

Financial Policies of Emanuel County

SECTION 1. FISCAL YEAR AND BUDGETING

1.1 Fiscal Year

The fiscal year for Emanuel County shall begin on October 1 and end on September 30.

1.2 General Budget Policies

- A. Emanuel County will finance all current expenditures with current revenues. Emanuel County shall endeavor to not use short-term borrowing to finance current operational requirements but is not prohibited by this policy from using short-term borrowing to meet operating budget requirements.
- B. All governmental funds, except Capital Project funds, are subject to the annual budget process. Capital Projects will be subject to project length budgets.
- C. All budgets will be adopted on a basis of accounting consistent with Generally Accepted Accounting Principles (GAAP). Revenues will be recognized when they become measurable and available and expenditures are charged against the budget when they become measurable, a liability has been incurred, and the liability will be liquidated with current resources. Revenues will be recognized as available at the end of the year using the sixty-day rule. Expenditures will be recognized at the end of the fiscal year if incurred during the fiscal year and paid with current resources. All expenditures for the purchase of inventory will be recognized using the purchase method. If Emanuel County establishes a proprietary fund, that fund shall use the consumption and FIFO method of expenditure recognition for inventories.
- D. The budget shall be adopted by the approval of a budget resolution that specifies the anticipated revenues by appropriate categories, the proposed expenditure totals for each department, each non-departmental expense, and for each fund covered by the budget. Amendments to the budget must be approved by resolution. The budget shall be adopted at the fund/department level, which is the legal level of budgetary control. The current year's budget may be adjusted to reflect changes in local economy, changes in priorities or services needs, receipt of unbudgeted revenues and for unanticipated expenditures.
- E. The budget must be balanced for all budgeted funds. Total anticipated revenues and other resources available including unreserved fund balance must equal total estimated expenditures for each fund.
- F. All operating budget appropriations will lapse at year-end. Encumbrances can be reappropriated in the next fiscal year by a budget amendment. Capital Budget

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- appropriations under the Capital Improvement Program shall be appropriated with project-length balanced budget for major projects.
- G. The operating budget will provide for adequate maintenance and operation of capital equipment and facilities and allocate funds to the Capital Budget for their orderly replacement.
 - H. Emanuel County will strive to establish a fund balance reserve for the general fund to pay expenditures caused by unforeseen emergencies, for revenue shortfalls and to eliminate short-term borrowing for cash flow purposes or because of the schedule of tax collections. The reserve will be maintained at a fiscally conservative level that allows for an adequate safety net.
 - I. The county will strive to include a contingency amount in the general fund budget for unforeseen or emergency operating expenditures. The amount of the contingency will be no more than three percent of the operating budget. Emanuel County will endeavor to fund contingencies from the unreserved fund balance but may use general fund appropriations until sufficient fund balance has been accrued.
 - J. The budget shall be adopted at the legal level of budgetary control that is the fund/department level. Transfers of non-personal appropriations within a department shall require only the approval of the County Administrator. Transfers between departments or funds, an increase of a personal services appropriation, or an increase in the level of authorized positions shall require the approval of the board of commissioners. Department heads and elected officials are directed to operate within budget limitations to prevent "emergency" situations.
 - K. Budget Amendments-County Commissioners may authorize new projects or expenditures during the budget year by adopting a Budget Resolution that includes the project cost and revenue source. Each Budget Resolution must be balanced. The County Commissioners shall adopt on a quarterly basis a budget amendment that incorporates all of the budget resolutions for the previous quarter.
 - L. The County Administrator is designated as the Budget Officer for Emanuel County. He shall prepare a budget calendar, a balanced budget proposal and a budget resolution to be presented to the County Commission. He shall prepare a revenue plan itemizing all anticipated county revenues. The County Administrator shall be responsible for the preparation, administration and fiscal control of the budget.
 - M. The County Administrator shall utilize a decentralized budget process that gives Department Heads and Constitutional Officers the opportunity to provide input into the budget process. The Department Heads and Constitutional Officers must provide a current service level budget with a letter recommending any expanded service levels or additional personnel.

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- N. The County Administrator is charged with insuring that Emanuel County shall comply with all state laws applicable to budget hearings, public notices, public inspection, and budget adoption.
- O. The county will pay bills in connection with the due date. Department heads and elected officials are directed to submit payment requests at least three days prior to the necessary issue date. The County Administrator or his designee shall, however, have the authority to issue special checks up to a maximum of \$25,000.00.
- P. Emanuel County will strive to integrate performance measurement and objectives and productivity indicators within the budget.
- Q. Emanuel County will maintain a budgetary control system to ensure adherence to the budget and will prepare timely financial reports comparing actual revenues expenditures and encumbrances with budgeted amounts.

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

2.1 Intent.

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

2.2 Applicability.

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

2.3 Designation of purchasing agent.

The County Administrator or his designee shall serve as the purchasing agent of the county.

2.4 Powers and duties.

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

- A. To ensure the administration of the purchasing system is in accordance with the highest ethical and fiscal standards and applicable laws. To ensure that all due diligence is applied to the purchasing process.
- B. To purchase or contract for all materials, supplies and services required by the using departments and divisions of the county government pursuant to the provisions of this section.
- C. To purchase or procure for the county materials, supplies, equipment and contractual services from the "lowest and best bid" by a responsive and responsible bidder meeting specification.
- D. To maintain up-to-date files of all vendors known to the county who are reputable and responsible vendors of materials, supplies, and services regularly used by the county, including descriptions of their goods or services, prices, and discounts as may be available.
- E. To sell or dispose of all obsolete or unusable personal property in accordance with the ordinance rules, regulations, or resolutions which may be adopted by the

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county.

- F. To coordinate cooperative purchasing practices with other governmental entities.
- G. To establish, and amend, when necessary, as authorized, all rules and regulations as may be necessary for the implementation of this section.

2.5 Purchase Orders.

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

2.5.1 Purchase Procedures

(Please see Appendix A: Purchasing Procedures of Emanuel County)

2.6 Source Selection

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

Any purchases for materials, supplies, equipment or services with an estimated cost between \$25,000.01 and \$99,999.99 shall be based upon written competitive quotations from at least three reputable vendors if available, without regard for formal advertising. Equipment purchases from the Georgia Department of Administrative Services surplus or from State Contracts are exempt from this provision.

Any purchases for materials, supplies, equipment or services estimated to cost between \$10,000.00 and \$25,000.00 shall be based upon verbal quotations from at least three reputable vendors if available. Equipment purchases from the Georgia Department of Administrative Services surplus or from State Contracts are exempt from this provision.

Any purchase for materials, supplies, equipment or services between \$2,500.01 and \$25,000.00 must have the approval of the County Administrator or a majority of the County Commissioners.

Any item, materials or service that has a value of \$10,000.00 or less may be purchased from any approved vendor recommended by the using agency or in the absence of such

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recommendation, from any approved vendor selected by the purchasing agent.

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

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

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

Local Preference- Bids awarded to local vendors contribute to the local tax base and will, therefore, be given special consideration when bidding against outside vendors. The County Administrator is given the authority to give vendors from within the confines of the county, whose initial bid is within five percent of the low bid submitted by an out-of-county bidder, an opportunity to meet the lower bid price. The local bidder must agree in writing within 48 hours to meet the lowest price. This policy does not apply to any purchases of materials, equipment or services in excess of \$25,000.00. On those cases, the Board of Commissioners will make their decision based on the lowest and best bid by a responsive and responsible bidder submitted.

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

2.7 Multi-Year Contracts

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

- A. The contract must terminate and renew at the end of the calendar year
- B. The contract must specify the total obligation of Emanuel County
- C. The title of any supplies, material, equipment or other personal property must remain with the vendor until the obligation is liquidated or it must be specified in the contract that the title reverts back to the provider upon termination of the

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agreement or contract.

- D. The contract or agreement must specify that the county can terminate the contract if funds are not appropriated.

2.8 Construction Contracts

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

Construction Contracts over \$25,000.01 will be secured by the competitive bid process outlined in Section 2.6 based upon the delivery method and in the best interest of the county.

Construction contracts under \$25,000.00 shall be considered as normal repair, maintenance or operating expense. The contract may be bid or offered with written competitive quotations without regard for advertising

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

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

Bid, Payment and Performance Bonds shall be required on all projects over \$50,000.00 and may be required on contracts over \$25,000.00 at the discretion of the County Commissioners. Bid Bonds or Proposal guarantees must be five percent of the bid price.

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

2.9 Road Construction Contracts

Emanuel County shall award all contracts with private firms to build, rebuild or maintain a road that cost over \$100,000.00 to the lowest responsive and responsible bidder. The Contract must be approved by a resolution of the Board of Commissioners and entered in the official minutes.

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

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

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

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

Emanuel County and the Board of Commissioners reserve the right to reject any and all bids, readvertise the project, perform the work in-house or abandon the project.

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

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

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

2.10 Record Keeping and Retention

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

- A. Bidders List
- B. Purchase Order file
- C. Bid, Proposal and Quotation file both completed and solicitations

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

2.11 Disposition of Property

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

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4. A conveyance to any other unit of government
5. A conveyance of recreational area to the recreation authority

C. Disposition of Personal Property

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

SECTION 3. CAPITAL BUDGET POLICIES

3.1 Intent

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

3.2 Capital Improvement Program

Emanuel County will seek to develop and maintain a five-year Capital Improvement Program (CIP) annually to direct the financing of and appropriations for all capital projects. Emanuel County defines a capital project for inclusion in the CIP as any asset or project in excess of \$25,000.00 with an estimated useful life of three or more years.

Emanuel County will coordinate the development of the Capital Improvement Program with the development of the operating budget to ensure that future operating costs are projected and included in the operating budget where appropriate.

3.3 Vehicle Replacement

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

3.4 Authorization to seek grant funds

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

3.5 Budget Length

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

3.6 Capital Asset Threshold

Please see Section 6.1 Capital Asset Criteria

SECTION 4. INVESTMENTS

4.1 Purpose

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

4.2 Scope

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

4.3 Investment Criteria

Emanuel County's investment criteria in order of priority are:

4.4 Delegation of Authority

The Board of Commissioners of Emanuel County shall establish the overall investment policies for Emanuel County. The Emanuel County Administrator is designated as the investment director for the county and authorized to make all appropriate investment decisions within the scope of those policies. The County Administrator shall maintain a standard of prudence in accord with the "prudent person rule" that all investment decisions will be made with the judgment and care a person of intelligence and prudence would exercise in the administration of their own affairs.

4.5 Acceptable Investments

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

- A. Obligations of this state or of other states;
- B. Obligations issued by the United States government;
- C. Obligations fully insured or guaranteed by the United States government or a United States government agency;
- D. Obligations of any corporation of the United States government;
- E. Prime bankers' acceptances;
- F. The local government investment pool established by Code Section 36-83-8;
- G. Repurchase agreements; and
- H. Obligations of other political subdivisions of this state.

4.6 Allocation of Interest

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

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4.7 Cash and Investments

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

SECTION 5. DEBT MANAGEMENT

5.1 Purpose of Debt Issuance

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

5.2 Debt Limitations

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

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

5.3 Types of Debt

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

- A. General Obligation Bonds
- B. Revenue Bonds for Emanuel County Proprietary Funds
- C. Intergovernmental Contracts
- D. Lease Purchases
- E. Certificates of Participation
- F. Temporary Loans

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

5.4 Debt Features

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

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

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

5.5 Interfund Loans

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

SECTION 6. CAPITAL ASSETS

(Effective October 1, 2023)

6.1 Capital Asset Criteria

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

- A. It is tangible in nature.
- B. It has a useful life of greater than three years.
- C. It is not a repair part or supply item.
- D. It has a value equal to, or greater than, the capitalization threshold of \$10,000 for Vehicles and Equipment and \$25,000 for Land Improvements, Building and Building Improvements and Infrastructure. All Land purchases will be capitalized.

Asset Categories:

Land – All purchases of property.

Land Improvements – Expenditures for acquiring improvements not associated with buildings. These improvements include such items as athletic facilities, parking lots, fences and landscaping.

Building and Building Improvements – Expenditures for acquiring buildings and expenditures for improvements that are significant and extend the useful life as described above. Examples include new roof systems and complete HVAC system upgrades. The key terminology for inclusion as a building improvement is the upgrade of systems. All HVAC expenditures will be accounted for as Building Improvements or repairs.

Vehicles and Equipment – Expenditures for machinery, vehicles, and other personal property that will be used for operations. Expenditures for maintenance, unless unusual and significant, will be classified as repairs.

Infrastructure – Expenditures for items such as roadways, bridges, sidewalks and streetlights. In many instances, only new systems qualify for capitalization.

6.2 Valuation of Capital Assets

All assets shall be valued at original or historic cost. If the historic cost is not available Emanuel County may use either Standard Costing of a like unit at the estimated date of acquisition or Back Trending to arrive at an estimated cost based on the use of current cost factored by the price index since acquisition. Contributed capital assets shall be valued at fair market value. Emanuel County is a Phase Three Government under GASBS 34 and will not be required to value or retroactively report existing infrastructure. All

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new infrastructure as defined by GASBS 34 will be reported subsequent to January 1, 2004.

6.3 Recording of Capital Assets

All Capital Assets that meet the capitalization threshold noted above shall be recorded and maintained in the Government-Wide Statement of Net Assets.

6.4 Depreciation Method

Emanuel County shall use the straight-line method of depreciating capitalized assets. Emanuel County will depreciate infrastructure and not implement the modified approach for infrastructure. Useful life will be within the parameters below. Fully depreciated assets that remain in use shall remain in the Government-Wide Statement of Net Assets.

| <u>Asset Category</u> | <u>Years</u> |
|-------------------------------------|--------------|
| Buildings and Building Improvements | 15 - 50 |
| Land Improvements | 5 - 20 |
| Vehicles and Equipment | 5 - 20 |
| Infrastructure | 20 - 40 |

6.5 General Policy

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

A. Recording of Capital Assets

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

B. Acquisition of Capital Assets

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

1. New purchases
2. Donations
3. Transfers from other County departments
4. County surplus
5. Internal/external construction
6. Lease purchases
7. Trade-in
8. Forfeiture or condemnation

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

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

The County will recognize acquisition costs based on individual unit prices. Assets should not be grouped unless special circumstances dictate grouping.

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

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

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

- C. Transfer of Capital Assets-An asset transfer between departments is recorded under the new Department with original acquired date and funding amount.
- D. Sale of Capital Assets-Sale of Capital Assets by the county must be to the highest, responsible bidder and must be conducted by sealed bid or by auction. The sale must be publicized in accordance with state laws.
- E. Disposal of Capital Assets

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

A disposal action is appropriate only when certain conditions occur resulting in an asset no longer being in the possession of the agency. Assets no longer in use,

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which remains in the possession of the department, are considered surplus property and not a disposal.

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

1. Sale or trade-in
2. Abandonment/Retirement
3. Lost or stolen
4. Transfer
5. Cannibalization (taking parts and employing them for like uses within the department, such as is often the practice in computer or vehicle maintenance).
6. Casualty loss

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

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

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

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

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

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

6.6 Physical Inventory

An annual physical inventory of all Capital Assets will be performed by the County Administrator’s Office. The inventory will be conducted with the least amount of

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interruption possible to the department's daily operation. A full report of the results of the inventory will be sent, within 30 days of completion, to all departments for verification and acceptance.

SECTION 7. GRANTS

7.1 Purpose

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

7.2 Application and Acceptance of Grants

The County Administrator is given authority to make application for and accept grants that:

- A. Are expected to be \$50,000 or less on an annual basis with no required County match; or,
- B. Are expected to be \$25,000 or less on an annual basis with a required match of 20% or less; or,
- C. Are expected to be \$10,000 or less on an annual basis with a required match of over 40%.

The County Commission must approve the application of and acceptance of any grants in excess of the limits established above.

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

7.3 Grant Administration

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

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

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

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Emanuel County shall establish two funds for grant disbursements. They shall be a Major Grant fund for all single grants in excess of \$50,000 or two percent of County Revenue and a Multiple Grant fund to accumulate by division all grants under \$50,000. These funds shall be subject to audit by the independent auditor and all state grant funds must have annual reports completed and submitted to the State Department of Audits.

SECTION 8. INTERNAL CONTROLS

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

8.1 Objectives

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

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

8.2 Internal Control Components

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

A. CONTROL ENVIRONMENT

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

1. The management should convey to the department heads and employees a sense of conducting operations ethically as evidenced by a code of conduct or other verbal or written directives.

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2. Management shall respect and adhere to all legal compliance requirements of the county, state and federal governments.
3. The roles and responsibilities of department managers shall be clearly defined.
4. Department managers shall have adequate knowledge and experience to discharge their duties.
5. Management shall insure that all employees have adequate knowledge and training to discharge their duties. Management shall maintain an open door, non- punitive, process to allow staff to communicate all instances of non-compliance to procedures or risk to assets.

B. RISK ASSESSMENT

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

C. CONTROL ACTIVITIES

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

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

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4. Segregation of Duties to include at a minimum the separation of the following duties;

a) Personnel/Payroll

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

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

b) Expenditure Activities

Purchasing/Payment- Approval for transactions that generate expenditures shall not be delegated to data entry personnel or the requesting end user unless the expenditure is within an approved budget and complies with previously noted approval limits. Approvals must be in writing and given by the governing authority of their designated representative.

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

c) Check writing activities

The person preparing the check shall not be the person signing the check. All County Checks shall require a minimum of two signatures. The person signing the check shall not be the person reconciling the bank statements.

Checking Account reconciliations must occur within 15 days of receipt of the appropriate bank records. A staff member not primarily associated with the production of those checks must conduct the reconciliation.

d) Budgeting Activities

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

D. INFORMATION AND COMMUNICATION

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

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

E. MONITORING

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

SECTION 9. ACCOUNTING, AUDITS AND FINANCIAL REPORTING

9.1 Basis of Accounting

Emanuel County shall use the Modified Accrual Basis of Accounting for all governmental fund types at the fund level. The County shall use the accrual method for all proprietary or fiduciary funds at the fund level.

At the entity-wide level Emanuel County shall aggregate the governmental fund information and report using the accrual basis of accounting.

9.2 Basic Principles

- A. A qualified external auditor in accordance with GA Code §36-81-7 will perform an independent audit in compliance with Generally Accepted Audit Standards annually. This independent audit must be completed and mailed to the state auditor within 180 days of the end of the fiscal year.
- B. The Emanuel County Health Department and the Joint Development Authority of Emanuel County shall be component units of the Emanuel County Government and reported as such on all government wide financial reports. The County will require audits of their records and the records of any subsequent component units in compliance with state law and Generally Accepted Accounting Procedures.
- C. Emanuel County will endeavor to prepare a comprehensive annual financial report (CAFR) in accordance with Generally Accepted Accounting Principles (GAAP).
- D. Emanuel County will maintain accounting practices and an accounting system that are sufficient to enable the preparation and presentation of financial statements that conform to Generally Accepted Accounting Principles. Emanuel County has adopted and will maintain the Uniform Chart of Accounts for Local Governments in Georgia as approved and amended by the Department of Community Affairs.
- E. Emanuel County will maintain accurate records of all assets to insure a high degree of stewardship of public property.
- F. Emanuel County will issue financial statements that conform to governmental generally accepted accounting principles.
- G. Emanuel County will issue financial reports at the Entity Level utilizing major funds as defined in GASB 34. The Auditors will also include original budget information in the comparison section of the financial reports.
- H. Emanuel County will report at the Government-wide level at a minimum with a Statement of Net Assets and a Statement of Activities that will disclose the total

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of primary governmental revenue allocation to the governmental activities. The basis of accounting at the government wide level shall be by the accrual method. To project a true and accurate reflection of the County's financial health Emanuel County will ensure that all long-term assets and liabilities are accounted for in the government-wide financial statements.

- I. Emanuel County will endeavor to include a Management Discussion and Analysis with the Audit.
- J. Emanuel County will maintain an ongoing system of financial reporting to meet the needs of the board of commissioners, department heads, and the general public. Reporting systems will monitor the cost of providing services where possible. The reporting systems will promote budgetary control and comparative analysis.
- K. Emanuel County will enter into multiyear agreements when obtaining the services of an independent auditor. Such multiyear agreements will be for periods of at least four years and consistent with applicable legal requirements. Every four years the county will issue a request for proposal to independent auditors to provide an audit for county operations. The current auditing firm will be eligible to propose on this audit. The audit procurement process should be structured so that the principal factor in the selection of an independent auditor is the auditor's ability to perform a quality audit. In no case shall price be the sole criterion for the selection of an auditor.