

# COUNTY OF JACKSON POLICY MANUAL

FISCAL

Policy 1000

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## BUDGET RESOLUTION

A resolution to establish a budget system for the County of Jackson; to define the powers and duties of the County of Jackson officers in relation to that system; to provide that the Fiscal Officer shall be furnished with information by the departments, boards, commissions, and agencies (hereafter known as “entities”) relating to their financial needs, receipts and expenditures, and general affairs; to provide for an annual appropriation measure; to prescribe a disbursement procedure; to provide for an allotment system; and to provide remedies for refusal or neglect to comply with the requirements of this resolution. The annual budget will be prepared as prescribed by the Uniform Budget and Accounting Act of 1978 as amended.

Section 1. County of Jackson Budget Resolution.

Section 2. The fiscal year of the County of Jackson shall begin on January 1, in each year and close on the following December 31<sup>st</sup>.

Section 3. The Administrator/Controller shall be the County of Jackson Fiscal Officer, and shall perform the duties of the Fiscal Officer enumerated in this resolution. The Jackson County Board of Commissioners shall be the Board of Commissioners.

Section 4. No later than July 1<sup>st</sup> of each year, the Fiscal Officer shall send to each entity of the County of Jackson, a budget message for the use of those

entities in preparing their estimates of budgetary requirements for the ensuing fiscal year. This message shall include information that the Fiscal Officer determines to be useful and necessary to assure that the budgetary estimates of the agencies are prepared in a consistent manner. It may also indicate limits on budgetary estimates, items that are to receive emphasis, and other policy direction deemed necessary. The budget message shall, at a minimum, require:

- A. The actual revenues and expenditures for the last completed fiscal year.
- B. Projected revenues and expenditures for the current fiscal year.
- C. Estimates of revenues and expenditures for at least the ensuing fiscal year. (The Fiscal Officer may require that the estimates for the ensuing fiscal year be calculated on the basis of various assumptions regarding level of service.)

Section 5. Any entity of the County of Jackson, financed in whole or in part by the County of Jackson shall, according to the Budget Calendar, transmit to the Fiscal Officer its estimates of the amounts of money required for each of its activities for the ensuing fiscal year. Each entity shall also submit any other information deemed relevant by the Fiscal Officer on such forms and at such times as he/she may direct.

Section 6. Any request for the proposed purchase of land, buildings or capital equipment, shall be accompanied by a statement for the ensuing fiscal year and for the following four (4) years which:

- A. Describes the intended use of the land, buildings, or equipment.
- B. States the order of priority of the purchase.
- C. Provides an estimate of any capital and related operating costs associated with the purchase.

Section 7. The Fiscal Officer may review the estimates with a representative from each entity of the County of Jackson that has submitted such estimates. The purpose of the review shall be to clarify the estimates, ensure their accuracy, and to determine adherence to the budget guidelines provided by the Fiscal Officer pursuant to Section 4.

Section 8. The Fiscal Officer shall consolidate the estimated expenditures received from the various entities together with the amounts of expected revenues and shall make recommendations relating to those estimates which shall assure consistence with the budget message. The total of estimated expenditures including any accrued deficit in any fund shall not exceed the total of expected revenues including any un-appropriated surplus. The budget shall consist of the following parts:

- A. The amounts needed to pay and discharge the principal and interest of debt of the local unit due in the ensuing fiscal year.
- B. Revenues shall contain detailed estimates of all anticipated revenues and any additional information required by the Fiscal Officer.

- C. Expenditures shall contain detailed estimates of all operating and capital outlay expenditures and any additional information required by the Fiscal Officer.
- D. An informational summary of projected revenues and expenditures of any special revenue funds, capital project funds, internal service funds, enterprise funds, or debt service funds, including the estimated total cost and proposed method of financing each capital construction project, and the projected additional annual operating cost and the method of financing the operating costs of each project for four (4) years beyond the fiscal year covered by the budget.

Section 9. The Fiscal Officer shall transmit the budget to the Board of Commissioners who may review or alter it pursuant to Section 8.

Section 10. According to the Budget Calendar, the Fiscal Officer shall transmit to the Board of Commissioners:

- A. A proposed general appropriations act, which shall set forth the anticipated revenues and requested expenditures. No general appropriation act shall be submitted to the Board of Commissioners in which estimated total expenditures, including an accrued deficit, exceed estimated revenues and available surplus.
- B. A budget message which shall explain the reasons for increases or decreases in budgeted items compared with the current fiscal year, the policy of the Fiscal Officer as it relates to important budgetary

items, any other information that the Fiscal Officer determines to be useful to the Board of Commissioners in its consideration of proposed appropriations.

Section 11. The Board of Commissioners may direct the Fiscal Officer to submit any additional information it deems relevant in its consideration of the proposed general appropriation act. The Board of Commissioners may conduct budgetary reviews with the Fiscal Officer for the purpose of clarification or justifications of proposed budgetary items. The Board of Commissioners may revise, alter or substitute for the proposed general appropriations act in any way, except that it may not change it in a way that would cause total appropriations including an accrued deficit to exceed total estimated revenues, including an un-appropriated surplus. An accrued deficit shall be the first item of expenditures in the general appropriations act.

Section 12. The Board of Commissioners shall fix the time and place of a public hearing to be held on the proposed general appropriations act. The County Clerk shall then have published in a newspaper of general circulation within the County of Jackson a notice of the hearing and an indication of the place at which the proposed general appropriations act may be inspected by the public. The notice must be published at least seven (7) days before the date of the hearing.

A. No later than November, the Board of Commissioners shall pass a general appropriations act providing the authority to make

expenditures and incur obligations and cause to be levied and collected the general property tax in an amount set forth in the County's fixed portion as voted on by the electorate.

Section 13. In the event that the Board of Commissioners fails to pass a general appropriations act by January 1<sup>st</sup> of each fiscal year, the Fiscal Officer shall notify all entities that they may, in the new fiscal year, make expenditures and incur obligations under the provisions of the general appropriations act effective for the fiscal year just completed; except that the authority for any items of appropriation in any month shall be limited to an amount not to exceed one twelfth (1/12) of the annual appropriations amount for that item. Expenditures shall continue in this manner each month until the effective date of a general appropriations act for the new fiscal year.

Section 14. A deviation that would cause total expected expenditures to exceed total estimated revenues shall not be made until first approved by the Board of Commissioners.

Section 15. Appropriations will be deemed maximum authorization to incur expenditures. The Fiscal Officer shall exercise supervision and control in order to ensure that programs or work objectives are realized within these limits and shall not approve any expenditures beyond that necessary to accomplish those objectives.

Section 16. The Fiscal Officer shall maintain an accounting system in accordance with the State of Michigan Uniform Chart of Accounts.

Section 17. No money shall be drawn from the County Treasurer except in pursuance of an appropriation of the Board of Commissioners. Each warrant or draft of the County of Jackson shall specify the fund and account (as designated by the State of Michigan Uniform Chart of Accounts) from which it is payable and shall be paid from no other fund or appropriation. Expenditures shall not be charged directly to any contingent account; instead, the necessary amount of the appropriation from such account shall be transferred to the appropriate account and the expenditure then charged thereto.

Section 18. No obligation shall be incurred against, and no payment shall be made from any appropriation account unless there is a sufficient unencumbered balance in the appropriation and sufficient funds are or will be available to meet the obligations. Any obligation incurred or payment authorized in violation of this resolution, shall be void and any payment so made illegal.

Section 19. The Fiscal Officer within thirty (30) days after the end of each month, shall transmit to the Board of Commissioners a summary statement showing the revenues and expenditures for the month, including year to date.

Section 20. The Board of Commissioners may make supplemental appropriations by amending the original general appropriations act provided that:

- A. An unobligated surplus from prior years becomes available,
- B. Current year's revenue exceeds original estimates,
- C. Current year's expenditures are less than original estimates.

D. In no case may such supplemental appropriations cause total estimated expenditures, including an accrued deficit, to exceed total estimated revenues, including an un-appropriated surplus.

Section 21. Whenever it appears to the Fiscal Officer that actual and probable revenues in any fund will be less than the estimated revenues upon which appropriations from such funds were based, the Fiscal Officer shall present to the Board of Commissioners recommendations which, if adopted, will prevent expenditures from exceeding available revenues for the current fiscal year. Such recommendations shall include proposals for reducing appropriations, increasing revenues or both. Within thirty (30) days of receiving the recommendations of the Fiscal Officer, the Board of Commissioners shall amend the general appropriations act to reduce appropriations or shall approve such measures necessary to provide revenues sufficient to equal appropriations or both. If the Board of Commissioners does not make effective such appropriations, reductions or measures to increase revenues within this time, the Fiscal Officer shall within the next five (5) days, make adjustments in appropriations in order to equalize appropriations and estimated revenues.

Section 22. Any violation of Sections 14, 16, 18, or 21 may be cause for removal of any officer or employee in the manner prescribed by law.

Adopted: 05/16/00  
Revised: 05/15/07, 9/23/08



# COUNTY OF JACKSON POLICY MANUAL

**FISCAL**

**Policy No. 1010**

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## **BALANCED BUDGET POLICY**

A balanced budget shall be adopted by the appropriate board at the department level for the General, Special Revenue, Debt Service, Capital Projects, Enterprise Funds, and Internal Service Funds.

Total anticipated revenues plus that portion, if necessary, of beginning Fund Balance or Budget Stabilization Fund must equal estimated expenditures of that Fund.

The budgetary process shall be conducted according to the revised Budget Resolution Policy 1000.

Adopted: 05/16/00  
Revised: 05/15/07  
Reviewed: 09/23/08

**COUNTY OF JACKSON  
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**FISCAL**

**Policy No. 1020**

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**ADDITIONAL OPERATING APPROPRIATION POLICY**

Unless extenuating circumstances exist, all requests for additional employees or operating appropriations shall be made during the budget process as outlined in the revised Budget Resolution Policy 1000.

Adopted: 05/16/00  
Revised: 05/15/07  
Reviewed: 09/23/08

# COUNTY OF JACKSON POLICY MANUAL

FISCAL

Policy No. 1030

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## CAPITAL BUDGET POLICY

The County shall develop a five-year Capital Budget plan in accordance with Public Act 621 of 1978, Sec. 15, Para. G as may be amended, to be updated and adopted annually in conjunction with the regular budget process, for all capital outlay expenditures.

Projects to be included are new buildings, additions to existing buildings, building repairs, land acquisitions, major equipment purchases or replacement.

The proposed plan shall include an estimate of total costs, projected annual operating costs, and a proposed means of financing the project.

The Board of Commissioners shall review and prioritize all requests based on the financial condition of the County.

Adopted: 05/16/00

Revised: 04/15/08, 09/23/08

# COUNTY OF JACKSON POLICY MANUAL

FISCAL

Policy No. 1040

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## DEPARTMENTAL FLOAT POLICY

A wage float reflecting employee turnover will be established in departments with over \$500,000 budgeted in full-time and part-time wages. The actual amount of the float will be determined by the Administrator/Controller based on prior year's experience and may result in a reduction in the requested wage and associated fringe line items.

At year end, if a department is in a deficit position and has had a reduction in its full-time and part-time wages as a result of the float, a budget adjustment will be made up to the float amount for that department.

Adopted: 05/16/00  
Revised: 05/15/07, 09/23/08

# COUNTY OF JACKSON POLICY MANUAL

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Policy No. 1050

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## BUDGET ADJUSTMENT POLICY

### Revenues

An entity (as defined in Policy 1000) may receive additional revenues during the budget year from increases in revenue generating line items (for example, user fees, service charges, state shared revenues, etc.). Revenues may also be received from a source that was not anticipated or projected in the original budget measure. In these instances, the Board of Commissioners reserves the right to appropriate these revenues with consideration that one-time revenues shall not be used for operating expenses but shall be retained in the Fund Balance or Budget Stabilization Fund.

### Expenses

Expenditure budgets will be available only for the fiscal period for which they are projected. Deferral of any capital expenditure budget to a succeeding year may be considered by the Board of Commissioners upon the recommendation of the Administrator/Controller.

### Budget Adjustments by the Administrator/Controller

Budget adjustments shall be submitted to the Administrator/Controller in writing. Budget adjustments up to \$10,000 may be authorized by the Administrator/Controller. Budget adjustments between \$10,000.01 and \$25,000 will be approved by the Personnel and Finance Committee, budget adjustments of \$25,000.01 and over will be referred to the Personnel and Finance Committee and then to the Board of Commissioners for final action. This authority extends to new revenues, expenses, grants, and interdepartmental transfers.



# COUNTY OF JACKSON POLICY MANUAL

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Policy No. 1060

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## TRANSFERS OUT / APPROPRIATIONS POLICY

Transfers out of Department 101-982 (Operating Transfer Out) and Department 101-998 (Appropriations) shall be expended at a maximum of 25% per quarter, unless state law specifies otherwise. An exception is to be made for the “Drains-at-Large” transfer out, which will be expensed during the year as the Drain Commissioner presents supporting documents.

Policy waivers may be authorized by the Board of Commissioners.

Adopted: 05/16/00  
Revised: 04/20/04  
Reviewed: 09/23/08

# COUNTY OF JACKSON POLICY MANUAL

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Policy No. 1070

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## UNRESERVED FUND BALANCE POLICY

The County's optimum unreserved fund balance should represent 18% - 24% of the annual audited expenditures and transfers out of the previous fiscal year. Any amount in excess of 24% will, as approved by the Board of Commissioners, be transferred to the Budget Stabilization Fund, transferred to the Public Improvement Building Fund, or be identified in the five-year fiscal plan on how it will be used to maintain service levels while returning the fund balance to the appropriate level.

The unreserved fund balance may be used to pay expenditures caused by unforeseen emergencies, for shortfalls caused by declining revenues or to eliminate any short-term borrowing.

Adopted: 05/16/00

Revised: 05/15/07, 09/23/08, 8/13/12



# COUNTY OF JACKSON POLICY MANUAL

FISCAL

Policy No. 1080

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## BUDGET STABILIZATION FUND POLICY

In accordance with Jackson County Ordinance No. 3, the County will maintain a Budget Stabilization Fund not to exceed 15% of the previous year's budget. Any excess money above the established limits shall be appropriated in the County's next budget.

Restrictions on expenditures from the Budget Stabilization Fund:

To cover a General Fund deficit when the County's annual audit reveals such a deficit.

To prevent a reduction in the level of public services or in the number of employees at any time during a fiscal year when the County's budgeted revenue is not being collected in an amount sufficient to cover budgetary expenses.

To prevent a reduction in the level of public services or in the number of employees when preparing the budget for the next fiscal year the County's estimated budgeted revenue does not appear sufficient to cover estimated expenses.

To cover expenses created by natural disaster, including flood, fire, or tornado; provided that if federal or state funds are received to offset appropriations for such purposes, such monies shall be returned to the Stabilization Fund.

A 2/3rds majority vote of the Board of Commissioners is required to transfer money from this fund.

Adopted: 05/16/00

Revised: 09/23/08

# COUNTY OF JACKSON POLICY MANUAL

**FISCAL**

**Policy No. 1090**

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## **PUBLIC IMPROVEMENT FUND POLICY**

The County shall maintain a Public Improvement Fund as authorized by Public Act 177 of 1943, as amended by Public Act 136 of 1956 as may be amended, and established by resolution of the Board of Commissioners.

Money placed into this fund is limited by statute to "non-tax" revenues, and the specific purpose for which the non-tax revenues are being accumulated must be stated.

Money placed into this fund becomes restricted and cannot be used for purposes other than the Public Improvements specified in the Act.

Adopted: 05/16/00  
Revised: 09/23/08

**COUNTY OF JACKSON  
POLICY MANUAL**

**Policy No.  
1100**

**FISCAL**

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**DELINQUENT TAX REVOLVING FUND POLICY**

The County will strive to maintain a fully funded Delinquent Tax Revolving Fund with overfunding to be transferred from this fund as specified in this policy.

It is recognized that the fund generates excess earnings per year and that use of excess earnings generated each year does not jeopardize the integrity of the Delinquent Tax Revolving Fund and may be used for non-operational needs of the County, such as capital improvement projects and/or equipment (new or replacement) purchases. Additionally, the fund's resources may be sufficient enough to allow for inter-fund loans with funds to be repaid based upon a rate as established by the Board of Commissioners.

After the fund is fully funded, the charge backs to the governmental units will be based on the average money market interest rate each year.

**Purpose of this Policy:**

To provide adequate cash flow within the Delinquent Tax Revolving Fund which will assure that all local units are paid on a timely basis.

To attempt to eliminate future controversies relating to the appropriate level of the Delinquent Tax Revolving Fund's unpledged reserves and excess earning by providing a defined use of these excesses.

To save on borrowing costs for the fund.

To establish policy for charge backs to the units of government (those delinquent taxes paid to the units which were never subsequently repaid to the Delinquent Tax Revolving Fund).

To prevent funds from this fund being transferred into the General Fund, except the 4% administrative fee, in order not to be dependent upon this fund for General Fund operations.

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**Policy No.  
1110**

**FISCAL**

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**INTEREST ALLOCATION POLICY**

The County utilizes a “pooling of funds” concept to maximize investment returns. Therefore, the County will allocate interest as follows:

1. Interest will be allocated to all funds as statutorily required.
2. If the fund receives an appropriation from the General Fund, then interest will not be allocated.
3. The interest to be earned is anticipated to be greater than \$1,000 on an annual basis.

Adopted: 05/16/00  
Revised: 05/15/07, 02/21/12

**COUNTY OF JACKSON  
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**Policy No.  
1120**

**FISCAL**

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**INTERFUND BORROWING –  
TEMPORARY CASH DEFICIT POLICY**

This policy establishes the procedure whereby:

All funds shall be reviewed at month end by the Administrator/Controller and any funds with a negative cash balance, resulting in an interfund borrowing, will be reported to the Personnel and Finance Committee.

The Administrator/Controller shall notify the department head/elected official responsible for the fund and request that a written plan for repayment be submitted within 5 working days.

Adopted: 05/16/00  
Reviewed: 05/17/11

**COUNTY OF JACKSON  
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**FISCAL**

**Policy No. 1130**

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**Investment Policy  
Effective May 15, 2012**

**I. POLICY**

It is the policy of the County of Jackson to manage public funds in a manner which will provide the highest investment return with maximum security, while meeting the daily cash flow demands of the County and conforming to all State statutes and local resolutions governing the investment of public funds.

The intent of the Investment Policy of the County of Jackson is to define the parameters within which the County's funds are to be managed. The County recognizes its responsibilities with respect to the use and custody of public funds.

As a result of changes in the market or State statute, current holdings could exceed the guidelines of this policy. Whenever that occurs, notice will immediately be provided by the Jackson County Treasurer to the Administration and the Personnel & Finance Committee and appropriate action taken.

The comprehensive policy will define the following:

- Scope of policy
- Prudence
- Investment objectives
- Authority
- Ethics and conflicts of interest
- Authorized financial dealers and institutions
- Authorized and suitable investments
- Safekeeping of investments
- Maturities and diversification
- Internal controls
- Investment performance and reporting
- Investment Policy adoption

**II. STATUTORY REFERENCES**

Public Act 20 of 1943, [MCLA 129.91], as amended, requires the County to have a written investment policy which, at a minimum, includes the purpose, scope and objectives of the policy, including safety, diversification and return on investment; a delegation of authority to make investments; a list of authorized investment instruments; and statement addressing safekeeping, custody and prudence. (See Appendix A).

**Jackson County Michigan  
INVESTMENT POLICY**

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## INTRODUCTION

The intent of the Investment Policy of the County of Jackson is to define the parameters within which the County's funds are to be managed. The County recognizes its responsibilities with respect to the use and custody of public funds. It is the policy of the County of Jackson to manage public funds in a manner which will provide the highest investment return with maximum security, while meeting the daily cash flow demands of the County and conforming to all State statutes and local resolutions governing the investment of public funds. As a result of changes in the market or State statute, current holdings could exceed the guidelines of this policy. Whenever that occurs, notice will immediately be provided by the Jackson County Treasurer to the Administrator/Controller and the Chair of the Personnel & Finance Committee and appropriate action taken. This Policy is approved by the Jackson County Board of Commissioners.

The comprehensive policy will define the following:

- Scope of policy
- Prudence
- Investment objectives
- Authority
- Ethics and conflicts of interest
- Authorized financial dealers and institutions
- Authorized and suitable investments
- Safekeeping of investments
- Maturities and diversification
- Internal controls
- Investment performance and reporting
- Investment Policy adoption

### SECTION I. SCOPE OF POLICY

The Investment Policy applies to all transactions involving the financial assets and related activity of the County of Jackson except for its employee pension funds; its deferred compensation funds; certain 12<sup>th</sup> Judicial District Court funds; certain 4<sup>th</sup> Judicial Circuit Court Escrow funds; which are organized and administered separately. These funds are accounted for in the annual financial report and include the following funds:

- ~ General Fund
- ~ Special Revenue Funds
- ~ Capital Project Funds
- ~ Enterprise Funds
- ~ Debit Service Funds
- ~ Special Assessment Funds
- ~ Internal Service Funds
- ~ Trust and Agency Funds
- ~ Any new fund created by the governing body, unless specifically exempted by the governing body.



## SECTION II. PRUDENCE

The standard of prudence to be applied by the investment officials shall be the "prudent person rule" and shall be applied in the context of managing an overall portfolio. Under the "prudent person rule", investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable revenue to be derived. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

## SECTION III. INVESTMENT OBJECTIVES

The following investment objectives, in priority order, will be applied in the management of the County's funds:

**Safety.** Safety of principal is the foremost objective of the investment program. The primary objective of the County's investment activities is the preservation of capital in the overall portfolio and the protection of investment principal. The County Treasurer will establish investment procedures and strategies to control risks and diversify investments regarding specific security types and individual financial institutions.

**Liquidity.** The investment portfolio will remain sufficiently liquid to enable the County to meet future operating, capital expenditure, and debt needs which might be reasonably anticipated, and to meet unanticipated needs.

**Management of Risk.** To control risks regarding specific security types, or individual financial institutions, or specific maturity, the county will diversify its investments. Assets shall be diversified to eliminate the risk of loss resulting from over concentration in a specific maturity, individual financial institution(s) or a specific class of securities. The County Treasurer shall diversify the investments by security type. With the exception of U.S. Treasury securities, no more than 70% of the total investment portfolio will be invested in a single security type.

**Return on Investment.** It is the intent of the County to maximize its return on surplus funds by actively investing all available and prudent balances within the guidelines established by State statutes and this Policy. The investment portfolio shall be designed with the objective of attaining a benchmark rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow characteristics of the portfolio. The County recognizes that interest earnings are an important revenue source; however, the priority is safety, liquidity to meet County obligations and then interest earnings.

**Competitive Environment.** An objective of the Investment Policy is to provide for a competitive environment while providing flexibility to the County Treasurer. Competitive concepts include taking bids on investments placed.

## SECTION IV. AUTHORITY

The County Treasurer is the custodian of all County funds. By resolution of the Board of Commissioners, the County Treasurer is authorized to invest surplus County funds in the various forms of investments that are permitted by State statutes (Public Act 20 of 1943) and that follow the guidelines of this Policy.

The County Treasurer shall be responsible for all transactions undertaken, and shall establish a system of controls to regulate the activities of the staff of the Treasurer's Office.

The County Treasurer shall establish written investment procedures for the operation of the investment program consistent with this policy. Procedures should include references to: safekeeping, delivery vs. payment, depository agreements, repurchase agreements, wire transfer agreements, and banking service agreements. Said procedures shall include explicit delegation of authority to those engaged in the investment transactions. No person shall engage in an investment transaction except as provided under the terms of this policy and the procedures established by the County Treasurer.

## **SECTION V. ETHICS AND CONFLICTS OF INTEREST**

The Treasurer and employees of the Treasurer's Office, involved in investment activities, shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair (or create the appearance of an impairment on) their ability to make impartial investment decisions.

These persons shall disclose any material financial interests in financial institutions that conduct business with Jackson County and any large personal financial investment positions that could be related to the performance of the County's portfolio to the County Administrator who will report to the Board as follows: amounts over \$10,000 shall be disclosed to the Personnel & Finance Committee, and amounts over \$25,000 shall be disclosed to the full County Board of Commissioners.

The Treasurer and the above mentioned employees shall subordinate their personal financial transactions to those of the County, particularly with regard to the time of purchases and sales.

## **SECTION VI. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS**

Deposits made by the County with financial institutions consist of checking accounts, savings accounts, and certificates of deposit. It is understood by the County that for FDIC deposit insurance purposes, all funds in deposit form with one financial institution are added together and insured up to a maximum of \$250,000 in demand deposits and \$250,000 in time deposits regardless of the number of accounts involved. It is the policy of the County to manage the risk by establishing procedures to evaluate the creditworthiness of the financial institutions and to diversify by setting concentration limits for each financial institution where funds are placed in deposit form. The County does not expect to manage this risk by limiting deposits with each financial institution to \$250,000.

A list will be maintained of financial institutions authorized to provide investment services. In addition, a list shall also be maintained of approved broker/dealers who have been selected based on credit worthiness and authorization to conduct business in the State of Michigan. These may include "primary" dealers or regional dealers that qualify under the Security & Exchange Commission Rule 15c3-1 (uniform net capital rule). Regional dealers must meet two times the uniform capital rule to be authorized for County business.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the County Treasurer with the following: audited financial statements for the most recent fiscal year and then annually, within 6 months of the year end; certification of having read the County's Investment Policy and the pertinent State statutes; proof of National Association of Security Dealers certification; and proof of State registration, where applicable.

An annual review of the financial condition and registrations of qualified bidders will be conducted by the County Treasurer. A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the County invests with.

## **SECTION VII. AUTHORIZED AND SUITABLE INVESTMENTS**

The County is empowered by Public Act 20 of 1943 (as amended through June 30, 1997) to invest public funds. In its Investment Policy, the County Board of Commissioners limits the investment authority to the following:

- A. Bonds, securities or other obligations of the United States or an agency or instrumentality of the United States.
- B. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a financial institution. The financial institution must be:
  - a. a state or nationally chartered bank or a state or federally chartered savings and a loan association, savings bank or credit union
  - b. whose deposits are insured by an agency of the United States government, and
  - c. that maintains a principal office located in the State of Michigan under the laws of this State or the United States
- C. Commercial paper rated at the time of purchase within the highest classification by at least two rating services and that mature not more than 270 days after the date of purchase. Not more than 20% of any fund may be invested in commercial paper at any time.
- D. Repurchase agreements consisting of bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States. Repurchase agreements shall be negotiated only with dealers or financial institutions with whom the Jackson County Treasurer has negotiated a Master Repurchase Agreement. Repurchase agreements must be signed with the bank or dealer and must contain provisions comparable to those outlined in the Public Security Association's Model Master Repurchase Agreement.
- E. Banker's acceptances of United States banks.
- F. Obligations of this state or any of its political subdivisions that at the time of purchase are rated at an A or M-1/SP-1 or better by not less than 1 standard rating service.
- G. Mutual funds registered under the Federal Investment Company Act of 1940, Title 1 of Chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 64, with the authority to purchase only investment vehicles that are legal for direct investment by the County. This authorization is limited to securities whose intention is to maintain a net asset value of \$1.00 per share.
- H. Obligations described above if purchased through an inter-local agreement under the Urban Cooperation Act of 1967. 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512 (for example, the MBIA program).
- I. Investment pools organized under the Surplus Funds Investment Pool Act (Public Act 367 of 1982), e.g. bank pools. MCL 129.111 to 129.118. (See Appendix B).
- J. Investment pools organized under the Local Government Investment Pool Act (Public Act 121 of 1985). MCL 129.141 to 129.150.

## **INVESTMENT POOLS / MUTUAL FUNDS**

A thorough investigation of each pool shall be required before investing and on a continual basis after investing. A questionnaire shall be developed to secure responses to a set of due diligence questions. Those questions shall, at minimum, include the following:

1. Does the pool have a written statement of investment policy and objectives? How are changes to the policy and objective statement communicated to participants?
2. Does the policy describe eligible investment securities?
3. A detailed description of interest calculations covering items such as: How are they distributed? What is the frequency of interest payments? How are gains and losses treated?
4. How are securities safeguarded? How often are the securities priced to market? What audit steps are employed in this process?
5. Who can invest in the pool? How often? Any deposit/withdrawal size limitations? How many deposits or withdrawals can be made in a monthly period? What is the cutoff time for deposits and withdrawals? Does the pool allow for multiple accounts and sub-accounts? Do we get a confirmation after each transaction?
6. What is the schedule for receiving account statements and portfolio listings?
7. Please attach a fee schedule and describe in great detail how and when these fees are assessed.
8. Does the pool retain any reserves? Please describe.
9. Will the pool accept bond proceeds subject to arbitrage rebate? Will the pool's accounting and record keeping system be suitable for arbitrage rebate? Is the pool's yield calculation acceptable to the IRS or will it need to be restated? Can a separate account be established for each bond offering?

### **SECTION VIII. SAFEKEEPING OF INVESTMENTS**

It shall be the responsibility of the County Treasurer to determine which securities will be held by a third party custodian. Securities held in safekeeping by a third party custodian shall be evidenced by a safekeeping receipt.

Investment securities not included in the third-party safekeeping procedure include certificates of deposit, mutual funds, direct purchases of commercial paper, and banker's acceptances. Non-collateral, non-negotiable certificates of deposits, as is allowed under State of Michigan law, shall be evidenced by a safekeeping receipt from the issuing bank.

### **COLLATERALIZATION**

The State of Michigan does not require collateralization.

### **SECTION IX. MATURITIES AND DIVERSIFICATION**

To the extent possible, the County will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow need, the County will not directly invest in securities maturing more than 10 years from the date of purchase. Funds with longer term horizons may be invested in securities exceeding the 10 year limitation provided that maturity dates coincide, as near as possible, with the expected use of the funds.

Liquidity shall be assured through practices ensuring that disbursement, payroll, and bond payable dates are covered through maturing investments or marketable U.S. Treasury issues.

Assets shall be diversified to eliminate the risk of loss resulting from over concentration in a specific maturity, individual financial institution(s) or a specific class of securities. The County Treasurer may diversify the investments by security type. With the exception of U.S. Treasury securities, no more than 70% of the total investment portfolio will be invested in a single security type.

It is the policy of the County to diversify its investment portfolio. Assets held in the pooled funds and other investment funds shall be diversified to eliminate the risk of loss resulting from the over concentration of assets in a specific maturity, a specific issuer, or a specific class of securities.

## **SECTION X. INTERNAL CONTROLS**

The County Treasurer shall abide by a system of established internal controls, documented in writing, which is designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by investment officers of the County. Internal control procedures are subject to review with regard to appropriateness and compliance during the annual independent audit process.

The Treasurer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

The investment officer is responsible for establishing a system of internal control that will ensure that the investment assets, of the County, are protected from loss, theft or misuse. The internal control structure shall be designed in such away to provide reasonable assurance that these objectives are being met. The cost of control should not outweigh the benefits received. The internal control system shall be reviewed annually by an external audit group to ensure compliance with policies and procedures.

## **SECTION XI. INVESTMENT PERFORMANCE AND REPORTING**

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

The investment portfolio will be managed in accordance with the standards established within this policy and should obtain a market rate of return during an economic and budgetary environment of stable rates. According the benchmark used to measure portfolio performance shall be the 30 and 90 day US Treasury bill. Performance measurement shall occur at least every quarter.

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:

1. A security with declining credit may be sold early to minimize loss of principal;

2. A security swap would improve the quality, yield, or target duration in the portfolio; and / or
3. Liquidity needs of the portfolio require that the security be sold.

The County Treasurer shall provide at least an annual report to the Board of Commissioners, which provides a clear picture of the status and types of investments of the current investment portfolio. This report shall be prepared in such a way that will allow the County to ascertain whether investment activities during the reporting period have conformed to the investment policy.

## **SECTION XII. INVESTMENT POLICY ADOPTION**

Upon adoption of the Statement of Policy, the Jackson County Board of Commissioners delegates to the County Treasurer the management responsibility for the investment program as required by state statute.

The County Administrator / Controller shall review this policy at least every two years and make any recommendations for changes to the Policy Committee.

### **Appendix C: Glossary**

The following is a glossary of key investing terms, many of which appear in GFOA's Sample Investment Policy. This glossary has been adapted from an article, entitled "Investment terms for everyday use," that appeared in the April 5, 1996, issue of *Public Investor*, GFOA's subscription investment newsletter.

**Accrued Interest** - The accumulated interest due on a bond as of the last interest payment made by the issuer.

**Agency** - A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Federally sponsored agencies (FSAs) are backed by each particular agency with a market perception that there is an implicit government guarantee. An example of federal agency is the Government National Mortgage Association (GNMA). An example of a FSA is the Federal National Mortgage Association (FNMA).

**Amortization** - The systematic reduction of the amount owed on a debt issue through periodic payments of principal.

**Average Life** - The average length of time that an issue of serial bonds and/or term bonds with a mandatory sinking fund feature is expected to be outstanding.

**Basis Point** - A unit of measurement used in the valuation of fixed-income securities equal to 1/100 of 1 percent of yield, e.g., "1/4" of 1 percent is equal to 25 basis points.

**Bid** - The indicated price at which a buyer is willing to purchase a security or commodity.

**Book Value** - The value at which a security is carried on the inventory lists or other financial records of an investor. The book value may differ significantly from the security's current value in the market.

**Callable Bond** - A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

**Call Price** - The price at which an issuer may redeem a bond prior to maturity. The price is usually at a slight premium to the bond's original issue price to compensate the holder for loss of income and ownership.

**Call Risk** - The risk to a bondholder that a bond may be redeemed prior to maturity.

**Cash Sale/Purchase** - A transaction which calls for delivery and payment of securities on the same day that the transaction is initiated.

**Collateralization** - Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan and/or security.

**Commercial Paper** - An unsecured short-term promissory note issued by corporations, with maturities ranging from 2 to 270 days.

**Convexity** - A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

**Coupon Rate** - The annual rate of interest received by an investor from the issuer of certain types of fixed-income securities. Also known as the "interest rate."

**Credit Quality** - The measurement of the financial strength of a bond issuer. This measurement helps an investor to understand an issuer's ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by nationally recognized rating agencies.

**Credit Risk** - The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

**Current Yield (Current Return)** - A yield calculation determined by dividing the annual interest received on a security by the current market price of that security.

**Delivery Versus Payment (DVP)** - A type of securities transaction in which the purchaser pays for the securities when they are delivered either to the purchaser or his/her custodian.

**Derivative Security** - Financial instrument created from, or whose value depends upon, one or more underlying assets or indexes of asset values.

**Discount** - The amount by which the par value of a security exceeds the price paid for the security.

**Diversification** - A process of investing assets among a range of security types by sector, maturity, and quality rating.

**Duration** - A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a given fixed-income security. This calculation is based on three variables: term to maturity, coupon rate, and yield to maturity. The duration of a security is a useful indicator of its price volatility for given changes in interest rates.

**Fair Value** - The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**Federal Funds (Fed Funds)** - Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed funds are considered to be immediately available funds.

**Federal Funds Rate** - Interest rate charged by one institution lending federal funds to the other.

**Government Securities** - An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market. See "Treasury Bills, Notes, and Bonds."

**Interest Rate** - See "Coupon Rate."

**Interest Rate Risk** - The risk associated with declines or rises in interest rates which cause an investment in a fixed-income security to increase or decrease in value.

**Internal Controls** - An internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management. Internal controls should address the following points:

1. **Control of collusion** - Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
2. **Separation of transaction authority from accounting and record keeping** - By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.
3. **Custodial safekeeping** - Securities purchased from any bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.
4. **Avoidance of physical delivery securities** - Book-entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.
5. **Clear delegation of authority to subordinate staff members** - Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
6. **Written confirmation of transactions for investments and wire transfers** - Due to the potential for error and improprieties arising from telephone and electronic transactions, all transactions should be supported by written communications and approved by the appropriate person. Written



communications may be via fax if on letterhead and if the safekeeping institution has a list of authorized signatures.

7. **Development of a wire transfer agreement with the lead bank and third-party custodian** - The designated official should ensure that an agreement will be entered into and will address the following points: controls, security provisions, and responsibilities of each party making and receiving wire transfers.

**Inverted Yield Curve** - A chart formation that illustrates long-term securities having lower yields than short-term securities. This configuration usually occurs during periods of high inflation coupled with low levels of confidence in the economy and a restrictive monetary policy.

**Investment Company Act of 1940**- Federal legislation which sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

**Investment Officer** – an agent of the treasurer authorized to invest funds on the treasurer’s behalf.

**Investment Policy** - A concise and clear statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

**Investment-grade Obligations** - An investment instrument suitable for purchase by institutional investors under the prudent person rule. Investment-grade is restricted to those obligations rated BBB or higher by a rating agency.

**Liquidity** - An asset that can be converted easily and quickly into cash.

**Local Government Investment Pool (LGIP)** - An investment by local governments in which their money is pooled as a method for managing local funds.

**Mark-to-market** - The process whereby the book value or collateral value of a security is adjusted to reflect its current market value.

**Market Risk** - The risk that the value of a security will rise or decline as a result of changes in market conditions.

**Market Value** - Current market price of a security.

**Maturity** - The date on which payment of a financial obligation is due. The final stated maturity is the date on which the issuer must retire a bond and pay the face value to the bondholder. See "Weighted Average Maturity."

**Money Market Mutual Fund** - Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers' acceptances, repos and federal funds).

**Mutual Fund** - An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by the following Securities and Exchange Commission (SEC) disclosure guidelines:

1. Report standardized performance calculations.
2. Disseminate timely and accurate information regarding the fund's holdings, performance, management and general investment policy.
3. Have the fund's investment policies and activities supervised by a board of trustees, which are independent of the adviser, administrator or other vendor of the fund.
4. Maintain the daily liquidity of the fund's shares.
5. Value their portfolios on a daily basis.
6. Have all individuals who sell SEC-registered products licensed with a self-regulating organization (SRO) such as the National Association of Securities Dealers (NASD).
7. Have an investment policy governed by a prospectus which is updated and filed by the SEC annually.

**Mutual Fund Statistical Services** - Companies that track and rate mutual funds, e.g., IBC/Donoghue, Lipper Analytical Services, and Morningstar.

**National Association of Securities Dealers (NASD)** - A self-regulatory organization (SRO) of brokers and dealers in the over-the-counter securities business. Its regulatory mandate includes authority over firms that distribute mutual fund shares as well as other securities.

**Net Asset Value** - The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets which includes securities, cash, and any accrued earnings, subtracting this from the fund's liabilities and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio. (See below.) 
$$\frac{[(\text{Total assets}) - (\text{Liabilities})]}{(\text{Number of shares outstanding})}$$

**No Load Fund** - A mutual fund which does not levy a sales charge on the purchase of its shares.

**Nominal Yield** - The stated rate of interest that a bond pays its current owner, based on par value of the security. It is also known as the "coupon," "coupon rate," or "interest rate."

**Offer** - An indicated price at which market participants are willing to sell a security or commodity. Also referred to as the "Ask price."

**Par** - Face value or principal value of a bond, typically \$1,000 per bond.

**Positive Yield Curve** - A chart formation that illustrates short-term securities having lower yields than long-term securities.

**Premium** - The amount by which the price paid for a security exceeds the security's par value.

**Prime Rate** - A preferred interest rate charged by commercial banks to their most creditworthy customers. Many interest rates are keyed to this rate.

**Principal** - The face value or par value of a debt instrument. Also may refer to the amount of capital invested in a given security.

**Prospectus** - A legal document that must be provided to any prospective purchaser of a new securities offering registered with the SEC. This can include information on the issuer, the issuer's business, the proposed use of proceeds, the experience of the issuer's management, and certain certified financial statements.

**Prudent Person Rule** - An investment standard outlining the fiduciary responsibilities of public funds investors relating to investment practices.

**Regular Way Delivery** - Securities settlement that calls for delivery and payment on the third business day following the trade date (T+3); payment on a T+1 basis is currently under consideration. Mutual funds are settled on a same day basis; government securities are settled on the next business day.

**Reinvestment Risk** - The risk that a fixed-income investor will be unable to reinvest income proceeds from a security holding at the same rate of return currently generated by that holding.

**Repurchase Agreement (repo or RP)** - An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement of the first party to repurchase the securities at a specified price or at a specified later date.

**Reverse Repurchase Agreement (Reverse Repo)** - An agreement of one party to purchase securities at a specified price from a second party and a simultaneous agreement by the first party to resell the securities at a specified price to the second party on demand or at a specified date.

**Rule 2a-7 of the Investment Company Act** - Applies to all money market mutual funds and mandates such funds to maintain certain standards, including a 13-month maturity limit and a 90-day average maturity on investments, to help maintain a constant net asset value of one dollar (\$1.00).

**Safekeeping** - Holding of assets (e.g., securities) by a financial institution.

**Serial Bond** - A bond issue, usually of a municipality, with various maturity dates scheduled at regular intervals until the entire issue is retired.

**Sinking Fund** - Money accumulated on a regular basis in a separate custodial account that is used to redeem debt securities or preferred stock issues.

**Swap** - Trading one asset for another.

**Term Bond** - Bonds comprising a large part or all of a particular issue which come due in a single maturity. The issuer usually agrees to make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity.

**Total Return** - The sum of all investment income plus changes in the capital value of the portfolio. For mutual funds, return on an investment is composed of share price appreciation plus any realized dividends or capital gains. This is calculated by taking the following components during a certain time period. (Price Appreciation) + (Dividends paid) + (Capital gains) = Total Return

**Treasury Bills** - Short-term U.S. government non-interest bearing debt securities with maturities of no longer than one year and issued in minimum denominations of \$10,000. Auctions of three- and six-month bills are weekly, while auctions of one-year bills are monthly. The yields on these bills are monitored closely in the money markets for signs of interest rate trends.

**Treasury Notes** - Intermediate U.S. government debt securities with maturities of one to 10 years and issued in denominations ranging from \$1,000 to \$1 million or more.

**Treasury Bonds** - Long-term U.S. government debt securities with maturities of ten years or longer and issued in minimum denominations of \$1,000. Currently, the longest outstanding maturity for such securities is 30 years.

**Uniform Net Capital Rule** - SEC Rule 15C3-1 outlining capital requirements for broker/dealers.

**Volatility** - A degree of fluctuation in the price and valuation of securities.

**"Volatility Risk" Rating** - A rating system to clearly indicate the level of volatility and other non-credit risks associated with securities and certain bond funds. The ratings for bond funds range from those that have extremely low sensitivity to changing market conditions and offer the greatest stability of the returns ("aaa" by S&P; "V-1" by Fitch) to those that are highly sensitive with currently identifiable market volatility risk ("ccc-" by S&P, "V-10" by Fitch).

**Weighted Average Maturity (WAM)** - The average maturity of all the securities that comprise a portfolio. According to SEC rule 2a-7, the WAM for SEC registered money market mutual funds may not exceed 90 days and no one security may have a maturity that exceeds 397 days.

**When Issued (WI)** - A conditional transaction in which an authorized new security has not been issued. All "when issued" transactions are settled when the actual security is issued.

**Yield** - The current rate of return on an investment security generally expressed as a percentage of the security's current price.

**Yield-to-call (YTC)** - The rate of return an investor earns from a bond assuming the bond is redeemed (called) prior to its nominal maturity date. **Yield Curve** - A graphic representation that depicts the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity. A normal yield curve may be alternatively referred to as a positive yield curve.

**Yield-to-maturity** - The rate of return yielded by a debt security held to maturity when both interest payments and the investor's potential capital gain or loss are included in the calculation of return.

**Zero-coupon Securities** - Security that is issued at a discount and makes no periodic interest payments. The rate of return consists of a gradual accretion of the principal of the security and is payable at par upon maturity.

Adopted: 05/16/00  
Revised: 05/15/07, 05/15/12

**JACKSON COUNTY BOARD OF COMMISSIONERS**

**RESOLUTION (05-12.20)**

**APPROVING AN AMENDED INVESTMENT POLICY FOR JACKSON COUNTY**

**WHEREAS**, Public Act 20 of 1943, as amended, requires that the Board of Commissioners approve an Investment Policy for Jackson County, and

**WHEREAS**, the County Treasurer has submitted an Investment Policy for Jackson County for approval which conforms to the requirements of Public Act 20 of 1943, as amended,

**WHEREAS**, the Investment Policy for Jackson County, as submitted by the County Treasurer, became effective July 1, 1998, and

**THEREFORE BE IT RESOLVED**, that the attached Amended Investment Policy for Jackson County, as submitted by the County Treasurer, be approved, and become effective May 15, 2012, and

**BE IT FURTHER RESOLVED**, that this policy shall remain in effect until amended or replaced.

---

James E. Shotwell, Jr., Chairman  
Jackson County Board of Commissioners  
May 15, 2012

**JACKSON COUNTY BOARD OF COMMISSIONERS**

**RESOLUTION (05-12.21)**

**FOR THE DEPOSIT AND INVESTMENT OF COUNTY FUNDS FOR JACKSON COUNTY**

**WHEREAS**, under the law of the State of Michigan, Act No. 40 of the Michigan Public Acts of 1932, 1<sup>st</sup> Extra Session, as amended (MCL 129.12), this Board is required to provide, by resolution, for the deposit of all public monies including tax monies belonging to, or held for, the State, the County or other political units coming into the hand of the County Treasurer, in one or more banks, savings and loan association or credit unions within the State.

**THEREFORE BE IT RESOLVED**, (1) the Jackson County Board of Commissioners hereby directs the County Treasurer, to deposit all public monies, including monies and funds held for the State Board of Escheats or missing heirs, coming to the Treasurer in any bank savings and loan association, credit union, or other financial institution within the State which is a legal depository as defined by State and/or Federal law, and (2) the Treasurer is authorized to invest funds with these institutions or any institutions legally permitted by State Statute Act No. 20 of the Michigan Public Acts of 1943, as amended (MCL 129.91) or Federal law or regulation within the limits set therein.

**BE IT FURTHER RESOLVED**, that the County Treasurer is authorized to enter into and execute on behalf of the county any contracts with any bank or trust company for the safekeeping or third party custodianship of any of the County's securities as well as any contracts or repurchase agreements with any corporation for the purchase of any such securities which will be the subject of such safekeeping or third party custodianship arrangements, on such terms and conditions as the County Treasurer shall require.

**BE IT FURTHER RESOLVED**, that the County Treasurer is authorized to rely on the continuing of this resolution until amended or replaced by a subsequent resolution of this successor Board of Commissioners.

---

James E. Shotwell, Jr., Chairman  
Jackson County Board of Commissioners  
May 15, 2012

**ACKNOWLEDGMENT OF RECEIPT AND AGREEMENT TO COMPLY  
WITH THE INVESTMENT POLICY OF THE COUNTY OF JACKSON**

**CERTIFICATION**

I have read and fully understand Public Act 20 of 1943, as amended, and the investment policy of the County of Jackson.

Any investment advice or recommendations on investments given by \_\_\_\_\_ representing \_\_\_\_\_, to the Jackson County Treasurer shall comply with the requirements of Public Act 20 of 1943, as amended, and the Investment Policy of Jackson County. Any existing investment not conforming to the statute or policy shall be disclosed promptly to the Jackson County Treasurer. Further, should a broker/dealer learn of a forthcoming downgrading of commercial paper that has been sold to Jackson County, the County requests the broker/dealer to notify the Treasurer as soon as possible to determine if there is a need to trade that investment.

BY: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Name of Financial Institution: \_\_\_\_\_

Date: \_\_\_\_\_

Please send the original to:

Jackson County Treasurer

Attn: Karen Coffman

120 West Michigan Avenue

Jackson, MI 49201

**COUNTY OF JACKSON  
POLICY MANUAL**

**Policy No.  
1140**

**FISCAL**

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**GRANTS ADMINISTRATION POLICY  
GRANT DEVELOPMENT, APPLICATION, AND APPROVAL**

**A. MATCHING FUNDS**

Grants which require a local cash match must be coordinated through the County Administrator's office. At a minimum, funds must be identified within the existing budget to provide the match. Depending on the nature of the grant, there may also be some personnel implications which will bear discussion. For example, will the grant establish a level of service/staff level which cannot be sustained once the grant funds are depleted?

In all cases involving matching funds, departments are strongly encouraged to use their own resources when seeking matching fund. Contact the County Administrator for recommended strategies for securing matching funds.

**B. GRANT BUDGETS**

Most grants require the submission of an expenditure budget. This portion of the grant request should be reviewed by the Administrator's office prior to submission. The technical review will center on calculations, cost centers which may have been overlooked and the identifying of expenses which the applicant may not have been aware of -- particularly in the indirect cost area.

In order to request a technical review of your grant proposal budget, please contact the County Administrator.

**C. BOARD OF COMMISSIONER APPROVAL**

The point at which legislative approval is required is determined by the requirements of the grant program. If the grant must be submitted by "an individual authorized by the legislative body," then Board approval is required prior to submitting the application. If such legislative approval is not specifically required by the written terms of the grant, the County Administrator (or designee) may, in his discretion, approve grant applications. In order to facilitate acceptance by the Board, prepare an explanatory memo as a Board agenda item which will be routed through the County Administrator's office. In all cases of grant awards, specific Board action must be taken to appropriate the awarded funds and make them available for expenditure.



**GRANT PROGRAM IMPLEMENTATION**

**A. NOTIFICATION AND ACCEPTANCE OF AN AWARD**

Official notification of a grant award is typically sent by a funding agency to the project manager and/or other county official designated in the original grant proposal. The authorization to spend grant funds is derived from the County Board of Commissioners. In practice, this means that such authority must be granted by formal action of the County Board of Commissioners at a County Board meeting.

Any notification of grant awards should be prepared as a Board agenda item and routed through the County Administrator and other appropriate offices. A copy of the Notice of Award should also be supplied to the Fiscal Coordinator.

**B. ESTABLISHMENT OF ACCOUNTS**

The department who obtained the grant will provide the Fiscal Coordinator with information needed to establish revenue and expense accounts for the project. Ordinarily, this information will include a copy of a summary of the project and a copy of the full project budget. Project managers should work out the details of the accounts with the Fiscal Coordinator.

**C. PURCHASING GUIDELINES**

All Jackson County purchasing guidelines apply to the expenditure of grant funds. If there are questions regarding these requirements please refer to County Purchasing Policies.

**D. GRANT PROJECT MANAGER**

Each grant program must have an individual assigned as project manager. This is the staff person who will be responsible for the proper administration of the grant and will act as staff liaison in response to any questions/problems with the grant. The project manager must possess the skill and ability to properly administer the grant and be available for technical training as necessary. When general ledger grant accounts are established the Administrator's Office must be advised of the name of the project manager. Upon any occasion when the Fiscal Coordinator finds it necessary to create journal entries to correct County general ledger accounts, the project manager shall always be provided with a copy of such journal entries.

**FINANCIAL AND BUDGETARY COMPLIANCE**

**A. MONITORING GRANT FUNDS**

Most divisions use some internal mechanism (such as a spreadsheet) to monitor grant revenues, expenses, and budgetary compliance. The County maintains all this information on the County general ledger system as well and is considered to be the County's "official" accounting system by the granting agencies. Project managers are strongly encouraged to use the County General ledger system for their grant tracking. As appropriate, the Fiscal Coordinator is willing to provide any training necessary to do so.

## **Policy No. 1140 cont.**

If an off-system accounting system is used, it is the responsibility of the project manager to ensure that the project's internal records agree to the County general ledger system. If the grant project is being monitored by some mechanism other than the County general ledger system, then quarterly reports must be provided to the Fiscal Coordinator to ensure that the County general ledger system remains in balance with the "off-system" subsidiary records.

### **B. FISCAL YEARS**

Frequently the fiscal year for the granting agency will not coincide with the County's fiscal year. This may require adjustment to County general ledger budget accounts and interim financial reports as well as special handling during the County's calendar year end close. It is the responsibility of the project manager to bring the need for accruals and/or adjustments to the attention of the Fiscal Coordinator at the time the grant accounts are established.

### **C. GRANT BUDGETS**

When the County general ledger accounting structure for your grant is designated, it will include the approved grant budget. The terms of the specific grant will dictate whether the project manager will be allowed to process any budget transfers between budgeted line items. In no case will the grant project be authorized to exceed the total budget authority provided by the grant.

If your grant funds have not been totally expended by the County's year-end (December 31st), it is the responsibility of the project manager to notify the Fiscal Coordinator by December 1st that budget funds must be carried forward to the new fiscal year, and to confirm the amounts of such carry forwards.

### **D. FIXED ASSETS**

The County is responsible for maintaining an inventory of assets purchased with grant monies. The County is accountable for them and must make them physically available for inspection during any audit. The Facilities Department must be notified immediately of any sale. Often the proceeds of the sale can only be used on the grant program that purchased them. (Refer to the specific regulation governing the original grant).

## **GRANT REPORTING**

### **A. PROGRESS AND FINAL REPORTS**

The project manager is solely responsible for the prompt submission of any progress and final reports required by granting agencies. The form, content and scheduling of such reports is usually specified in the terms of the grant agreement provided by the granting agency at the time of the grant award. Notify the Fiscal Coordinator immediately if a progress or final report is not submitted timely. Copies of all progress and final reports to granting agencies must also be filed with the Fiscal Coordinator.

**B. AUDIT WORK PAPERS**

All grants are audited by the County's external auditors at the end of each fiscal year. If you are using the County's general ledger system to track your grant, and if those accounts have been maintained in balance throughout the year, preparation of detail grant work papers will be considerably easier. Assistance will be provided by the Fiscal Coordinator, as necessary.

**C. SUBRECIPIENT AUDITS**

All subrecipients who have an annual audit prepared shall provide the County with said annual audit along with the auditors management letter.

**RECORDKEEPING**

Grant record keeping requirements may vary substantially from one granting agency to another. Consequently, a clear understanding of these grant requirements at the beginning of the grant process is vital. It is the Program Manager's responsibility to review record-keeping grant requirements and ensure that records are maintained accordingly.

**CLOSING OUT GRANTS**

**A. CLOSEOUT PAPERWORK**

At the conclusion of your grant project, it is the responsibility of the project manager to ensure that all contracts are finalized. The Fiscal Coordinator must receive a copy of the grants retention schedule.

**B. UNEXPENDED GRANT FUNDS**

If any grant funds remain unexpended at the conclusion of the project, it is the responsibility of the project manager to determine the legal use of any unused appropriations. In some cases, it may be necessary to return the unused funds to the granting agency. In any event, the Administrator's office must be provided with written documentation supporting the legal disbursement of any unused grant funds.

**C. DISALLOWED COSTS**

The project manager is responsible for the monitoring of cost to ensure no disallowed costs are incurred by the grant project. The incurring of disallowed cost is viewed as a serious problem and the project manager is responsible for the development of a source for the refund of the disallowed grant revenue.

**APPENDIX  
GRANT ADMINISTRATION CHECKLIST**

**I. BEFORE YOU APPLY FOR A GRANT**

- A. Review the requirements of the grant program. If the grant must be submitted by “an individual authorized by the legislative body,” then Board approval is required PRIOR to submitting the application. Submit a memo describing the grant project to the County Administrator for inclusion on your Committee’s agenda.
- B. If the terms of your grant require County matching funds, secure those funds and contact the County Administrator. Refer to Section A under “Grant Development, Applications, and Approval.”
- C. Submit your proposed grant expenditure budget to the Administrator’s office for technical review. Refer to Section B under “Grant Development, Applications, and Approval.”

**II. WHEN YOU RECEIVE A NOTICE OF AWARD**

- A. Contact the Fiscal Coordinator to establish account numbers and a budget. Be sure that all parties are clear as to the fiscal year the granting agency is using. If it differs from the County’s fiscal year, certain year end adjustments must be made by the project manager.
- B. Prepare a memo requesting that the Commission appropriate the award and approve the appropriate budget adjustments. Refer to Section A under “Grant Program Implementation.”
- C. Notify the Administrator’s office as to the name of the contact person (project manager) for the grant.
- D. Review grant’s record keeping requirement, and ensure that a system is in place to monitor same.

**III. GRANT ADMINISTRATION**

- A. Follow all customary County policies when making grant expenditures.
- B. If your grant project is monitored by some mechanism other than the County general ledger system, the project manager must file quarterly reconciliation reports with the Fiscal Coordinator. The quarterly reconciliation reports must be in a format agreed to by the Project Manager and the Fiscal Coordinator. Refer to Section A under “Financial and Budgetary Compliance.”
- C. If your grant funds have not been totally expended by fiscal year end, notify the Fiscal Coordinator by December 1st as to the accounts and amounts to be carried forward.
- D. Notify the Facilities Manager of any asset purchased with grant fund which you have disposed of. Refer to Section D under “Financial and Budgetary Compliance.”
- E. Prepare all requests for reimbursements in accordance with Section A under “Grant Reporting.”

**Policy No. 1140 Cont.**

- F. File Copies of all progress and final reports to granting agencies with the Administrator's office.
- G. If you are working with subrecipients, confirm that audit requirements are met. Refer to Section C under "Grant Reporting."

**IV. GRANT REPORTING**

- A. The project manager is responsible for timely submission of progress and monthly reports and should notify the Fiscal Coordinator immediately if a progress or final report is not submitted timely. Copies of all progress and final reports to granting agencies must also be filed with the Fiscal Coordinator.

**V. GRANT CLOSEOUT**

- A. File a final report with the granting agency, copy to the County Administrator or designee.
- B. If any grant funds remain unexpended, review your grant requirements to determine their legal use and notify the Administrator's office. Refer to Section B under "Closing Out Grants."
- C. Project manager is responsible for the monitoring of expenditures and incurrence of any disallowed cost. Refer to Section C under "Closing Out Grants."

Adopted: 05/16/00  
Revised: 00/00/00

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**I. PREAMBLE**

This policy shall govern the granting of the County’s Full Faith and Credit pledge, as secondary security, for the payment of bonds and notes issued by the County on behalf of local units of government within the County.

**II. BACKGROUND**

Jackson County is subject to an overall debt limit equal to 10% of total County Assessed Valuation in accordance with Article 7, Section 11 of the Michigan Constitution.

The objective of this Policy is to provide the Board of Commissioners (the “Board”) with guidelines for pledging the County’s Full Faith and Credit to support bonds and notes issued by the County for the benefit of local units of government within the County in accordance with the state statutory authority granted to the Board, that is in the best interest of the County and its residents, preserves the County’s investment grade ratings and does not impair the ability of the County to issue debt for County projects within the constitutional debt limit. While it is appropriate for the Board to review each project on its merits, including factors of public health, safety, welfare, environmental impact, etc., the Board should also, as the outstanding debt approaches 75% of the County’s (10%) debt limit, prioritize the projects/future capital requests, based upon the above mentioned factors, before granting a full faith and credit pledge.

**III. GENERAL POLICIES**

A. When requested, the County may assist local unit(s) of government in the financing of drains, water systems, storm sewers, sanitary sewers, water and wastewater treatment facilities, road improvements and other permitted improvements by issuing County bonds or notes and pledging the County’s Full Faith and Credit to support, as secondary security, the payment of said bonds or notes. This policy is also intended to apply to requests by a local unit to refund outstanding County bonds or notes previously issued for the benefit of one or more local units of government.

B. When requesting the County’s Full Faith and Credit pledge, the local unit of government shall state the reasons for making such request. For example, these reasons may include, but are not limited to the following:

1. The project is a regional project which serves multiple local units of government.

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2. The issuance of County debt eliminates the need for the issuance of multiple local unit bond and note issues.
  3. The County's credit rating will result in significant interest-cost savings for County residents and taxpayers.
  4. The County's investment-grade rating will enable the local unit(s) of government to meet the conditions of such governmental loan programs as the State Revolving Fund or the Drinking Water Revolving Fund.
  5. The County, acting through a designated County agency, has the experience and/or personnel to more efficiently carry out the administrative responsibilities and supervising of the project.
  6. The County is able to use an enabling law which provides greater flexibility in structuring the project or provides the local unit(s) of government with more favorable means of providing revenue to pay for the project.
- C. A request for County assistance by a local unit of government shall be made by a resolution approved by the governing body of each requesting local unit of government which provides for the following:
1. The agreement of the local unit that all costs of the project, including all costs of the County associated with the authorization and issuance of the proposed bonds and notes and all related county administrative fees and expenses, shall be paid by the local unit(s) of government regardless of whether or not, for any reason, the project is ultimately funded or completed by the County; and
  2. The agreement of the local unit to pledge the local unit's full faith and credit in support of local unit obligations to the County including the periodic payment, when due, of principal and interest on County bonds and notes issued on behalf of the local unit of government, to the extent permitted by law and subject to all applicable constitutional, statutory or charter limitations.
  3. The agreement of the local unit that the ownership and operation of the project shall be in accordance with the state enabling law pursuant to which the proposed bonds or notes are to be issued for so long as such bonds or notes are outstanding and unpaid; and

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4. The consent of the local unit to the exercise by the County, in the event of any default by the local unit(s) of government, including the failure to pay any principal or interest when due on County bonds or notes, of any remedy or procedure provided by law or agreement, including but not limited to, the set-off of tax collections or other funds otherwise due by the County to the local unit(s) of government or the ordering by the County of the local unit(s) of government to levy sufficient taxes on the next applicable local unit tax roll to pay the amount in default, subject to all applicable constitutional, statutory or charter limitations; and
  5. The professional consultants engaged by the local unit of government for the project and/or the professional consultants which the local unit of government requests be engaged by the County for the project.
- D. Prior to making the decision to grant the County's Full Faith and Credit pledge for a project, the Board shall review the feasibility of the project and the project's impact on the public health, safety and welfare of the residents, and the environment, both of the local unit(s) of government and the County, as a whole. This review shall take into account the overall goals and objectives of the project and the economic benefits of the project to the County, the County Agency, if applicable, and the unit(s) of government.
- E. As a condition to a full faith and credit pledge, the Board shall determine that 1) the project to be financed a) benefits both the County and the local unit(s) and b) does not adversely affect other local units within the County; and 2) that the principal amount of the bonds or notes requested for the project will not adversely impact a) the County's rating, b) the County's debt limit, or c) the County's ability to issue bonds or notes for all reasonably foreseeable County projects for which the financing is not yet completed.
- F. The processing of a project will be progressively clarified by the submission to and consideration by the Board of an initial project resolution of intent, an appropriate project contract and a final resolution(s) to authorize the issuance and sale of the bonds or notes, it being acknowledged that the requirements of different state enabling acts may affect the nature and extent of the proceedings to be considered by the Board.
- G. The County Administrator/Controller shall generally be responsible for the administration and implementation of this policy and any accompanying procedures and shall work cooperatively with the Board, Board Committees, County agencies, County officials, and Professional Consultants that have responsibility for projects under this policy.



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- H. The review by the Board required in Subpart D above and the findings of the Board required in Subpart E above shall take into account recommendations prepared for the Board by the professional consultants retained for the project, including any reports, projections, studies and spreadsheets prepared by such professional consultants which shall first be considered by the appropriate County agency and/or elected official and then considered by the appropriate Board Committee. Final action by the Board to pledge the County full faith and credit for a particular county financing and project shall be premised on the favorable recommendation of the appropriate Board Committee and the written confirmation of the County Administrator/Controller that the requirements and procedures of this full faith and credit policy have been complied with.
- I. The four (4) County agencies having statutory authority to issue bonds on behalf of a local unit of government include:
1. The County Drain Commissioner for drainage projects authorized by the various chapters of Act 40, P A Michigan 1956, as amended;
  2. The County Agency for sewer, water or solid waste projects authorized by Act 342, P A Michigan 1939, as amended;
  3. The County Board of Public Works for sewer, water, solid waste or lake improvement projects authorized by Act 185, P A Michigan 1957, as amended; and,
  4. The County Road Commission when issuing bonds or notes pledging Michigan Transportation Fund revenues authorized by Act 51, P A Michigan 1951, as amended.
- J. In the event that the Board considers pledging the County's full faith and credit as security for the payment of bonds or notes issued by the County for County projects including, without limitation, general obligation bonds requiring voter approval or subject to right of referendum, by the County Treasurer for cash flow borrowing or by the County Building Authority for building and other projects authorized by Act 31, P.A. Michigan 1948, as amended, the Board shall generally follow and observe such portions of this policy as may be applicable.
- K. The County Administrator/Controller shall, in advance of a Board vote upon whether to pledge the County's Full Faith and Credit, obtain the following representations from all parties (including County employees, County and local unit officials, and professional consultants) acting on behalf of the County and

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the local unit with respect to the project, and shall provide such representations to the Board:

1. Representation by County elected officials, County employees and project professional consultants of full compliance with Board Policy 2070, dealing with Conflicts of Interest.
2. Representation by County elected officials, County employees and project professional consultants that the party has not received, and shall not receive compensation and gifts as defined by the Michigan Lobby Registration Act (PA 472) and the yearly thresholds established by the Michigan Secretary of State.
3. Representation by local unit elected officials that the party has not received, and shall not receive compensation and gifts, as defined by the Michigan Lobby Registration Act (PA 472) and the yearly thresholds established by the Michigan Secretary of State.
4. Representation that the party has used his or her best efforts on behalf of the citizens of the County; and
5. Representation that the party is unaware of any failure by a County elected official, County employee or project professional consultant to comply with the Board Policy No. 2070, dealing with conflicts of interest.

A party that is unable to make any of the representations referred to above shall describe the nature of the inability.

**IV. USE OF PROFESSIONAL CONSULTANTS:**

- A. The County or the local unit(s) of government shall employ outside professional consultants to assist it in developing a bond and/or note issuance strategy for each project, preparing bond documents and marketing bonds to investors. The key players in the County's financing transactions shall include an Architect/Engineer/Construction Manager, Bond Counsel, a Financial Advisor, an underwriter (on a negotiated sale), and County representatives. Other outside firms, such as those providing paying agent/registrar, trustee, credit enhancement, auditing, or printing services may be retained as required.
- B. ARCHITECT/ENGINEER/CONSTRUCTION MANAGER - The Architect/Engineer/Construction Manager (either one or all depending upon the nature of the

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project) shall prepare an estimate of cost for the project, plans, bid specifications, secure the appropriate construction permits required by local, State and/or Federal laws, supervise the taking of construction bids, review the bids submitted and make a recommendation for the award of contracts. During the construction period the Architect/Engineer/Construction Manager (either one or all depending upon the nature of the project) shall make written recommendations for all pay requests and change orders and shall be responsible for the inspection of the construction to assure the County and the local unit(s) of government that the construction is conformity with the project plans and specifications and applicable regulatory permits.

- C. BOND COUNSEL - Bond Counsel, which shall be a law firm or attorney listed in the Bond Buyer's Municipal Marketplace Red Book, shall prepare all written proceedings required by state enabling act for the authorization and issuance of the bonds and notes to be issued by the County and, in addition, shall advise on all applicable federal securities, tax and other issues pertaining to the authorization and issuance of the bonds and notes. In connection with the issuance of the bonds or notes, Bond Counsel shall provide a written opinion affirming that the County is authorized to issue the debt, stating that the county has met all state, constitutional and statutory requirements necessary for issuance, and determining the debt's federal income tax status.
- D. FINANCIAL ADVISOR - For each bond and/or note issue the Financial Advisor will analyze the feasibility of the project, provide the county with written assurance that a revenue stream has been put in place that is reasonably expected to meet the debt service requirements of the proposed bonds without the need for the County to advance funds under its Full Faith and Credit pledge, assist with the sale of the bonds or notes on a competitive or negotiated basis, provide primary and secondary market disclosure, advise the County regarding credit enhancements, and provide the County with information on pricing and underwriting fees for comparable sales by other issuers.
1. The Bond Counsel and the Financial Advisor or the Financial Advisor and the Underwriter shall not play "dual roles" or "role switch." The Professional Consultants retained by the County or its agencies to provide advice or counsel for any issuance of debt, shall be independent. The Financial Advisor, Bond Counsel and Underwriter for any issuance of debt shall each be separate entities having no relationship with one another.
  2. This requirement is intended to prevent a conflict of interest or the appearance of a conflict and goes beyond the requirements of Municipal

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Securities Rulemaking Board (“MSRB”) Rule G-23 (which permits dual financial advisor/underwriter relationships if such relationships are disclosed to a municipal bond issuer). It is acknowledged that combining the roles of bond counsel and financial advisor is not deemed a conflict under MSRB Rules but does constitute a conflict in the view of the National Association of Independent Public Finance Advisors (“NAIPFA”). The County endorses the position of NAIPFA that, in complex issues, separate viewpoints from independent bond counsel and financial advisor are in the County’s best interest.

3. The County shall appoint the Professional Consultants for a particular project as requested by the local unit of government unless the Board determines that the appointment of any or all such Professional Consultants is not in the best interest of the County. In this event, the County, on its own initiative, shall appoint Professional Consultants to assist the County with regard to the project. The Professional Consultants so appointed by the County shall then, (i) represent the County and, when a conflict occurs, resolve the conflict in the County’s best interest, and (ii) when requested will assist the County Administrator/Controller in reviewing and coordinating the request of the local unit(s) for the County’s Full Faith and Credit pledge in accordance with this Policy.

**V. ADMINISTRATIVE FEES**

- A. No bond or note issue shall be approved by the Board unless the appropriate administrative fees, according to the fee schedules set forth below, are included within the project budget.
- B. The County shall charge a fee of \$1,000 for services provided by General Fund employees for coordination, review and handling of the project with the local unit(s) and the Professional Consultants for the project. These services include the following:
  1. Approval of the Bond Issue:
    - a. Coordination with county counsel
    - b. Coordination with county treasurer
    - c. Activity of the County Board of Commissioners
    - d. Resolutions, minute taking, etc.
  2. Sale and Delivery of the Bond Issue:

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- a. Coordination by the Treasurer and Clerk (resolutions, printing, public notices, bond ratings, information gathering, etc.)
    - b. Chairman and Clerk of the Board of Commissioners
    - c. Involvement of the Equalization Department, the Treasurers Office and others in gathering information for official statement preparation.
  3. Bond Proceeds:
    - a. Investments by the County Treasurer relating to contractor payment timing.
    - b. Board of Public Works, staff and Treasurer's coordination of payment processing and contractor invoices
    - c. Board of Public Works staff and Treasurer's maintenance of financial records for the bond proceeds, construction fund, debt retirement fund and grant financial administration, if applicable
    - d. Resolutions, minute taking, etc.
  4. Subsequent Years Efforts:
    - a. The handling by the County Treasurer of the Debt Retirement Fund, Coordination of payments from the local unit(s) of government for the payment of the annual and semiannual interest payments and principal payments, and appropriate coordination with necessary banking institutions. Payment processing and financial record keeping through the life of the bonds is included.
  5. Use of County's Credit Rating and Legal Bonding Capacity:
    - a. The resultant savings in interest expense by virtue of the bond issue being County sponsored
- C. In addition, projects utilizing the service of the Drain Commissioners office, the County Agency or the Department of Public Works shall pay an administrative fee as compensation to the Drain Commissioner and the Deputy Drain

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Commissioner, consistent with separate resolutions adopted by the County Board of Commissioners on October 15, 2002, in an amount to be negotiated with the local unit(s) of government of not to exceed 1.00% of the cost of the project. In said resolutions, the County Drain Commissioner, acting as the designated Act 342 County Agency, was delegated the maximum discretion authorized by law to administer, as agent for the County Board of Commissioners, water and sewer projects established by the County under Act 342 and, with respect to projects undertaken by the Jackson County Board of Public Works, County Drain Commissioner as a statutory member of the Board of Public Works was delegated the maximum discretion authorized by law to administer, as agent for both the Board of Public Works and the County Board of Commissioners, county water supply system and sewage disposal system projects in districts established by the County pursuant to Act 185. The administrative services covered by this administrative fee include but are not limited to the following:

1. Project Initiation and Feasibility
  - a. Meetings with local unit(s) of government to identify the project;
  - b. Meetings with Engineers, Financial Advisor, and Bond Counsel to determine the legality and financial feasibility of the project;
  - c. Meeting with citizen groups to determine the financial threshold of the users that would be acceptable to proceed with the project;
  - d. Meetings with regional providers of services to determine if the project could utilize existing facilities;
  - e. Attend information meeting on the project prior to initiation of the project by the local unit(s);
  - f. Attend special assessment hearings on the revenue stream to pay for project.
2. Planning and Review of the Project with Professional Consultants
  - a. Review with Financial Advisor financial costs of the project, based on the Engineers preliminary Estimate of Cost, and the ability of the anticipated users to pay for the project;

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- b. Review with Bond Counsel the legal documents required to be prepared requesting County assistance;
  - c. Review with Engineers the routing, sizing and other construction details of the project prior to formal design of the project;
  - d. Meetings with local and State agencies on the permitting of the project.
3. Bidding:
- a. Board of Public Works bid review with engineer;
  - b. Staff review of bids;
  - c. Board of Public Works recommendation and approval of contractor agreements;
  - d. Resolutions, minute taking, etc.
4. Contractor Approval
- a. Board of Public Works and staff involvement;
  - b. Board of Commissioners involvement;
  - c. Resolutions, minute taking, etc.;
  - d. Board of Public Works staff involvement with financial record keeping and communications with grant agencies, if applicable, through the life of the bonds;
  - e. Involvement of both the Treasurer and Board of Public Works staff in state, federal, and independent auditing processes and the maintenance of necessary records and files until audits can be completed;
  - f. County legal counsel's involvement in continued legal matters, potential litigation, contract interpretation, etc.

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Adopted: 04/17/07

Revised: 05/15/07

07/24/07



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**DONATIONS**

**Policy 1160**

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It is the intent of the Board of Commissioners that all donations to Jackson County be properly documented and recognized. To this end, the following policy applies to all donations of cash, materials, or in-kind services.

Guidelines

Any donation of cash, stocks, real estate, or other written instrument must be properly receipted and accounted for as any other revenue to the County. Donations exceeding \$1,000 must be reported to the Administrator/Controller for notification to the Board of Commissioners. In certain instances, the Board of Commissioners may wish to properly recognize the donor for their generosity.

Donations of material, labor or other in-kind contributions estimated to exceed \$1,000 must also be reported to the Administrator/Controller for notification to the Board of Commissioners.

Generally, all donations to the County are acceptable, restrictive and non-restrictive, as long as they are given for continuing or enhancing a service that the County provides and fit within the Board's strategic priorities. Exceptions or questions to the applicability of a donation must be reviewed and approved by the Board of Commissioners prior to the acceptance and use of the donation.

Adopted: 11/20/07  
Revised: 03/20/12

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**ANNUAL AUDIT**

**Policy 1170**

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The acquisition of services for the annual audit shall adhere to the guidelines found in policy 2030 of the county's purchasing policies for professional services. In accordance with recommended accounting practices, audit services shall not be conducted by the same firm for more than five consecutive years except when other qualified firms do not exist as determined by the selection committee.

A judgment of qualifications shall be made through the acquisition process. A firm will be selected based upon professional qualifications as outlined in Policy 2030. All firms will be allowed to submit proposals to perform audit services in response to a Request for Proposal. Vendors who have contracted with the county to perform audit services for Jackson County within the last five years shall only be considered if another qualified vendor is not found as determined by the selection committee.

In the event that another qualified vendor is not found and a vendor is recommended by the committee who has performed audit services for the county within the past five years, the county shall require a change in audit personnel. Changes to the audit personnel shall be approved by the County Administrator or his/her designee prior to the commencement of the audit.

Adopted: 7/21/09

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**ANTI-FRAUD AND ABUSE**

**Policy 1180**

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The County of Jackson has a policy of maintaining the highest standards of conduct and ethics. All employees of the County are entrusted with the responsibility to protect and ensure proper use of County funds, resources and property.

The County will investigate any suspected fraudulent or dishonest use of resources, funds or property by any employee and/or vendor.

Fraudulent or Dishonest Conduct includes, but is not limited to:

- forgery or alteration of documents
- unauthorized alteration of computer files
- untrue financial reporting
- pursuit of personal gain in conflict with the interests or policies of the County
- misappropriation of resources, funds or property
- authorizing or receiving compensation for goods not received or services not performed
- authorizing or receiving compensation for hours not worked
- misrepresentation of business expenses
- intentional damage to County property
- any illegal activity involving County resources, funds or property

**I. Employee's Responsibilities**

All employees have a responsibility to report all suspected fraud or dishonest use of County funds, resources or property. Suspected claims of fraud can be reported in writing to any Elected Official/Department Head, or directly to the Administrator/Controller's Office.

If employees are uncomfortable in reporting this information in writing they can report suspected claims of fraud anonymously via a written report or electronically;

- A. electronic claims can be filed thru govQA
- B. written claims can be mailed to:

**County Clerk's Office, Attn: Deputy Administrator**

The County Clerk's office will forward the mail "unopened" to the Deputy Administrator.

Once an employee reaches a conclusion that fraud has potentially occurred, he/she must refrain from discussing his/her suspicions and opinions with others.

Employees may not retaliate against another employee for informing

management about activities which that person reasonably believes to be fraudulent or dishonest.

## **II. Management's Responsibilities**

All Elected Officials/Department Heads should ensure that County funds, resources, and property are kept in a manner to deter fraud or dishonest use. Elected Officials/Department Heads shall create a culture of honesty and high ethics through personal example. Elected Officials/Department Heads shall implement procedures to deter fraud and dishonest use by employing appropriate internal controls of all funds, resources and property within their departments.

All Elected Officials/Department Heads shall use reasonable care when dealing with suspected fraud or dishonest use of funds, resources or property. After receiving a written report of suspected fraud or abuse, the Elected Official/ Department Head will submit that report to the Deputy County Administrator. Beyond any necessary consultation with staff and review of processes, Elected Officials/ Department Heads shall not under any circumstances perform any investigative or follow-up steps on their own.

## **III. Investigations**

All allegations of fraud and/or misuse of County funds and/or property are taken seriously and will be investigated by the Fraud and Abuse Committee.

The Fraud and Abuse Committee shall be comprised of the County Legal Counsel, the Finance Officer, the Treasurer, and the Human Resources Director with oversight by the Deputy County Administrator.

If the Committee verifies the allegations, it will make a recommendation as to the corrective actions that need to be taken, including but not limited to contacting law enforcement and disciplinary action. Allegations of illegal conduct found to have merit by the Fraud and Abuse Committee shall be referred to law enforcement officials.

## **IV. Confidentiality**

The County will use its best efforts to protect reporting employees against retaliation. Reports of suspected fraud and abuse will be handled with sensitivity, discretion and confidentiality to the extent allowed by the circumstances and the law. Reports will only be shared with those who have a need to know so that the County can conduct an effective investigation and determine the appropriate action to take.

## **V. Baseless Accusations**

Allegations made by an employee with reckless disregard for the truth, will subject the employee to disciplinary action by the County and may also result in legal action by the accused.