limitations

Ben Hill County is authorized by the Constitution and laws of the State of Georgia to issue general obligation bonds not in excess of 10% of the assessed values of all taxable property within the County and for a period of time not to exceed thirty years. However, Ben Hill County will remain cognizant of the millage assessed for repayment of general government debt and will strive to maintain a stable millage in the debt service area for the benefit of its taxpayers. Where feasible, special assessment, revenue and other self-supporting bonds will be utilized instead of general obligation bonds.

The County is taking a more conservative approach and not just limiting the general obligation debt but all debt that is tax-supported (i.e. debt incurred by a third party but secured by the County's full faith and credit pledge).

There are two essential types of measures for debt: those that measure the budgetary impact of debt and those that measure the community's ability to support debt. The budgetary impact of debt will be expressed in the ratio of the annual debt service as a percent of governmental operating expenditures. The County's annual tax-supported debt service, but excluding SPLOST debt, shall not exceed 15% of the County's budgeted governmental operating expenditures. The second measurement is a measure of the County's ability to support debt, which will be represented as debt as a percent full value (actual market value). The County's tax-supported debt shall not exceed 1.75% of the digest full value. Debt that has dedicated revenue source(s) will be considered self-supporting and excluded from these key debt ratios.

When issuing General Obligation bonds, the county must assess and collect annual taxes sufficient to pay the principal and interest of the debt within thirty years.

5.3 Types of Debt

Ben Hill County is permitted to issue any form of debt that does not contradict the existing Constitution and laws of the State of Georgia. These include, but are not limited to:

- General Obligation Bonds
- Revenue Bonds for Ben Hill County Proprietary Funds
- Intergovernmental Contracts
- Lease Purchases
- Certificates of Participation
- Temporary Loans

Tax anticipation notes or any other revenue anticipation borrowing will be avoided if possible. In the event such borrowing occurs on an emergency basis, the debt will be retired in full by the end of the calendar year in which it is incurred.

5.4 Debt Features

Maturity of Debt: When Ben Hill County utilizes long-term financing, the County shall pay back the debt within a period of time that does not exceed the life of the project financed. The County will seek level or declining debt repayment schedules and will avoid the use of balloon principal payments at the end of the term of the borrowing.

Redemption Provisions: Where cost effective, the County will incorporate early call or prepayment features into the structured debt.

Rates: Due to the higher volatility of variable rate debt, Ben Hill County will examine each variable rate borrowing closely on a case-by-case basis before issuance.

5.5 Disclosure

The County shall follow a policy of full disclosure in financial reporting and in preparing a official statement.

5.6 Legal Compliance

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

More specifically, the County Manager or its designee 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 including EMMA.

5.7 Credit Ratings

The County Manager or its designee 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.

5.8 Refinancing of Outstanding Debt

The County will contract with a Financial Advisor to monitor the municipal bond market for opportunities to obtain interest savings by refunding outstanding debts. In adherence with federal tax law constraints, refunding will be considered if and when there is a net economic benefit of the refunding producing net present value savings equal to approximately 3.00%, the refunding is essential in order to modernize covenants or other commitments essential to operations and management, to restructure payment schedules to optimize payments with anticipated revenue streams, or based upon other terms and conditions that result in the County's overall financial interest as determined by the County Manager.

5.9 Interfund Loans

Where cost effective, the County may choose to issue loans between funds within its reporting entity. The County Budget Officer will complete a document outlining the amount, rate, repayment terms, and other such pertinent items after direction is issued by the County Commission to complete the interfund loan transaction. Careful analysis will be performed on the lending fund's working capital to assure adequate cash flows will remain after the money is transferred to the borrowing fund. The lending fund will not incur financial hardship or an increase in rate structure as a result of the transaction. If the loan is considered non-current, the loan transaction should be listed as an advance and a reserve to fund balance created.

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SECTION 6. CAPITAL ASSETS

6.1 Capital Asset Criteria

A. Capital Asset is defined as a financial resource meeting all of the following criteria:

1. It is tangible in nature.
2. It has a useful life of greater than three years.
3. It is not a repair part or supply item.
4. Buildings that have a value equal to, or greater than, the capitalization threshold of \$15,000.00.
5. Machinery and Equipment that have a value equal to, or greater than, the capitalization threshold of \$10,000.00.
6. Transportation Infrastructure that has a value equal to, or greater than, the capitalization threshold of \$25,000.00.

6.2 Valuation of Capital Assets

All assets shall be valued at original or historic cost. If the historic cost is not available Ben Hill County may use either Standard Costing of a like unit at the estimated date of acquisition or Back Trending to arrive at an estimated cost based on the use of current cost factored by the price index since acquisition.

Contributed capital assets shall be valued at fair market value. Ben Hill County is a Phase Three Government under GASBS 34 and will not be required to value or retroactively report existing infrastructure. All new infrastructure as defined by GASBS 34 will be reported subsequent to January 1, 2004.

6.3 Recording of Capital Assets

All Capital Assets that meet the thresholds established in Section 6.1 shall be recorded and maintained in the Government-Wide Statement of Net Assets:

6.4 Depreciation Method

Ben Hill County shall use the straight-line method of depreciating capitalized assets. Ben Hill County will depreciate infrastructure and not implement the modified approach for infrastructure. Useful life will be determined following best current practices. Fully depreciated assets that remain in use shall remain in the Government-Wide Statement of Net Assets.

6.5 General Policy

A. Each Department Head is ultimately responsible for the proper recording, acquisition, transfer, and disposal of all assets within their Department. County property may not be acquired, transferred, or disposed of without first providing proper documentation.

B. Recording of Capital Assets

Unless otherwise approved by the County Manager, all Capital Assets must be recorded within 30 calendar days after receipt and acceptance of the asset.

C. Acquisition of Capital Assets

There are various methods by which assets can be acquired. The asset acquisition method determines the basis for valuing the asset. Capital Assets may be acquired in the following ways:

- New purchases
- Donations
- Transfers from other County departments
- County surplus
- Internal/external construction
- Lease purchases
- Trade-in
- Forfeiture or condemnation

Purchased Assets will be capitalized at acquisition cost, including expenses incurred in preparing the asset for use.

Donated assets shall be recorded at fair market value as determined by the Department Head. Fair market value may be defined as, but is not limited to, an average of documented prices for equivalent items from three separate vendors.

The County will recognize acquisition costs based on individual unit prices. Assets should not be grouped.

For equipment purchases, title is considered to pass at the date the equipment is received. Similarly, for donated assets, title is considered to pass when the asset is available for the agency's use and when the agency assumes responsibility for maintaining the asset.

Constructed assets are transferred from the construction in progress account to the related building, improvements other than buildings, or equipment accounts when they become operational. Constructed buildings, for example, are assumed to be operational when an authorization to occupy the building is issued, regardless of whether or not final payments have been made on all the construction contracts.

Lease Purchases- Assets may be lease-purchased through installment purchases or through lease financing arrangements. All lease purchases are subject to annual appropriation and must be renewed annually. Title cannot transfer to the County until obligation is settled.

D. Transfer of Capital Assets-An asset transfer between departments is recorded under the new Department with original acquired date and funding amount.

E. Sale of Capital Assets-Sale of Capital Assets by the county must be to the highest, responsible bidder and must be conducted by sealed bid or by auction. The sale must be publicized in accordance with state laws.

F. Disposal of Capital Assets

When an asset is disposed of, its value is removed from the financial balances reported and from inventory reports; however, the asset record, including disposal information, remains on the master file for three years, in the County Manager's Office, after which time it is purged from the system according to general accepted accounting principles. This preserves an audit trail for disposed items, and facilitates departmental comparisons between actual or historical useful life information with useful life guidelines.

A disposal action is appropriate only when certain conditions occur resulting in an asset no longer being in the possession of the agency. Assets no longer in use, which remains in the possession of the department, are considered surplus property and not a disposal.

Capital Assets may be disposed of in any one of six ways:

- a. Sale or trade-in
- b. Abandonment/Retirement
- c. Lost or stolen
- d. Transfer
- e. Cannibalization (taking parts and employing them for like uses within the department, such as is often the practice in computer or vehicle maintenance).
- f. Casualty loss

Assets are "abandoned" or "retired" when there is no longer any use for them in the Department, they are of no safe or appropriate use to any other County department and they cannot be repaired, transferred, cannibalized, sold, or traded-in.

Stolen items must be reported to the Ben Hill County Sheriff and a report filed. A copy of this report must accompany the disposal record.

Casualty losses must be documented within 24 hours of loss and reported to the County Manager immediately for follow-up with the County's insurance carrier.

Cannibalized items are considered surplus and are disposed of by noting cannibalization on the disposal record. Departments will send documentation of items cannibalized to the County Manager's Office, and all remaining costs and accumulated depreciation will be removed from appropriate asset accounts in the general Capital Asset fund.

All assets no longer in the possession of the department, due to one of these six qualifying conditions and after submission of all appropriate documentation to the County Manager's Office, will be removed from the master departmental asset file and considered disposed.

Department management is responsible for reviewing disposal reports, evaluating causes and trends leading to disposals, and implementing procedures to more effectively manage and control disposals when the dispositions represent problems, inefficiencies, and/or the incurrence of unnecessary cost.

An annual physical inventory of all Capital Assets will be performed by the County Manager's Office. The inventory will be conducted with the least amount of interruption possible to the department's daily operation. A full report of the results of the inventory will be sent, within 30 days of completion, to all departments for verification and acceptance.

SECTION 7. GRANTS

7.1 Purpose

The purpose of this policy is to provide direction in the application, acceptance and administration of funds awarded through grants to the County from other local governments, the state or federal government, non-profit agencies, philanthropic organizations and the private sector.

7.2 Application of Grants

The County Manager is given authority to make application for and accept grants that are expected to be \$100,000 or less on an annual basis with a required match of 20% or less.

The County Commission must approve the application of any grants in excess of the limits established in Section 2 of this policy.

The County will assess the merits of a particular program as if it were funded with local tax dollars. Local tax dollars will not be used to make up for losses of intergovernmental aid without first reviewing the program and its merits as a budgetary increment. Therefore, no grant will be accepted that will incur management and reporting costs greater than the grant amount.

7.3 Grant Administration

Each department, authority or board must notify the County Manager upon acceptance of any grant. Prior to the receipt or expenditure of grant revenues, the County Manager must be provided with the following information prior to receiving grant revenues or making purchases against the grant:

- Copy of grant application
- Notification of grant award
- Financial reporting and accounting requirements including separate account codes and/or bank accounts.
- Schedule of grant payments

Each Board or Authority is responsible for the management of its grant funds and periodic reporting.

Ben Hill County shall establish a fund for grant disbursements. This fund shall be subject to audit by the independent auditor and all state grant funds must have annual reports completed and submitted to the State Department of Audits.

SECTION 8. INTERNAL CONTROLS

The Ben Hill County Board of Commissioners in order to protect the assets of the citizens of Ben Hill County and to provide for reasonable assurances that the government of Ben Hill County is operating in an efficient and effective matter do hereby establish the following internal control processes.

8.1 Objectives

Ben Hill County shall charge the County Manager to develop policies and procedures sufficient to achieve the following objectives with a degree of reasonable assurance:

1. Ben Hill County shall maintain a sufficient level of reliability in our financial reporting to assure that the citizens and financial partners have a true and accurate picture of the county's financial and economic condition.
2. Ben Hill County, in order to protect the taxpayers of Ben Hill County from unreasonable taxation and to provide adequate services to the county shall develop policies and procedures to assure an effective and efficient manner of governmental operations.
3. Ben Hill County shall conduct its affairs in compliance with all applicable county, state and federal laws and regulations.

8.2 Internal Control Components

In order to achieve the objectives listed in 8.1 Ben Hill County shall develop a comprehensive internal control system consisting of five interrelated components including a Control Environment, Risk Assessment process, Control Activities, an Information and Communication process and a process to Monitor the quality of internal control performance over time.

CONTROL ENVIRONMENT

The Ben Hill County Board of Commissioners and the County Manager as management shall establish a control environment to set an ethical tone for the governmental organization. This ethical environment will serve as the foundation for the internal control process, provide discipline and structure. Key elements of this environment should include the following:

- The management should convey to the department heads and employees a sense of conducting operations ethically as evidenced by a code of conduct or other verbal or written directives.
- Management shall respect and adhere to all legal compliance requirements of the county, state and federal governments.
- The roles and responsibilities of department managers shall be clearly defined.
- Department managers shall have adequate knowledge and experience to discharge their duties.
- Management shall insure that all employees have adequate knowledge and training to discharge their duties. Management shall maintain an open door, non- punitive, process to allow staff to communicate all instances of non-compliance to procedures or risk to assets.

RISK ASSESSMENT

The Ben Hill County Board of Commissioners and the County Manager shall conduct risk assessments. The purpose of the risk assessment shall be to identify, analyze and manage risk associated with the internal control objectives set out in 8.1. All members of the organization shall participate in the risk assessment activities.

CONTROL ACTIVITIES

The Ben Hill County Board of Commissioners and the County Manager shall develop policies and procedures to ensure that their directives are carried out. Key elements of control activities should include:

- Reviews of actual performance versus budget, forecast and prior period performance to determine variations in performance, financial and operational, of the departmental and functional components of government
- The development of a system of controls to check the accuracy, completeness and authorization of transactions in the management information systems and should include;
- Data Entry Checks
- Exception Reporting
- Access Controls
- Review of input and output data
- Safeguarding of assets against unauthorized acquisition, use or disposition. The County Manager is charged with developing a system to restrict access to county resources.
- Segregation of Duties to include at a minimum the separation of the following duties;

1. Personnel/Payroll

Hiring/Termination- The individual responsible for hiring, terminating and approving promotions shall not be involved with preparing payroll or inputting data

Payroll- Time Cards and timesheets must be reviewed by managers before the data is entered. Employees and management must sign the document. The County Manager shall review on a quarterly basis all of the personnel salaries and wage rates.

2. Expenditure Activities

Purchasing/Payment- Approval for transactions that generate expenditures shall not be delegated to data entry personnel or the requesting end user.

Approvals must be in writing and given by the governing authority of their designated representative.

Receipt of Goods- The acknowledgement of receipt of goods shall not be the individual responsible for the ordering or purchase of those goods.

3. Check writing activities

The person preparing the check shall not be the person signing the check. All County Checks shall require a minimum of two signatures. Checking Account reconciliations must occur within 15 days of receipt of the appropriate bank records.

4. Budgeting Activities

The County Manager is charged with the preparation of an annual budget. The Manager must make available on a periodic basis a budget to actual comparative statement for the review of the Board of Commissioners.

INFORMATION AND COMMUNICATION

The Board of Commissioners and the County Manager shall endeavor to ensure that the county has a system in place to provide reasonable assurance that the identification, capture and exchange of information is provided in a form and time frame to allow people to carry out their responsibilities. The County shall at a minimum:

- Insure adequate source documentation for all transactions
- Provide reports on a timely basis to decision makers for review and appropriate action
- Insure that accurate information is available to those who need it
- Establish a schedule of reconciliations and reviews to ensure the accuracy of reports
- Establish internal and external communication channels
- Insure that employee's duties and control responsibilities are effectively communicated
- Establish an open and non-punitive channel of communications that allows employees to report suspected improprieties

MONITORING

The Ben Hill County Board of Commissioners and County Manager shall develop a process to assess the quality of internal control performance over time. Management involvement and oversight of the operations shall provide the key to determining significant variances from expectations and inaccuracies in financial data. The County Manager at a minimum should review all budget, financial and economic reports to provide independent reconciliations and reasonable safeguards. The Manager is charged with investigating and reporting to the Board of Commissioners on any irregularities or deficiencies. Corrective action and follow-up must be initiated.

SECTION 9. ACCOUNTING, AUDITS AND FINANCIAL REPORTING

9.1 Basis of Accounting

Ben Hill County shall use the Modified Accrual Basis of Accounting for all governmental fund types at the fund level. The County shall use the accrual method for all proprietary or fiduciary funds at the fund level. At the entity-wide level Ben Hill County shall aggregate the governmental fund information and report using the accrual basis of accounting.

9.2 Basic Principles

- A. A qualified external auditor in accordance with GA Code §36-81-7 will perform an independent audit in compliance with Generally Accepted Audit Standards annually. This independent audit must be completed and mailed to the state auditor within 180 days of the end of the fiscal year.
- B. The Ben Hill County Health Department shall be a component unit of the Ben Hill County Government and reported as such on all government wide financial reports. The County will require audits of their records and the records of any subsequent component units in compliance with state law and Generally Accepted Accounting Procedures.
- C. Ben Hill County will endeavor to prepare a comprehensive annual financial report (CAFR) in accordance with Generally Accepted Accounting Principles (GAAP).
- D. Ben Hill County will maintain accounting practices and an accounting system that are sufficient to enable the preparation and presentation of financial statements that conform to Generally Accepted Accounting Principles. Ben Hill County has adopted and will maintain the Uniform Chart of Accounts for Local Governments in Georgia as approved and amended by the Department of Community Affairs.
- E. Ben Hill County will maintain accurate records of all assets to insure a high degree of stewardship of public property.
- F. Ben Hill County will issue financial statements that conform to governmental generally accepted accounting principles.
- G. Ben Hill County will issue financial reports at the Entity Level utilizing major funds as defined in GASB 34. The Auditors will also include original budget information in the comparison section of the financial reports.
- H. Ben Hill County will report at the Government-wide level at a minimum with a Statement of Net Assets and a Statement of Activities that will disclose the total of primary governmental revenue allocation to the governmental activities. The basis of accounting at the government wide level shall be by the accrual method. To project a true and accurate reflection of the County's financial health Ben Hill County will insure that all long-term assets and liabilities are accounted for in the government-wide financial statements.
- I. Ben Hill County will endeavor to include a Management Discussion and Analysis with the Audit.
- J. Ben Hill County will maintain an ongoing system of financial reporting to meet the needs of the board of commissioners, department heads, and the general public. Reporting systems will

monitor the cost of providing services where possible. The reporting systems will promote budgetary control and comparative analysis.

K. Ben Hill County will enter into multiyear agreements when obtaining the services of an independent auditor. Such multiyear agreements will be for periods of at least three years and consistent with applicable legal requirements. Every five years the county will issue a request for proposal to independent auditors to provide an audit for County operations. The current auditing firm will be eligible to propose on this audit. The audit procurement process should be structured so that the principal factor in the selection of an independent auditor is the auditor's ability to perform a quality audit. In no case shall price be the sole criterion for the selection of an auditor.

L. Monthly budget-to-actual financial reports are prepared and distributed to all Departments. These reports allow Elected Officials and Department Directors to review their budgets and enable the County Manager to monitor and control the budget. Detailed revenue and expenditure reports are reviewed by the County Manager and the Board of Commissioners monthly.

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SECTION 10. FUND BALANCE

10.1 Definitions

The following definitions will be used in reporting activity in governmental funds across the County. The County may or may not report all fund types in any given reporting period, based on actual circumstances and activity.

- A. The General Fund is used to account for all financial resources accounted for and reported in another fund.
- B. Special Revenue Funds are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt services or capital projects.
- C. Debt Service Funds are used to account for all financial resources restricted, committed or assigned to expenditure for principal and interest.
- D. Capital Project Funds are used to account for all financial resources restricted, committed or assigned to expenditure for the acquisition or construction of capital assets.

10.2 Fund Balance Reporting in Governmental Funds

Fund balance will be reported in governmental funds under the following categories using the definitions provided by GASB Statement No. 54:

1. Non-Spendable Fund Balance – Includes amounts that cannot be spent because they are either a.) not in spendable form, or b.) legally or contractually required to be maintained intact. Non-spendable amounts will be determined before all other classifications and consist of the following items (as applicable in any given fiscal year):
 - The County will maintain a fund balance equal to the balance of any long-term outstanding balances due from others (including other funds of the County).
 - The County will maintain a fund balance equal to the value of inventory balances and prepaid items (to the extent that such balances are not offset with liabilities and actually result in fund balance).
 - The County will maintain a fund balance equal to the corpus (principal) of any permanent funds that are legally or contractually required to be maintained intact.
 - The County will maintain a fund balance equal to the balance of any land or other non-financial assets held for sale.
2. Restricted Fund Balance – Includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

3. Committed Fund Balance – Includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Commissioners. Commitments will only be used for specific purposes pursuant to a formal action of the Board of Commissioners. A majority vote is required to approve or remove a commitment. The Board of Commissioners are the County's highest level of decision-making authority, and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board of Commissioners.
4. Assigned Fund Balance – Includes amounts intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. The Board of Commissioners delegates the County Manager and its Designee, together, the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.
5. Unassigned Fund Balance – Includes the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

10.3 Operational Guidelines

The following guidelines address the classification and use of fund balance in governmental funds:

Classifying fund balance amounts – Fund balance classifications depict the nature of the net resources that are reported in a governmental fund. An individual governmental fund may include non-spendable resources and amounts that are restricted, committed, or assigned, or any combination of those classifications. The general fund may also include an unassigned amount.

Encumbrance reporting – Encumbering amounts for specific purposes for which resources have already been restricted, committed or assigned should not result in separate display of encumbered amounts. Encumbered amounts for specific purposes for which amounts have not been previously restricted, committed or assigned, will be classified as committed or assigned, as appropriate, based on the definitions and criteria set forth in GASB Statement No. 54.

Prioritization of fund balance use – When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the County to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the County that the committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

Minimum unassigned fund balance – The County will maintain a minimum unassigned fund balance in its General Fund of 25% of the current year expenditures. This minimum fund balance is to protect against cash flow shortfalls related to timing of projected revenue receipts and to maintain a budget stabilization commitment.

Replenishing deficiencies – When fund balance falls below the minimum 25%, the County will replenish shortages/deficiencies using the budget strategies and timeframes described below.

- The County will reduce recurring expenditures to eliminate any structural deficit, or
- The County will increase revenues or pursue other fund sources, or
- A combination of the two options above.

Minimum fund balance deficiencies shall be replenished as adopted in form of a formal plan presented by the County Manager and its Designee and approved by the County Board of Commissioners, within the following time periods:

- A deficiency resulting in a minimum fund balance between 25% and 20% of the current year's expenditures and outgoing transfers shall be replenished over a period not to exceed one year.
- A deficiency resulting in a minimum fund balance between 20% and 15% of the current year's expenditures and outgoing transfers shall be replenished over a period not to exceed three years.
- A deficiency resulting in a minimum fund balance between 15% and 10% of the current year's expenditures and outgoing transfers shall be replenished over a period not to exceed five years.

Surplus fund balance – Fund balance will be considered a surplus if over 30% of the current year's expenditures. Should unassigned fund balance of the General Fund ever exceed 30%, the County will consider such fund balance surpluses for one-time expenditures that are non-recurring in nature and which will not require additional future expense outlays for maintenance, additional staffing or other recurring expenditures.