



FINANCIAL MANAGEMENT POLICY

Prepared by Authority of City Council
City of Holly Springs, Georgia

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BUDGET

GENERAL BUDGET POLICIES

The budget process provides the primary mechanism by which key decisions are made regarding the levels and types of services to be provided within estimated resources. Budget policy guides this process. Budget policy also directs the City's financial health and stability.

Georgia law (e.g., O.C.G.A. 36-81-2 et seq.) provides the budget requirements for Georgia local governments. The information below provides an outline of the City's application of those laws. The City's goal will be to adopt operating budgets where current revenues equal anticipated expenditures. All departments supported by the resources of this City must function within the limits of the financial resources identified or available specifically to them. A balance must be struck 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.

A. SCOPE

This policy applies to all budgeted funds, which are the responsibility, and under the management of the City of Holly Springs and its Finance Director.

B. FINANCING CURRENT COSTS

Current costs shall be financed with current revenues, including the use of authorized fund balances. The City shall avoid balancing current expenditures through the obligation of future year's resources. The City shall strive to avoid short-term borrowing to meet cash flow requirements. However, the City may enter into short-term borrowing should a critical need arise.

C. BUDGET OBJECTIVE BY TYPE OF FUND

The following budget objectives are established for the different funds the City uses:

1. General Fund – The annual budget for the General Fund shall provide for general government operations of the City and maintain working capital necessary for the City's financial health and stability.
2. Special Revenue Fund(s) – The City adopts annual budgets for each special revenue fund that demonstrate that any legally restricted revenue sources are

used consistent with applicable laws and/or regulations (i.e. Hotel/Motel Tax Fund, Parks and Recreation Fund, and Operating Grants Fund).

3. Capital Project Fund(s) – The City adopts project budgets for each of its capital project funds. These adopted appropriations do not lapse at the end of a fiscal year; rather they remain in effect until project completion or re-appropriation by City Council.
4. Debt Service Fund(s) – The City adopts annual budgets for its debt service funds (if applicable). Any remaining fund balances from prior years plus current years' projected revenues shall be sufficient to meet all annual debt service requirements.
5. Enterprise Fund(s) - Although Generally Accepted Accounting Principles (GAAP) or Georgia statutes do not require the City to adopt budgets for enterprise funds, the City will adopt budgets for enterprise funds in order to monitor revenues and control expenses. The City will use a business approach if and when budgeting enterprise funds. Enterprise funds shall be self-supporting whenever possible and subsidized losses will be minimized when break-even is not possible. See the Revenue Policy section.

Additionally, the City classifies funds as either operating funds or non-operating funds. Operating funds are those funds that include appropriations for the payment of salaries/benefits and whose maintenance & operating appropriations are necessary to continue the daily operations of the City. The General Fund will always be an operating fund. Non-operating funds are those funds that do not include appropriations for the payment of salaries/benefits and whose maintenance & operating appropriations are not critical to the daily operations of the City. Examples of non-operating funds are the Hotel/Motel Tax Fund, the Parks and Recreation Fund, and Operating Grants Fund.

OPERATING BUDGET

The operating budget shall be prepared on an annual basis and include those funds detailed in Section I that are subject to annual appropriation (all funds excluding the Capital Project Funds). Prior year budget appropriations and prior year actual data will be provided as reference data, with the current year appropriation. At a minimum, the City shall adopt annual balanced budgets for the general fund, each special revenue fund, and each debt service fund (if applicable) in accordance with O.C.G.A. 36-81-3.

The annual proposed budget should be submitted to the governing authority while being held by the office of the City Clerk for public review/inspection in accordance with O.C.G.A. 36-81-3. Public meetings will be conducted after proper advertisement prior to the City Council adopting and approving the annual budget document. (O.C.G.A. 36-81-5 and 36-81-6).

A. DEPARTMENTAL APPROPRIATIONS

The budget shall be developed based upon “line-item” expenditures within each department broken down by function. This type of budget focuses on categories of expenditures such as personal services, contractual services, supplies, equipment, etc. within each department. At a minimum, each department’s appropriation in each fund shall be detailed within the budget document. (O.C.G.A. 36-81-3 and 36-81-5).

B. PERFORMANCE BUDGET

In addition to requesting expenditures by line item, the budget document will include “performance” budget information. A performance budget provides information of each of the departments’ goals and objectives to be accomplished in the upcoming budget year. A performance budget also utilizes “Service Efforts and Accomplishments” which measures services rendered and department efficiency/effectiveness on a historical basis and project targets of the indicators for the upcoming budget year. The City shall strive to minimize and reduce, if possible, staffing levels required to accomplish its service delivery.

C. BUDGET PREPARATION CATEGORIES

Each department shall submit budget requests separately for:

Current services - A current services budget is defined as that level of funding which is necessary to provide the same level of service for the upcoming year that is currently being provided. The current services budget will include replacement capital equipment.

Expanded services - An expanded services budget includes funding requests associated with new services, additional personnel or new capital projects/equipment.

D. BALANCED BUDGET

The budget shall be balanced for each budgeted fund. Total anticipated revenues plus that portion of fund balance in excess of authorized reserves (see operating budget policy H below) that is designated as a budget-funding source shall equal total estimated expenditures for each fund.

E. BASIS OF BUDGETING

Neither GAAP nor Georgia statutes address a required budgetary basis of budgeting, the City adopts budgets in conformity with GAAP for all budgeted funds. All governmental funds use the modified accrual basis of accounting and proprietary fund budgets (when applicable) use the accrual basis of accounting.

F. LEVEL OF BUDGET ADOPTION AND CONTROL

All budgets shall be adopted at the legal level of budgetary control, which is the department level within each individual fund. See policy K below for amending the budget.

G. BUDGET STABILIZATION RESOURCES

The City shall establish a fund balance reserve in all governmental operating funds (defined in Section I of this policy) for working capital. The purpose of working capital is to 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 reserve shall accumulate and then be maintained at an amount, which represents no less than two (2) months of operating and debt expenditures (approximately 16% of budgeted expenditures).

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

If necessary, the City may use fund balance in excess of the reserve for working capital (see budget policy G above) as a funding source for that fund's budget. The amount of unreserved fund balance shall be estimated conservatively, taking into consideration future years' needs. The minimum requirement for the reserve for working capital, equal to two (2) months of operating and debt expenditures, must first be met before utilizing the excess fund balance as a funding source for the budget.

I. APPROPRIATION LAPSES AT YEAR END

All operating budget appropriations (including encumbered appropriations) shall lapse at the end of a fiscal year. Purchases encumbered in the current year, but not received until the following year, must be charged against a department's subsequent year appropriation.

J. BUDGET CONTROL REPORTS

The City shall maintain a system of budgetary control reports to assure adherence to the budget. The City will prepare and distribute to departments, timely monthly financial reports comparing actual revenues, and outstanding encumbrances and expenditures with budgeted amounts.

K. AUTHORIZATION OF BUDGET ADJUSTMENTS AND AMENDMENTS

The budget is a dynamic rather than static plan, which requires adjustments and formal budget amendments as circumstances change. The City Council must approve all increases in total departmental appropriations, increases in the personal services budgets (i.e., moving salary or employee benefit budget to other line items), and increases in the number of authorized positions (full and part-time).

Department heads must submit budget amendment requests transferring appropriations from one-line item to another, other than those prohibited above, and obtain approval by the Finance Director and the City Manager. Adjustments from appropriations that have been obligated, committed, or reserved for a designated purpose shall not be transferred until a formal de-obligation occurs.

At the mid-point of each year, any necessary budgetary appropriations, including budgets for any projects authorized but not funded during the year, shall be appropriated through a supplementary budget ordinance. This mid-point adjustment is limited to requesting additional resources. Such supplemental appropriations shall be balanced with additional revenues for each fund. A justification for each requested change must be prepared (O.C.G.A. 38-81-3).

L. CONTINGENCY LINE-ITEM

The City shall establish an appropriated contingency of one percent of the total annual expenditure appropriation in all operating funds (defined in Section I of this policy) in order to accommodate unexpected operational changes, legislative impacts, or other economic events affecting the City's operations which could not have been reasonably anticipated at the time the budget was prepared. Non-operating funds (defined in Section I of this policy) shall not require a contingency reserve appropriation.

This contingency reserve appropriation will be a separate line item within the budget. This amount shall be subject to annual appropriation. The approval of the City Manager is required before this appropriation can be expended. 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.

M. MAINTENANCE AND REPLACEMENT OF CAPITAL EQUIPMENT

The City Council will give budget priority to requests that provide for adequate maintenance of capital equipment and facilities and for their orderly replacement.

N. CONTRIBUTIONS

Unless authorized by City Council, outside contributions to programs operated by City departments shall be subject to the City's accounting and budgetary policies. The City welcomes both unrestricted and restricted contributions compatible with the City's programs and objectives. Any material contribution shall be appropriated by City Council prior to expenditure. Material contributions shall be defined as one-time contributions exceeding one percent of the department's annual maintenance and operating expenditure appropriation or \$10,000, whichever is less.

O. ADMINISTRATIVE SERVICE FEE/COST ALLOCATION

Whenever possible, the City may assess an administrative service fee from the General Fund to any other fund, based upon documentation and/or an outside independent

study. This assessment will be based upon a percentage of the operating revenues, or services provided to the fund and shall be used to reimburse the General Fund for the administrative and support services provided to the assessed fund.

CASH FLOW BUDGET

For analysis and internal management purposes, the City may prepare an annual cash flow budget in conjunction with the Operating Budget. The purpose of this document will be to provide the necessary guidelines to ensure that cash will be available to pay budgeted costs on a timely basis.

A. BUDGET ALLOTMENTS

Budget allocations (i.e., budget allotments) are used in the operating budget, when needed to manage cash flows. The annual appropriation may be divided into segments in order to ensure that the projected revenue streams will be adequate to fund the appropriated expenditures. The cash flow budget will provide details as to the periods in which the revenues will be collected, and thereby providing for available resources to pay obligations.

CAPITAL IMPROVEMENT PLAN

The Finance Director will prepare a five-year capital improvement plan (CIP) which will be updated annually. This plan will assist in the planning, acquisition, and financing of capital projects. A major capital project generally is defined as an expenditure that has an expected useful life of more than 3 years with an estimated total cost of \$25,000 or more, or an improvement/addition to an existing capital asset. Examples include building/infrastructure construction, park improvements, streetscapes, computer systems, land acquisitions, equipment, and vehicles.

Major capital projects will be budgeted in the appropriate Capital Project Fund with all available resources. With the involvement of the responsible departments, the Finance Director will prepare the capital budget in conjunction with the operating budget.

A. PROJECT LENGTH BUDGET

The CIP budget shall be developed based upon defined projects approved by the Mayor and City Council. Budget appropriation shall include the complete project costs with contingency amounts as appropriate and if available. (O.C.G.A. 36-81-3)

B. BUDGET PREPARATION

Each department, in conjunction with the Mayor and City Council, will identify potential capital projects throughout the year. All identified projects will be added to the CIP document, regardless of available funding. These needed projects will provide a method of tracking and planning for the future needs of the City. Every effort will

be made to identify those projects committed by the City Council through legislative action.

C. BUDGET CONTROL REPORTS

The City shall maintain a system of budgetary control reports to assure adherence to the budget. The City will prepare and distribute to departments, timely monthly financial reports comparing actual revenues, and outstanding encumbrances and expenditures with budgeted amounts.

D. AUTHORIZATION OF BUDGET ADJUSTMENTS AND AMENDMENTS

Department heads must submit budget amendment requests transferring appropriations from one line item to another within the same project. The Finance Director and the City Manager 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 a formal 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 budgeting and funding is no longer necessary.

E. APPROPRIATIONS AT YEAR END

Capital project appropriations shall carry forward to the subsequent budget period an equal amount to any encumbrances/purchase orders issued as of the close of the fiscal year. Purchases encumbered in the current year, but not received until the following year, must be charged against each department's subsequent year carry-over appropriation. Any remaining appropriation available by project at year-end must be re-appropriated.

F. CONTINGENCY ACCOUNT

The City shall include an appropriated contingency of three percent of the total annual expenditure appropriation in Capital Project Funds in order to accommodate expenditures that may not have been expected during the duration of a capital project. Expenditure of contingency funds shall only be authorized in accordance with the Change Order Policy outlined within the purchasing section of this document. Any contingency budgets shall be subject to annual appropriation.

REVENUES

REVENUE POLICY

This section provides direction in the administration of the revenues the City receives.

The City levies collects and records certain taxes, license and permit fees, intergovernmental revenues, charges for service, investment income, fines and forfeitures, and other miscellaneous revenues and other financing sources.

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 ratepayers. A diversity of revenue sources can improve a City's ability to handle fluctuations in revenues and potentially help to better distribute the cost of providing services. The City 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 and inelastic revenue sources to minimize the effect of economic downturns. The City will work towards diversifying its revenue base in order to reduce its dependence upon property taxes.

B. CONSERVATIVE REVENUE ESTIMATES

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

C. USER BASED FEES AND CHARGES (Exchange Revenue)

The level of user fee cost recovery should consider the community-wide versus special service nature of the program or activity. The use of general-purpose revenues is appropriate for community-wide services, while user fees are appropriate for services that are of special benefit to easily identified individuals or groups. The City will strive to keep the revenue system simple for the taxpayer or service recipient and to decrease the occurrence of avoidance to pay. The City will avoid nuisance taxes, fees, or charges as revenue sources. The City's revenue system will strive to maintain equity in its structure. That is, the City will seek to minimize or eliminate all forms for subsidization between entities, funds, services, utilities, and customers. However, it is recognized that public policy decisions may lead to subsidies in certain circumstances (e.g., senior citizen partial tax abatement). 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 Director will forward any proposed changes to the City Council for approval. 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. ALTERNATIVE REVENUE SOURCES

The City 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.

E. REVENUE COLLECTION

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

F. RATES AND CHARGES

The City Council shall approve annually or as necessary, a fee schedule which includes all revenue rates, charges, and processes in association with receipted funds that are deposited by the City, in accordance with the Code of Ordinances.

CASH AND INVESTMENT MANAGEMENT

The objective of the cash and investment management policy is to maximize interest earnings within an environment that strongly emphasizes legal compliance and safety while providing cash flow liquidity to meet the City's financial obligations.

A. SCOPE

This investment policy applies to all cash and investments, both short and long-term, which are the responsibility, and under the management of the Finance Director.

B. POOLED CASH/INVESTMENT MANAGEMENT

Except for cash in certain restricted and specialized funds, the City will consolidate cash balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based upon their respective participation and in accordance with generally accepted accounting principles.

C. GENERAL OBJECTIVES

The primary objectives of investment activities shall be as follows:

1. Safety

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

i. Credit Risk

The City 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 (primarily obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government)
- Requiring a credit rating of “A3” or better from Moody’s rating agency and “A-” from Standard & Poor’s.
- Pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisers with which the City will do business
- Diversifying the investment portfolio so that potential losses on individual securities will be minimized.

ii. Custodial Risk

Custodial risk, that is the risk associated with uninsured deposits, uninsured securities, or securities not registered in the City’s name shall be minimized by collateralization compliant with the provisions of Senate Bill 283, which required the establishment of a multi-bank pledging pool. Senate Bill 283 established the Secure Deposit Program (SDP) which is administered by the Office of the State Treasurer (OST) for the State Depository Board. The OST contracted with the Georgia Bankers Association (GBA) to administer the program. All deposits in excess of FDIC insurance coverage will be secured by a combination of collateral pledged by each bank and a financial commitment by all the approved covered depositories participating in the SDP.

iii. Interest Rate Risk

The City 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 similar investment pools.

iv. Concentration Risk

The risk associated with a high concentration of government funds which are not diversified shall be reduced by:

- Limiting investments to any one issuer to less than 5% of the investment portfolio.
- Investments explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

v. Foreign Currency Risk

The City will negate all foreign currency risk through investment only in instruments where exchange rates do not apply.

2. Liquidity

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist of securities with active secondary or resale markets (dynamic liquidity). A portion of the portfolio also may be placed in instruments offering same-day liquidity for short-term funds.

3. Yield

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 or to reduce any eminent risk as identified under Section 1, "Safety" of this policy
A security swap which improves the quality, yield, or target duration in the portfolio
Liquidity needs of the portfolio require that the security be sold.

D. STANDARDS OF CARE

1. Prudence

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officer(s) acting in accordance with written procedures and this

investment policy and exercising due diligence shall be relieved of personal responsibility of 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.

2. Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions in which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City.

3. Delegation of Authority

Authority to manage the investment program is granted to the Finance Director, referred to as the investment officer in this policy. Responsibility for the operation of the investment program is hereby delegated to the investment officer, who shall act in accordance with the established written procedures and internal controls for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, and collateral/depository agreements. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the investment officer. The investment officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

E. SAFEKEEPING AND CUSTODY

1. Authorized Financial Dealers and Institutions

A list will be maintained of financial institutions authorized to provide investment services. In addition, a list also will be maintained of approved security brokers/dealers selected by creditworthiness (e.g., a minimum capital requirement of \$10,000,000 and at least five years of operation). These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule). All financial institutions and

brokers/dealers who desire to become qualified for investment transactions must supply the following as appropriate:

- Audited financial statements
- Proof of National Association of Securities Dealers (NASD) certification
- Proof of state registration
- Completed broker/dealer questionnaire
- Certification of having read and understood and agreeing to comply with the City's investment policy.

An annual review of the financial condition and registration of qualified financial institutions and brokers/dealers will be conducted by the investment officer.

From time to time, the investment officer may choose to invest in instruments offered by minority and community financial institutions. In such situations, all criteria identified above shall apply. All terms and relationships will be fully disclosed prior to purchase and will be reported to the appropriate entity on a consistent basis and should be consistent with state and local law. These types of investment purchases should be approved by the City Council in advance of their purchase.

2. Internal Controls

The investment officer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met.

The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Accordingly, the investment officer shall establish a process for an annual independent review by an external auditor to assure compliance with regulatory policies and procedures including Generally Accepted Governmental Auditing Standards.

3. Delivery vs. Payment

All trades where applicable will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds. Securities will be held by a third-party custodian in the City's name, as evidenced by safekeeping receipts.

4. Investment Types

Investments (other than bond proceeds) shall be made in instruments permitted by the State of Georgia for local governments, regulated under Georgia Code, 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,
- The Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements, and
- Obligations of other political subdivisions of the state

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

- Bonds or obligations of the governmental entities and/or political subdivisions of the state,
- Bonds or obligations of the U.S. government which are fully guaranteed,
- Obligations of agencies of the U.S. government, bonds or other obligations of public housing agencies or municipal corporations in the United States,
- 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)

5. Collateralization

The City participates in the Secure Deposit Program (SDP) established by Senate Bill 283 in 2017. All deposits in excess of FDIC insurance coverage are secured by a combination of collateral pledged by each bank and a financial commitment by all the approved covered depositories participating in the SDP.

6. Repurchase Agreements/Derivatives

Repurchase agreements shall be consistent with GFOA Recommended Practices on Repurchase Agreements. Investments in derivatives of the above instruments shall require authorization by the City Council and shall be consistent with GFOA Recommended Practices on the "Use of Derivatives by State and Local Governments".

F. USING GEORGIA FUND I

The City will utilize the State of Georgia local government investment pool (i.e., Georgia Fund I) anytime this investment tool is deemed to be in the best interest of the City. Criteria used to determine the use of this investment pool will be the same as any other investment purchase.

G. INVESTMENT PARAMETERS

1. Diversification

The investments shall be diversified by:

- Limiting investments to avoid over concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities)
- Limiting investments in securities that have higher credit risks
- Investing in securities with varying maturities, and
- Continuously investing a portion of the portfolio in readily available funds such as the Georgia Local Government Investment Pool, money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

2. Maximum Maturities

To the extent possible, the City shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than five (5) years from the date of purchase. The City shall adopt weighted average maturity limitations ranging from 90 days to 5 years, consistent with the investment objectives.

Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding five (5) years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of funds. The intent to invest in securities with longer maturities shall be disclosed in writing to the City Council.

H. REPORTING

1. Methods

The investment officer shall prepare an investment report monthly which shall be included in the Monthly Financial Report. Information provided will include a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the last month. This management summary will be prepared in a manner which will allow the City to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report will include the following items:

- Listing of individual securities held at the end of the reporting period with maturity dates
- Realized and unrealized gains or losses resulting from appreciation or amortization by listing the cost and market value of securities over one-year duration that are not intended to be held until maturity
- Average weighted yield to maturity of portfolio on investments as compared to applicable benchmarks
- Percentage of the total portfolio which each type of investment represents.

2. 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. A series of appropriate benchmarks shall be established against which the portfolio performance shall be compared on a regular basis.

3. Marking to Market

The market value of the portfolio shall be calculated at least monthly and a statement of the market value of the portfolio shall be issued at least monthly.

Governmental Accounting Standards Board (GASB) References:

Statement No. 3, Deposits with Financial Institutions, Investments, and Reverse Repurchase Agreements

Statement No. 28, Accounting and Financial Reporting for Securities Lending Transactions

Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools

Statement No. 40, Deposit and Investment Risk Disclosures

Statement No. 72, Measuring fair value and standards of accounting and financial reporting for investments.

EXPENDITURES

EXPENDITURE POLICY

This section provides guidance on authorized expenditures for all departments under the authority of the City Manager. This section shall cover those costs incurred for normal business operations, including those associated with salaries and benefits. Operating guidelines and procedures for procuring goods and services shall be issued under separate cover(s) as they do not constitute or necessitate City Council approval.

A. APPROPRIATION

In conjunction with the annual budget process, the City Council shall authorize departments appropriations consistent with the annual adopted operating and capital budgets. Departments shall not incur expenditures unless an appropriation is available.

B. EXPENDITURE APPROVAL

All expenditures relating to City operations shall be processed consistent with procurement/purchasing guidelines. Once the Finance Director or his designee receives the proper documentation from the incurring departments, the execution of payment shall occur. The Finance Director or his designee shall only process transactions for payment based upon the proper approval for the dollar amount of the expenditure, including adequate documentation, received either electronically or in writing.

C. SETTLEMENT OF DISPUTE

The Finance Director shall review expenditure documents for compliance and appropriateness with all City policies and procedures. Expenditure documents that are not in compliance with these policies and procedures shall be returned to the originating department with recommendations for changes (e.g., travel issues, cellular phone use). In the event the department does not agree with the Finance Director's recommendations, the City Manager shall make the final decision.

D. ELECTED OFFICIALS ALLOCATION

During the annual budget process, an appropriation will be allocated to the elected officials to be used at his/her discretion for the benefit of the City (e.g., travel costs incurred at the annual GMA conference). The amount appropriated will be dependent upon the approval during the budget process.

E. PROFESSIONAL SERVICES

1. INTRODUCTION

Professional services are those services considered to be "professional" in nature, i.e. technical or unique functions performed by independent contractors or consultants whose occupation is the rendering of such services. Examples include but are not limited to, Architects, Attorneys, Engineers, Accountants, Appraisers, etc... These types of services are awarded based on open competitive negotiations and demonstrated competence and qualifications for the type of services required at a fair and reasonable price rather than on "low-bid".

2. ROLE OF THE CITY MANAGER OR HIS DESIGNEE

The City Manager shall be responsible for ensuring adherence to all rules and regulations concerning the procurement of Professional Services. The City Manager is also responsible to proceed with a request for proposals (RFP).

3. COMPETITIVE SEALED PROPOSALS

Once the request for proposal process has been approved to proceed, the following guidelines shall be followed:

- a) Public Notice
Adequate public notice shall be given in accordance with state and federal law.
- b) Receipt of proposals
Proposals shall include any information necessary to demonstrate qualifications for this project, as well as, all information requested in the RFP, including all forms necessary to comply with state and federal law.
- c) Evaluation
The received proposals shall be evaluated according to the factors as stated in the RFP by a review committee.
- d) Short-list Recommendation
After evaluation of the RFPs, the review committee shall make a recommendation for a short-list of qualified applicants for further examination.
- e) Interviews
Once the short list has been recommended, interviews shall be conducted with the relative firms concerning their abilities, project concepts, and the relative utility of alternative methods of furnishing the required services.
- f) Ranking
Following the interviews, firms shall be ranked and presented in order of preference to the City Council. If a firm other than the top-ranked firm is selected, the City must provide a written explanation.

g) Negotiation

Once final selection is made, negotiations with the firm shall be conducted. If a fee is not agreed upon within a reasonable time, negotiations may be closed. Negotiations may be initiated with the second-ranked firm at this time and this process may be continued until a mutually satisfactory contract is negotiated.

F. COMPETITIVE NEGOTIATION QUALIFICATIONS-BASED SELECTION FOR PROJECTS USING FEDERAL AID HIGHWAY PROGRAM (FAHP) FUNDING

Except as provided in (2) and (3) below, the City of Holly Springs shall use the competitive negotiation method for the procurement of engineering and design related services when FAHP funds are involved in the contract (as specified in 23 U.S.C. 112(b)(2)(A)). The solicitation, evaluation, ranking, selection, and negotiation shall comply with the qualifications-based selection procurement procedures for architectural and engineering services codified under 40 U.S.C. 1101–1104, commonly referred to as the Brooks Act.

In accordance with the requirements of the Brooks Act, the following procedures shall apply to the competitive negotiation procurement method:

1. SOLICITATION

The solicitation process shall be by public announcement, public advertisement, or any other public forum or method that assures qualified in-State and out-of-State consultants are given a fair opportunity to be considered for award of the contract. Procurement procedures may involve a single step process with issuance of a request for proposal (RFP) to all interested consultants or a multiphase process with issuance of a request for statements or letters of interest or qualifications (RFQ) whereby responding consultants are ranked based on qualifications and request for proposals are then provided to three or more of the most highly qualified consultants. Minimum qualifications of consultants to perform services under general work categories or areas of expertise may also be assessed through a prequalification process whereby statements of qualifications are submitted on an annual basis. Regardless of any process utilized for prequalification of consultants or for an initial assessment of a consultant's qualifications under an RFQ, a RFP specific to the project, task, or service is required for evaluation of a consultant's specific technical approach and qualifications.

2. REQUEST FOR PROPOSAL (RFP)

The RFP shall provide all information and requirements necessary for interested consultants to provide a response to the RFP and compete for the solicited services. The RFP shall:

(A) Provide a clear, accurate, and detailed description of the scope of work, technical requirements, and qualifications of consultants necessary for the services to be rendered. The scope of work should detail the purpose and description of the project, services to be performed, deliverables to be provided, estimated schedule for performance of the work, and applicable standards, specifications, and policies;

(B) Identify the requirements for any discussions that may be conducted with three (3) or more of the most highly qualified consultants following submission and evaluation of proposals;

(C) Identify evaluation factors including their relative weight of importance in accordance with subparagraph (a)(1)(iii) of this section;

(D) Specify the contract type and method(s) of payment to be utilized;

(E) Identify any special provisions or contract requirements associated with the solicited services;

(F) Require that submission of any requested cost proposals or elements of cost be in a concealed format and separate from technical/qualifications proposals as these shall not be considered in the evaluation, ranking, and selection phase; and

(G) Provide a schedule of key dates for the procurement process and establish a submittal deadline for responses to the RFP which provides sufficient time for interested consultants to receive notice, prepare, and submit a proposal, which except in unusual circumstances shall be not less than 14 days from the date of issuance of the RFP.

3. EVALUATION FACTORS

(A) Criteria used for evaluation, ranking, and selection of consultants to perform engineering and design related services must assess the demonstrated competence and qualifications for the type of professional services solicited. These qualifications-based factors may include, but are not limited to, technical approach (e.g., project understanding, innovative concepts or alternatives, quality control procedures), work experience, specialized expertise, professional licensure, staff capabilities, workload capacity, and past performance.

(B) Price shall not be used as a factor in the evaluation, ranking, and selection phase. All price or cost related items which include, but are not limited to, cost proposals, direct salaries/wage rates, indirect cost rates, and other direct costs are prohibited from being used as evaluation criteria.

(C) In-State or local preference shall not be used as a factor in the evaluation, ranking, and selection phase. State licensing laws are not preempted by this provision and professional licensure within a jurisdiction may be established as a

requirement which attests to the minimum qualifications and competence of a consultant to perform the solicited services.

(D) The following non-qualifications based evaluation criteria are permitted under the specified conditions and provided the combined total of these criteria do not exceed a nominal value of ten percent of the total evaluation criteria to maintain the integrity of a qualifications-based selection:

(1) A local presence may be used as a nominal evaluation factor where appropriate. This criterion shall not be based on political or jurisdictional boundaries and may be applied on a project-by-project basis for contracts where a need has been established for a consultant to provide a local presence, a local presence will add value to the quality and efficiency of the project, and application of this criteria leaves an appropriate number of qualified consultants, given the nature and size of the project. If a consultant outside of the locality area indicates as part of a proposal that it will satisfy the criteria in some manner, such as establishing a local project office, that commitment shall be considered to have satisfied the local presence criteria.

(2) The participation of qualified and certified Disadvantaged Business Enterprise (DBE) sub-consultants may be used as a nominal evaluation criterion where appropriate in accordance with 49 CFR Part 26 and the City of Holly Springs's FHWA-approved DBE program.

4. EVALUATION, RANKING AND SELECTION

(A) Consultant proposals shall be evaluated by the City of Holly Springs based on the criteria established and published within the public solicitation.

(B) While the contract will be with the prime consultant, proposal evaluations shall consider the qualifications of the prime consultant and any sub-consultants identified within the proposal with respect to the scope of work and established criteria.

(C) Following submission and evaluation of proposals, the City of Holly Springs shall conduct interviews or other types of discussions determined three of the most highly qualified consultants to clarify the technical approach, qualifications, and capabilities provided in response to the RFP. Discussion requirements shall be specified within the RFP and should be based on the size and complexity of the project as defined in City of Holly Springs written policies and procedures (as specified in § 172.5(c)). Discussions may be written, by telephone, video conference, or by oral presentation/interview. Discussions following proposal submission are not required provided proposals contain sufficient information for evaluation of technical approach and qualifications to perform the specific project, task, or service with respect to established criteria.

(D) From the proposal evaluation and any subsequent discussions which have been conducted, the City of Holly Springs shall rank, in order of preference, at

least three consultants determined most highly qualified to perform the solicited services based on the established and published criteria.

(E) Notification must be provided to responding consultants of the final ranking of the three most highly qualified consultants.

(F) The City of Holly Springs shall retain acceptable documentation of the solicitation, proposal, evaluation, and selection of the consultant accordance with the provisions of 49 CFR 18.42.

5. NEGOTIATION

(A) Independent estimate. Prior to receipt or review of the most highly qualified consultant's cost proposal, the City of Holly Springs shall prepare a detailed independent estimate with an appropriate breakdown of the work or labor hours, types or classifications of labor required, other direct costs, and consultant's fixed fee for the defined scope of work. The independent estimate shall serve as the basis for negotiation and ensuring the consultant services are obtained at a fair and reasonable cost.

(B) Elements of contract costs (e.g., indirect cost rates, direct salary or wage rates, fixed fee, and other direct costs) shall be established separately in accordance with § 172.11.

(C) If concealed cost proposals were submitted in conjunction with technical/qualifications proposals, only the cost proposal of the consultant with which negotiations are initiated may be considered. Concealed cost proposals of consultants with which negotiations are not initiated should be returned to the respective consultant due to the confidential nature of this data (as specified in 23 U.S.C. 112(b)(2)(E)).

(D) The City of Holly Springs shall retain documentation of negotiation activities and resources used in the analysis of costs to establish elements of the contract in accordance with the provisions of 49 CFR 18.42. This documentation shall include the consultant cost certification and documentation supporting the acceptance of the indirect cost rate to be applied to the contract (as specified in § 172.11(c)).

6. SMALL PURCHASES

The small purchase method involves procurement of engineering and design related services where an adequate number of qualified sources are reviewed, and the total contract costs do not exceed an established simplified acquisition threshold. The City of Holly Springs may use the State's small purchase procedures which reflect applicable State laws and regulations for the procurement of engineering and design related services provided the total contract costs do not exceed the Federal simplified acquisition threshold (as specified in 48 CFR 2.101). When a lower

threshold for use of small purchase procedures is established in State law, regulation, or policy, the lower threshold shall apply to the use of FAHP funds. The following additional requirements shall apply to the small purchase procurement method:

(I.) The scope of work, project phases, and contract requirements shall not be broken down into smaller components merely to permit the use of small purchase procedures.

(II.) A minimum of three consultants are required to satisfy the adequate number of qualified sources reviewed.

(III.) Contract costs may be negotiated in accordance with State small purchase procedures; however, the allow ability of costs shall be determined in accordance with the Federal cost principles.

(IV.) The full amount of any contract modification or amendment that would cause the total contract amount to exceed the established simplified acquisition threshold would be ineligible for Federal-aid funding. The FHWA may withdraw all Federal-aid from a contract if it is modified or amended above the applicable established simplified acquisition threshold.

7. NONCOMPETITIVE

The noncompetitive method involves procurement of engineering and design related services when it is not feasible to award the contract using competitive negotiation or small purchase procurement methods. The following requirements shall apply to the noncompetitive procurement method:

(I.) The City of Holly Springs may use their own noncompetitive procedures which reflect applicable State and local laws and regulations and conform to applicable Federal requirements.

(II.) The City of Holly Springs shall establish a process to determine when noncompetitive procedures will be used and shall submit justification to, and receive approval from, the FHWA before using this form of contracting.

(III.) Circumstances under which a contract may be awarded by noncompetitive procedures are limited to the following:

(A) The service is available only from a single source;

(B) There is an emergency which will not permit the time necessary to conduct competitive negotiations; or

(C) After solicitation of a number of sources, competition is determined to be inadequate.

(IV.) Contract costs may be negotiated in accordance with the City of Holly Springs noncompetitive procedures; however, the allow ability of costs shall be determined in accordance with the Federal cost principles.

G. ADDITIONAL PROCUREMENT REQUIREMENTS

1. Common Grant Rule.

(I.) The City of Holly Springs must comply with procurement requirements established in State and local laws, regulations, policies, and procedures which are not addressed by or in conflict with applicable Federal laws and regulations (as specified in 49 CFR 18.36).

(II.) When State and local procurement laws, regulations, policies, or procedures are in conflict with applicable Federal laws and regulations, the City of Holly Springs must comply with Federal requirements to be eligible for Federal-aid reimbursement of the associated costs of the services incurred following FHWA authorization (as specified in 49 CFR 18.4).

2. Disadvantaged Business Enterprise (DBE) program.

(I.) The City of Holly Springs shall give consideration to DBE consultants in the procurement of engineering and design related service contracts subject to 23 U.S.C. 112(b)(2) in accordance with 49 CFR part 26. When DBE program participation goals cannot be met through race-neutral measures, additional DBE participation on engineering and design related services contracts may be achieved in accordance with the City of Holly Springs's FHWA approved DBE program through either:

(A) Use of an evaluation criterion in the qualifications-based selection of consultants (as specified in § 172.7(a)(1)(iii)(D)); or

(B) Establishment of a contract participation goal.

(II.) The use of quotas or exclusive set-asides for DBE consultants is prohibited (as specified in 49 CFR 26.43).

The City of Holly Springs must verify suspension and debarment actions and eligibility status of consultants and sub-consultants prior to entering into an agreement or contract in accordance with 49 CFR 18.35 and 2 CFR part 180.

CREDIT/PURCHASING CARD POLICY

The purpose of this policy is to set requirements and standards for the City of Holly Springs Credit/Purchasing Card Program. The policy is not intended to replace current State of Georgia statutes but is intended to comply with such state laws and establish more efficient

guidelines for government officials using such credit/purchasing cards. At no time should a city issued credit/purchasing card be used for personal purchases regardless of the circumstances. Utilizing the credit/purchasing card for personal use or for any item or service not directly related to such official's/employee's public duty may result in disciplinary action including, but not limited to, felony criminal prosecution. All purchases utilizing a government purchasing card or government credit card must be in accordance with these guidelines and with state law.

A. SCOPE

This credit/purchasing card policy, as required by state law under O.C.G.A. § 36-80-24(c), applies to the use of government purchasing cards or government credit cards used by government officials authorized to be issued such government purchasing cards or government credit cards. The below list of government officials have been authorized by the governing authority of the city to use such government purchasing cards or government credit cards and must abide by all of the applicable state laws and this credit/purchasing card policy:

1. Mayor
2. City Council
3. City Manager
4. Department Heads
5. Other Authorized Employees

B. PUBLIC INSPECTION

In accordance with O.C.G.A. § 36-80-24(b) any documents related to purchases using government purchasing cards or government credit cards incurred by government officials shall be available for public inspection.

C. TRANSACTION LIMITS

Transaction limits are hereby established to insure compliance with state purchasing laws, maintain proper budgetary controls, and to minimize excessive use of any individual credit line. Individual monthly card limits cannot exceed those established by the municipal governing authority. The established single transaction limit for each card must be less than \$5,000. The established monthly card limit is based upon the city's budgetary constraints and is not to exceed \$10,000 per month. Any exceptions to the standardized limits must have express written approval by the municipal governing authority and must be added to this policy by amendment or addendum.

D. PURCHASING RESTRICTIONS

1. Government Officials may not use a government purchasing card or government credit card for the following:
 - a. Any purchases of items for personal use.

- b. Cash refunds or advances
 - c. Any transaction greater than the transaction limits set forth by this policy.
 - d. Items specifically restricted by this policy, unless a special exemption is granted by the municipal governing authority.
 - e. Alcoholic beverages of any kind. Such purchases shall not be made with the credit/purchasing card and will not be reimbursed by the city.
 - f. Purchases or transactions made with the intent to circumvent the city purchasing policy, transactional limits, or state law.
2. Government Officials may use government purchasing cards or government credit cards to purchase goods and/or services not prohibited by this policy or state law. Such purchases include, but are not limited to:
 - a. Purchases of items for official city use which fall within the transactional restrictions of this policy.
 - b. Purchase of lodging, fuel, food, non-alcoholic beverages, or education and training materials while on city business.
 - c. Emergency purchases necessary to protect city property.

E. OTHER RESPONSIBILITIES

1. Authorized users must maintain possession of issued credit/purchasing card.
2. Authorized User must follow established travel or purchasing policies.
3. Authorized users must submit all receipts and supporting documents for monthly reconciliation.
4. Authorized user must immediately report to the program administrator if their credit/purchasing card is lost or stolen.

F. ADMINISTRATOR

The city designates the office of the City Clerk, as the program administrator of government purchasing cards or government credit cards. Such administrator shall:

1. Serve as a liaison between the city's cardholders and the issuers of such cards.
2. Maintain the cardholder agreement for all cardholders.
3. Provide instruction, training, and assistance to cardholders.
4. Maintain account information and secure all cardholder information.
5. Keep cardholders up-to-date on new or changing information.
6. Upon receipt of information indicating fraudulent use or lost/stolen cards immediately report it to the appropriate parties, including the issuer.

7. Ensure all card accounts are being utilized properly as set forth by state law and this policy.
8. Define the city's policy and procedures for proper documentation and storage of receipts, logs, and approvals required under this policy.
9. Identify any changes to named persons authorized to use a government purchasing card or government credit card.
10. Any other duties assigned by the municipal governing authority.

G. ACCOUNTING AND AUDITING

The Administrator, in an effort to ensure compliance with city policy and state law, will conduct monthly/quarterly reviews and audits of all government purchasing card or government credit card transactions. The review is designed to ensure compliance, identify non-compliance issues and misuse, and through corrective measures assist the city with improving compliance. The monthly/quarterly review and audit should happen within 30 days of the start of a new month/quarter. After completing the monthly/quarterly audit the Administrator shall notify cardholders of any violations or questions the Administrator has that occurred within that previous month/quarter. Depending on the severity of the violation, the Administrator may suspend or revoke the use of the government purchasing card or government credit card after notification to the cardholder and to the municipal governing authority, but only after consultation with the city attorney. Any unresolved violations should be reported to the municipal governing authority and the city attorney in writing within 30 business days.

H. VIOLATIONS

The use of a government purchasing card or government credit card may be suspended or revoked when the Administrator, after consultation with the city attorney, determines that the cardholder has violated the approved policies or state law regarding the use of the government purchasing card or government credit card. The government purchasing card or government credit card shall be revoked whenever a cardholder is removed from office or no longer employed with the city and shall be suspended if such government official has been suspended from office or employment.

I. AGREEMENT

Before being issued a government purchasing card or government credit card under this policy and state law, all authorized users of government purchasing cards or government credit cards shall sign an acknowledgment form indicating that such user will use such cards only in accordance with the policies of the city and with the requirements of state law.

TRAVEL AND MEAL EXPENDITURE POLICIES

This section provides guidance on authorized expenditures for all departments under the authority of the City Manager. This section shall cover those costs incurred for travel and meal expenses by any elected official, City employee, or board member who travels on City related business. Operating guidelines and procedures for procuring travel and meal expenses shall be issued under separate cover(s) as they do not constitute nor necessitate City Council approval.

A. APPROPRIATION

In conjunction with the annual budget process, the City Council shall authorize department appropriations for travel and meal expenses consistent with the annual adopted operating budgets. Departments shall not incur travel expenditures unless an appropriation is available, or budget amendment has been completed.

B. EXPENDITURE APPROVAL

All expenditures relating to travel and meals shall be processed consistent with procurement/purchasing guidelines. Once the Finance Director receives the proper documentation from the incurring departments, the execution of payment shall occur. The Finance Director or his designee shall only process transactions for payment based upon the proper approval for the dollar amount of the expenditure, including adequate documentation, received either electronically or in writing.

C. SETTLEMENT OF DISPUTED REIMBURSEMENT CLAIMS

The Finance Director shall review expenditure documents for compliance and appropriateness with all City policies and procedures. Expenditure reimbursement requests that are not in compliance with these policies and procedures shall be returned to the originating department with recommendations for changes (e.g., travel issues, cellular phone use). In the event the department does not agree with the Finance Director's recommendations, the City Manager shall make the final decision regarding whether to authorize the reimbursement.

D. TRAVEL EXPENSES

The City shall reimburse/pay expenses incurred by elected officials, employees and board members for travel relating to official City business. Official business shall be deemed that which has been approved prior to the expenditure being incurred on a City of Holly Springs Travel Authorization form. Travel authorization forms are required for any travel exceeding 50 miles of the employee's place of work.

1. Lodging: hotel/motel charges shall qualify for reimbursement when they exceed a 50-mile radius of the employee's place of work. All traveling personnel shall minimize the expense associated with hotel/motel costs by procuring a government rate for qualified stays. Lodging expense shall be benchmarked against the U.S.

General Services Administration (GSA) approved per-diem rate of reimbursement. When the GSA rate is exceeded by 20% or more, additional justification shall be required from the traveler. When traveling in the State of Georgia, all travelers shall use the hotel/motel tax-exempt status form. Sales and occupancy taxes charged for lodging within the State of Georgia do not qualify as eligible reimbursable travel expenses under this policy. Per diem rates can be found at <http://policyworks.gov/org/main/mt/homepage/mtt/perdiem/perd03d.html>. Hotel accommodations for travel less than a 50-mile radius from Holly Springs must be approved by the employee's direct supervisor. Elected officials, the City Manager, Department Directors, and members of Management of the City shall be allowed hotel accommodations for travel less than a 50-mile radius from Holly Springs, based upon meeting schedules and attendance needs.

2. Transportation: approved modes of transportation include vehicle, air, rail, or taxi and public transportation. The method selected by the traveler shall be subject to the most economically feasible, taking into consideration the value of time. If a City vehicle is available, it should be used in lieu of a personal vehicle. Generally, the City will not reimburse for the use of a personal vehicle within 10 miles of an employee's official headquarters and/or residence.

i. Mileage: miles traveled in personal vehicles shall be reimbursed at the rate designated by the Internal Revenue Service. Mileage shall be calculated using the employee's place of work as the origination point, so long as the employee reported to work prior to departing to the destination. In the event the employee does not report to work prior to traveling to the destination, mileage shall be reimbursed from the employee's origin, less their normal commute to the workplace. Expenses associated with employee's vehicles such as fuel, oil, tires, etc. (deemed normal wear and tear) shall not be subject to reimbursement and will be the responsibility of the traveler. Miles traveled in City owned vehicles shall not be subject to reimbursement to the traveler. However, expenses associated with the travel in City vehicles such as fuel, oil, tires, etc. shall be the responsibility of the City, and necessary purchases should follow the guidelines administered by the City Manager.

ii. Rental Cars: Expenses associated with rental cars, i.e. rental expense and fuel will be paid at cost, with receipts provided. Employees shall rent mid-size or smaller vehicles, or an appropriate vehicle size based upon the number of employees needing transportation. Expenses associated with exceeding this car class will be the responsibility of the traveler. Employees should decline additional insurance coverage offered by rental car companies since the City's insurance coverage is applicable to car rentals.

iii. Air/Rail: transportation provided by major airlines or railroads shall be paid at cost to the traveler. Travel will be limited to coach/economy classes of service. In the event the traveler chooses a class higher than coach/economy (business or first class), the difference of the expense shall be the responsibility of the traveler.

iv. Taxi/Shuttle: expenses associated with local transportation will be deemed eligible expenses as long as receipts are provided with point to point explanations for this mode of transportation. Such documentation should accompany receipts.

3. Meals/incidentals: expenses associated with meals (breakfast, lunch and dinner) and incidentals (snacks, tips, miscellaneous) will be reimbursed upon the submission of receipts in an amount not to exceed the per diem basis by city. Per diem amounts will be derived from the U.S. General Services Administration (GSA), which can be found at <http://policyworks.gov/org/main/mt/homepage/mtt/perdiem>. Overages of meal expenses will be the responsibility of the employee. Alcoholic beverages are not allowable reimbursable expenses and will not be reimbursed pursuant to the City's Drug and Alcohol Policy. Expenses incurred for meals when travel has not included overnight stay shall be reimbursed under Section E of this policy.

4. Program/Seminar/Conference Fees: charges relating to the traveler's attendance to the particular event (training, conference, seminar, etc.) shall be paid by the corresponding department, subject to the provisions identified for expenditures in the City's Expenditure and Purchasing Policies.

E. NON-TRAVEL MEALS

Expenses related to the furnishing of meals, snacks, or food should be limited to the following circumstances:

1. Meetings hosted by the City Council, City Manager, City Clerk or Municipal Court Clerk;
2. A meeting during regularly scheduled business hours required by law or authorized by a department director which is anticipated to last more than four (4) hours and which, is scheduled through normal meal times;
3. A business meal with someone other than another City official or employee in order to discuss a specific item of City business;
4. Meals that are an integral part of a scheduled meeting at which the individual is required to attend;
5. A business meal with another City employee or official in order to discuss City business as called by an elected official, the City Manager, a Department Director, or management of the City or other persons to be reasonably determined by the City Manager, Department Director, or Management of the City. Receipts provided for meals within this category should detail the nature of the meeting and the people who were present for discussion.

F. SUBMISSION OF EXPENSES

All expenses relating to travel shall be submitted to the Finance Director or his designee no later than 10 days after return from the trip. Non-travel meals shall be submitted no later than 7 days from the date of occurrence.

G. EMPLOYEE BREAK ROOMS

City facilities equipped with break rooms shall be furnished with potable water, coffee, tea, hot cocoa, creamer, sugar, and cups/stirrers at the expense of the City, paid from the respective department's budgets who consume the goods.

H. EXCEPTIONS

Reasonable business expenses associated with an employee's travel, not to exceed \$200, shall be reimbursable upon approval by the City Manager. Expenses exceeding \$200 will require City Council approval.

DEBT ISSUANCE AND MANAGEMENT

The goal of the City's debt policy is to maintain a sound fiscal position; thereby only utilizing long term debt to provide resources to finance needed capital improvements, while accumulating adequate resources to repay the debt. In addition, it is the City's goal to maintain and improve its credit rating through strong financial administration. The City acknowledges that failure to meet the demands of growth may inhibit its continued economic viability, but also realizes that excess outstanding debt may have detrimental effects on the ability of the City to meet its continuing operational needs.

Issuing debt commits the City'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 City issues and manages its debt prudently in order to maintain a sound financial position and protect its credit rating.

Credit ratings are the rating agencies' assessment of the City'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 a borrower must pay. Each of the rating agencies believe 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 City's credit rating and ultimately lower borrowing costs.

A. CONDITIONS FOR ISSUING LONG-TERM DEBT

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

1. When one-time, non-continuous projects (those not requiring annual appropriations) are desired;
2. When the City determines that future users will receive a benefit from the capital improvement that the debt financed;
3. When the project is necessary to provide basic services to the City residents;
4. When total debt, including debt issued by overlapping governments (e.g., the county), does not constitute an unreasonable burden to the taxpayers; and
5. Exhaustion of the use of all other possible revenue sources provides no alternative funding for capital projects.

The City will limit its short-term borrowing to cover cash flow shortages through the issuance of tax anticipation notes.

B. SOUND FINANCING OF DEBT

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

1. Analysis of the financial impact, both short-term and long-term, of issuing the debt;
2. Conservatively projecting the revenue sources that the City will use to repay the debt;
3. Insuring that the term of any long-term debt the City incurs shall not exceed the expected useful life of the asset the debt financed;
4. 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.

C. DEBT RETIREMENT

Generally, borrowings by the City 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 City should design the repayment of debt so as to rapidly recapture its credit capacity for future use.

D. DISCLOSURE

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

E. LEGAL COMPLIANCE

When issuing debt, the City 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 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 City'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 City 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 City will submit annual financial information to all nationally recognized municipal securities repositories.

F. CREDIT RATINGS

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

G. OTHER POLICIES

All bond issue requests shall be coordinated by the Finance Director. Requests for new bonds must be identified during the Capital Improvement Program (CIP) process. Opportunities for refunding outstanding bonds shall be communicated by the Finance Director.

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

Long-term borrowing shall be incorporated into the City's capital improvement plan (see above).

PURCHASING POLICIES

SECTION I. CENTRALIZED PURCHASING SYSTEM

A. SYSTEM ESTABLISHED

The City has established a centralized purchasing system to be used for all purchases of goods and procurements of services by the municipal government.

B. ROLES OF THE CITY MANAGER OR HIS DESIGNEE

The City Manager shall be responsible for ensuring adherence to all rules and regulations for the centralized purchasing system. The Finance Director or his designee

shall oversee the day to day processing of all purchases and procurements made through the system.

C. INITIATING PURCHASES; REQUIRED FORM

In order to initiate a purchase or procurement, an employee must complete a Requisition Form. The completed requisition form must include a cost for each product or service noted on the form; where the exact cost is not known, estimates may be provided. The form must be signed by the employee and forwarded to his or her department head for approval. If approved, the department head shall sign the requisition form, identify and annotate the accounting code (budget line item) for this expenditure, and forward it to the Finance Director or his designee office for processing.

D. DEPARTMENTAL LIMITS ON PURCHASES

Should the cost or estimated cost of the requested good or service being processed in accordance with paragraph C above be at least \$1,000, but below \$5,000, the department head must submit the purchase requisition form to the Finance Director accompanied by at least two (2) quotes from vendors providing the good or service being ordered. These quotes may be in the form of verbal, phone or email quotes, but nevertheless, be identified by the department head in writing and attached to the requisition form. If the department head chooses to use the more expensive of the quotes obtained, he or she must attach a brief statement to the requisition form justifying that decision. The Finance Director shall then process such requests in accordance with all other requirements of the centralized purchasing system.

Should the cost or estimated cost of the requested good or service being processed in accordance with the paragraph above be at least \$5,000, but not more than \$25,000, the department head must submit the purchase requisition form directly to the City Manager's office accompanied by at least three (3) written quotes from vendors providing the good or service being requested. The City Manager shall review the requisition form and quotes and determine whether or not the request should be approved. The City Manager shall typically approve such requests, but may issue a denial where he or she determines; a) that additional vendor quotes should be obtained; b) the good or service being requested does not reasonably relate to the line item identified by the department head; c) the cash flow in the fund from which the purchase would be made is low or otherwise inadequate; or d) a bona-fide problem exists in the management of the requesting department's budget.

E. PURCHASES EXCEEDING THE CITY MANAGER'S SPENDING LIMITS

Should the cost or estimated cost of the requested good or service being processed in accordance with paragraph C above be more than \$25,000, but not more than \$50,000, the City Manager shall ensure that: a) at least three (3) written quotes from vendors have been obtained are attached to the purchase requisition; b) the requisition is accompanied by a written determination of whether the request was anticipated in the

budget; c) compliance with Section I of this policy has been met in the case of the non-budgeted requests; and d) the need for a budget amendment does or does not exist.

Should the City Manager be satisfied that the requested purchase or procurement in this spending range is warranted, he/she shall place the item on the agenda of a regular or special City Council meeting for review and approval/disapproval. Approval of such a purchase request must be granted by a majority vote of Council Members present and constituting a legal quorum at said meeting before the requested item can be ordered or purchased.

F. PURCHASES EXCEEDING \$50,000

All purchases with an estimated total cost exceeding \$50,000 require formal competitive sealed bids, in accordance with the bidding process established in Section III of this manual. If state or federal policies are more stringent than this requirement, then the more stringent policy shall supersede the \$50,000 threshold.

SECTION II. BIDDING PROCESS

A. INITIATING PURCHASES; REQUIRED FORM

The City Manager is delegated the responsibility to issue all formal bid announcements/invitations, with consent from the Mayor and Council.

B. BID SPECIFICATIONS

All public bid specifications for budgeted capital purchases shall be approved by the City Manager prior to announcements/invitations being communicated. Any public bid specifications for non-budgeted construction shall be submitted to the Mayor and Council for approval prior to advertisement.

C. ADVERTISING

All contracts to be let by public bid shall be advertised in the City's legal organ at least twice during a two-week period prior to the date and time of the public bid opening, in accordance with state law.

D. BID OPENINGS

As advertised, the City Manager shall unseal and announce all competitive bids that were submitted prior to the advertising deadline. The opening shall be public and occur at City Hall during normal business hours.

E. BID AWARD

The City Council will award all contracts at a regular or called meeting. The contract will generally go to the lowest bidder provided references and other methods available to the City Manager for determining the quality and reliability of the bidder's work is satisfactory to complete all required work and the bid amount does not exceed the City's budgetary requirements.

Awards are made with the following criteria all being taken into consideration:

- Delivery
- Dependability
- Local Bidder Preference – a local vendor is one whose base of business operations is located within Cherokee County
- Lowest Bid
- Service & Parts Availability
- Vendor Performance, Past, & Present
- Warranty

F. RIGHT OF REFUSAL & RE-BID

The City reserves the right to reject any and all bids whether such right is reserved in the public notice or not and in such case may re-advertise, perform the work with city staff or abandon the project.

SECTION III. EMERGENCY PURCHASES

A. PROCESS

There are certain functions and purchases that may be performed without prior Mayor and Council approval. The emergency repair of city infrastructure and clearing of blocked streets and roads resulting from washouts or similar natural or man-made disasters. However, if such expenditures exceed the \$25,000 city manager limitation, the city manager shall report the situation to the mayor and council within 48 hours following such repairs.

SECTION IV. PRE-APPROVED VENDORS

A. QUALIFICATIONS

The City will maintain a list of pre-approved vendors. In order to qualify for the list, a vendor must supply a list of three (3) or more references, list of prior work/projects with municipal governments, SAVE affidavit and E-Verify form and proof of liability and workers compensation insurances.

SECTION V. EMPLOYEE TRAINING

A. TRAINING FOR ALL EMPLOYEES & ELECTED OFFICIALS

All employees, including Mayor and Council are required to review a copy of this policy and any amendments thereto.

FUND BALANCE

FUND BALANCE POLICY

The Mayor and City Council recognize that the maintenance of a fund balance is essential to the preservation of the financial integrity of the City and is fiscally advantageous for both the City and its taxpayers. This policy establishes goals and provides guidance concerning the desired level of fund balance maintained by the City to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures, and similar circumstances. The City seeks to maintain the highest possible credit ratings which are dependent, in part, on the City's maintenance of an adequate fund balance.

Fund balance is a measurement of available financial resources and is the difference between total assets and total liabilities in each fund.

In accordance with GASB 54, the City categorizes fund balance beginning with the most restrictive constraints. Fund balance amounts will be reported in the following categories:

- 1) **Nonspendable** – amounts that are not in a spendable form (e.g., inventory and prepaid items) or are legally or contractually required to be maintained intact (e.g., permanent fund principal).
- 2) **Restricted** – amounts that can be spent only for the specific purposes stipulated by external parties either constitutionally or through enabling legislation (e.g., grants or donations and hotel/motel taxes).
- 3) **Committed** – amounts that can be used only for the specific purposes determined by a formal action of the Mayor and City Council through the adoption of a resolution. Commitments may be changed or lifted only by referring to the formal action that imposed the constraint originally (e.g., the Mayor and City Council's commitment in connection with future construction projects).
- 4) **Assigned** – amounts intended to be used by the government for specific purposes. Intent can be expressed by the Mayor and City Council or by a designee to whom the Mayor and City Council delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- 5) **Unassigned** – includes all amounts not contained in other classifications and is the residual classification of the general fund only. Unassigned amounts are available for any legal purpose. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

The responsibility for designating funds to specific classifications shall be as follows:

Committed – The Mayor and City Council is the City’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 Mayor and City Council.

Assigned – The Mayor and City Council has authorized the City Manager and the Finance Director as officials authorized to assign fund balance to a specific purpose as approved by this fund balance policy.

When multiple categories of fund balance are available for expenditure (e.g., a project is being funded partly by a grant, funds set aside by the Mayor and City Council, and unassigned fund balance), the City will start with the most restrictive category and spend those funds first before moving down to the next category with available funds.

CAPITAL ASSETS

CAPITAL ASSETS POLICY

A. INTRODUCTION

The Capital Asset Policy is designed to provide a comprehensive description of the capital asset and property systems of the City of Holly Springs. The primary purpose of the policies is to provide for consistent and uniform accounting of capital asset transactions throughout the City; guidelines for physical control and accountability of capital assets; and guidelines for disposal and depreciation of capital assets.

B. DEFINITIONS

Asset Acquisition: There are various methods by which the City acquires assets. These methods include, but are not limited to; purchase, donation, lease/purchase, trade-in, forfeiture, condemnation, internal/external construction, transfers from other governments, or any other method which transfers title of any property to the City.

Leased Assets: The City capitalizes assets, acquired under capital lease, provided they meet the capitalization threshold and a buy-out option is included in the lease agreement. The capital lease must meet accounting standards for capitalization purposes. For capital leases, where the title of the asset will ultimately be transferred to the City, the asset will be capitalized at the net present value of future minimum lease payments. The City does not capitalize assets acquired under operating leases.

Gifts/Donations: The City capitalizes all equipment acquired through donations at fair market value on the date of the transaction, provided such gift or donation meets the capitalization threshold of this policy. If the equipment is new and the donor can furnish an invoice, the invoice would determine the fair market value. If the equipment is used or no information is available regarding the cost of new equipment on date of acquisition, an appraisal will be conducted to establish the capitalization amount.

Property: Property is divided into several classes including:

Real property: Land and whatever is attached to the land that cannot be readily removed, such as buildings and permanent improvements to the land. Infrastructure is included within this classification.

Personal property: Property that is movable and further classified as tangible and intangible.

Tangible personal property: Property that is moveable such as furniture, machinery, automobiles, or works of art.

Intangible personal property: The right of ownership in property such as bonds, notes, contracts, computer software, programs, and proprietary assets that are created or purchased and owned by the City.

Capital Asset: Any real or personal property acquired by the City which has an estimated useful life of three (3) or more years with an acquisition value of \$5,000 or more. This includes land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in the operations of the government.

Asset Capitalization Amount: The City will capitalize purchased assets at acquisition cost plus costs incurred in preparing the asset for use. The City will recognize acquisition costs based on individual unit prices.

Generally Accepted Accounting Principles (GAAP) Reporting: All assets capitalized under this policy shall be included in the Government-Wide Financial Statements issued by the City and in the annual Comprehensive Annual Financial Report (CAFR).

Gifts/Donations: Gifts and donations are capitalized at fair market value on the date donated, if the value of the asset meets the threshold levels.

C. CLASSIFICATION CATEGORIES

Land: The City will capitalize all costs incurred to acquire land (without regard to a dollar threshold) and to place it in use. The acquisition costs of land should include: (1) the purchase price; (2) ancillary charges; (3) the assumption of any liens or mortgages on the property and accrued interest; and (4) improvements made to the land that are permanent in nature. Examples of ancillary charges to be included in the capitalization costs are: legal and title fees, closing costs, appraisal and negotiation fees, surveying fees, site preparation fees, demolition costs, architect and accounting fees, insurance premiums during construction phase, and transportation charges.

Improvements other than Buildings (IMP): The City classifies improvements to land with limited lives, such as fences, parking lots, and walkways as land improvements. These improvements will be depreciated over their estimated useful lives.

Buildings (BLD): If the City purchases a building, the capitalized cost should include the purchase price and other incidental expenses incurred at the time of acquisition. If the building is constructed, the capitalized cost should include material, labor, supervision, and overhead, or the contract price, including costs such as: permits and licenses, architectural and engineering fees, insurance, title costs, and interest incurred on tax exempt debt (the latter is applicable to enterprise funds only).

Building Improvements: The City capitalizes costs of improvements to a building if the following criteria are met: (1) the expenditures increase the service potential of the building and (2) the total improvement costs, including the contract price, engineering, architectural, and attorney's fees, etc., meet the capitalization threshold of this policy.

- Items considered as improvements include: ramps, fire escapes, truck doors or other appurtenances; modifications to comply with fire, health, or safety codes; conversion of unusable to useable floor space, upgrade of the space.
- Repairs to a building are not considered an improvement unless it extends the useful life of the structure or increases the value of the structure (i.e., a betterment). The City considers ordinary repairs as operating costs.

Construction in Progress (CIP): Construction in progress includes accumulation of on-going project costs that increase the value or life of the asset. Upon project completion, the construction in progress account will be closed and costs will be capitalized into the appropriate asset category (infrastructure, land improvement, building).

Moveable Equipment (EQP): Expenditures for individual items or pieces of equipment meeting the capitalization threshold shall be capitalized, consistent with the designations of personal property, both tangible and intangible as outlined above.

Infrastructure: Long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets shall be capitalized based on the capitalization threshold requirement of this policy. Examples of infrastructure include roads, bridges, drainage systems, sidewalks, etc.

D. ANNUAL INVENTORY

Annually, an asset listing is sent to each department for verification of the existence of their department's capital assets. The department should identify any assets that their department has, which are not included on the asset listing. Also, the department should identify any missing assets. The Finance Director or his designee will investigate any missing items with the assistance of the department. Significant unaccounted losses of assets will be brought to the attention of the Finance Director and/or the City Manager for further actions. The Finance Director or his designee, with the cooperation of the department, may make an annual physical inventory to verify the accuracy of inventory records.

E. TRANSFER OR DISPOSAL OF ASSETS

All capital assets are the property of the City. They may not be donated, discarded or transferred to another owner without the Finance Director's direct authorization. Departments should send all surplus assets to the Finance Director for disposition

The disposition of capital assets the City purchased through a Federal grant must follow Federal Guidelines. The guidelines of the specific grant, or Federal general guidelines, will dictate the duration of time that the asset must remain property of the City. The guidelines also will indicate the disposition of the proceeds from the sale of the asset.

All sales by the City of real property or personal property with an assigned value of more than \$500 must be offered for purchase, either by sealed bids, public auction or on-line auction to the highest bidder. Notice of the sale must be published once in the official newspaper of the City or in a newspaper of general circulation in the City. The legal notice must appear not less than 15 days or more than 60 days prior to the date of the sale. The notice must contain a brief description of the property and the conditions of the sale. If the sale is by sealed bid, the bids shall be opened in public at the time and place stated in the legal notice. The bids shall be kept available for public inspection for 60 days. The City may reject any and all bids or cancel a proposed sale.

Property with an estimated value of less than \$ 500 may be sold without regard to the above provisions. Such sales may be made in the open market without advertisement and without acceptance of bids. The City has the power to estimate the value of the property being sold.

F. DEPRECIATION

The City records depreciation for its capital assets using the straight-line method with no estimated salvage values. For purchased capital assets, the City uses the invoice date as the in-service date.

G. ESTIMATED USEFUL LIFE

For purposes of depreciation, each asset is assigned an estimated useful life. Useful lives are based upon the category of assets. The life of the asset begins when it is placed into service, which is recognized as the invoice date. The estimated lives shall be based upon those recommended by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association (GFOA), and the City's experience.

Capital assets of the City are depreciated using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Years</u>
Land Improvements	20-30
Buildings and Improvements	20-50
Vehicles	6-15
Machinery and Equipment	3-15
Infrastructure	30-50

H. RESPONSIBILITY FOR CAPITAL ASSET AND PROPERTY INVENTORY AND CONTROL

It is the responsibility of the Finance Director to establish and maintain an accurate accounting of capital assets, and to design and implement continually improved operating procedures for activities required as a result of this policy. It shall be the responsibility of all City departments to cooperate in the capitalization process and to perform the annual inventory.

NON-CAPITAL OPERATING INVENTORY

The primary purpose of the Non-Capital Inventory Policies is to provide:

- For consistent and uniform tracking of assets which are not capitalized under the Capital Asset policy;
- Guidelines for physical control and accountability of items which should be inventoried and tracked based upon purpose; and
- Guidelines for disposal and annual reporting of inventoried, non-capital assets.

A. DEFINITIONS

Operating Inventory Acquisition: There are various methods by which the City acquires operating inventories. The acquisition means may require different methods to identify inventories. The City acquires inventories in the following ways:

New Purchases	City Surplus
Donations	Lease Purchase
Transfers from other departments	Internal/External Construction

Operating Inventory Criteria: The City will track inventories when one of the following criteria is met and the value of the inventory is \$5,000 or more:

1. Goods or supplies are purchased with use scheduled for a future date. Examples of this type of inventory include water meters purchased for future installation or bulk paper purchased with the intent to distribute to departments when previous stock has been depleted; or
2. The operating inventory is such that for non-financial related reasons, the tracking of the item(s) is beneficial to the safekeeping of governmental property. Examples of this type of inventory include firearms or official uniforms. Further, specialized tools and equipment may be determined applicable to this policy.

B. CLASSIFICATION CATEGORIES

All inventories shall be classified and reported in compliance with Generally Accepted Accounting Principles (GAAP). Classifications and categories shall be compliant with the Georgia Department of Community Affairs chart of accounts.

C. ANNUAL INVENTORY

Annually, an inventory listing shall be sent from all departments to the Finance Director for verification of the existence of their department's non-capitalized assets. The department should identify any inventories that their department has, which are not included on the capitalized asset listing.

Also, the department should identify any missing items from inventory. The Finance Director will investigate any missing items with the assistance of the department. Significant unaccounted losses of assets will be brought to the attention of the Finance Director and/or the City Manager for further actions. The Finance Director, with the cooperation of the department, may perform an annual physical inventory to verify the accuracy of inventory records.

D. TRANSFER OR DISPOSAL OF ASSETS

All inventory assets are the property of the City. They may not be donated, discarded, transferred or consumed by another department without the Finance Director's notification. Departments should notify the Finance Director for assistance in the disposal of all surplus inventories.

Disposal of inventories to surplus is accomplished by completing the "Inventory/Transfer" form and indicating that the asset is being transferred to surplus. All sales by the City of real property or personal property with an assigned value of more than \$500 must be offered for purchase, either by sealed bids or by auction to the highest bidder. Notice of the sale must be published once in the official newspaper of the City or in a newspaper of general circulation in the City. The legal notice must appear not less than 15 days or more than 60 days prior to the date of the sale. The notice must contain a description of the property and the conditions of the sale. If the sale is by sealed bid, the bids shall be opened in public at the time and place stated in the legal notice. The bids shall be kept available for public inspection for 60 days. The City may reject any and all bids or cancel a proposed sale.

Property with an estimated value of less than \$ 500 may be sold without regard to the above provisions. Such sales may be made in the open market without advertisement and without acceptance of bids. The City has the power to estimate the value of the property being sold.

INTERNAL CONTROLS

INTERNAL CONTROL POLICY

The Comptroller General of the United States issued Standards for Internal Control in the Federal Government (Green Book), which provides an overall framework for establishing and maintaining an effective internal control system. The Green Book adapts principles for government use from the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control-Integrated Framework effective May 14, 2013. The City of Holly Springs follows the five (5) components of internal control and seventeen (17) related principles as developed by COSO and modified by the Green Book for government use listed below:

A. CONTROL ENVIRONMENT

1. The oversight body and management should demonstrate a commitment to integrity and ethical values.
2. The oversight body should oversee the entity's internal control system.
3. Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives.
4. Management should demonstrate a commitment to recruit, develop, and retain competent individuals.
5. Management should evaluate performance and hold individuals accountable for their internal control responsibilities.

B. RISK ASSESSMENT

1. Management should define objectives clearly to enable the identification of risks and define risk tolerances.
2. Management should identify, analyze, and respond to risks related to achieving the defined objectives.
3. Management should consider the potential for fraud when identifying, analyzing, and responding to risks.
4. Management should identify, analyze, and respond to significant changes that could impact the internal control system.

C. CONTROL ACTIVITIES

1. Management should design control activities to achieve objectives and respond to risks.
2. Management should design the entity's information system and related control activities to achieve objectives and respond to risks.
3. Management should implement control activities through policies.

D. INFORMATION AND COMMUNICATION

1. Management should use quality information to achieve the entity's objectives.
2. Management should internally communicate the necessary quality information to achieve the entity's objectives.
3. Management should externally communicate the necessary quality information to achieve the entity's objectives.

E. MONITORING

1. Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.
2. Management should remediate identified internal control deficiencies on a timely basis.

ACCOUNTING

The City 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 City 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 Finance Director.

B. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

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

(GASB) as amended. The City also will follow the Financial Accounting Standards Board's pronouncements, as applicable.

C. FUND STRUCTURE

The City will maintain the minimum number of funds consistent with legal compliance and sound financial administration. The City will adhere to the mandatory fund structure included in the Georgia Department of Community Affairs' (DCA) uniform chart of accounts (see below). Funds shall be classified in conformity with GAAP. Further, all funds shall be reported within the annual financial statements.

D. UNIFORM 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 City to implement and utilize the account classifications as the chart of accounts prescribes.

AUDITING

Georgia Law on Local Government Audits, O.C.G.A. Section 36-81-7, requires an independent annual audit for the City. The annual independent audit shall be conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. In addition, the City must also comply with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance).

A. SCOPE

This policy applies to all funds that are the responsibility and under the management of the City of Holly Springs and its Finance Director.

B. AUDITOR QUALIFICATIONS

A properly licensed Georgia independent public accounting firm shall conduct the audit

C. CHOOSING THE AUDIT FIRM

Every three to five years, the City will issue a request for proposals to choose an audit firm for a period of three years with two one-year options. The City 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 three qualified firms are determined. When awarding the contract for

the independent audit, not less than 70% of the decision will be based upon technical qualifications rather than cost.

D. AUDITING AGREEMENT

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

E. INTERNAL AUDIT

The City shall work towards developing and maintaining a strong internal audit function, whereby applying financial practices and policies to transactions. The City shall develop accounting practices and procedures, which will be documented for use in internal control evaluation.

F. 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.

FINANCIAL REPORTING

The Finance Director shall develop and maintain an ongoing system of financial reporting to meet the information needs of the government, authorities, and regulatory agencies. In addition, the City Manager, Mayor, Council, 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 City shall prepare and publish a Comprehensive Annual Financial Report (CAFR). The City shall prepare the CAFR in conformity with GAAP and the Government Finance Officers Association's (GFOA) program requirements. Annually, the City will submit its CAFR to the GFOA to determine its eligibility to receive the GFOA's "Certificate of Achievement for Excellence in Financial Reporting." The City shall make this report available to the elected officials, bond rating agencies, creditors and citizens. All financial statements and schedules contained within the CAFR shall be audited as required, with the purpose to effectively communicate the complete financial affairs of the City to all interested readers.

B. ANNUAL BUDGET DOCUMENT

The City shall prepare and publish an annual budget document in accordance with the policies contained within this document. This budget shall measure the annual funding and forecast the financial position of the City.

C. FINANCIAL REPORTING TO THE CITY COUNCIL

On a monthly basis, the Finance Director shall prepare and present a summarized financial report to the City Council for all of the City's funds. This report shall detail prior year comparisons to provide data for analysis.

D. FINANCIAL REPORTING TO THE ADMINISTRATION

In addition to the external reporting detailed above, the Finance Director shall coordinate the reporting needs of each department in order to design and implement those reports which the departments need to make sound business decisions. At a minimum, departments will receive reports detailing monthly department financial activity including expenditures, any personnel costs in excess of the approved budget, and recommended budget line-item reallocations.

E. EXTERNAL FINANCIAL REPORTING

The City shall report in conformity with O.C.G.A Section 36-81-7. A copy of the City's annual audit (i.e., the CAFR) shall be submitted to the Georgia Department of Audits and Accounts within 180 days of year-end, as required.

INTERNAL AUDIT

Government managers are responsible for designing and implementing effective internal controls to ensure that assets are safeguarded; records are reliable; reports on operations are sufficient and fairly presented; fraud, waste, and abuse are deterred; and programs, functions, and activities are conducted economically, efficiently, and effectively. Audits help provide reasonable assurance that local governments are operating in accordance with laws, rules, regulations, and policies; responding to citizen needs; and functioning economically, efficiently, and effectively.

By independently reviewing and reporting on programs, functions, activities, and organizations, auditors provide the public, elected officials, and government managers with a fair, objective, and reliable assessment of local government performance.

A. SCOPE

This policy applies to all departments, offices, boards, commissions, agencies, or other activities under the authority of the Mayor and City Council. It applies to all internal operations of those entities or activities, as well as contracts, agreements, and all other

transactions between the City and external entities (e.g., other federal, state, or local government entities and private sector entities).

B. AUDIT SCHEDULE

Scheduling of audits will be a continuous and dynamic process and provide adequate coverage of the City's programs and operations. Managers are encouraged to work with the Finance Director or internal auditor(s) by suggesting areas or programs for audit or requesting other assistance (e.g., reviewing proposed contract terms and conditions, analyzing alternative approaches, conducting investigative work). Potential audits or other requests will be prioritized based on potential risks, City management requests for coverage in specific areas, public interest in a particular area, and achieving an acceptable mix of audit coverage for all of the City's operations.

C. ACCESS TO EMPLOYEES, RECORDS, AND PROPERTY

All officers and employees of the City shall furnish the Finance Director or internal auditor(s) with unrestricted access to employees, information, and records (including automated data) within their custody regarding powers, duties, activities, organization, property, financial transactions, contracts, and methods of business needed to conduct an audit or otherwise perform audit duties. In addition, they shall provide access for the Finance Director or internal auditor(s) to inspect all property, equipment, and facilities within their custody. In addition, all contracts, subcontracts, or other agreements between the City and any outside entity (public or private) shall provide for auditor access to all revenue, expense, and other financial records; performance-related records; and property, equipment, or other purchases paid for in whole or in part with governmental funds and facilities.

D. REPORTING

A final draft audit report will be forwarded to the audited department, office, board, commission, agency, or other activity and the City Manager for review and comment regarding factual content before it is released. The audited entity must respond in writing and specify agreement with audit findings and recommendations or reasons for disagreement with findings and/or recommendations, plans for implementing solutions to issues identified, and a time table to complete such activities. The response must be forwarded to the internal auditor(s) within 30 calendar days or as otherwise specified by the Finance Director or internal auditor(s). The final report will include the audited entity's response. If no response is received, the final report will note that fact. Final audit reports, along with a report summary, will be transmitted to the Mayor and City Council and will be made available to the public upon request.

GRANT MANAGEMENT

INTRODUCTION

The purpose of the Grant Management policy is to develop, implement and maintain meaningful grant oversight and coordination for the City, thereby increasing grant-related revenue, limiting the City's exposure to grant-related liability, and improving the efficiency and impact of programs and services funded through grants.

A. POLICY STATEMENT

To ensure consistency and accountability in securing and managing grant funds, all grant applications must be submitted by the Finance Director, who shall oversee all requests, application submissions, acceptances, and post award and closeout requirements, including programmatic and financial reporting. The Finance Director has sole authority for the drawdown of funds and must review/approve financial reports prior to submission.

B. KEY RESOURCES FOR FEDERAL GRANTS MANAGEMENT

For grants awarded on/after December 26, 2014, the Office of Management and Budget (OMB) implemented 2CFR, Uniform Administrative Requirements for Federal Awards, located in Title 2 of the Code of Federal Regulations.

The guidance is divided into subparts for general provisions, pre-federal award requirements and contents of federal awards, post-federal award requirements, cost principles, and audit requirements.

C. DUNS NUMBER AND SAM ACCOUNT

Dun & Bradstreet (D&B) issues a **DUNS Number**, a unique nine-digit identification number that is required to apply for US federal government contracts or grants. The Finance Director has the sole responsibility of managing and obtaining DUNS numbers for the City.

The **System for Award Management (SAM)** combines the federal procurement systems and the Catalog of Federal Domestic Assistance (CFDA) into a single system. The Finance Director has the sole responsibility of establishing and maintaining the City's SAM account and submitting financial related information and funds drawdowns.

D. GRANT MANAGEMENT ROLES AND RESPONSIBILITIES

Departments that apply for and utilize grant funds, with assistance from the Finance Director, are responsible for conducting all grant-related activity including: planning

for grant acquisition; preparation and submission of grant proposals including proposals for continuing current awards; grant writing; preparing departmental budget revision requests to accept grant funds; preparing the City Council's agenda items to accept grant awards; developing grant implementation plans; managing grant programs and projects; preparing and submitting programmatic reports to grantors; and properly closing out grant projects as detailed in this policy and in the grant agreement or award letter that delineates the terms and conditions of the grant. Departments are assisted with the financial and technical management of the grant by the Finance Director.

Finance Director

The Finance Director is responsible for general management and administration of the City's grant activities; identifies grant opportunities; provides "pre-award" and "post-award" technical assistance to departments to enhance programmatic administration of grants; assists in preparing grant budgets; submits grant reimbursement requests, prepares and submits grant budget revisions; reconciles grant accounts in coordination with the Finance Staff; ensures programmatic reporting requirements are met; and identifies and investigates issues that may arise with respect to the management of agency grants.

The Finance Director is also responsible for the oversight of grant-related financial activity. In this role, the Finance Director reviews financial reports generated by the Finance staff and provides general oversight of other grant-related issues, including the proper budgeting and accounting. The Finance Director has sole authority for the "drawdown" of funds and must approve all financial reports and reimbursement requests prior to submission.

City Attorney

The City Attorney provides a legal review of all grants and contracts including memoranda of understanding and employment or procurement contracts arising from implementation of a grant program; ensures statutory compliance and conformity to Federal and State law, as well as City Code.

City Manager

The City Manager, acting on behalf of the City, is the "Authorized Official" on all grants. The City Manager has authority to approve and sign grant applications for the City at the time of application submission; signs grant agreements that have been approved by the Council.

APPLICATION

The department considering an application for a grant is responsible for pre-application assessment, in which, at a minimum, the factors listed below shall be evaluated, in consultation with the Finance Director and Finance Staff. Pre-application assessment shall be done well in advance of grant submission due dates to avoid last-minute delays or problems that could cause the grant deadline to be missed.

A. PRE-APPLICATION ASSESSMENT

Financial

- Total anticipated project cost
- Match requirements and sources
- Costs that will be incurred by the City as a result of implementing the grant program that will not be recouped in the grant award.
- Program income considerations
- Staffing requirements (including salary and benefits increases for multi-year grants)
- Documentation of a clear continuation plan. It is required that departments develop continuation plans (plans for sustaining grant-funded programs if funding is reduced or terminated) prior to applying for grants, which reflect the potential for loss of funding and the subsequent loss of grant-funded positions or program components. Departments must plan responsibly for either termination or reduction of the program or seek to secure alternative sources of funding. If activities will not be continued absent grant funding, this should be indicated as well.

Programmatic

- Alignment with City's strategic priorities and/or department's business plan
- Provision or expansion of services to address critical needs
- Department's capacity to administer the programmatic and administrative aspects of the grant

B. APPLICATION SUBMISSION

The purpose of this policy is to ensure that each grant application submitted by or on behalf of the City is aligned with an established City priority, meets the City's expectations of document quality, has matching funds available if required by grantor, and that the means for continuation of the project or program after the grant period ends has been given realistic consideration.

The department submitting the grant application is responsible for ensuring that pre-application assessment factors noted above have been evaluated and completed prior to submission.

C. APPLICATION SUBMISSION PROCEDURE

- a) Approval to submit a grant application shall be presented to the Mayor and City Council, only after obtaining approval from:

- (1) Department Head
- (2) Finance Director
- (3) City Manager
- (4) City Attorney

- b) Consideration for approval on the City Council meeting agenda in advance of the submission deadline.
- c) The Finance Director will provide critical review of grant applications to ensure accuracy, document quality, coordination, and policy and procedure is followed.

D. AWARD NOTIFICATION, REVIEW, AND ACCEPTANCE

Grant agreements are legal contracts. It is the City's responsibility to carry out the project and/or activities associated with a grant to accomplish its objectives, while adhering to all of the terms and conditions prescribed by the grantor. Failure to do so increases the City's exposure to legal liability and compromises current and future grant funding. Therefore, the Council carries a significant legal and ethical responsibility when accepting grant funding.

The award notification, review and acceptance process have two components: (1) award notification and review and (2) City Council's approval to accept the award.

1. AWARD NOTIFICATION AND REVIEW PROCEDURE

- a) All departments that receive a grant award shall date stamp, duplicate, and forward a copy of the award notification, the grant agreement or contract, and any memoranda of understanding to the Finance Director within two days of receipt.
- b) The department is responsible for reviewing the grant award and ensuring that a legal review be conducted by the City Attorney and that City Council approval to accept the award is completed by the date required by the grantor for full execution.
- c) In the event that funds awarded by the granting entity are reduced from those requested in the original grant application, or factors previously evaluated at the time of application have changed, the department must ensure that the goals, objectives and evaluative components of the grant can still be accomplished within the prescribed timeframe set by the grantor.
- d) If award terms need to be amended before the grant award can be accepted, the department must negotiate with the grantor and obtain changes to the grant award in writing.
 - 1. If the award terms are negotiated to the department's satisfaction, the department must request that the grantor provide the changes in writing. When the changes have been received in writing from the grantor, the department must submit the grant agreement or contract, any

memoranda of understanding and written changes from the grantor to the Finance Director within two business days of receipt.

2. If the award terms cannot be negotiated to the department's satisfaction, the Department Director upon authorization of the City Manager, the submitting department must prepare a letter to the granting entity to decline the award and provide a copy of the letter to the City Attorney and Finance Director.
- e) The City Attorney shall conduct a legal review of the grant agreement to assess whether the terms and conditions of the agreement are legally enforceable and ensure the City's interests are protected prior to the department's submission of a city council agenda item to accept grant funds.
1. If the legal review identifies any potential legal issues stemming from the terms and conditions of the agreement, the submitting department must contact the granting entity and seek to resolve the issue.
 2. If a resolution cannot be reached, upon authorization of the City Manager, the submitting department must prepare a letter to the granting entity to decline the award and provide a copy of the letter to the City Attorney and Finance Director, The letter should express the City's regret in declining the award and clearly articulate the specific reason(s) the award is being declined.
 3. If the legal review identifies no potential legal issues stemming from the terms and conditions of the agreement, the department may submit a "City Council Agenda Item" to accept grant funds.

2. CITY COUNCIL APPROVAL TO ACCEPT AWARD PROCEDURE

The purpose of this policy is to ensure that acceptance of each award granted to the City is formally authorized by the City Council.

- a) The department receiving the grant award must prepare a city council agenda item and fiscal impact statement and submit it for City Council approval before any funds from the granting entity are accepted, appropriated or expended. The agenda item must be accompanied by the award letter, grant agreement and any other required documentation.
- b) Once City Council has approved the grant award, the recipient department shall notify the Finance Director of the City Council's action.
- c) The department must provide the Finance Director with a copy of the award letter and approved budget to request a budget revision to add the grant award to the department's budget. Each grant will be maintained in a separate fund

source, project and/or functional code. Separate accountability by funding source shall be maintained and all Federal programs must be properly identified by their individual Catalog of Federal Domestic Assistance (CFDA) numbers.

- d) The department is responsible for submitting any required award activation documents to the grantor by the grant award due date. The department will be assisted with the technical aspects of activating a grant by the Finance staff.

GRANT EXECUTION AND REPORTING

A. USE AND RECEIPT OF GRANT FUNDS

The purpose of this policy is to ensure that grant funds are properly used and received by the City. Violations can result in a range of penalties, including suspension of future funds from the grantor, return of all funds associated with the award, including those already expended, and civil and/or criminal penalties.

1. No grant funds shall be disbursed until a City Council agenda item has been approved by City Council, a budget revision request has been submitted to the Finance Director, an award letter has been received from the awarding agency, and a project and fund source established in the accounting records.
2. Modifications to the budget associated with a grant-funded project in such a way that alters the grant amount or moves funds from one budget line item to another must adhere to City Council policy and procedures for budget modifications and grantor requirements.
3. Grant funds awarded to the City Council shall not be used to supplant an existing expenditure so that current funds can be diverted to another use, unless such use of grant funds is explicitly identified as allowable in writing by the granting entity in the grant award.
4. All income resulting from a grant-funded project or program shall adhere to City Council policy and procedure and be managed and maintained as established in the award letter, grant agreement, contract, special conditions, or other document generated by the granting entity.
5. All procurement activity associated with grant-funded projects or programs shall follow the procedures outlined in the City's Financial Management Policy.
6. All property acquired through grant funds shall be subject to the City Council's Purchasing Policy, and restrictions and/or requirements set forth within the terms of the grant, including any applicable federal rules or regulations.
7. All grant and any related matching fund revenues and expenditures shall be recorded in the applicable grant fund source/project. Any revenues or

expenditures that occur in another program/project that are applicable to a grant or that are used as a match shall have a journal entry (JE) made to put the revenues or expenditures in the appropriate grant project with a detailed explanation, including original general ledger date and batch information.

8. The Finance Director is ultimately responsible for adherence to the stipulations outlined in the approved grant award/contract to ensure that allowable expenditures are incurred.

B. GRANT OVERSIGHT AND MONITORING

The purpose of this policy is to ensure that all grant-funded programs or projects are managed according to the terms set forth in the grant agreement, Grant Management and other applicable City Council policies and procedures.

1. IMPLEMENTATION PLAN

- a) All departments that receive grant awards must develop an implementation plan. The plan must be submitted to the Finance Director within 15 days of City Council approving a grant award.
- b) Departments with existing work plans that provide the elements noted below and plans already included in the grant application or grant award are acceptable implementation plans.
- c) The grant implementation plan shall have the following elements:
 - (1) Project overview
 - (2) Project goals and objectives
 - (3) Identification of activities and dates
 - (4) Identification of roles and associated responsibilities
 - (5) Anticipated expenditure schedule
 - (6) Evaluation matrix that identifies the measurable objectives, the metrics used to measure them, the anticipated completion date, and fields to enter the actual completion date and outcome measures.

PROGRAMMATIC REPORTING AND REIMBURSEMENT

Grants awarded to the City Council may require that progress, programmatic and financial reports be submitted to the grantor. Accurate and timely reporting is critical to maintaining

a good relationship with the grantor. Late or inaccurate reports may negatively impact current or future funding.

A. GRANT REPORTING PROCEDURE

- a) Recipient departments must prepare timely and accurate progress or programmatic reports as required by grantor.
- b) The Finance Director shall submit all financial reports, grant budget adjustments, and reimbursement requests to the City Manager for review and approval before submitting them to the grantor. The Finance Director must provide support or reconciliation to the general ledger.
- c) The Finance Director will review the financial reports for content and quality and address any issues with the Finance staff.
- d) Upon satisfaction with the report, the Finance Director will contact the City Manager and authorize the report be submitted to the grantor. A copy of the report will be maintained in the master file.
- e) Programmatic reports shall be submitted to the Finance Director. The Finance Director will review any programmatic reports for content and quality and address any issues with the recipient department. Upon satisfaction with the report, the Finance Staff will place a copy of the report in the master file.
- f) Copies of all financial status and final reports prepared for submission to the grantor shall be provided, along with the associated grant name and year to the Finance Staff at the time of submission to the grantor.

B. FILE MANAGEMENT, ACCESS AND RETENTION

The Finance Director or his/her designee may review the files, activities, equipment, and facilities, and interview relevant personnel and contracted entities of any City Council project or program that is funded with grants awarded to the City Council.

1. FILE MANAGEMENT PROCEDURE

The master file shall be maintained by the Finance Staff, and a copy of all grant proposals or applications, award letters, memoranda of understanding, contracts, and programmatic and financial reports shall be maintained in the file.

All department and master files associated with a grant award must maintain a file structure that includes, at minimum, the following four sections with clear separations between different fiscal years, unless otherwise directed by the grantor:

- a) Application or Proposal (e.g., application guidance, a copy of the application and research including statistical information used in preparation of and support of the grant)
- b) Award Documents (e.g., award letter, city council agenda item, grant agreement, grant amendments, modifications, extensions, cancellations and terminations and anything else related to the award)
- c) Finance (e.g., account set up, purchase orders, invoices, reimbursement requests)
- d) Programmatic Reports (e.g., reports to granting entity and evaluation components)

2. FILE RETENTION PROCEDURE

The City, in accordance with the Georgia Archives University System of Georgia records retention policy for Local Governments, maintains its programmatic records for at least three years following the closure date of the grant award. Accounting records are maintained for at least five years following the closure of its most recent audit report. If any litigation, claim, negotiation, audit, or other action involving grant records has been started before the expiration of the five-year period, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular five-year period, whichever is later.

- a) Grantors may require retention periods in excess of five years. Departments must ensure they comply with retention requirements specified by each grantor.
- b) Retention requirements extend to books of original entry, source documents supporting accounting transactions, the general ledger, subsidiary ledgers, personnel and payroll records, cancelled checks, and related documents and records.
- c) Source documents include copies of all awards, applications, and required recipient financial and narrative reports. Personnel and payroll records shall include time and attendance reports; personal activity reports or equivalent documentation for all individuals reimbursed under the award.
- d) Recipient departments are also obligated to protect records adequately against loss, theft, fire or other damage in accordance with statutory provisions.

GRANT CLOSEOUT

Upon completion of the grant term of each grant award, the recipient department shall alert the Finance Director to place the grant's fund source and/or project in a no posting status.

A. GRANT CLOSEOUT PROCEDURE

- a) Upon completion of the grant period of each grant, the recipient department must prepare a memorandum to the Finance Director that identifies the name of the grant, the project number and describes the final disposition of the funds and required activities.
- b) Upon review of the memorandum and satisfaction of any discrepancies, the Finance Director will update the budget and accounting system.
- c) The grant closeout memo shall be placed in the grant's master file.

FEDERAL GRANTS MANAGEMENT ACCOUNTING SYSTEM

2 CFR, Part 200 prescribes the standards for financial management systems.

The City must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:

- (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and
- (2) Permit the tracking of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

The City's grant management accounting system should provide a means to track the revenues and expenditures applicable to each grant and address the following requirements:

- **Financial Reporting**—accurate, current and complete disclosure of financial results.
- **Accounting Records**—maintenance of records, which adequately identify the source, and application of funds.
- **Internal Control**—maintenance of effective control and accountability for all grants and subgrants.

- **Budget Control**—comparisons of actual expenditures or outlays to budgeted amounts for each grant or subgrant.
- **Allowable Costs**—grant expenditures determined by applying appropriate OMB cost principles, agency program regulations and the terms of grant and subgrant agreements.
- **Source Documentation**—documentation maintained to support accounting records.
- **Cash Management**—procedures to minimize the time elapsing between the transfer of funds from the federal government and the disbursement by the grantee or subgrantee.

ACCOUNTING AND BUDGETING FOR FEDERAL FUNDS

Guidelines on accounting for Federal funds are outlined below. The Finance Director must ensure that transactional data is maintained in such a manner as to fulfill all financial reporting requirements.

Notice of Award. Upon receipt of an approved award of Federal funds, and prior to recording transactions relating to the grant, the Finance Director must perform the following set-up activities:

- Create a unique fund source to identify each individual grant award.
 - ◆ Fund source description should include title of grant
 - ◆ Fund type selected for fund source must be “Federal”
 - ◆ CFDA number assigned by grantor agency must be entered
 - ◆ Request addition of new fund source to budget
- Assign project number(s) as appropriate to account for grant activity in accordance with the grant award (project numbering is agency-defined).

Budgeting. Federal funds must be amended into each Department’s budget. Federal funds must be separately identified.

Expenditures. All purchases should be made in accordance with the City’s procurement policies. Qualifying expenditures/expenses should be reported when incurred. All contractual obligations (including encumbrances) should be recorded using the assigned fund source and project numbers, should be charged to the appropriate budgetary program, and should be posted to expenditure accounts in accordance with definitions provided in the City’s Financial Management Policy.

Revenues. Revenues should be recorded at least monthly based on the type of grant received. The principal types of grants and financial assistance received by the City are described below, along with the associated revenue recognition criteria. Grant revenue

should be recorded using the assigned fund source and project numbers and should be charged to the appropriate budgetary program.

- Expenditure-Driven Grants (reimbursement grants) – Based on grant availability, revenue should be recorded when qualifying expenditures have been incurred and any additional grant requirements have been met (e.g., matching, maintenance of effort, etc.). For purposes of recording revenue on expenditure-driven grants, “qualifying expenditures” include encumbrances.
- Pass-Through Grants – The City may receive grants or other financial assistance to transfer or spend on behalf of other, secondary recipients. Revenue should be recognized when all eligibility requirements have been met and the resources become available, which typically is considered to occur when the resources are, in fact, transmitted to their intended final recipient.

General Ledger Accountability. Reconciliations shall be performed to ensure that all general ledger balances are supported by subsidiary ledgers (modules) or other appropriate documentation. This examination should include a general review of revenue and expenditure accounts as well as a determination of the ending fund balance for the fund source, appropriate action shall be taken to correct errors discovered during the reconciliations, the fund source trial balance review, and in the fund balance analysis as described below:

- Deficit Fund Balance – Generally, no deficit fund balances should be reflected for any type of grant or other financial assistance. If the fund balance analysis results in a deficit fund balance, determine whether there are deferred revenues recorded which should have been recognized as current period revenue. If deferred revenues are available, reverse sufficient deferred revenues to the appropriate revenue account (debit deferred revenue; credit revenue) in an amount sufficient to bring the deficit fund balance to zero. If there are no deferred revenues available, determine why recorded expenditures exceed recorded revenues. If expenditures have been appropriately recorded for this grant and if additional grant revenue is available and if applicable eligibility requirements have been met, accrue sufficient accounts receivable and revenue to bring the deficit fund balance to zero.
- Positive Fund Balance – By definition, there should be no fund balance on hand for expenditure-driven or reimbursement-based grants, which make up the majority of grants received by the City. If the fund balance analysis results in a positive fund balance, determine whether it is appropriate for this grant to retain a fund balance at period-end. If it is not appropriate for a fund balance to exist and the recorded fund balance is offset only by cash (no accounts receivable for this program are recorded), sufficient revenues should be reduced and reclassified to deferred revenues to bring fund balance to zero (debit revenue; credit deferred revenue). If the fund balance is offset by cash and accounts

receivable, revenue and accounts receivable should be eliminated to bring the fund balance to zero (to the extent that accounts receivable are available), with any remaining fund balance being eliminated through a reclassification of revenue to deferred revenues as previously described.

- **Return Excess Revenue:** If, during reconciliation, it is determined that the agency has received revenue in excess of expenditures on an expenditure- or reimbursement- driven grant, excess revenue shall be returned to the granting agency.

AUDITING

The Finance Director shall ensure compliance with the audit requirements in Title 2 U.S Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance).

RECORDS RETENTION POLICY

In compliance with State Law, the City of Holly Springs shall comply with the Georgia Records Act, as presented in O.C.G.A. 50-18-90 seq. for public entities.

RETENTION SCHEDULE

The Georgia Archives University System of Georgia publishes a Records Retention Schedule for Local Governments. The City shall comply with the local government records retention schedule as provided by www.georgiaarchives.org.

GLOSSARY

DEFINITIONS

Accrual Basis of Accounting: A method of accounting that recognizes the financial effect of transactions, events, and interfund activities when they occur, regardless of the related cash flows.

Activities: A logic model component that describes what a program does with the inputs to fulfill its mission. Activities include the strategies, techniques, and types of treatment that comprise a program's service and methodology.

Adopted (Approved) Budget: The funds appropriated by the City Council at the beginning of the year.

Ad Valorem Tax: Commonly referred to as property taxes, are levied on both real and personal property based upon the property's assessed valuation and the millage rate.

Appropriation: A legal authorization to incur obligations and to make expenditures for specific purposes.

Assessed Valuation: The valuation set upon real estate and certain personal property by the Property Appraiser as a basis for levying Ad Valorem (property) taxes.

Award: Financial assistance that provides support or stimulation to accomplish a public purpose. Awards include grants and other agreements in the form of money or property in lieu of money, by the grantor to an eligible recipient. The term does not include technical assistance, which provides services instead of money; other assistance in the form of loans, loan guarantees, interest subsidies, or insurance; direct payments of any kind to individuals; and, contracts which are required to be entered into and administered under procurement laws and regulations.

Balanced Budget: To the extent that the Appropriated Revenues and Estimated Budget Savings equal or exceed the Appropriated Expenditures, the budget is considered balanced. Should the Appropriated Expenditures exceed the Appropriated Revenues and Estimated Budget Savings, the difference would be shown in the revenue section as Beginning Surplus. The amount of the Beginning Surplus would specify the amount by which the Fund Balance would be reduced.

Basis of Accounting: The timing of recognition, that is, when the effects of transactions or events should be recognized for financial reporting purposes. For example, the effects of transactions or events can be recognized on an accrual basis (that is, when the transactions or events take place), or on a cash basis (that is, when cash is received or paid). Basis of accounting is an essential part of measurement focus, because a particular timing of recognition is necessary to accomplish a particular measurement focus.

Bond: A long-term debt obligation primarily used to finance capital projects or other long-term obligations. A bond represents a promise to repay a specified sum of money called the face value or principal amount at a specified maturity date or dates in the future, together with periodic interest at a specified rate.

Budget: An operational guide of planned financial activity for a specified period of time (fiscal year or project length) estimating all anticipated revenues and expected expenditures/expenses for the budget period. A policy document, which communicates programmatic goals and objectives and the anticipated means for achieving them.

Budget Amendment: The transfer of funds from one appropriation account to another, requiring approval of City Manager, Finance Director, and Department Director.

Budget Calendar: The schedule of target dates that a government follows in the preparation of preliminary budgets and the adoption of the final budget.

Budget Resolution: The official enactment by the City Council legally authorizing City Officials to obligate and expend resources.

Budget Officer: “Budget officer” means that local government officials charged with budget preparation and administration for the local government. The official title of the local government budget officer shall be as provided by local law, charter, ordinance, or appropriate resolution of the governing authority.

Budget Ordinance: “Ordinance,” means that governmental action which appropriates revenues and fund balances for specified purposes, functions, or activities for a budget period.

Budget Period: Budget period, means the period for which a budget is proposed, or a budget ordinance is adopted.

Budgetary Basis of Accounting: This refers to the basis of accounting used to estimate when revenues and expenditures are recognized for budgetary purposes. This generally takes one of three forms: GAAP, cash, or modified accrual.

Budgetary Control: The control or management of a government in accordance with the approved budget for the purpose of keeping expenditures within the limitations of available appropriations and resources. The level of budgetary controls that is the point at which expenditures cannot legally exceed the appropriated amount.

Capital Budget: A plan of proposed capital outlays and the means of financing them for the current fiscal period. It is usually a part of the current budget.

Capital Expenditures: All charges incurred to acquire equipment, land, buildings, improvements of land or buildings, fixtures, and other permanent improvements. Pursuant

to the City of Holly Springs Financial Policy, capital expenditures for the City have a value in excess of \$5,000 and a useful life expectancy of greater than 1 year.

Capital Improvements: Expenditures related to the acquisition, expansion or rehabilitation of an element of the government's physical plant; sometimes referred to as "Infrastructure." See also "Capital Project".

Capital Project: Major construction, acquisition, or renovation activities which add value to a government's physical assets or significantly increase their useful life. Also called "Capital Improvements."

Cash Basis of Accounting: A basis of accounting in which transactions or events are recognized when related cash amounts are received or disbursed.

Cash Match: Includes actual cash spent by grant recipients for project-related costs. Accounting records should be verifiable and trace back to source documentation.

Contingency: A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

Contracts: Written agreements entered into by the awarding agency, recipients or sub-recipients, and commercial (profit-making) and non-profit organizations. With the exception of a few justified sole source contracts, contracts are filled through the City's procurement process.

Custodial Fund: Funds used to account for resources held by the city in a purely custodial capacity for other governments, private organizations or individuals

Debt: An obligation resulting from the borrowing of money or from the purchase of goods and services on credit. The City Council must approve all debt instruments.

Debt Service Fund: A governmental fund established to finance and account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Also known as "Sinking Fund".

Department: An organizational unit of government, which is functionally unique in its delivery of services

Direct Cost: Costs that can be specifically identified with a particular cost objective or program; charged directly as a part of the cost of the program.

Distinguished Budget Presentation Award Program: A voluntary awards program administered by the Government Finance Officers Association of the United States and Canada (GFOA) to encourage governments to prepare effective budget documents.

Drawdown: A process whereby a request is made to receive federal funds, either as reimbursement for expenses incurred or advanced in anticipation of expenditure of funds.

Employee (or Fringe) Benefits: Contributions made by a government to meet commitments or obligations for employee fringe benefits. Included are the government's share of costs for Social Security and Medicare, and the various pension, medical, and life insurance plans offered by the City.

Encumbrance: The commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a specified future expenditure.

Enterprise Fund: A proprietary fund used to account for business-like operations of a government to provide goods and or services to the general public. The intent is that enterprise fund operations should be supported by user fees on a cost recovery basis. The periodic determination of revenues and expenses is appropriate for capital maintenance, management control, or other public policy. An example of an enterprise fund is the Stormwater Utility.

Expenditure: The incurring of a liability, the payment of cash, or the transfer of property for the purpose of acquiring an asset, or a service or settling a loss. A decrease in net financial resources under the current financial resources measurement focus not properly classified as "Other Financing Uses".

Expense: Charges incurred (whether paid immediately or unpaid) for operations, maintenance, interest or other charges. Decreases the net assets of a fund.

Fiduciary Fund: Fiduciary funds are used to account for assets held in trust by the government for the benefit of individuals

Fiscal Policy: A government's policies with respect to revenues, spending, and debt management as these relate to government services, programs and capital investment. Fiscal policy provides an agreed-upon set of principles for the planning and programming of government budgets and their funding.

Fiscal Year: A twelve-month period designated as the operating year for accounting and budgeting purposes in an organization. The City's fiscal year runs from January 1st to December 31st.

Fund: An accounting and reporting entity with a self-balancing set of accounts. Funds are created to establish accountability for revenues and expenses, which are segregated for the purpose of carrying out a specific purpose or range of activities.

Fund Balance (undesignated/unreserved): Refers to the excess of assets over liabilities and is therefore, generally known as amount available for appropriation.

Fund Balance (designated/reserved): Refers to the excess of assets over liabilities and is designated or reserved for a particular item, e.g. “Fund Balance Reserved for Encumbrances”.

Fund Balance (carried forward): Funds on hand at year end resulting from collections of revenue in excess of anticipations and/or unexpended appropriations which are included as a revenue source in the budget of the ensuing year.

Fund Source: A fund source is a general ledger accounting code used to designate revenue sources and track expenditures made against those revenues. Fund sources are also utilized to account for assets, liabilities and fund balances and/or net assets for a specific funding source. For Federal programs a separate fund source must be established for each grant received.

General Fund: The chief operating fund used to account for both general government transactions and those financial resources not required to be accounted for in another fund.

Goals: A measurable statement of desired conditions to be maintained or achieved.

Governing Authority: Governing authority means that official or group of officials responsible for governance of the unit of local government.

Governmental Funds: Funds used to account for the acquisition, use and balances of expendable financial resources and the related current liabilities – except for those accounted for in proprietary funds and fiduciary funds.

Grant: A financial award given by the federal, state or local government, or a private entity to an eligible grantee, usually with a defined scope of activities or programmatic objectives. Grants are not expected to be repaid by the recipient. Grants do not include technical assistance or other forms of financial assistance such as a loan or loan guarantee, an interest rate subsidy, direct appropriation or revenue sharing.

Grantor: Primary awarding agency (e.g. federal, state government).

Grantee: The direct recipient of a grant award who is legally bound by the grantor’s award or contract.

Indirect Cost: Costs that are incurred by a grantee organization for common or joint objectives and which therefore cannot be identified specifically with a particular project or program.

In-kind Match: In-kind match does not involve a monetary transaction. ‘In-kind’ is the value of something received or provided, which is beneficial to the program, but for which no cash exchanges hands. In-kind contributions related to a particular grant program must be allowable under the grant program, verifiable from grantee records, necessary and

reasonable, allowable under cost principles, and not included as a contribution under any other award.

Interfund Transfers: Flows of assets (such as cash or goods) between funds of the primary government without equivalent flows of assets in return and without a requirement for repayment.

Intergovernmental Revenue: Funds received from federal, state and other local government sources in the form of grants, shared revenues, entitlements, or payments in lieu of taxes.

Legal Level of Control: Legal level of control is the lowest level of budgetary detail at which a local government's management or budget officer may not reassign resources without approval of the governing authority. The legal level of control shall be, at a minimum, expenditures for each department for each fund for which a budget is required. This does not preclude the governing authority of a local government from establishing a legal level of control at a more detailed level of budgetary control than the minimum required legal level of control.

Major Fund: Funds with "revenues, expenditures/expenses, assets, or liabilities (excluding extraordinary items) that are at least 10% of corresponding totals for all governmental or enterprise funds and at least 5% of the aggregate amount for all government and enterprise funds for the same item." (See also "Non-Major Funds," below.)

Match: The grant recipient's share of the project cost. Under Federal grants, match is restricted to the same use of funds as allowed for the Federal funds. Match must be directly related to the project goals and objectives and must be documented in the same manner as grant-funded activities. See cash match and in-kind match.

Millage Rate: The ad valorem tax rate expressed in the amount levied per thousand dollars of the taxable assessed value of property. One mill is equal to one dollar per thousand.

Modified Accrual Basis of Accounting: A basis of accounting in which revenues are recorded when collected within the current period or soon enough thereafter to be used to pay liabilities of the current period and expenditures are recognized when the related liability is incurred.

Net Assets: The value of an entity's assets less the value of its liabilities.

Non-Departmental (City-Wide): A group of accounts which are not directly related to a department's primary service activities, or which are separate from departmental operations for control purposes.

Non-Major Fund: Non-major funds are those that fail the test defining major funds in one or more aspects. Major funds have revenues, expenditures/expenses, assets, or liabilities

(excluding extraordinary items) that are at least 10% of corresponding totals for all governmental or enterprise funds and at least 5% of the aggregate amount for all government and enterprise funds for the same item.

Objectives: Unambiguous statements of performance intentions expressed in measurable terms.

Operating Budget: The portion of the budget pertaining to daily operations that provides basic governmental services. The operating budget contains appropriations for such expenditures as personal services, fringe benefits, commodities, services and capital outlay.

Operating Expenses: The cost for personnel, materials and equipment required for a department to function. Another example would be Proprietary Fund expenses related directly to the primary activities of the fund.

Operating Revenues: Funds that the government receives as income to pay for ongoing operations. It includes such items as taxes, fees from specific services, interest earnings, and grant revenues. Operating revenues are used to pay for day-to-day services. Another example would be Proprietary Fund user fees for goods and/or services that are directly related to the primary activities of the fund.

Performance Indicators: Special quantitative and qualitative measure of work performed as an objective of a department.

Personnel Services: Expenditures for salaries, wages, and fringe benefits of a government's employees.

Program Income: Gross income earned by the recipient of a grant during the funding period as a direct result of the award.

Program Manager: The lead staff member who conducts the activities under a particular grant program.

Project Period: The total time for which support of a funded project has been programmatically approved. A project period may consist of one or more budget periods.

Proprietary Funds: Used to account for government's ongoing organizations and activities that are similar to those found in the private sector.

Questioned Costs: Costs that, in the opinion of the auditor, may not comply with or may not be consistent with the requirements set forth in contracts, statutes, or regulations governing the allocation, allowability, or reasonableness of costs charged to awards and programs, and thus may not be reimbursable.

Reimbursable Grant: A reimbursable grant provides funding to grant recipients after expenses have been incurred. The grantee must follow a certain procedure to obtain the

reimbursement for project expenses. Reimbursements are provided on a set payment schedule after the organization has submitted sufficient documents to verify expenses.

Reserve: An account to indicate that a portion of funds have been legally restricted for a specific purpose, or not available for appropriation and subsequent spending. A reserve for working capital is a budgetary reserve set aside for cash flow needs, emergencies, or unforeseen expenditure/revenue shortfalls.

Revenue: Funds that the City receives as income. It includes such items as taxes, licenses, user fees, service charges, fines and penalties, and grants.

Revenue Bonds: Bonds whose principal and interest are payable exclusively from specific projects or special assessments, rather than from general revenues. These bonds do not require approval by referendum.

Roll Back Rate: The millage rate which, exclusive of new construction, will provide the same property (Ad Valorem) tax revenue for each taxing entity as was levied during the prior year. The roll back rate controls for changes in the market value of property and represents "no tax increase". The only source of additional tax revenue, if the roll back rate is levied, is the tax upon new construction.

Sinking Fund: A reserve fund accumulated over a period of time for retirement of a debt.

Special Revenue Fund: A fund in which the revenues are designated for use for specific purposes or activities.

Sub-recipient: The legal entity to which a sub-award is made for a grant, and which is accountable to the recipient for the use of the funds provided. Sub-recipient and sub-awardee are interchangeable terms.

Sub-award: An award of financial assistance, generally a monetary award, made to a sub-recipient as a result of a Federal grant award made to a direct grant recipient or contractor to a sub-recipient or sub-contractor respectively.

Sub-grant: An award of financial assistance made under a grant by a direct grantee to an eligible sub-grantee. The term includes financial assistance when provided by contractual legal agreement, but does not include procurement purchases, nor does it include any form of assistance which is excluded from the definition of grant in this part.

Supplanting: Federal law prohibits recipients of federal funds from replacing state, local, or agency funds with federal funds. Existing funds for a project and its activities may not be displaced by federal funds and reallocated for other organizational expenses. "Supplant" means to "replace" or "take the place of."

Tax Digest: Official list of all property owners, the assessed value (100% of fair market value), and the tax due on their property.

Taxes: Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. Taxes levied by the City of Holly Springs are approved by the City Council and are within limits determined by the State.

Unit of Local Government: Unit of local government, “unit”, or “local government” means a municipality, county, consolidated city-county government, or other political subdivision of the state. Such terms do not include any local school district or board of education. For purposes of this paragraph, “county” includes any county officer who is paid in whole or in part on a salary basis over whom the county governing authority exercises budgetary authority.

Working Capital: A dollar amount reserved in (General Fund) fund balance that is available for unforeseen emergencies, to handle shortfalls caused by revenue declines, and to provide cash liquidity during periods of low cash flow.

APPENDIX

ABBREVIATIONS & ACRONYMS

ADA	Americans with Disabilities Act
ARC	Atlanta Regional Commission
CAFR	Comprehensive Annual Financial Report
CFDA	Catalog of Federal Domestic Assistance
CIP	Capital Improvement Plan
COLA	Cost of Living Adjustment
D&B	Dun and Bradstreet
DDA	Downtown Development Authority
F/T	Full-Time
FTE	Full-Time Equivalent
FICA	Federal Insurance Contributions Act
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GAAS	Generally Accepted Auditing Standards
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers' Association of the United States and Canada
GMA	Georgia Municipal Association
GMEBS	Georgia Municipal Employees Benefit System
IT	Information Technology
NPDES	National Pollutant Discharge Elimination System
OMB	Office of Management and Budget
P/T	Part-Time
SAM	System for Award Management
SPLOST	Special Purpose Local Option Sales Tax