

# Putnam County Georgia

## Financial Policy



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# **Putnam County Financial Policy**

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## **Putnam County Financial Policy**

### **Chapter 1 - Purpose and Objective**

The Putnam County Board of Commissioners has a responsibility and a duty to carefully account for public funds, to manage County's finances wisely, and to plan for the provision of public services. Sound financial policies are necessary to carry out these objectives responsibly and efficiently.

The Putnam County Board of Commissioners' financial policies set forth below, are the basic framework for its overall financial management. These policies incorporate long-standing principles and traditions that have served the County well in maintaining a sound and stable financial condition.

The broad purpose of the following financial policies is to enable the Putnam County Board of Commissioners to achieve and maintain a long-term positive financial condition. The key values of the County's financial management include fiscal accountability, integrity, prudence, planning, honesty, and transparency. Specifically, the purpose is to provide guidelines for maintaining, directing, and planning day-to-day financial affairs.

## **Putnam County Financial Policy**

### **Chapter 2 – Fiscal Planning and Budget**

Fiscal planning is intended to assist in preparing the Budget and helping communicate to residents and the general public how the Putnam County Board of Commissioner's goals are being addressed and their policies are implemented.

The Putnam County Board of Commissioners sets financial policy which governs the way the County develops and maintains a budget and financial forecast. Services are implemented through an annual budget. The budget provides the basis for the control of County expenditures. Federal and State legislation provide the basic legal requirements and timelines for the budget process. The Putnam Board of Commissioners' vision, mission, goals, policies, and procedures provide additional direction and respond to the needs of the community.

#### **BUDGET**

##### **PRINCIPLES FOR BUDGET PLANNING**

The County provides a wide variety of services to the residents of the community. It is the responsibility of the Board of Commissioners to adopt a budget and manage the available resources to best meet the service needs for the overall good of the community. To aid in planning for the allocation of resources to meet the good of the whole community, the County has set forth the following budget planning principles:

- a) The County should maintain adequate reserve levels to ensure minimal loss of service to the community should there be unforeseen reductions in revenues or a catastrophic occurrence.
- b) The County should strive to attain the lowest possible interest rates on debt to minimize the cost to taxpayers and users of County services.
- c) Support services provide the management, guidelines, and operational assistance to carry out the provision of primary and secondary services. Resources should be allocated to support services to support the level and quality of primary and secondary services expected and desired by the community.
- d) Any adjustment to the existing budget shall consider the effect that such adjustment would have on current as well as future budget resources.
- e) By statute, the budget must be balanced. A balanced operating budget is defined as when total anticipated revenues plus appropriated fund balances equal the total estimated expenditures for each fund. Revenues must equal or exceed expenditures. As a general rule, current operating revenue needs to be sufficient to support current operating expenditures.
- f) Every effort will be made to maintain existing levels of services.
- g) Enterprise funds will be self-supporting, pay their own way and provide for their own improvement and expansion needs.
- h) The County should review estimated revenue and fee schedules as part of the budget process.

## **BUDGET PREPARATION**

The County operates under a fiscal year that begins on October 1st and ends September 30th. The annual budget is formally adopted by County Board of Commissioners before October 1st. The Federal and State legislation provides the legal requirements and timelines for the budget process and public hearings.

No later than four months prior to the start of each fiscal year, the County Commission shall approve the subsequent fiscal year's budget calendar. This calendar shall include specific dates for completion of each task necessary to prepare, review, and approve the County's operating budget. The budget calendar shall establish the date to have a completed budget approved and adopted.

The County's Department Heads and Elected Officials will develop expenditure requests for the next fiscal year. The budget shall include four basic segments for review and evaluation. These segments are:

1. Revenues
2. Personnel costs
3. Operations and maintenance cost
4. Capital costs

The County Manager (or designee) will review all departmental budget requests in order to propose a recommended balanced budget.

At least 45 days prior to the fiscal year commencing, the County Manager (or designee) will submit to the County Board of Commissioners a proposed operating budget for all funds except capital funds, project funds, trust funds, and agency funds. Analysis of past financial trends for the General Fund and Special Service District will also be provided. Project budgets are adopted for major capital projects and budgets are not adopted for trust funds since controls are achieved through the trust agreements. The proposed budget will include recommended expenditures and the means for financing them. The County will strive to avoid budgetary procedures that cover current expenditures at the expense of meeting future years' expenditures, such as postponing expenditures or accruing future years' revenues.

## **PENSION PLAN FUNDING**

The Board of Commissioners shall fund the employee defined benefit pension plan, which is administered by the Association County Commissioners of Georgia, at least by the minimum contribution level. Annually the County shall budget and make such payments to the plan that will maintain the plan's actuarial soundness in accordance with the actuary's recommendations for a minimally funded plan.

## **CHANGES TO ADOPTED BUDGET**

The annual budget shall be adopted at the legal level of budgetary control, which is at the fund/department level per Georgia Law, O.C.G.A. §36-81-3. The budget is a dynamic rather than static plan, which requires adjustments and formal budget amendments as circumstances change. Reallocation of appropriations in any fund within the various accounts within a department shall require the approval of the County Manager or Finance Director. Any increase or decrease to the total budget of a fund or department shall require the approval of the Board of Commissioners except for allocations from the General Administration Department to allocate such items as pension benefits, raises, budgeted funds for vacant positions, and workers compensation. Budget transfers between the Board of Commissioners per diem, travel, and

education accounts may be made for each Commissioner individually but may not be made between different Commissioner accounts without the approval of the Board of Commissioners.

#### **CAPITAL ASSET MAINTENANCE**

It shall be the policy of the Board of Commissioners to assure that the level of maintenance of its physical assets is adequate to protect the County's investment and minimize future unscheduled maintenance and/or replacement costs. The adopted operating budget shall provide sufficient resources for the routine maintenance and repair of capital assets, and these resources will not be deferred to future years in order to balance the current year's operating budget.

#### **LAPSED APPROPRIATIONS**

All appropriations not spent or unencumbered at the end of the fiscal year (September 30) lapse into the fund balance applicable to the specific fund, except for:

- a. **Capital Projects** - appropriations for capital projects which do not lapse until the project is completed and closed out; and
- b. **Grant Funds** - appropriations for federal or state grants which do not lapse until the expiration of the grant.

#### **BUDGET REPORTING**

See Chapter 4 of this policy for reporting requirements.

#### **BASIS OF BUDGETING**

The County shall adopt budgets in conformity with Generally Accepted Accounting Principles for all budgeted funds. All governmental funds shall use the modified accrual basis of accounting and proprietary funds shall use the accrual basis of accounting for budgeting purposes.

## **Putnam County Financial Policy**

### **Chapter 3 – Long-Term Financial Planning**

The County recognizes that long-term financial planning is a key process to the County's goal of being fiscally responsible. Primarily, the County uses a vision, mission, and goals approach to help guide the individual departments on a micro level. On a macro level, the County uses a comprehensive plan, strategic plan and trend analysis to help determine its financial position and plan of action.

The Finance Department will provide revenue and expenditure forecasts for the General Fund and Special Service District for the current year and two additional years with the proposed budget. The forecasts will be updated at least annually. These forecasts will help the County plan where to allocate resources in current and future budgets.

During the budget process, each department head will submit three-year capital expenditure projections with their budget request. These capital projections will be reviewed to assist with the expenditure forecasts.

#### **REVENUES**

The County will strive to maintain a diversified and stable revenue system to shelter it from unforeseeable short-run fluctuations. The County will follow a policy of paying for services with user fees when possible to reduce the reliance on taxes and other general revenue sources. The County will aggressively seek public and private grants, contracts, and other outside sources of revenues for funding projects where appropriate.

Major revenue sources in the general fund are property tax, local option sales tax, state and federal revenues, charges for services, fines, and investment earnings. Conservative revenue projections will be used for the proposed budget and long-term planning.

The County's major source of revenue for governmental activities and more specifically for programs within the General Fund is the Property Tax. The Finance Director will work with the Tax Assessor and Tax Commissioner to identify trends to provide estimates for the budget and financial projections.

Each year, the County will evaluate the full costs of activities supported by user fees to identify the impact of cost increases or decreases. The County will set fees and charges for each Enterprise Fund, at a level that fully supports cost of the related activity.

One time or non-recurring revenues shall not be used to finance current ongoing operations. Non-recurring revenues should be used only for non-recurring expenditures and will not be used for budget balancing purposes. This does not preclude the County from using over collections of SPLOST funds for balancing the budget in lieu of raising the mill rate.

## **Putnam County Financial Policy**

### **Chapter 4 – Accounting, Auditing, and Financial Reporting**

#### **Accounting, Auditing and Reporting Standards**

The County shall establish and maintain a high standard of accounting, auditing, and reporting practices. Those standards shall conform to state law and generally accepted accounting practices as prescribed by the Government Accounting Standards Board.

#### **Accounting Organization**

The Board of Commissioners shall establish and maintain a Finance Department and authorize a Finance Director to act as the County's chief accountant. The Finance Director shall accept all revenues, make disbursements, and prepare the financial statements of the County on behalf of the governing authority.

#### **Returned Checks**

Accounting for returned checks must be addressed quickly and directly. It shall be the policy of the Board of Commissioners that no returned checks will be "redeposited". Returned checks will be assessed a returned check fee of \$35 or the amount the County would incur from the financial institution (whichever is higher). Returned checks may only be redeemed for cash, money order or cashier's check.

#### **Debt Collection**

The County will follow an aggressive policy of collecting revenues by enacting consistent collection policies so that assurances can be provided that the revenue base will materialize according to budgets and plans. All available legal means of debt collection shall be used in a timely manner in order to minimize the risk of lost revenues.

#### **Annual Audit**

An annual audit will be conducted by a properly licensed independent Certified Public Accounting (CPA) firm. All general purpose, combining and individual fund and account group statements and schedules shall be subject to a full scope audit.

Every three years the County may issue a request for proposal to choose the County's independent auditor. This request will normally be for three years with two one-year extension options. The request will require two separate proposals from qualified CPA firms. The first will contain the firm's technical qualifications and the second the costs. The second proposal will not be opened until at least two qualified firms have been identified. When awarding the contract for the independent audit, not less than 60% of the decision will be based upon technical qualifications rather than cost.

The County Manager and Finance Director will recommend the CPA firm to the Board of Commissioners and monitor the independent audit process.

The agreement between the County and the independent auditor shall be in the form of a written contract approved by the Board of Commissioners. The contract shall include the request for proposal as an appendix to the written contract and all issues addressed in the request for proposal shall be required as part of the contract.



**Internal Auditing**

The County will maintain a strong internal auditing function. Employee theft by any means is a serious offense, constitutes a breach of public trust, and shall be prosecuted to the fullest extent of the law. The Finance Director shall be designated the Internal Auditor. The Internal Auditor will use internal control procedures, reports, and internal reviews to identify weaknesses in financial practices and procedures and identify deficiencies and/or abnormalities. The Internal Auditor will report weaknesses in financial practices and procedures, and deficiencies and/or abnormalities to the County Manager and shall from time to time recommend changes in internal controls to strengthen the County's procedures. Any significant control deficiencies noted during external audits will be considered annually.

**Budgetary Reporting System**

The County will maintain a system to monitor adherence to the budget thresholds. The Finance Director shall prepare timely and accurate monthly financial reports for internal management purposes comparing actual revenues, and expenditures with the budgeted amounts. These reports will be distributed to the Constitutional Officers, Manager, and Department Heads prior to the second regular monthly meeting of the Board of Commissioners.

The Finance Director will distribute a summary of the financial report monthly to the Board of Commissioners. The Finance Director will conduct quarterly budget reviews with each budgetary department to justify differences in budgeted revenues and expenditures/encumbrances.

**Consolidated Finance Operations**

It shall be the goal of the Putnam County Board of Commissioners to establish a centralized Finance Department responsible for all aspects of the County's financial operations. As the role of local government grows with the inevitable implementation of new programs, increased administrative requirements and necessity of specialization, consolidation of similar functions creates opportunities for increased efficiency, short term cost avoidance and long-term cost savings. The envisioned centralization would transition a financial function such as payroll, billing, accounts receivable, accounts payable, or inventory control, to a more specialized area within the Finance Department, while retaining the more generalized administrative, control and management functions with more experienced employees more adaptable to a subjective operational environment than a functional specialist. The target organization should not be time, but event, workload or administratively driven to achieve operational goals.

## **Putnam County Financial Policy**

### **Chapter 5 – Investments and Cash**

It is the policy of Putnam County that the administration of its funds and the investment of those funds shall be handled as the highest public trust. Investments shall be made in a manner that will provide the maximum security of principal invested, employing limitations on maturities and diversification of the portfolio while meeting the daily cash flow needs of the government and conforming to all applicable federal, state, and local government statutes governing the investment of public funds. The receipt of a market rate of return will be secondary to safety and liquidity requirements. It is the intent of the County to be in complete compliance with all laws. The earnings from investment will be used in a manner that best serves the public trust and interests of the County.

The Board of Commissioners will be notified seven days prior to investing any funds over \$5M.

This policy applies to all the financial assets and funds held by Putnam County. The policy excludes pension fund assets held by a third-party custodian and/or money manager. Bond proceeds shall be invested in accordance with the requirements and restrictions outlined in bond documents. A majority of the non-restricted cash and investments will be maintained in a single cash and/or investment account allowing for the maximum use of available resources. Interest revenue will be recorded to the proper fund consistent with fund ownership in the cash and/or investment.

All funds shall be managed and invested with four primary objectives, listed in order of priority as follows:

#### **Safety of Principal**

Safety of Principal is the foremost objective of Putnam County. Investments of the County shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio. Each transaction shall seek to ensure that capital losses are avoided, whether they are from securities defaults or erosion of market value. To obtain this goal or objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. The suitability of each investment decision will be made on the basis of these objectives.

#### **Liquidity**

The County's investment portfolio will remain sufficiently liquid and structured to enable it to meet all operating requirements that might be reasonably anticipated to pay obligations as they become due.

#### **Diversification**

Diversification of the portfolio will include diversification by maturity and market sector and will include competitive bidding in the selection and retention of investment advisors/managers.

#### **Yield**

The County's investment portfolio shall be designed with the objective of attaining market rate of return throughout budgetary and economic cycles, taking into account the risk constraints and the cash flow of the portfolio.

Effective cash management is recognized as essential to good fiscal management. The County shall maintain a comprehensive cash management program that includes collection of accounts receivable, prudent investment of its available cash, disbursement of payments in accordance with invoice terms, and the management of banking services.

### **Legal Limitations, Responsibilities, and Authority**

Funds of the County will be invested in compliance with the provisions of O.C.G.A. Section 36-83-4 and in accordance with these policies and written administrative procedures. Certain funds may have outstanding bond issues that have specific investment policies contained within the bond ordinances and official statements. Those policies will be adhered to and are not in conflict with the terms of this policy.

### **Delegation of Investment Authority**

The Finance Director shall establish procedures for the operation of the investment management decisions and program activities. The County Commissioners are responsible for considering the quality and capability of staff, investment advisors, and consultants involved in the investment management and procedures. All participants in the investment process shall seek to act responsibly as custodians of the public trust.

The Finance Director shall develop and maintain written administrative procedures for the operation of the investment program consistent with this investment policy. Procedures will include such references as safekeeping, collateralization, any wire transfer agreements, banking services contracts, and other investment related activities. The Finance Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials and staff. No officer or designee may engage in an investment transaction except as provided under the terms of this policy.

### **Limitation of Liability**

Finance Department personnel acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments. 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 the speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

### **Internal Controls**

The Finance Director shall establish a system of written internal controls that will be reviewed annually with the County's independent auditor. The controls shall be designed to prevent loss of public funds due to fraud, employee error, and misrepresentation by third parties, unanticipated market changes, or imprudent actions by employees of Putnam County.

### **Cash Flow Forecasting**

Cash flow forecasting is designed to protect and sustain the County's cash-flow requirements. Supplemental to the financial and budgetary systems, the Finance Director will maintain a cash-flow forecasting process designed to monitor and forecast cash positions for investment purposes. Cash flow will include the historical researching and monitoring of specific cash-flow items, payables and receivables, as well as overall cash position and patterns.

### **Authorized Investments**

Acceptable instruments under this policy shall be limited to the instruments listed below. The investments are to be chosen in a manner that promotes diversity or market sector and maturity. The choice of high-grade government investments and high grade, money market instruments is designed to ensure the marketability of those investments should liquidity needs arise.

- A. Obligations of the United States Government, its agencies, and government-sponsored enterprises, not to exceed two years to stated maturity. This specifically excludes collateralized mortgage obligations (CMOs).
- B. Certificates of Deposit. Fully insured or collateralized certificates of deposit under the terms of a written depository agreement with the bank, not to exceed one year to the stated maturity.
- C. Repurchase Agreements. Repurchase agreements not to exceed 180 days to stated maturity provided an executed Master Repurchase Agreement is on file with Putnam County and the counter party bank.
- D. Interest bearing bank accounts have no time limitation because of the high liquidity of such account.
- E. Georgia Fund 1. The County Commissioners may use the Georgia Fund 1 fund offered by the State of Georgia upon the adoption of a resolution for the initial use of the Fund.

If additional types of securities are approved by state statutes for investment by local governments of public funds, they will not be eligible for investment by the County until this policy has been amended and the amended version approved by the local governing board.

### **Authorized Financial Dealers and Institutions**

The County shall maintain a list of qualified financial institutions from which to solicit investment bids. The County Manager will review the audited Financial Statements of any institution that wishes to be included on such list and make a bona fide, good faith effort to ensure that the County deals only with reputable banks and broker/dealers not in financial trouble. All financial institutions and broker /dealers for investment transactions must submit proof of National Association of Security Dealers certification and a letter certifying that the entity has read the investment policy and depository contract and agrees to abide by them. The County Manager may remove, at any time, with or without just cause and without notification, any financial institution or broker/dealer from the list of qualified financial institutions.

### **Diversification and Maturity Limitations**

It is the goal of Putnam County to diversify its investment portfolio. Invested funds shall be diversified to minimize risk or loss resulting from over concentration of assets in specific maturity, specific issuer, or specific class of securities. The Finance Director, to the extent possible, will attempt to match investments with anticipated cash flow requirements. Matching maturities with cash flow dates will reduce the need to sell securities prior to maturity, thus reducing market risk.

### **Safekeeping and Collateralization**

The laws of the State of Georgia and prudent treasury management require that all purchased securities be bought on a delivery versus payment basis and be held in safekeeping by either Putnam County or the designated depository.

All safekeeping arrangements shall be designated by the Finance Director and an agreement of the terms executed in writing. Any third-party custodian shall be required to issue a report quarterly to the Finance Director which list specific security, rate, description, maturity, and CUSIP number. All securities pledged to the County for certificates of deposit or demand deposits shall

be held by an independent depository. The safekeeping bank may not be within the same holding company as the bank from which the securities are pledged.

In accordance with O.C.G.A. 45-8-12, collateralization shall be required on bank accounts and certificates of deposit over the FDIC insurance coverage and repurchase agreements.

### **Petty Cash**

The purpose of the petty cash account is to provide a source of funds to purchase miscellaneous items on an emergency basis that are necessary to carry out the operations of the government. Petty cash accounts may have a maximum of \$200 except for Oconee Springs Park Fund which has a maximum of \$500.

Request to establish a petty cash account must be submitted in writing or email by the department head to the Finance Department and will be the sole responsibility of the department head. The department head must verify that the cash is on hand during the external audit. If any shortages are detected, the department head must reimburse the County for the funds.

Petty cash shall be replenished by submitting the original copies of the petty cash voucher receipt and supportive documentation to the Finance Department as needed or once a year within seven (7) business days of the County's fiscal year end (September 30).

### **Handling of Cash and Insurance Coverage**

The Finance Director will ensure that bond coverage required by O.C.G.A. Section 45-4-11 for public officials and employees is included in the coverage agreement with the insurance company.

## **Putnam County Financial Policy**

### **Chapter 6 – Purchasing**

Purchasing policies help to ensure that tax dollars are spent in the most economical way. The County uses competitive means for the purchase of all products and services whenever possible and believes in open, fair competition. The purchasing levels in this policy are subject to periodic review and may be changed by the Board of Commissioners based on inflation and other factors.

The County Manager is designated as the Chief Purchasing Officer. The Purchasing Officer shall ensure that purchases are made within the thresholds listed below.

#### **Ethics**

Putnam County officers, employees and public body members may not have an interest in a contract with the County, unless the interest is disclosed, and that person is recused from participating in the decision process. Further, Putnam County officers, employees or public body members with an interest in a contract may not attempt to influence any County employee or decision maker who has influence or decision-making power over the contract.

The purchase of equipment, material, or supplies for personal use is strictly prohibited. The use of County Credit Cards, purchase orders, or reimbursable cash for personal use is unlawful, and is considered tax evasion, fraud or misrepresenting the County in a business transaction. All such instances will be reported to the proper authorities.

#### **Timely Submittal of Documents**

Invoices and supporting documentation such as purchase orders and quotes (as applicable) should be submitted to the Finance Department weekly so they can be paid in a timely manner. Usually, the Finance Department will issue checks every Thursday for all authorized invoices received by 11:00 a.m. the preceding Wednesday. If an invoice is submitted more than 30 days after the invoice date, the department head should provide a written explanation on the invoice.

In cases in which there isn't an invoice, an Expense Report (Attachment #1) should be completed explaining the expense, along with an itemized receipt, and it should be signed by the department head. For example, an employee may request reimbursement for using their personal cell phone for County business.

#### **Purchase Orders**

Purchases must be approved prior to placing the order or making the purchase as evidenced by a purchase order except for the following:

- Purchases totaling \$5,000 or less
- Utilities such as electricity, water, sewer, phone, cable
- Payments made pursuant to written contracts
- Postage
- Insurance payments
- Employee payroll, benefits and employee tax payments
- Road grading paving materials for normal maintenance of county property
- Bulk fuel purchases

Under no circumstances should a purchase order request be split to avoid limits.

**Purchasing Approval**

Department Heads may approve purchases up to and including \$5,000. The County Manager must sign all purchase orders for purchases over \$5,000.

Purchases \$10,000 and under do not require quotes or a bid process, however, all due diligence should be taken to assure that the County gets the best value for each item it purchases regardless of the amount of the purchase. Purchases over \$10,000 to \$75,000 shall require a minimum of three quotations from prospective vendors. Quotes need not be sealed and may be submitted in hard copy, email, or via facsimile to the Department Head or County Manager.

Purchases greater than \$75,000 shall require a formal (advertised) competitive sealed bid. Advertisements for sealed bids will appear in the legal organ of the County for at least two weeks with seven (7) calendar days between advertisements and the bid date being at least seven (7) calendar days following the second advertisement. All formal competitive sealed bids will have a public bid opening at the date, time and place to appear in the advertisements and the bid will be recorded for the public record. Sealed bid shall not be opened without the specified witness. The witness and person opening the bid shall be documented as well as the date opened. All bids will be opened at the same time. The recorded bid sheet and bids shall be provided to the County Manager to provide to the Board of Commissioners at the next regular board meeting. The Board of Commissioners reserves the right to reject any and all bids and waive technicalities and informalities.

Under no circumstances should purchases be split to avoid bid limits. If there is any doubt as to which level of purchase authorization should be used, the next higher category should be used to avoid negating the bids.

Purchasing under State Contract is authorized in lieu of competitive bidding of local purchase when it is to the economic advantage of the County. The same purchasing thresholds as outlined in this policy apply to State contracts.

**Public Works Construction Projects**

Public works constructions projects estimated to exceed \$250,000 require a sealed bid process. The project must be advertised in the legal organ of the county a minimum of two times in accordance with O.C.G.A. 36-91-20. The first advertisement occurring at least four weeks prior to the opening of the sealed bids. The second advertisement shall follow no earlier than two weeks from the first advertisement. The request shall also be posted on the County's website and the Georgia Procurement Registry.

Road construction projects estimated to exceed \$250,000 must be awarded via sealed bid. The project must be advertised at least once a week for two weeks in the legal organ of the County per O.C.G.A. 32-4-65. The first advertisement shall be two weeks prior to the bid opening and the second to follow one week after the first. Projects will also be posted on the County's web page and the Georgia Procurement Registry.

A summary of the authorization levels is included with this policy as Attachment #2.

**Centralized Purchases and Price Agreements**

Whenever it is in the best interest of Putnam County, centralized purchasing will be utilized for common items used by multiple departments. When purchasing items approved for centralized purchasing, Department Heads and Elected Officials will submit their requests to the Purchasing Officer or designee. The Purchasing Officer or designee will place the order and notify Department Heads when items have been received.

Goods or services used by one or more departments on a regular and continuing basis may be purchased under a contract covering a specified extended period of time, at an established price for such goods or services which shall be valid for the duration of the contract period.

**Purchasing Cards**

The Putnam County Purchasing Card Policy was adopted on September 15, 2009 and amended December 15, 2015. The purchasing card policy is hereby incorporated by reference.



## **Putnam County Financial Policy**

### **Chapter 7 – Travel**

#### **Official Travel Defined**

Official travel is when an employee is on official County business which requires attendance at events and functions requiring travel outside the county. Travel shall be approved annually as part of the budget process. Travel not included in the budget must be authorized by a majority vote of the Board of Commissioners, prior to the incurring of any costs associated with such travel.

The County will not honor reimbursement request for meals, expenses, mileage or other costs deemed unofficial or for travel within the county, except as provided in Act 702 (HB No. 1818) of the Georgia General Assembly as approved April 1, 1996. Costs associated with the use of personal vehicles for travel within Putnam County are not reimbursable unless authorized by contract.

When an employee uses their personal vehicle for official travel, the rate of reimbursement is the rate set by the Internal Revenue Service (IRS). All requests for reimbursement of cost associated with the use of personal vehicles while on Official County business outside of the county must be documented on an itemized Expense Report. (*Attachment 1*)

#### **Board of Commissioners**

Reimbursement for official travel by the Chairman or any other member of the Board of Commissioners is strictly limited to the following:

- Educational and training opportunities offered by ACCG and other training opportunities necessary for the orderly conduct of the business of Putnam County and
- Appointments to boards, authorities, committees as made by the Chairman of the Board of Commissioners, by the Board of commissioners, by legislative statute, or directly associated with the conduct of the business of Putnam County and
- Approved budgetary amounts for Per Diem, Travel, and Education, unless a Commissioner has not yet received enough credits to become a certified county commissioner. In those instances, a case-by-case approval for additional amounts beyond the budgeted amounts may be approved by the full Commission if presented prior to the expense of such overage.

Board of Commissioners will be paid as provided in Act 702 of the Georgia General Assembly as approved April 1, 1996.

The County shall approve and/or reimburse travel expenses incurred during the performance of official duties **outside** the county subject to the following limitations and provisions.

Expenses incurred by family members or other persons accompanying the official traveler are not reimbursable. Official travelers must make their own arrangements for individuals accompanying them and pay for all expenses incurred personally.

### **Lodging**

Lodging is tax exempt in most cases if sales tax and motel/hotel tax-exempt form is presented at the time of check-in. The County will not reimburse for taxes paid due to the failure to present exemption forms. Receipts for lodging shall accompany a properly executed Expense Report (Attachment #1) and be submitted to the Finance Department within seven (7) business days of completion of trip.

### **Tips**

Tips are limited to 20% of any bill. This includes taxi services.

### **Meals**

The Daily Meal Rate is set at a maximum of \$65 per day for days with an overnight stay. If one or two meals are purchased for day travel, the rates on the chart below shall apply. Itemized receipts are not required. The employee can claim the daily allowance rate below for the meal(s) purchased.

The standard meal allowance rates are as follows:

<b>Eligible Meals</b>	<b>Daily Allowance</b>
Breakfast	\$15.00
Lunch	\$20.00
Dinner	\$30.00

Alcoholic beverages are not reimbursable.

Itemized receipts are not required. Overnight stays will receive the full \$65 daily allowance unless a meal is covered by the conference fee. For example, for an overnight stay Monday through Thursday night for a conference, in which no meals were included in the conference fee, the employee would be reimbursed five days so the total reimbursement would be \$325. If breakfast and lunch meals were covered by the conference, the employee would receive \$150.

In all instances, an Expense Report must be completed within seven (7) business days from completion of the trip.

### **Travel Advances**

County employees that are not issued a County credit card may receive an advance for anticipated expenses while on official travel. In all cases where a Travel Advance is issued, the traveler will settle their account with the Finance Department within seven (7) business days of the completion of travel by providing receipts and/or proper documentation for incurred expenses. The traveler shall return the balance of advanced funds minus expenses detailed on an approved Expense Report and supported by receipts. Any exceptions to this must be reviewed and approved by the County Manager.

**Review and Approval of Travel Expenses**

Travel expenses require review and proper approval of the Expense Report before submission to the Finance Department.

Travel expenses and P Card charges by employees (below Department Head level) will be audited and approved by the Department Head. Charges by Department Heads will be audited and approved by the County Manager. Charges by the County Manager and all District Commissioners will be audited by the Chairman after submission to the Finance Department. Charges by the Chairman will be provided to the Vice-Chairman for audit after submission to the Finance Department. Any dispute will be settled by a review and vote by the Board of Commissioners.

## **Putnam County Financial Policy**

### **Chapter 8 – Debt Management**

The County will maintain a high credit rating in the financial community to: 1) assure the County's taxpayers that the County government is well managed and financially sound; and 2) obtain reduced borrowing costs. The County will consider long-term debt financing when appropriate.

1. The County will consider the project and its useful life and utilize the most appropriate method to finance the project. Financing may include debt financing, "pay as you go" and/or other financing sources.
2. Whenever the County finds it necessary to issue tax supported bonds, the following policy will be adhered to:
  - Tax supported bonds will be issued on a competitive basis whenever feasible unless market conditions favor negotiated sales
  - Long-term general obligation bond issues and annual appropriation debt will be structured to allow level debt service, with principal being reduced each year.
  - Excluding the advanced funding of SPLOST projects, annual tax supported debt service expenditures for all debt of the County shall not exceed 10% of annual revenues.
  - Total bonded debt will not exceed 10% of the total assessed valuation of taxable real and personal property in the County.
  - Bond financing will be confined to projects which would not otherwise be financed from current revenues.
  - The term of any bond note or lease obligation issue will not exceed the useful life of the capital project/facility or equipment for which the borrowing is intended.
3. The County shall comply with all U.S. Internal Revenue Service rules and regulations regarding issuance of tax exempt debt including arbitrage rebate requirements for bonded indebtedness, and with all Securities and Exchange Commission requirements for continuing disclosure of the County's financial condition, and with all applicable Municipal Securities Rulemaking Board requirements.
4. The County shall comply with all requirements of the Official Code of Georgia Annotated (O.C.G.A.) Title 36 Chapter 82 and other legal requirements regarding the issuance of bonds and certificates of the County or its debt issuing authorities.
5. The County shall employ the principles of this Financial Management Policy in any request from a County agency, outside jurisdiction, or authority for the issuance of debt.
6. The issuance of variable rate debt by the County will be subject to the most careful review and will be issued only in a prudent and fiscally responsible manner.

7. The County will adhere to the following guidelines when it finds it necessary to issue revenue bonds:
  - For any bonds or lease anticipation or appropriation debt in which the debt service is partially paid from revenue generated by the project and partially paid from tax sources, the portion of the bond or lease to the extent that its debt service is paid from non-tax sources shall be deemed to be revenue bonds and are excluded from the calculation of the annual debt service limitation in Policy II C and II D.
  - Revenue bonds of the County and any of its agencies will be analyzed carefully by the Finance Department and its financial advisors for fiscal soundness. The issuance of County revenue bonds will be subject to the most careful review and must be secured by covenants sufficient to protect the bondholders and the credibility of the County.
  - Revenue bonds will be issued on a competitive basis whenever feasible and will be structured to allow for equal debt service; however, when appropriate, the County may use a wrap-around debt service structure to achieve overall debt service to match the anticipated revenue derived from the underlying security of bonds.
  - Reserve funds will be utilized as appropriate to further enhance the County's ability to pay future debt obligations.
  - Interest earnings on the reserve fund balances will only be used to pay debt service on the bonds.
  - The term of any revenue bond or lease obligation issue will not exceed the useful life of the capital project or equipment for which the borrowing is intended.
8. The County will not use long term debt financing to fund current operations.
9. The County does not intend to issue Bond Anticipation Notes (BAN), or Revenue Anticipation Notes (RAN) for a period longer than two years. If the BAN is issued for a capital project, the BAN will be converted to a long- term bond or redeemed at its maturity. If the County issues a Tax Anticipation Note (TAN), it will be paid in full by the last business day of the calendar year.
10. The County shall be evaluated by a rating agency every five (5) years.

## **Putnam County Financial Policy**

### **Chapter 9 – Fund Balance**

The County believes that sound financial management principles require that sufficient fund balance be retained by the County to provide a stable financial base at all times. Maintaining an appropriate level of fund balance:

- Demonstrates the County's commitment to sound financial management.
- Reduces the need for urgent and significant increase in County tax rates.
- Provides the ability to effectively react with existing resources to emergency situation and unanticipated events.
- Avoids the need to issue short-term debt such as revenue anticipation notes for cash flow purposes.
- Maximizes the County's credit rating.
- Maximizes investment earnings.

#### **Unrestricted Fund Balance**

In considering annual budgets, the Board of Commissioners shall establish and maintain an "Unrestricted Fund Balance" in the General Fund and the Special Service District for the purpose of covering expenditures caused by unforeseen emergencies, shortages resulting from unforeseen revenue declines, or to eliminate the practice of short-term borrowing for cash flow purposes. Per guidelines from the Government Finance Officers Association (GFOA), the "Unrestricted Fund Balance" should be maintained in an amount equal to two months of average operational expenses. It shall be the policy of the Board of Commissioners to maintain three months in unrestricted fund balance for the General Fund and the Special Service District.

It shall be the policy of the Board of Commissioner to not to use the "Unrestricted Fund Balance" to balance the annual operating budget in lieu of reducing expenditures or levying applicable taxes unless fund balance is greater than two months of average operational expenses.

#### **Restoration**

Any proposed appropriation that would result in the unrestricted fund balance falling below the minimum of two months of average operational expenses must be accompanied by a restoration plan that would bring the fund back to the minimum within two years.

## **Putnam County Financial Policy**

### **Chapter 10 – Fixed Assets**

The primary purpose for recording fixed assets and/or inventories is to ensure stewardship of Putnam County assets. Detailed and timely records demonstrate accountability. Accurate and complete records provide a deterrent to lost or stolen assets by providing a basis for periodic inventory of those assets. Accurate fixed asset and inventory records are necessary to develop comprehensive risk management programs, provide for accurate financial statements, allow for an unqualified audit opinion, supply cost estimates and replacement needs and to properly plan for replacements and enhancements.

#### **Capitalization Policy**

All assets with a cost of \$10,000 or more and an estimated useful life of five or more years shall be considered a "capital asset". The capitalization threshold for buildings is \$100,000 and \$500,000 for roads. All vehicles, trailers, and any equipment that must be carried on the County insurance plan by law will be recorded in the fixed asset system for insurance tracking purposes. All land will be recorded in the fixed asset system.

All assets that meet the criteria above will be recorded in the Fixed Asset Accounting System maintained by the Finance Department. The Finance Director will send a list of capital assets to each department head or elected official annually to verify their assets.

A test of physical inventory of Fixed Assets will be conducted by the external auditors for verification and accuracy. Items found during annual physical inventory that meet fixed asset criteria but cannot be located on the fixed asset records, will be recorded at cost or historical cost when applicable.

Assets which have an acquisition cost of \$5,000 to less than \$10,000 will be maintained at the Departmental level. At a minimum, departmental records should contain the description, acquisition date, cost, location, serial number and model number of the assets. Physical inventories will be conducted annually by the Department Heads. A test of physical inventory of these assets may be conducted by the County Manager, Finance Director or external auditors for verification and accuracy and are subject to audit during this process.

Department Heads are responsible for the legal and ethical obligation of their staff to provide sufficient care and safe keeping of all assets. Custodial responsibility obligates the department to give reasonable protection against theft, vandalism, misuse and destruction of assigned fixed assets. Fixed assets are not to be removed from assigned locations without the permission of the Department Head.

#### **Missing Assets**

If an asset is determined to be missing, departments should notify the County Manager or Finance Director immediately. Fixed assets that have been removed from any location without permission of the appropriate County official are considered to be stolen should be reported to the Putnam County Sheriff's Office without delay. A copy of the incident report shall be forwarded to the Finance Department.

### **Donated Assets**

Gifts/Donations to Putnam County by outside agencies, companies or individuals that meet fixed asset criteria will be recorded on the fixed asset accounting system at fair market value on the date of acquisition.

### **Renovations/Improvements**

Renovations or improvements to existing assets that meet the fixed asset criteria will be recorded on the fixed asset system. Repairs and maintenance will be recorded as operating expenses.

### **Grant Fixed Assets**

Federal and state requirements must be followed with respect to recording grant fixed assets. Information regarding the grant title, number and granting agency shall be kept as part of the permanent fixed asset records. All grant requirements concerning acquisition, use, transfer and disposal must be followed. Upon the acquisition of a fixed asset, each department shall submit written notification to the Finance Department of the acquisition within 30 days of the acquisition of the asset. The Finance Department will then record the asset on the fixed asset accounting system, assign it an identification tag number and issue an identification tag to the department to be attached to the asset.

### **Transfers of Assets**

Transfers are defined as any movement of an asset by virtue of change in location, either by account or department. Fixed asset transfers must be approved by both the sending and receiving departments and must be reported on a Transfer of Asset form and sent to the Finance Department.

### **Leased Assets**

The Putnam County Board of Commissioners shall approve all capital lease agreements that exceed a one-year term or annual payments of \$10,000 or more. The Finance Director will examine all lease agreements to determine if the capital asset should be recorded on the Fixed Asset Accounting system under the criteria established by the Federal Accounting Standards Board.

### **Control and Disposal**

All assets determined to be no longer usable by departments are transferred to surplus or obsolete assets on the record keeping system. All departments have an opportunity to examine assets declared surplus for possible use before the assets are disposed of. The purpose of maintaining surplus is to give other departments within the government an opportunity to use existing equipment and possibly eliminate unnecessary purchases. Notification will take place before the physical movement of the assets. Disposal of all surplus assets must be approved by the Putnam County Board of Commissioners prior to disposal. All disposals must be reported on a Disposal of Asset form and sent to the Finance Department. All assets purchased by the Putnam County Board of Commissioners shall be disposed of by the Putnam County Board of Commissioners.

### **Assets may be disposed of as follows:**

- a. **Auction.** Periodically, the Finance Department in coordination with Department Heads and the County Manager will prepare a list of surplus assets to be sold for approval by the Board of Commissioners. Once approved, an auction will be organized under the direction of the County Manager. The Finance Department will accept and record all revenues from the surplus sale and allocate them to the appropriate fund.



- b. **Donation.** Donation of assets to other governmental persons or agencies must be coordinated with the County Manager and Finance Department, and authorized by the Board of Commissioners. Completed transactions shall be reported in writing to the Finance Department.
- c. **Sale other than Auction.** Putnam County Board of Commissioner's approval is required prior to the individual sale of any asset. The Finance Department shall accept and record all revenues from sales of assets and allocate them to the appropriate fund.
- d. **Dismantling.** The breakdown of fixed assets for alternate use should be approved by the Department Head prior to dismantling. Assets that cannot be restored to serviceability without excessive repairs and determined to be no longer operational may be stripped of parts for use in other areas. This must be approved by the Department Head and reported in writing to the Finance Department.
- e. **Trade-In.** The trade-in of a fixed asset must be approved by the department head or elected official and the County Manager and reported in writing to the Finance Department.

## PUTNAM COUNTY EXPENSE REPORT

**Date of Request:** \_\_\_\_\_  
**Employee Name:** \_\_\_\_\_  
**Department:** \_\_\_\_\_  
**Trip Destination:** \_\_\_\_\_  
**Purpose of Trip:** \_\_\_\_\_  
**Date of Departure:** \_\_\_\_\_ **Date of Return:** \_\_\_\_\_

**\*Mileage Expense (record total below) = Total Miles Traveled \_\_\_\_\_ X \$ (put current rate here)**

If expenses for a guest were put on Pcard, note in supporting documentation and write a check to the County for the expenses.

Date	Lodging	Meals	Parking or Misc.	*Mileage Expense	Per Diem Only	Total Cost	Cost to be Reimbursed
<b>TOTAL</b>							

Put all cost in column #2 even if put on Pcard. Only include items in column #3 that are > reimbursable; do not include per diem or pcard items in column #3.

1                      2                      3

**Supporting Information:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Employee Signature & Date:** \_\_\_\_\_

By my signature, I certify that I have not been reimbursed from any other source for any of these expenses.

**Approving Signature(s)**  
**Dept. Head, Co. Manager, or** \_\_\_\_\_  
**Board of Commissioners:** \_\_\_\_\_

**Date Approved:** \_\_\_\_\_

**Notes:**

- (1) All expenses other than mileage must be validated by **ITEMIZED** receipts.
- (2) Meals purchased for others must be explained.

### FINANCE DEPARTMENT

ACC: \_\_\_\_\_  
 Review: \_\_\_\_\_  
 Descrip: \_\_\_\_\_  
 Entered: \_\_\_\_\_

## Putnam County Financial Policy

### ATTACHMENT #2

#### Summary of Authorization Levels

Dollar Amount	Procedure	Documentation	Approval
\$0 - \$5,000	Practice due diligence to ensure the County receives the best price for the product or service	Invoice	Department Head
\$5,000.01 - \$10,000	Due diligence and written quotes are encouraged	Invoice & Purchase Order	County Manager & Department Head
\$10,000.01 to \$75,000	Due diligence and at least three written quotes must be obtained	Invoice, Purchase Order & 3 Written Quotes	County Manager & Department Head
Over \$75,000	Formal Bid Process Required	Invoice & Bid Documentation	Board of Commissioners