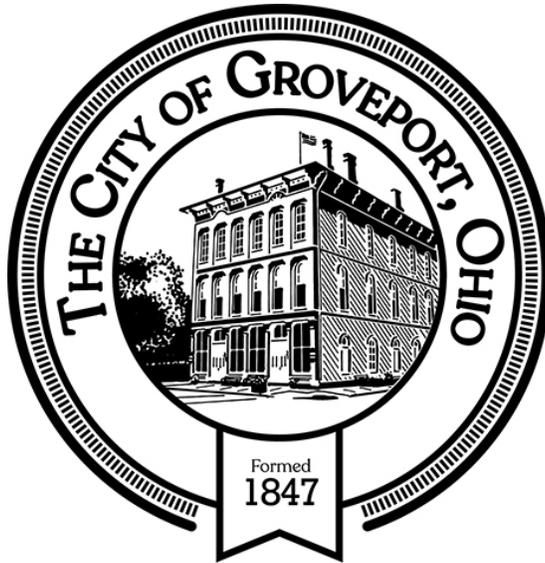


CITY OF GROVEPORT
PURCHASING AND FINANCIAL POLICY
(REVISED NOVEMBER 2019)



PREPARED BY THE FINANCE DEPARTMENT

**CITY OF GROVEPORT
FRANKLIN COUNTY, OHIO**

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**CITY OF GROVEPORT
CHARTER - FINANCE, TAXATION AND DEBT**

9.01 General

The laws of Ohio relating to budgets, appropriations, taxation, debts, assessments and other fiscal matters of the Municipality shall be applicable to the Municipality, except as modified by or necessarily inconsistent with the provisions of this Charter, or when provisions therefore is made in the Constitution of Ohio.

9.02 Contracting Powers and Procedures

(A) Except as otherwise provided in this Charter, the Administrator shall be the contracting officer of the Municipality and shall award and execute all contracts on behalf of the Municipality.

(B) When any expenditure or contract is more than the amount specified by the laws of Ohio for which work may be accomplished only after advertisement and bidding, such contract or expenditure shall first be authorized or directed by an ordinance or resolution passed by the Council and shall be advertised once a week for at least two weeks in a newspaper of general circulation in the Municipality or posted on the Municipality's web site for fourteen (14) consecutive days, provided the Council, by an ordinance or resolution adopted by a majority vote of its members, may authorize, without advertising/posting and competitive bidding, contracts and expenditures for any purpose where the statutory or common law of Ohio does not require competitive bidding.

(C) When it becomes necessary to make alterations or modifications in connection with any work or improvements covered by contract, they shall be made only upon the order of the Administrator. No such order shall be effective until the price to be paid for the work or material, or both, under the altered or modified contract, shall have been agreed upon in writing and signed by the contractor and the Administrator on behalf of the Municipality. Modifications or alterations in contracts shall not require advertising and competitive bidding.

(D) No contract, agreement or other contractual obligation involving the expenditure of money shall be entered into or authorized by the Administrator unless the Director of Finance or his or her duly authorized representative shall first certify:

(1) That the money required for such contract, agreement, obligation or expenditure is in the Municipality's treasury or in the process of collection thereto, and

(2) That the money has been appropriated by Council for the specified purposes, and it remains unencumbered.

Said certification as to the availability of funds and the appropriation of funds shall be filed and recorded in the accounting records of the Municipality and a copy furnished the vendor or contractor. Without the certification, contractual obligations shall be void and unenforceable against the Municipality unless subsequently approved by the Council or recognized by Council as a moral obligation.

(E) The Administrator shall not divide any order or contract to avoid the requirements of competitive bidding.

CITY OF GROVEPORT GENERAL PURCHASING STANDARDS

CONTRACTING POWERS AND PROCEDURES

Purchases or contracts involving the expenditure as determined by the Ohio Revised Code which may require competitive bidding in accordance with the Ohio Revised Code shall be made only after advertisement and the receipt of sealed bids. The purchase shall be made only from the lowest responsive and responsible bidder in accordance with City of Groveport Codified Ordinances Section 126.03.

“LOWEST AND BEST” DEFINED”

For the purpose of this standard, lowest responsive and responsible bidder shall be defined according to the provisions set forth in Section 126.02 (b) – Bid Standard, of the City of Groveport Codified Ordinances.

EMERGENCY PURCHASES

In cases of emergency, purchases of goods or contracted services may be made without obtaining quotations or bids as set forth in Section 9.02(B) of the City of Groveport Charter.

PURCHASING AND FINANCIAL POLICY CODE

Codified Ordinance 126.05(a) identifies the Groveport Purchasing and Financial Policy Code, attached to Ordinance 12-041 and made a part thereof, was adopted. Furthermore, Codified Ordinance 126.05(b) states the Administrator, upon recommendation of the Director of Finance, may make any amendments of the stated code without prior approval from Council provided said amendments do not conflict with the City Charter and/or the Groveport Codified Ordinances.

COST ESTIMATES

1. The City has the authority to revise cost estimates for public improvement projects prior to the submission of the project for competitive bidding.

EXCEPTIONS TO COMPETITIVE BIDDING

1. Section 9.02 (B) of the Charter for the City of Groveport indicates when any expenditure or contract is more than the amount specified by the laws of Ohio for which work may be accomplished only after advertisement and bidding, such contract or expenditure shall first be authorized or directed by an ordinance or resolution passed by the Council and shall be advertised once a week for at least two weeks in newspaper of general circulation in the Municipality or posted on the Municipality's website for fourteen (14) days, provided the Council, by an ordinance or resolution adopted by a majority vote of its members, may authorize, without advertising/posting and competitive bidding, contracts and expenditures for any purpose where the statutory or common law of Ohio does not require competitive bidding.
2. Section 7.03 of the City of Groveport Charter provides engineering and other professional services not otherwise provided for in the Charter may be provided by way of contract engagements authorized by the Council and executed on behalf of the Municipality by the Administrator. The Council may substitute or supplement services to be provided by municipal personnel through contracts with other political subdivisions or other government agencies or by contracts with private persons, firms, corporations or other entities.

**CITY OF GROVEPORT
GENERAL PURCHASING STANDARDS
(Continued)**

DISPOSAL OF SURPLUS PROPERTY

Codified Ordinance Section 123.07 requires the following:

- (a) Personal property no longer needed for a Municipal purpose may be disposed of by the City Administrator in the following manner:
 - 1) Transfer to another department (in need);
 - 2) Trade-in on a new purchase of the same or similar items;
 - 3) Sealed bid sale;
 - 4) By public auction;
 - 5) Conveyance to another governmental agency/authority;
 - 6) Internet auction;
 - 7) Donation to a non-profit organization exempt from Federal income taxation; pursuant to prior approval of the Council; or
 - 8) Sold as scrap metal at a salvage yard.
- (b) Notice of the Municipality's intent to conduct and/or participate in a public auction shall be advertised for two (2) consecutive weeks in a newspaper of general circulation within the Municipality and said notice shall include a list of the property to be auctioned.
- (c) Notice of internet of the Municipality's intent to conduct an internet auction shall be advertised for two (2) consecutive weeks in a newspaper of general circulation within the Municipality and said notice shall include a list of the property to be auctioned. Potential buyers shall have no less than fifteen (15) days for bidding on the property which shall include Saturdays, Sundays and legal holidays. The Administrator shall determine whether the Municipality will conduct the auction or will contract with a representative to conduct the auction and the Administrator shall establish the general terms and conditions of the sale.
- (d) Items to be sold by sealed bid and valued at ten thousand dollars (\$10,000.00) or more shall be advertised for two (2) consecutive weeks in a newspaper of general circulation in the Municipality. Items valued at less than ten thousand dollars (\$10,000.00) shall be advertised at the discretion of the Administrator.
- (e) Competitive bidding shall not be required if conveyance, grant or permit to use of municipally-owned property is to be made to the United States of America, State of Ohio, or any political subdivision, taxing district, department, commission, board, institution, authority, or other agency of either. (Ordinance 14-024).

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CITY OF GROVEPORT PURCHASING MANUAL

I. PURPOSE

The purpose of this manual is to provide a guide for requisitioning purchases, acknowledging the receipt of goods and services procured, and also the payment process for goods and services. The guide includes statements of purchasing objectives and policies, as well as the procedures to be followed in performing the major purchasing functions.

The primary concern of Council and the City Administrator is to provide the City with a complete Centralized Purchasing Service. The Finance Department must work closely with all other departments in procuring materials and supplies, goods and services necessary for implementing the work of other departments.

Purchasing decisions must be coordinated with the aims, policies, and preferences of the departments served.

II. PURCHASING AUTHORITY AND COMPLIANCE

No purchases or contracts involving an expenditure are to be processed unless the transaction is first certified by the Finance Director or duly authorized designee that the amount required for the expenditure has been lawfully appropriated and is either in the treasury, or in the process of collection and free from any previous encumbrances.

All precautions should be taken by departments to make sure that budget accounts are not overspent.

Exceptions to incurring expenditures prior to the certification of funds by the Finance Department:

- a) Emergency purchases as outlined in General Purchasing Standards;
- b) Items approved for check request payment as outlined in the Purchasing Manual.

Violations for not obtaining proper certification of funds and incurring expenditure:

In accordance with Ohio Revised Code Section 5705.41(D)(1)) states no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the Finance Director that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

Ohio Rev. Code § 5705.41(D)(3), “Contract” as used in this section excludes current payrolls of regular employees and officers. Therefore, the following payroll related costs do not require certification:

- Salaries;
- Employers’ Retirement Contributions;
- Employee Fringe Benefits.

**CITY OF GROVEPORT
PURCHASING MANUAL
(Continued)**

II. PURCHASING AUTHORITY AND COMPLIANCE (Continued)

The following items do not involve a contract, therefore, do not require certification:

- Real Estate and Income Tax Collection Fees;
- Real Estate and Sales Related Taxes and Assessments;
- Election Expenses Deducted by County Auditor;
- Utility Deposits Refunded or Applied.

Transfers and Advances require Council action; therefore, do not require certification.

The Ohio Revised Code allows the following exceptions specific to certification of funds:

Then and Now Certificate: This exception provides that, if the Finance Director can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts less than \$3,000 may be paid by the Finance Director without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

PURCHASING INSTRUMENTS:

The City may prepare "blanket" certificates for a sum not exceeding an amount established by resolution or ordinance adopted by the members of the Council against any specific line item account over a period not extending beyond the end of the current year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. Blanket certificates shall not exceed \$100,000.

In addition to regular blanket certificates, the City may also issue so-called "super blanket" certificates for any amount for expenditures and contracts from a specific line-item appropriation account in a specified fund for most professional services, fuel, oil, food items and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond year-end. More than one super blanket certificate may be outstanding at one particular time for a particular line-item appropriation account.

**CITY OF GROVEPORT
PURCHASING MANUAL
(Continued)**

II. PURCHASING AUTHORITY AND COMPLIANCE (Continued)

The following identifies the types of purchases requiring certification:

- a) Continuing contracts to be performed in whole or in part in an ensuing year:
Only the amount required to meet those amounts in the current year, in which the contract is made, need be certified (encumbered). Remaining contract amounts must be provided for in the subsequent year's appropriations unless a determination is made to cancel all outstanding encumbrances at year-end and re-appropriate those commitments thus obligating those funds in the ensuing year.
- b) Per unit contracts – Need only certify (encumber) the estimated amount to become due in the current year based upon the agreed unit pricing and estimated quantities. The normal per unit contract length will be twelve months or less.
- c) Blanket purchase orders - Against any specific line item account, not extending beyond the current year, are to be certified (encumbered) against specific line-item appropriations. Super blanket purchase orders may be used and relate to professional services, fuel, oil, food items or any other specific recurring and reasonably predictable operating expense. Super blanket purchase orders may not extend beyond the next year. A list of expenditures paid under each blanket certificate must be maintained by the Finance Department. The use of blanket purchase orders is subject to the approval of the Finance Director.

When entering requisitions for approval, the Department will identify the type of purchase order within the CMI System based on the nature of the expenditure. The following purchase order class codes should be used based on the nature of the expenditure:

Purchase Order Class	Purchase Order Description	Purpose
BL	Blanket	Super Blanket - Used for predictable operating expenses and may have more than one for any one account (i.e. contractual services). Must be canceled at year-end.
CT	Contract	Issued specifically for contracts, engineering and other professional fees associated with the City's Capital Improvement Plan.
EC	Encumbrance	Regular Blanket – May not exceed \$100,000, may only have one outstanding per account (i.e. contractual services), a specific vendor is not necessary and must be canceled at year-end.
RG	Regular	One time purchase and closed once the purchase was made.

**CITY OF GROVEPORT
PURCHASING MANUAL
(Continued)**

III. PURCHASING FUNCTION OBJECTIVES

The objectives listed below will indicate the scope of the purchasing function prior to the act of purchase. These objectives are based upon proven principles of sound purchasing business management and shall be followed by all City departments:

1. Assisting department in securing goods and services;
2. Cost estimated for budget submission and approval;
3. Processing requisitions and orders;
4. Secure quality goods and services in the required time and at the lowest prices for efficient City operation;
5. Securing quotations and bids, both formal and informal;
6. Develop and maintain sources of supply for goods and services that are capable to meeting the needs of the City;
7. Foster and maintain business relations with vendors and the community in general;
8. Maintain proper inventories;
9. Expedite deliveries;
10. Standardize where possible;
11. Promote good working relations between Purchasing and user departments;
12. Study price and market trends;
13. Be alert for and recommend new products and services that aid users in the performance of their function: A Value Analysis Program;
14. Periodically review the City's purchases to assure that user needs are being optimally met by the goods and services being purchased;
15. Take the purchasing detail away from department heads to give them more time to successfully conduct departmental functions;
16. Develop a Request for Proposal (RFP) for use by the City;
17. Report purchases to City Council as required;
18. Maintain vendor bidder lists (with appropriate experience data).

These objectives may be attained with adequate planning and cooperation by all departments working with the City Administrator and Finance Department within the framework of a Centralized Purchasing System.

IV. STANDARDS AND ETHICS

The City Administrator is the primary contact between the departments and the vendors. Therefore, the City Administrator must adhere to high levels of personal conduct and transact business in a strictly ethical manner.

**CITY OF GROVEPORT
PURCHASING MANUAL
(Continued)**

IV. STANDARDS AND ETHICS (Continued)

The following principles are the basics for establishing purchasing practices:

1. Consider, first, the interests of the City in all transactions, and carry out its established policies.
2. Recognize values as being a combination of quality, service, and price that assures the greatest economy to the user, and buy on this value basis.
3. Buy without prejudice, seeking to obtain the ultimate maximum for each dollar spent.
4. Respect the City obligations and neither express or imply a promise of performance that we cannot expect to fulfill.
5. Refrain from divulging information acquired in confidence with the intent to giving or receiving an unfair advantage in a competitive business transaction.
6. City employees are prohibited from accepting gifts, entertainment, or other gratuity from any individual or business.
7. Adhere to the National Institute of Governmental Purchasing principles for ethical purchasing.
8. Follow City and State ordinances when applicable.
9. City employees may purchase items from the City when they are sold by sealed bids or at public auction.

All employees of the City participating in the purchasing process must refrain from any private business or professional activity that would create a conflict between personal interests and the interests of the City. No employee shall conduct business with the City either directly or indirectly of which they have an active or passive financial interest. Failure by any employee to communicate business relationships with the City may result in disciplinary actions.

V. VENDORS AND REQUISITIONS

VENDORS

PURPOSE: Creation and maintenance of vendor files is a process solely controlled by the Finance Department. The Finance Department is responsible for receiving the appropriate documentation from the requestor to establish a new vendor, changing vendor's information and for ensuring that each vendor has only one master vendor file.

WHEN TO CREATE A NEW VENDOR: It is the responsibility of the requestor to determine and verify a new vendor is necessary. Prior to the request to create a new vendor, the requestor should communicate with the Finance Department for verification.

PROCEDURES: If the vendor does not exist, the requestor should submit a completed W-9 form to the Finance Department. This form will ensure the new vendor has a valid tax identification number, provide their legal name (and business name if applicable) and also whether IRS Form 1099 should be issued. The information will then be entered into the CMI accounting system within 1-3 business days.

**CITY OF GROVEPORT
PURCHASING MANUAL
(Continued)**

V. VENDORS AND REQUISITIONS (Continued)

CONFLICTS OF INTEREST/VENDOR RELATIONS: Conflict of interest exists when an officer, agent, or employee is in a position to influence any City business transaction or other decisions in ways that could lead to any manner of personal gain or profit either directly or indirectly for the officer, agent or employee, or for his or her close family members, other than salary from the City, or when the officer, agent or employee divide his/her loyalties or actions between the City's interests and those of a third party.

Whenever a conflict of interest exists or may appear to arise and is not immediately eliminated, a full disclosure in writing of all relevant facts and circumstances must be made to the City Administrator in conjunction with the department supervisor. Each such disclosure of a conflict of interest shall be reviewed to determine whether or not a conflict exists and necessary corrective action is necessary. Decisions as to corrective action shall take into account the nature of the conflict, its origin, and the importance or scope of transactions involved. Based on the information provided, the City Administrator shall determine if employee disciplinary action is necessary, or termination of any agreements/contracts with a particular vendor.

REQUISITIONS

PURPOSE: The purpose of a requisition is to inform the Finance Department of the needs of the department so that procedures can be set in motion toward the purchase of the needed materials and equipment, goods and services. It also enables the Finance Director or designee to review the availability of funds. In addition, a requisition procedure can save the City from placing duplicate orders, thus saving time.

WHEN TO REQUISITION: It is the responsibility of the department head to anticipate the needs of the department as much in advance as possible, so as not to create a situation whereby items need to be purchased on an emergency basis. Thus, the requisition should be submitted far enough in advance to allow the City to take advantage of competitive quotations and bidding. Delivery time is also a factor to be considered. Orders should be submitted to ensure that the commodity is delivered when it is needed.

SINGLE SOURCE PURCHASES: If the item or service is such that it can be supplied by only one source, a written memo explaining fully the conditions which make the supplier an only source must be attached to the requisition, and if deemed correct, then attached to the purchase/requisition order as justification.

VI. AUTHORIZING PURCHASES

The City utilizes a purchase order system to address department needs regarding the securing of equipment or goods and services; determining whatever monies are available within the department's budgeted line item, further acknowledging the purchase order serves as the contract between the City and the vendor, with the conditions specified and incorporated into the contract.

PURPOSE: The purpose of the purchase order is to inform the Finance Department of the needs of the City department so that procedures can be set in motion toward the purchase of the needed materials, goods or services. It also enables the Finance Director or designee to check the availability of funds. In addition, it can save the City from placing duplicate orders, thus saving time.

**CITY OF GROVEPORT
PURCHASING MANUAL
(Continued)**

VI. AUTHORIZING PURCHASES (Continued)

WHEN TO ISSUE A PURCHASE ORDER: It is the responsibility of the department employee to anticipate the needs of the department as much in advance as possible, so as not to create a situation whereby items need to be purchased on an emergency basis. Thus, the purchase order should be submitted far enough in advance to allow the City to take advantage of competitive quotations and bidding.

Delivery time is also a factor to be considered. Orders should be submitted to ensure that the commodity or item is delivered when it is needed.

HOW PURCHASE ORDERS ARE PROCESSED: The purchase order is made up of two (2) copies: the Finance Department copy and the requisitioning department's copy. Purchase orders are approved, issued and maintained in electronic form.

The invoices are submitted by the vendor to the Finance Department by e-mail at AccountsPayable@groveport.org or by mail. Invoices received by e-mail are required to be submitted in a .pdf format and will not be accepted in any other format. Once the goods are received, the department acknowledges will initial/sign the invoice that a complete shipment has been received, and notifies the Finance Department that the invoice should be authorized for payment. All department employees must approve actual invoices (via initials/signature before payment is processed by the Finance Department.

FAILURE TO OBTAIN PURCHASE ORDER: The department manager or designee shall be responsible for any purchase made without prior certification and approval from the Finance Department that sufficient funds are available. If written certification is not obtained on the requested purchase order, verbal confirmation with the Finance Department or designee is deemed sufficient in such circumstances.

VII. OVER EXPENDITURES AND SUPPLEMENTAL APPROPRIATIONS

If the requisitioned budget account lacks a sufficient balance at the City's approved legal level of control, the Finance Department will return the purchase order to the requisitioning department.

The department head or designee may:

1. Drop the request;
2. May request transfer of appropriations;
3. Requests for a supplemental appropriation should be directed to the Finance Department explaining the need for such a request. Normally, only things that could not have been foreseen, or reasonably provided for by careful planning, and are of an emergency nature, will be considered for presentation to Council and the purpose of amending the annual appropriation ordinance. Therefore, careful preparation of annual department budget requests is a necessity.

**CITY OF GROVEPORT
PURCHASING MANUAL
(Continued)**

VIII. EMERGENCY PURCHASES

TRUE EMERGENCIES: An emergency situation is defined as a situation in which the operation of a department would be seriously hampered because of a shortage of goods or services to maintain critical City operations.

EMERGENCY PROCEDURE: During normal working hours, the department shall notify the City Administrator of the need for an emergency purchase. The City Administrator will assist the department in securing the needs and issue a purchase order number for the items to be purchased. The Finance Department shall make all necessary arrangements for delivery, working in conjunction with the user's department.

PURCHASE ORDER: A purchase order must be submitted to the Finance Department as soon as possible after approval is obtained from the City Administrator, so that the emergency purchase can be secured.

OTHER EMERGENCIES: If an emergency occurs at other than normal working hours (i.e. nights, weekends, holidays), the department must submit, on the next working day, a purchase order accompanied by the sales slip, invoice, and/or explanation for the necessity of the purchase. The Finance Department shall follow through with the accompanying paperwork and any appropriate reporting procedures.

Negligence on the part of the department head to plan properly is not a justification for an emergency purchase. Emergency purchases made on a non-competitive basis are costly and may not be beneficial to the City.

IX. COMPLIANCE WITH THE OHIO REVISED CODE AND MISCELLANEOUS ITEMS

COMPETITIVE BIDDING OF CERTAIN MATERIALS OR SERVICES: All contracts or expenditures than the amount specified by the laws of Ohio for which work may be accomplished only after advertisement and bidding shall follow the procedure outlined below:

1. Legislation authoring bids and awarding the Contract to the lowest responsive and responsible bidder and or posted as set for in Section 9.02 (B) of the City of Groveport Charter.
2. The invitation to bid will be advertised. Bids shall be opened on the day and time set in the bid announcement, and publicly read.
3. Where required, bids shall be accompanied by a sufficient and acceptable bid bond, in the form of a certified or cashier's check drawn on a solvent bank or a bid bond executed by a surety authorized to do business in the State of Ohio, and made payable to the City, to assure the City, that if a bid is accepted, a contract will be entered into. When required, a Performance Bond (100%) or a 100% bank "Letter of Credit" shall be secured by the bidder. The adequacy of such bond shall be approved by the Law Director.
4. Bidders shall execute and submit any and all confidential documents required by state or local laws. Said forms shall be furnished by the City or the City shall provide thereto. No contract is deemed fully executed until this is done. Upon completion of the project, a signed contractor's indebtedness affidavit must be filed with the City to execute final payment of said contract.

**CITY OF GROVEPORT
PURCHASING MANUAL
(Continued)**

IX. COMPLIANCE WITH THE OHIO REVISED CODE AND MISCELLANEOUS ITEMS
(Continued)

5. Prevailing wages shall be paid as required by Ohio law on all projects for new construction, remodeling, and repair projects. Bids shall be submitted accordingly as noted in the bid requirements.
6. At the election of the City, a waiver may be included as part of the submitted bid eliminating the establishment of retainage accounts for specific contracts.
7. Addendums to bids shall be made available to all known bidders and shall be issued, in a reasonable time, prior to the bid opening. Bids may be postponed as deemed in the City's best interest. The City reserves the right to reject any and all bids, waive informalities, and make an award deemed in its best interest.
8. Bidders are to keep informed of all laws and regulations, Federal and State, City Ordinances, codes, rules, safety requirements (Industrial Commission) which affect those employed to engage in the work or materials to be used in a project.
9. Project completion (delivery) warranties, references, terms and F.O.B. shall be required by bidders in the Bid Invitation. Non-responsiveness can be determined as a condition for bid disqualification.
10. Bids will be awarded on the basis of lowest responsive, responsible bid conforming to the specifications.
11. After final authorization, the City Administrator shall follow through with the proper purchase order. The bid award shall be made within a reasonable time of a bid opening, except when the bid involves use of Federal funds or sale of notes and/or bonds, in which case the award shall be made pending the availability of funds. Bids may not be withdrawn or modified unless the award is delayed beyond that time.
12. The City Administrator will send a final tabulation to all bidders, specifying which bid or quotation was awarded the purchase.
13. The City Administrator, department head, or Finance Department shall determine that the awarded contractor has no outstanding finding for recoveries prior to the contract being awarded. This shall be determined by securing from the Auditor of State of Ohio's website such certification that the contractor has no such outstanding findings in accordance with Ohio Revised Code Sections 9.24(A), (B), (D), (E), and (G); and Attorney General Opinion 2004-014.

CREDIT CARDS: Certain expenditures may be made with the City's authorized credit cards for memberships, subscriptions, education registration, and travel-related expenditures. The use of the credit card does not eliminate the requirements to have a purchase order in place and funds encumbered prior to the expenditure being executed. The purchase order must be made payable to the financial institution that issued the credit card. Furthermore, all employees or elected officials utilizing the credit card must adhere to the City's Credit Card Policy regarding the requirement to submit itemized credit card receipts and also certifying that an employee's use of City credit cards was for a proper public purpose in the event an itemized receipt is lost.

**CITY OF GROVEPORT
PURCHASING MANUAL
(Continued)**

**IX. COMPLIANCE WITH THE OHIO REVISED CODE AND MISCELLANEOUS ITEMS
(Continued)**

EXPENSE REIMBURSEMENT – TRAVEL AND MEAL POLICY: See Code of Personnel Practices and Procedures Section 6.01 for compliance requirements and guidelines. Specific to Section 6.01, travel and meal expense reimbursements shall only be for business related expenditures for a proper public purpose and any reimbursement submitted contrary to Section 6.01 may not be reimbursed.

In the event an itemized travel receipt is not available for submission to the Finance Department, the following form is required to be completed:

CITY OF GROVEPORT LOST RECEIPT CERTIFICATION FORM – TRAVEL REIMBURSEMENT

I, _____, hereby certify that I have received and purchased items utilizing personal funds while conducting approved business on-behalf of the City and have inadvertently lost or destroyed the original receipt supporting the purchase. I hereby certify that the purchase was allowable, for a proper public purpose, and relates to approved business conducted on behalf of the City.

Employee Signature

Date

Department Supervisor Signature

Date

Finance Department Approval

Date

X. SPECIFICATIONS

Standard specifications should be set up so that maximum competition can be secured. The description of the item and its characteristics should be defined and precise as to eliminate the possibility of misunderstanding on the part of the purchaser, vendor, or user. Wherever necessary, tests will be made to determine compliance with the specifications. Specifications that are considered “closed” (eliminating competition) shall not be submitted by any department.

Trade or brand name items may be submitted to the Finance Department on the purchase order, but may not necessarily become part of the final specifications. Use of brand names shall establish a generally acceptable standard, and other brand names of the same general qualities will be requested to submit bids.

EXCEPTIONS: Where current equipment or materials for parts or replacement are required, alternatives may not be feasible.

**CITY OF GROVEPORT
PURCHASING MANUAL
(Continued)**

XI. BID AND PERFORMANCE BONDS

Where required, bids shall be accompanied by a sufficient and acceptable bid bond, in the form of a certified or cashier's check drawn on a solvent bank or a Bid Bond executed by a surety authorized to do business in the State of Ohio and made payable to the City, to assure the City, that if a bid is accepted, a contract shall be entered into. Performance bonds or bank "Letters of Credit", where required, shall be deposited in the amount of the contract (100%) prior to execution of contract, and approved as to form by the City Law Director.

Requiring certified checks or bonds may not always be in the best interest of competition. Therefore, careful study should be given to this matter before a bond is required. In any event, the City Administrator shall decide when the deposit of a bond or "Letter of Credit" is necessary for a vendor to be awarded a purchase order or contract.

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CITY OF GROVEPORT STATEMENT OF FINANCIAL POLICIES

I. PURPOSE AND SCOPE

The City of Groveport has a responsibility to its citizens to carefully account for public funds, to manage municipal finances wisely, and to plan for the provision of services desired by the public. Sound financial policies are necessary to carry out that responsibility.

This Statement of Financial Policy provides a summary of significant financial and budgetary policies required by state law, the City Charter, City Ordinances, accounting principles generally accepted in the United States of America, and administrative practices.

This policy is designed to: 1) provide conceptual standards for financial decision-making, 2) enhance consistency in financial decisions, and 3) establish parameters for administration to use in directing the day-to-day financial affairs of the City.

The scope of these policies includes budgeting, financial reporting, auditing, internal controls, asset management, risk management, capital improvement program, debt management, and financial performance targets.

II. REVIEW OF POLICIES

These policies shall be reviewed periodically and will be presented to Council annually during the budget review.

III. BUDGETING AND FINANCIAL PLANNING

A. Financial Planning Elements

The major elements of the budgeting/financial planning process for the City of Groveport are:

1. City of Groveport Capital Improvement Plan – this document establishes a policy framework to guide the expansion of the City and future development and necessary infrastructure and capital equipment needs. The Capital Improvement Plan is approved annually by Council Resolution.
2. Financial Forecast – updated annually, this plan projects the City’s significant funds (General, Street Maintenance and Repair, Recreation, Golf Course and Debt Service Funds) financial performance, estimates funding needs, identifies funding sources, and may expand upon the Capital Improvement Plan by estimating the costs and funding for projects and programs that accomplish the long term goals for the City.
3. Annual Operating and Capital Budgets – annual financial plan of the City and is prepared by the City Administrator with assistance from the Finance Department and approved by Council.

B. Long-Term Focus

The City recognizes the importance of long-term strategic planning, as evidenced by its Capital Improvement Plan. Similarly, it recognizes that prudent financial planning considers multi-year implications of financial decisions.

The City shall maintain a long-term focus in its financial planning that is mindful of the long-term objectives of the City.

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

III. BUDGETING AND FINANCIAL PLANNING (Continued)

C. Conservatism

Revenues will be projected conservatively, but realistically, considering:

- a. Past experience;
- b. The volatility of the revenue source;
- c. Inflation and other economic conditions;
- d. The costs of providing the service.

One time or special purpose revenues will be used to finance capital projects or for expenditures required by the revenue, and not to subsidize recurring personnel costs or other operating cost.

Expenditures will be projected conservatively considering:

- a. A conservative, but likely, scenario of events (versus “worst case scenario”);
- b. Specific identified needs of the program or service;
- c. Historical consumption and trends;
- d. Inflation and other economic trends.

D. Financial Forecast

A financial forecast shall be updated on an annual basis related to the City’s significant funds. The purpose of this forecast is to:

1. Identify major policy issues for City Council consideration prior to the preparation of the annual budget;
2. Establish capital project priorities and make advance preparation for the funding of projects within the five-year horizon;
3. Make conservative financial projections for the City’s significant funds to provide assurance that adequate funding exists for proposed projects and services;
4. Identify financial trends in advance or in the early stages so that timely corrective action can be taken, if needed;
5. Communicate the City’s plans to the public and provide an opportunity for the public to offer input.

E. Annual Operating and Capital Budget

Scope: The operating and capital budget is the City’s annual financial operating plan. All funds will be subject to appropriation by Council.

Balanced Budget. A balanced budget is a basic budgetary constraint intended to ensure that a government does not spend beyond its means. At a minimum, the City’s use of resources for operating purposes will not exceed available resources over a calendar year. Contingent on the operating needs of the City, a structural balance will be employed whereas estimated revenues for a calendar year will equal or exceed estimated expenditures for the same budget period. When necessary, the following budget-balancing strategies will be used:

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

III. BUDGETING AND FINANCIAL PLANNING (Continued)

E. Annual Operating and Capital Budget (Continued)

1. Reduce expenditures through improved productivity;
2. Shift expense to other parties;
3. Create new service fees or increase existing fees;
4. Seek tax rate increases;
5. Reduce or eliminate services.
6. Allocate expenditures to the fund or department which directly benefits from the services as allowed by the City's Charter, legislative enactments of Council, or the Ohio Revised Code.

F. Modifications to the Budget

Supplemental Appropriations: Amendments to authorized appropriation at the legal level of control may be made from time to time as changing circumstances dictate. These will be recommended to City Council by the City Administrator or Finance Director along with the rationale supporting the request(s). Such budget amendments must be approved by Ordinance of Council.

IV. CAPITAL IMPROVEMENT PROGRAM/CAPITAL BUDGET

The City shall provide for adequate maintenance of the capital plant and equipment and provide for orderly replacement.

A. Five-Year Capital Plan

The City shall prepare a five-year capital plan and update it annually which shall be approved by Council Resolution. The plan will prioritize all anticipated capital projects and determine availability of funding.

B. Capital Budget

An annual capital budget will be prepared and provided to Council as part of the annual budget.

Scope: The Capital Budget encompasses any funds of the City which may provide resources for capital improvements as established from time to time for specific projects.

Eligible Projects. The purchase or construction of a capital asset with an acquisition cost of at least \$5,000 and has a useful life of at least 5 years is eligible for funding as a capital project.

Funding Sources. A recommended funding source and resource availability shall be presented to Council for each project. The Administration will investigate all potential alternative funding sources, such as federal or state grants.

CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)

V. BUDGETARY COMPLIANCE AND EXPENDITURE CONTROL

A. Budgetary Compliance and Monitoring

The City will maintain a budgetary control system to ensure that appropriations or fund balances will not be overdrawn.

A purchasing control system will be maintained which shall generally require advance authorization of purchases as required by the Ohio Revised Code (O.R.C. 5705.41) and the City of Groveport purchasing policy. Encumbrance accounting will be utilized as an extension of formal budgetary control. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as an appropriation encumbrance prior to placing the order or entering into the contract in order to reserve that portion of the applicable appropriation.

The integrity of the various funds will be maintained by proper crediting of revenues and proper charging of costs.

B. Budget Reporting

Monthly expenditure reports will compare actual results with approved budget amounts. Such reports will be provided to the appropriate department head for review. Appropriation deficiencies will be addressed immediately via a Council authorized transfer of appropriations or request for supplemental appropriations.

C. Prompt Payment

All invoices approved for payment shall be paid within thirty days of receipt unless contractual terms provide otherwise. Procedures shall be established to enable the City to take advantage of all purchase order discounts deemed to be in the best interest of the City.

VI. INTERFUND TRANSFERS AND ADVANCES

Cash transfers may be made from one fund of the City to another fund if authorized, by City Ordinance, by an affirmative vote of at least four members of Council. All transfers will be reviewed and determined to be in compliance by the Finance Director in accordance with Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16 prior to Council approval.

Cash advances shall meet the following criteria: 1) Any advance shall be clearly labeled as such and distinguished from a transfer; 2) The fund advancing the cash (“creditor fund”) shall be for the same purpose for which the fund receiving the cash (“debtor” fund) was established; and 3) Advances must be approved by formal Ordinance and include a specific statement that the transaction is an advance of cash and an indication of when repayment will be made. Any conversion of an outstanding advance to a transfer shall be approved by Ordinance.

VII. FUND BALANCE RESERVES

The City will budget target cash fund balances for various operating funds to provide reserves for unforeseen emergencies or revenue shortfalls and to eliminate the need for short-term borrowing for cash flow needs.

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

VII. FUND BALANCE RESERVES (Continued)

The City has established a Rainy Day Fund (Budget Stabilization Fund) in accordance with Ohio Revised Code Section 5705.13(A). This fund shall be accounted for within a separate fund and in accordance with existing legislation, the City shall allocate income taxes to this fund until the targeted balance of \$2,000,000 has been met. These funds may only be used for unforeseen emergencies or revenue shortfalls and may be reduced or eliminated at any time by City Council approval. For budgeting purposes, the reserve balance is considered excluded from the unencumbered balance when certifying available balances at year-end although such indication may not be reflected on the Certificate of Available Resources Subject to Appropriation. Funds used for any other purpose shall require Council action to appropriately identify said use of funds.

The City has determined that unrestricted fund balance in the General Fund shall be no less than two months of regular General Fund operating expenditures. Furthermore, for purposes of determining a methodology related to calculating unrestricted fund balance within the General Fund, each year the Administration shall calculate the amount of unrestricted carryover not subject to appropriation, calculated as follows:

Unrestricted 20% Carryover Balance – Prior Year			\$X,XXX,XXX
Projected/Actual Carryover Year-End		\$Y,YYY,YYY	
X 20% Carryover		X 20%	
Projected/Estimated Carryover		Y,YYY,YYY	Y,YYY,YYY
Unrestricted 20% Carryover Balance – Current Year			\$Z,ZZZ,ZZZ

This amount shall be calculated each year and may only be amended contingent on Council approval.

The Rainy Day Fund total amounts available from all sources shall be unappropriated each year as the authority to spend such funds require Council approval.

Other than the City’s General and Rainy Day Funds, the excess between the total amounts available from all sources and appropriations shall be appropriated as “contingency”.

VIII. INTERNAL CONTROL POLICIES

The City will maintain a system of internal control to safeguard its assets against loss, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies.

A. Objectives of Internal Control

A system of internal controls should be able to provide reasonable assurance that these objectives have been met:

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

VIII. INTERNAL CONTROL POLICIES (Continued)

A. Objectives of Internal Control (Continued)

- a. **Authorization.** All transactions are properly authorized by management;
- b. **Recording transactions.** Transactions are recorded as necessary (1) to permit preparation of financial statements in conformance to statutory requirements and accounting principles generally accepted in the United States of America, and (2) to maintain accountability for assets;
- c. **Access to assets.** Access to assets and records should be permitted only with management's authorization;
- d. **Periodic independent verification.** The records should be checked against the assets by someone other than the persons responsible for the records of these assets. Examples of independent verification are monthly bank reconciliations and periodic counts of inventory;
- e. **Segregation of duties.** The organizational plan should separate functional responsibilities. In general, when the work of one employee is checked by another, and when the responsibility for custody of assets is separate from the responsibility for maintaining the records relating to those assets, then there is appropriate segregation of duties. The City will attempt to implement segregation of duties to the extent available based upon the respective size of the City's departments, availability of staff, and cost-benefit relationship of implementing recommendations pertaining to segregation of duties.

B. Written Procedures

Written procedures will be maintained by the Finance Director for all functions involving the handling of cash and securities. These procedures shall embrace sound internal control principles.

C. Finance Department Responsibilities

The Finance Department shall issue internal control procedures based upon deficiencies that have been identified by City staff or the independent auditors. The Finance Department shall ensure that a good faith effort is made to implement all independent auditor recommendations pertaining to internal control. The Finance Department will administer an "in-house audit" program to regularly and systematically review and monitor internal control procedures and compliance with federal and state regulatory requirements pertaining to internal controls or financial reporting.

D. Department Director Responsibilities

Each department director is responsible to ensure that internal control procedures, including those issued by the Finance Department, are followed throughout the department. All department directors shall be responsible for authorizing transactions, verifying all assets purchased and used are for a proper public purpose and tracking use and location of assets purchased.

CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)

IX. FINANCIAL REPORTING

The City will prepare its financial reports in conformance with applicable statutes and, where applicable, accounting principles generally accepted in the United States of America. A Comprehensive Annual Financial Report (CAFR) will be evaluated on a yearly basis to determine the cost benefit of providing this report to the City of Groveport, Council, management, and its citizens.

X. AUDIT

The City shall have an annual financial audit conducted by the Auditor of State of Ohio or an independent public accounting firm. This audit shall be in accordance with accounting principles generally accepted in the United States of America, Government Auditing Standards, and the requirements set forth by Uniform Guidance where applicable.

XI. DEBT MANAGEMENT

Debt will be used to fund only capital projects or the purchase of capital assets that will continue to provide a benefit to the community during the term of the debt. Debt will not be used to finance operating expenditures.

A. Creditworthiness Objectives

1. *Credit Ratings*: The City seeks to maintain the highest possible credit rating consistent with the City's financing objectives. The City of Groveport will attempt to secure and maintain a long-term credit rating with one or more of the following agencies: Moody's Investors Service, Standard & Poors, or Fitch. Obtaining, maintaining or improving the City's bond rating is an important objective of the City. Accordingly, the City will strive for continual improvement in its financial policies, practices, and performance.
2. *Financial Disclosure*: The City is committed to full and complete financial disclosure, and to cooperating fully with rating agencies, institutional and individual investors, City departments and agencies, other levels of government, and the general public to share clear, comprehensible, and accurate financial information. The City is committed to continuing disclosure of financial and pertinent credit information relevant to the City's outstanding securities and will abide by the provisions of Securities and Exchange Commission (SEC) Rule 15c2-12 concerning primary and secondary market disclosure.
3. *Capital Planning*: To enhance creditworthiness and prudent financial management, the City of Groveport is committed to systematic capital planning and long-term financial planning.
 - a. Evidence of this commitment to systematic capital planning will be demonstrated through adoption and periodic adjustment of a Capital Improvement Plan and the annual adoption of a Financial Forecast.
 - b. The budgetary impact of debt service expenditures for proposed debt must be illustrated in the Annual and Capital Budgets as adopted, or modified, by Council.

CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)

XI. DEBT MANAGEMENT (Continued)

4. *Renewal and replacement funds*: The City will set aside annual cash allocations (when available as determined by the City Administrator and the Finance Director) for the renewal and replacement of capital assets.
5. *Statutory Debt Limits*: The City will keep outstanding debt within the limits prescribed by State law, including the “indirect 10-mill limitation”. The City will consider using revenue debt in lieu of general obligation debt, when revenue debt is feasible.

B. Purposes and Uses of Debt

1. The City will consider long-term financing for the acquisition, maintenance, replacement, or expansion of physical assets (including land) only if they have a useful life of at least five years.
2. The City shall issue debt only as specifically approved by City Council. Expenditure of such monies shall be in strict accordance with the designated purpose.
3. The improvement will be financed over a period not exceeding the estimated useful life or average useful lives of the improvement or improvements being financed. (ORC 133.20)
4. Factors to consider when determining whether to issue debt include:
 - a. Whether there are sufficient current resources to fund the improvement;
 - b. Whether it is in the best financial interest of the City, considering the costs of issuance relative to investment opportunities;
 - c. Whether it is an appropriate means to achieve a fair allocation of costs between current and future beneficiaries; and
5. The cost of the improvement.
6. The City will refrain from inter-borrowing for the purpose of avoiding operating fund deficits, except for short-term (six months or less) borrowing from the General Fund. Interfund borrowing will be considered on a case-by-case basis, to the extent permitted by law, to finance high priority capital needs, but only when planned expenditures in the fund making the loan would not be adversely affected. The borrowing fund will pay interest at a market-based rate.
7. The City shall seek to finance the capital needs of its revenue-producing enterprise activities through the issuance of revenue-secured debt obligations (including revenue-secured general obligation bonds only upon the determination that such debt is cost beneficial to the City and provides the most attractive financing option to the City). The City will determine that projected revenues are sufficient to re-pay the debt. These revenues shall be conservatively projected.
8. Debt service expenditures shall take priority over all other expenditures in the annual budget.
9. Revenue anticipatory notes shall not exceed one year in duration and shall be issued only in anticipation of revenues to be received during the same calendar year.

C. Debt Standards and Structure

1. *Term*: Debt will be structured to achieve the shortest period consistent with a fair allocation of costs to current and future beneficiaries or users.
2. *Repayment Schedule*:
 - a. The City shall seek to repay its outstanding debt in a timely manner and also in advance contingent excess are funds are available to dedicate toward debt service.

CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)

XI. DEBT MANAGEMENT (Continued)

C. Debt Standards and Structure (continued)

- b. The City will seek to structure debt with relatively level debt service (principal and interests) costs over the life of the debt.
3. *Credit enhancement* (e.g., letters of credit, bond insurance) may be used, but only when its use reduces net debt service by more than the cost of the enhancement.
4. *Call provisions*: Call features shall be made as short as possible in context of seeking the optimal true interest cost. Calls should generally be at par.
5. *Issuance costs*: Such as bond counsel fees, financial advisor fees, registrar/paying agent fees, rating agency fees, printing costs, and underwriter's discount, will be charged to the bond issue to the extent allowable by law.
6. *BANs*: Use of short-term borrowing, such as bond anticipation notes (BANs) will be undertaken only if the transaction costs plus interest of the debt are less than the cost of internal borrowing, or available cash is insufficient to meet capital requirements.
7. *Refundings*:
 - a. Periodic reviews of all outstanding debt will be undertaken to evaluate refunding opportunities.
 - b. Refunding will be considered if and when there is a net economic benefit of the refunding. In general, advance refundings will be undertaken when a net present value savings of at least two percent of the refunded debt can be achieved. Refundings that produce a net present value benefit of less than two percent will be considered on a case-by-case basis.

Debt Administration and Process

1. *Competitive versus Negotiated Value*
 - a. In general, it is the policy of the City to issue debt through a competitive process as considered reasonable based upon the nature of debt to be issued. Bids will be awarded on a true interest cost basis (TIC), providing other bidding requirements are satisfied.
 - b. Negotiated sales of debt will be considered when the complexity of the issue requires specialized expertise, when the size of the issue may limit the number of potential bidders, when a negotiated sale would result in substantial savings in time or money, when the City has determined that all competitive bids received are unsatisfactory, or when market conditions or City credit are unusually volatile or uncertain.
2. *Investment of bond proceeds*: All bond proceeds shall be invested consistent with the City's investment policy. Investment of proceeds and records thereof will be structured to comply with the arbitrage rebate compliance requirements of federal tax code.

CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)

XII. INVESTMENTS AND DEPOSIT OF FUNDS

A. Investment Policy

All idle funds shall be invested in accordance with the City's Investment Policy, approved by City Council. This policy emphasizes safety, preservation of principal, liquidity, and yield.

B. Interest Distribution

Interest shall be distributed to the following funds in proportion to their cash balance as a percentage of total cash balances to all funds:

Street Fund
State Highway Fund
Perpetual Care Fund

All other interest will be distributed to the General Fund except as otherwise required by statute or as required by state or federal grants.

C. Deposit of Funds

All cash and securities received by the Finance Department shall be deposited within 3 business days in accordance with Ohio Revised Code Section 9.38 and Ordinance Section 126.04. All departments which do not deposit with a local financial institution shall deposit monies with the Finance Department the next business day. All funds shall be secured in lock boxes or other secured means in the event such funds cannot be deposited timely.

D. Depository Bank

The City shall designate public depositories eligible to receive deposits of the City's funds at least once every five years. Depositories so designated shall appear on a list of eligible depositories authorized by the State of Ohio. (O.R.C. 135.12)

XIII. ASSET MANAGEMENT

A. Capital Assets

Capital assets include land, improvements to land, buildings, building improvements, machinery, equipment, infrastructure, and all other assets that are used in operations and that have initial useful lives extending beyond one year. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure include roads, bridges, sidewalks, and similar items.

A capitalization threshold is the cost established by the City that must be met or exceeded if an asset is to be recorded and depreciated as a capital asset. The City has established the threshold of an initial, individual cost of more than \$5,000. The City shall properly insure all capital assets based on established policies which may differ from the amount captured for financial reporting purposes. All capital assets are valued at historical cost, or estimated historical cost, if actual cost is not available. Donated capital assets are valued at their estimated acquisition value at the time received.

CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)

XIII. ASSET MANAGEMENT (Continued)

Interest on constructed capital assets for enterprise funds is capitalized. Estimated useful lives shall be determined by management considering the life of the asset and the City's intended use.

B. Safeguarding of Assets

The City's capital assets will be reasonably safeguarded and will be used only for an appropriate public purpose. Responsibility for the safeguarding of the City's capital assets lie with the department head to whose department the capital asset is assigned.

C. Annual Inventory

All capital assets shall be tagged with an identifying number. Each department shall conduct a periodic inventory of capital assets using the guidelines established by the Finance Department.

XIV. RISK MANAGEMENT INSURANCE

The City shall make diligent effort to prevent loss or degradation of City assets and to reduce the City's exposure to liability. The City shall transfer risk to other parties, where cost-effective, by purchasing insurance. Risk management insurance will consist of liability, crime and cyber related insurance policies.

The City shall shift the legal and financial responsibility to third parties who perform work or provide services to the City for losses or potential losses caused by the actions of those third parties. This transfer of risk may occur through a variety of means in leases, purchase and service agreements, and other contracts. The transfer of risk shall be made formally and in writing and may include insurance requirements and the required provision of certificates of insurance (with the City of Groveport named as an "Additional Insured").

XV. ENTERPRISE FUND

A. Enterprise Funds' Purpose

Enterprise funds are commonly used to account for activities that are fully financed through user charges. Also, they are used when it has been determined that it is beneficial to determine the full cost of operations, including the determination of depreciation and other such private sector accounting conventions. Accordingly, enterprise funds are subject to accounting principles generally accepted in the United States of America applicable to similar businesses in the private sector.

B. City of Groveport Enterprise Activities

The following activities and associated funds are classified (or will be classified) as enterprise funds:

- a) Water Operating Fund
- b) Sewer Operating Fund
- c) Storm Water Operating Fund
- d) Water Capital Improvement Fund
- e) Sewer Capital Improvement Fund
- f) Columbus Surcharge Fund

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

XV. ENTERPRISE FUND (Continued)

C. Enterprise Funds Financial Performance Policies

Enterprise Funds:

Revenues generated by each of these funds shall be sufficient to support 100% of:

1. Operating costs, determined on the budgetary basis of accounting;
2. Administrative overhead charges;
3. Debt service;
4. Adequate maintenance and replacement of capital plant and equipment;
5. Special replacement reserves and other reserves required by grants or bond indentures;
6. Cash fund balance reserves as specified elsewhere in this policy.

D. Enterprise Funds' Revenue and Fee Policy

Rates shall be reviewed annually (either formally or informally) and adjusted to allow charges to grow at a rate that keeps pace with the cost of providing the service. Projected cash needs for at least five years into the future will be considered when establishing rates. This policy will result in incremental increases in rates rather than large increases that may result in a financial burden to customers. The City may elect to conduct rate studies by third parties to determine the operating, capital, and debt service needs in order to maintain positive cash flow within the City's Enterprise Funds.

XVI. ALLOCATION AND ASSIGNMENT OF EXPENDITURES

General Fund activities provide administrative overhead services to other funds. The cost of this overhead must be considered to establish the full cost of operations of all City funds in which General Fund dedicated employees provide services to other City funds and departments. The Administration will recommend, in the Annual Operating and Capital Budget, an equitable allocation of costs and administrative charges based upon a cost accounting analysis. The Administration will also allocate costs to applicable funds and departments based on use in order to determine the actual cost of conducting business.

XVII. TERMINATION FUND

The City of Groveport has established a Termination Payment Fund in accordance with Ohio Revised Code § 5705.13(B) to accumulate cash to pay accumulated leave, or for paying salaries when the number of pay periods exceeds the usual and customary number for a year. This leave includes payments for accumulated sick leave and vacation leave, or for payments in lieu of taking compensatory time off, upon the termination of employment or retirement. Money, as available, shall be transferred to this fund from any fund from which the termination or salary payments could lawfully be made. The Finance Department shall maintain the appropriate accounting records to account for any payments made to the Termination Payment Fund and if it is determined that the Termination Payment Fund is rescinded, accumulated resources shall be returned to the fund from which they came.

ACCUMULATION AND TIMING OF RESOURCES

For purposes of determining amounts accumulated in this fund should be reasonable based on the taxing authority's estimated liability for benefits.

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

XVII. TERMINATION FUND (Continued)

LEAVE SUBJECT TO PAYMENT

Sick Leave

All full-time employees shall be entitled to sick leave of one and one-half days per month, up to eighteen days per year. Employees may elect at the time of retirement from active service and with ten or more years of service with the Municipality of Grovesport, to be paid in cash for one-fourth the value of accrued but unused sick leave credit. The payment shall be based upon the employee's rate of pay at the time of retirement and eliminates all sick leave accrued, but unused by the employee at the time the payment is made. The maximum amount of sick leave that may be accrued and subject to payment upon retirement shall not exceed 480 hours.

Police department employees subject to collective bargaining shall accrue sick leave at a rate of 5.5384 hours per eighty hour pay period. When an employee retires, they shall be entitled to 25% of their respective sick leave balance at their final rate of pay.

Vacation Leave

Full-time Municipality employees shall be entitled to vacation as follows:

Length of Service	Hours
After completion of 1 year of service	80
After completion of 5 years of service	120
After completion of 10 years of service	160
After completion of 15 years of service	184
After completion of 20 years of service	200

The payout shall include unused vacation from the previous year up to a maximum balance of one (1) year's credit which the employee carried over from the previous year. In addition, the employee will also receive any vacation time that has been accrued for the current year. The payment of unused vacation leave shall be based upon the employee's rate of pay at the time of retirement and eliminates all vacation balances accrued.

Compensatory Leave

Any non-exempt employee who has accrued but unused compensatory time balance upon termination of employment will be compensated based upon the employee's final rate of pay not to exceed forty (40) hours within a calendar year. Exempt employees are not eligible for compensation of unused compensatory time upon termination.

Any police department employee subject to collective bargaining agreements who has accrued but unused compensatory time balance upon termination of employment will be compensated based upon the employee's final rate of pay not to exceed fifty-six (56) hours within a calendar year.

CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)

XVII. TERMINATION FUND (Continued)

Personal Leave

Codified Ordinance Section 143.05(11) provides for a personal day on the day of the employee's choice. Any exempt or non-exempt employee who has accrued but unused personal leave, including sick leave converted to personal leave, shall not be compensated for any unused balance.

Police department employees subject to collective bargaining shall be paid for any personal days not utilized during the calendar year upon termination or retirement at their final rate of pay.

FUNDING THE TERMINATION FUND

Methodology

The City Administrator, in conjunction with the Finance Director and the Personnel Director, shall be responsible for determining the annual allocation payable to the Termination Fund while preparing the City's annual operating budget.

The Personnel Director shall provide a list of City employees who are currently eligible to retire and those employees who will be eligible to retire within five (5) years, by fund and department. This list shall be provided to the Finance Director who will then project the estimated payouts of those employees, including the City's share of Medicare taxes. The Finance Director will then determine, based on the employee's identified, the fund/department's proportionate cost which shall be transferred to the Termination Fund. The accumulation of fund balance will then be used to pay the employee's severance upon retirement or termination.

For example, the City has identified 10 employees who are eligible to retire or will retire within the next five years. These 10 employees represent 5 different funds (i.e. General Fund - 4 employees, Street Maintenance and Repair Fund- 3 employees, Golf Course Fund - 1 employee, Recreation Fund - 1 employee, and Water Fund - 1 employee) from which the employee is compensated. Based on the expected retirement date, a proportionate cost would be transferred from these funds to the Termination Fund, accordingly.

Methodology Changes

The methodology to calculate the projected termination liability may be amended or terminated at any time. The intention of the Termination Fund is to provide resources for future retirements in order to reduce or eliminate significant negative impacts on the City's budget.

Accounting

Upon approval of the City's annual operating budget, the Finance Department shall transfer money from the applicable funds to the Termination Fund as required, either in lump sum or throughout the year. Any changes to the required funding will require Council approval through Ordinance.

CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)

INVESTMENT AND DEPOSITORY POLICY

It is the policy of the City of Groveport to invest public funds in a manner which will provide a market rate of return throughout budgetary and economic cycles taking into account the safety and liquidity objectives of the City and conforming to applicable state and local statutes governing the investment of public funds.

SCOPE

This investment policy applies to all financial assets of the City. Funds available for investment include all funds of the City as accounted for in the City's accounting records. The Finance Director is authorized to pool cash balances from the several different funds of the City for investment purposes. Interest earned shall be credited to the General Fund, Street Maintenance and Repair Fund, State Highway Fund and Perpetual Care Cemetery Fund.

PRUDENCE

The standard of prudence to be used by the Finance Director in the context of managing the overall portfolio shall be the prudent investor rule, which states "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

The Finance Director and staff, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that these deviations are reported as soon as practical and that appropriate action is taken to control adverse developments.

OBJECTIVES

The primary objectives, in order of priority, of the City's investment activities shall be:

Safety. Safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio. To attain this objective, the City will diversify its investments by investing funds among a variety of individual securities and financial institutions.

Liquidity. The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements, which might be reasonably anticipated.

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

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

INVESTMENT AND DEPOSITORY POLICY

DELEGATION OF AUTHORITY

Authority to manage the City's investment program is delegated to the Finance Director. The Finance Director shall establish written procedures for the operation of the investment program consistent with this investment policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Finance Director. The Finance Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate activities of subordinate staff members.

The City may retain the services of an investment advisor/broker, provided the advisor/broker is licensed by the Division of Securities under Ohio Revised Code Section 1707.141 or is registered with the Securities and Exchange Commission, and possesses experience in public funds investment management, specifically in the area of state and local government investment portfolios, or the advisor/broker is an eligible institution mentioned in Ohio Revised Code Section 135.03.

ETHICS AND CONFLICTS OF INTEREST

The Finance Director and any other employee of the City who is involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. The Finance Director and any other employee of the City who is involved in the investment process shall disclose to the City Administrator any material financial interests in financial institutions that conduct business with the City, and she (he) shall further disclose any personal financial investment positions that could be related to the performance of the City's portfolio. The Finance Director and any other employee of the City who is involved in the investment process shall subordinate her (his) personal investment transactions to those of the City, particularly with regard to the time of purchases and sales and shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City.

AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The Finance Director shall maintain a list of financial institutions authorized to provide investment services. In addition, a list of approved investment advisors/broker/dealers which may include "Primary Dealers" or "Regional Dealers" that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform capital rule) will be maintained. No public deposit shall be made except in a qualified public depository as designated by the City. All financial institutions and advisors/broker/dealers who desire to become qualified bidders for investment transactions must provide a certification they have read and will abide by the City's investment policy.

CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)

INVESTMENT AND DEPOSITORY POLICY

AUTHORIZED INVESTMENTS

The Finance Director may invest on behalf of and in the name of the City in eligible securities and deposits, which are defined in Ohio Revised Code section 135 as amended. Eligible investments include but are not limited to:

A. US Government Securities

Bills, notes, bonds, debentures, or any other obligations or securities issued by the U.S. Treasury or any other obligation guaranteed as to principal and interest by the United States.

B. US Agency or Instrumentality Securities

Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to the Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Government National Mortgage Association (GNMA). All federal agency securities shall be direct issuances of federal government agencies or instrumentalities. Investments in derivatives and in stripped principal or interest obligations of eligible obligations are strictly prohibited.

C. Time Certificates of Deposit, Savings Accounts, and Deposit Accounts

Interest bearing time certificates of deposit, savings accounts, and deposit accounts of any eligible public depository as defined by the Ohio Revised Code, provided that any such deposits and savings accounts are properly insured or secured by collateral as prescribed in Section 10 of the Investment Policy or such Certificate of Deposit is exempt from pledging requirements as permitted under Ohio Revised Code Section 135.144 (commonly referred to as the CDARS program).

D. Repurchase Agreements

Before transacting a repurchase agreement with a particular broker/dealer or eligible institution, a Master Repurchase Agreement must be entered into between the City and such broker or eligible institution. The term of a repurchase agreement may not exceed 30 days. Each Master Repurchase Agreement will provide for proper collateralization in accordance with the Ohio Revised Code.

E. State and Local Government Securities

Bonds and other obligations of the State of Ohio and other Ohio local governments.

F. Investment Pools

The State of Ohio investment pool, otherwise known as STAR Ohio and STAR Plus and as defined in Ohio Revised Code Section 134.45 (E) (2), is the only authorized investment pool.

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

INVESTMENT AND DEPOSITORY POLICY

G. No-Load Money Market Mutual Funds

No-load money market mutual funds consisting exclusively of obligations described in A and B above and repurchase agreements secured by such obligations, provided that investments in no-load money market mutual funds are made only through financial institutions eligible for deposit as authorized by Ohio Revised Code Section 135.03.

H. Commercial Paper

Notes issued by any entity that is defined in division (D) of Section 1705.01 of the Ohio Revised Code and has assets exceeding five hundred million dollars, and all other limitations imposed by Ohio Revised Code 135.14 (7)(a). The maturity of the notes is limited to two hundred seventy days after purchase.

I. Bankers Acceptances

Bankers acceptances of banks that are members of the federal deposit insurance corporation to which obligations both of the following apply: a). The obligations are eligible for purchase by the federal reserve system, and; b). The obligations mature no later than one hundred eighty days after purchase.

COMPETITIVE OFFERS AND BIDS

All transactions will be completed on a competitive basis, whenever possible, with offerings and bids being solicited and recorded from three dealers. The purpose of soliciting competitive offers and bids is to ensure that a market rate is obtained by placing Authorized Financial Dealers and Institutions in competition with one another. The right is reserved to reject any offer or bid yielding the highest return on any investment if inconsistent with the City's investment strategy or objectives. The Finance Director will award transactions at his/her discretion.

SAFEKEEPING AND COLLATERALIZATION

The City shall participate in the Ohio Pooled Collateral System (OPCS), a program offered by the Treasurer of State. In lieu of the City participating in the OPCS, the Finance Director will be responsible for determining individual securities pledged for City deposits are with an appropriate bank/dealer requiring the custodian of such pledged securities to provide specific instruments, rates, maturity and other pertinent information.

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

INVESTMENT AND DEPOSITORY POLICY

DIVERSIFICATION

The Finance Director will diversify the portfolio to avoid incurring unreasonable risks. In accordance with Ohio Revised Code, commercial paper and bankers acceptances are limited to the maximum allowable related to the City's total investment portfolio. No transaction needs to be executed when a maturity in the portfolio causes the percentage to exceed the limit set forth above. Subsequent investment transactions will work toward returning to compliance.

MATURITY

To the extent possible, the Finance Director will attempt to match the term to maturity of individual investments with anticipated cash flow requirements. The maximum maturity is five years, except commercial paper and bankers acceptances which will be limited to the requirements of the Ohio Revised Code maturity requirements.

INTERNAL CONTROL AND CONTINUING EDUCATION

The Finance Director is responsible for establishing and maintaining an internal control structure designed to reasonably ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

Compliance with policies and procedures will be independently reviewed during required annual financial audits. This review will provide internal control by assuring compliance with policies and procedures.

The Finance Director will annually complete the continuing education programs (Center for Public Investment Management (CPIM)) provided by the Treasurer of State of Ohio or other sponsored sources. Furthermore, no investment shall be made in commercial paper or bankers acceptances unless the Finance Director has completed the additional training in accordance with the Ohio Revised Code.

REPORTING

The Finance Director is charged with the responsibility of providing reports on investment activity and returns on the pooled balance of funds. These reports will be prepared on a monthly basis and submitted to City Council. The reports will provide a clear picture of the status of the current investment portfolio including individual securities, interest rates, duration and percentage of portfolio in each investment category.

CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)

PERSONAL CHECKS AND REFUND POLICY

The Finance Department prohibits any City employee to cash personal checks for employees, residents or vendors, or business customers. This includes check cashing for a specific amount, or writing the check for an amount exceeding the amount of their bill or purchase.

At no time may any City employee alter a deposit by removing cash and replacing it with a personal check. At no time may any City employee make a refund to a citizen/customer by removing cash from an existing deposit or petty cash. This includes a deposit form, funds in an existing cash register or any department petty cash. The Finance Department will account for refunds as follows:

*Credit Card refunds will be refunded and transacted through the credit card machine and no exceptions will be approved. A copy of the credit card refund must be included in the daily batch and provided to the Finance Department for processing.

All refunds will require appropriate documentation to support the refund once determined by the Finance Department, a check will be issued. No refunds shall be issued by any City department in the form of cash, regardless if such refund is requested during the same business day. The net is 30 days from the date on the hardcopy of the "Global Refund Receipt." The check will not be cut based on an email.

Ordinance No. 22-70 "Forbidding Insufficient Fund Checks" provides any business or resident which delivers a check, draft, money order or other payment which results in an insufficient funds shall be fined not more than fifty dollars (\$50.00).

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**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

EXPENDITURE OF PUBLIC FUNDS/PROPER PUBLIC PURPOSE

Government entities may not make expenditures of public monies unless they are for a valid public purpose. There are two criteria that demonstrates whether an expenditure is for a public purpose: 1) The expenditure is required for the general good of all inhabitants, and; 2) The primary objective of the expenditure is to further a public purpose, even if an incidental private end is advanced. The determination of what constitutes a public purpose is primarily a legislative function, made by a duly enacted ordinance or resolution.

In order for the City to purchase food and/or beverages for a meeting or other public event at the City's expense, the primary purpose of the meeting or event shall be for the conduct of the City's business involving a valid public purpose and must include at least one non-City participant. All food and beverage purchases shall have itemized invoices to be eligible for payment or reimbursement.

City funds may be expended to purchase coffee, refreshments, business lunches, gift cards, or other amenities for municipal officers, employees or other persons as a fringe benefit if such expenditures are deemed to further a public purpose by creating a positive culture and inducing employees to continue current employment. Amenities may include such non-food items as gift cards or flowers for sick employees or relatives of employees, token retirement gifts, meritorious services awards or gift cards/awards specific to human resource related programs (employees who receive gift cards/awards shall acknowledge receipt via signature). Alcoholic beverages are never considered an appropriate expenditure of public funds.

The City will send flowers in the event of the death of an employee or a member of an employee's immediate family who resides in his or her household, death of a parent, son, daughter or grandchild not residing in the home of an employee, and former City Council members upon approval by the City Administrator.

Flowers will also be sent to an employee in the event of serious illness requiring hospitalization or illness requiring an extended leave from work, (i.e.: the birth of a baby. The City Administrator is responsible for approving the purchase of flowers for these situations.

It is imperative that the City Administrator is notified immediately in the event of: (1) the death of an employee; (2) the death of a member of an employee's immediate family who resides in his or her household; (3) the death of a parent, son, daughter, or grandchild not residing in the home of an employee; or (4) in the event of a serious or extended illness of an employee.

In the above cases, the City Finance Department will be responsible for processing and purchasing of any flowers once all approvals have been received. Flowers will reference City Council and the respective employees of the City of Groveport.

This policy complies with the requirements set forth Ohio Attorney General Opinion 82-006 which references the Ohio Supreme Court Case McClure v. Hagerman, 155 St. 320 (1951) and Auditor of State Bulletin 2003-005.

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

IDENTITY THEFT PREVENTION PROGRAM

1. Purpose. This program is to enable the City to protect employees and citizens reduce risk from identity fraud, and minimize potential damage to the City from fraudulent new accounts and to help the City; identify risks that signify potentially fraudulent activity within new or existing covered accounts; detect risks when they occur in covered accounts; respond to risks to determine if fraudulent activity has occurred and act if fraud has been attempted or committed; and update the program periodically, including reviewing the accounts that are covered and the identified risks that are part of the program.

2. Definitions. For purposes of this program, the following terms shall have the following definitions:

Covered account: means an account that the City offers or maintains, primarily for personal, family, or household purposes that involves or is designed to permit multiple payments or transactions such as credit card accounts, Finance accounts, a current or previous employee personal payroll information and any other account that the City offers or maintains for which there is a reasonably foreseeable risk to customers or to the safety and soundness of the City from identity theft, including financial, operational, compliance, reputation or litigation risks.

Identify theft: means fraud committed or attempted using the identifying information of another person without authority.

Program Coordinator: means Finance Director, Senior Accountant or Accounting Clerk.

Red flag: means a pattern, practice or specific activity that indicates the possible existence of identity theft.

Sensitive Information: means the following items whether stored in electronic or printed format: Credit card information, (credit card number, expiration date, cardholder name); Tax identification numbers; Social Security numbers; Employer identification numbers; Personal information such as, date of birth, address, phone numbers, maiden name, customer number or a current or previous employee personal payroll information.

3. Sensitive Information. City personnel are to use common sense judgment in securing sensitive information to the proper extent. File cabinets, desk drawers, overhead cabinets, and any other storage space containing documents with sensitive information will be secured when not in use. Storage rooms containing documents with sensitive information and record retention areas will be locked at the end of each workday or when unsupervised. Desks, workstations, work areas, printers and fax machines, and common shared work areas should be cleared of all documents containing sensitive information when not in use.

4. Red Flags. At any time that any of the following red flags are present, City personnel are to make an appropriate investigation for verification:

- (a) Alerts, notifications or warnings from a consumer reporting agency;
- (b) A fraud or active duty alert included with a consumer report;

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

IDENTITY THEFT PREVENTION PROGRAM (Continued)

- (c) A notice of credit freeze from a consumer reporting agency in response to a request for a consumer report;
- (d) A notice of address discrepancy from a consumer reporting agency.
- (e) Consumer reports that indicate a pattern of activity inconsistent with the history and usual pattern of activity of an applicant or customer, such as: A recent and significant increase in the volume of inquiries; An unusual number of recently established credit relationships; A material change in the use of credit, especially with respect to recently established credit relationships; or An account that was closed for cause or identified for abuse of account privileges by a financial institution or creditor.
- (f) Documents provided for identification that appear to have been altered or forged.
- (g) Photograph or physical description on the identification is not consistent with the appearance of the applicant or customer presenting the identification or other information on the identification is not consistent with information provided by the person opening a new covered account or customer presenting the identification.
- (h) Information on the identification is not consistent with readily accessible information that is on file with the City, such as an e-mail address, signature card or a recent check.
- (i) An application appears to have been altered or forged, or gives the appearance of having been destroyed and reassembled.
- (j) Personal identifying information provided is inconsistent when compared against external information sources regularly used by the City such as an e-mail address, signature card or a recent check.
- (k) Personal identifying information provided is associated with known fraudulent activity as indicated by internal or third-party sources used by the City. For example, the address on an application is the same as the address provided on a fraudulent application.
- (l) Personal identifying information provided is of a type commonly associated with fraudulent activity as indicated by internal or third-party sources used by the City. For example: the address on an application is fictitious, a mail drop, or a prison; or the phone number is invalid or is associated with a pager or answering service.
- (m) The social security number provided is the same as that submitted by other persons opening an account or other customers.
- (n) The address or telephone number provided is the same as or similar to the address or telephone number submitted by an unusually large number of other customers or other persons opening accounts.
- (o) The customer or the person opening the covered account fails to provide all required personal identifying information on an application or in response to notification that the application is incomplete.
- (p) Personal identifying information provided is not consistent with personal identifying information that is on file with the City.

CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)

IDENTITY THEFT PREVENTION PROGRAM (Continued)

- (q) Shortly following the notice of a change of address for a covered account, the City receives a request for new, additional, or replacement goods or services, or for the addition of authorized users on the account
- (r) A new account is used in a manner commonly associated with known patterns of fraud patterns. For example, the customer fails to make the first payment or makes an initial payment but no subsequent payments.
- (s) A covered account is used in a manner that is not consistent with established patterns of activity on the account. There is, for example nonpayment when there is no history of late or missed payments.
- (t) A covered account that has been inactive for a reasonably lengthy period of time is used (taking into consideration the type of account, the expected pattern of usage and other relevant factors).
- (u) Mail sent to the customer is returned repeatedly as undeliverable although transactions continue to be conducted in connection with the customer's covered account.
- (v) The City is notified that the customer is not receiving paper account statements.
- (w) The City is notified of unauthorized charges or transactions in connection with a customer's covered account.
- (x) The City receives notice from customers, victims of identity theft, law enforcement authorities, or other persons regarding possible identity theft in connection with covered accounts held by the City.
- (y) The City is notified by a customer, a victim of identity theft, a law enforcement authority, or any other person that it has opened a fraudulent account for a person engaged in identity theft.

5. Responding to Red Flags. Once potentially fraudulent activity is detected, (a red flag is identified) an employee must act quickly as a rapid appropriate response can protect customers and the City from damages and loss. Once potentially fraudulent activity is detected, the employee is to gather all related documentation and write a description of the situation and present this information to the Program Coordinator who will then complete additional authentication to determine the appropriate response.

6. Appropriate Responses for Suspected Fraud. An appropriate response for suspected fraudulent activity may include:

- (a) Further monitoring a covered account for evidence of identity theft;
- (b) Contacting the customer;
- (c) Changing any passwords, security codes or other security devices that permit access to a covered account;
- (d) Reopening a covered account with a new account number;
- (e) Not opening a new covered account;
- (f) Closing an existing covered account;
- (g) Notifying law enforcement; or
- (h) Determining no response is warranted under the particular circumstances.

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

IDENTITY THEFT PREVENTION PROGRAM (Continued)

7. Appropriate Responses for Fraudulent Actions. If a transaction is determined to be fraudulent, appropriate actions must be taken immediately. Actions may include:

- (a) Canceling the transaction;
- (b) Notifying and cooperating with appropriate law enforcement;
- (c) Determining the extent of liability of the City; and
- (e) Notifying the actual customer that fraud has been attempted.

8. Duties Regarding Address Discrepancies. In the event the City uses a consumer report and receives a notice from a consumer reporting agency of an address discrepancy, the appropriate employee shall establish that the consumer report relates to the consumer about whom the City has requested the consumer report. This may be done by: verification of the address with the consumer; review of the Finance's records; verification of the address through third-party sources; or other reasonable means.

9. Updating Program. This Program shall be updated periodically to reflect changes in risks to customers or to the safety and soundness of the organization from identity theft based on factors such as: the experiences of the organization with identity theft; changes in methods of identity theft; changes in methods to detect, prevent and mitigate identity theft; changes in the types of accounts that the organization offers or maintains; changes in the business arrangements of the organization, including mergers, acquisitions, alliances, joint ventures and service provider arrangements.

10. Oversight of Program. The Finance Director shall oversee and take steps to ensure that this Program is being followed. Matters or attempts to compromise personal information of a customer, active, or inactive employee shall be communicated to the City Administrator. The Finance Director shall communicate in writing or verbally to staff, as necessary, risks associated with confidential information.

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CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)

GASOLINE CARD, PURCHASING CARDS AND CREDIT CARD POLICY

The City recognizes the efficiency and convenience afforded the day-to-day operation of the City through use of credit cards under the supervision of the applicable department supervisors. However, gasoline, purchasing or credit cards shall not be used to circumvent the general purchasing procedures required by Ohio law and policies of the City. All employees must follow the Code of Personnel Practices and Policies Section 6.01 when using City credit cards for travel related purposes.

The City has the following gasoline and procurement card vendors and therefore not subject to the requirements set forth under Ohio Revised Code Section 9.21(H):

<u>Vendor</u>	<u>Description</u>
Hobby Lobby	Retailer
Kroger	Retailer
Home Depot	Retailer
Best Buy	Retailer
Gordon Food Service	Retailer
Wex	Gasoline

These procurement cards feature spending restrictions for the types of purchases allowed and merchant category codes which define where purchases can and cannot be made.

Gasoline is purchased from approved vendors and gasoline cards have been issued for the proper accounting of gasoline purchased. Therefore, the City authorizes the use of gasoline cards in the following manner:

A. Gasoline Cards

1. Gasoline cards are distributed and used by applicable departments and are under the jurisdiction of each departmental supervisor.
2. Gasoline cards shall only be used by City employees conducting business on-behalf of the City and to purchase gas for a City vehicle.
3. The departmental supervisor is responsible for the security and monitoring for proper use. Repayment of any unsubstantiated or unrelated purchases will also be the responsibility of such employee and departmental supervisor.

B. Procurement Cards

The City authorizes the use of credit cards in the following manner:

Positions Authorized to Use Procurement Cards

All employees are eligible to sign out and use the procurement card under the terms of this policy provided they follow the procedures established by the Finance Director to sign out, use, substantiate, and return the card.

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

GASOLINE CARD, PURCHASING CARDS AND CREDIT CARD POLICY (Continued)

B. Procurement Cards (Continued)

Types of Expenses Which a Procurement Card Can Be Used

Procurement card purchases should relate to the vendor and shall exclude any purchases which are not for a proper public purpose (alcohol, tobacco, sales taxes, etc.) or do not directly relate to City business.

Procedure for Submitting Itemized Receipts

The Finance Director shall maintain possession of all procurement cards and establish a system for cards to be signed out, utilized, and returned, and the type of expenses that can be charged to the card. Any expense deemed a proper public purpose can be paid using a procurement card, provided a purchase order is in place in advance of the purchase. Itemized receipts must be returned with the procurement card to the Finance Director substantiating the exact amount charged to the card. All procurement cards which are signed out require return to the Finance Department by the end of the business day.

Procedure for Acquisition, Use, and Management of Procurement Card Accounts and Cards Themselves and the Procedure for Card Issuance, Reissuance, Cancellation, and Process for Lost/Stolen.

City Council authorizes the Finance Director to work with the appropriate financial institutions/vendors that issue procurement cards to determine the best type of procurement card accounts for the City, and also to determine which store procurement card accounts the City will utilize.

The Finance Director is responsible for working with the issuing financial institution/vendor to determine the dates when procurement cards expire and the reissuance of replacement cards.

The Finance Director is responsible for determining, when necessary, the need to cancel a procurement card account.

The Finance Director is responsible for notifying the issuing financial institution/vendors of a lost or stolen card. Employees using a procurement card must notify the Finance Director when they become aware that a card is lost or stolen.

Maximum Credit Limits

City Council authorizes the Finance Director to review available procurement card accounts and to determine which account type, account provider, and credit limit best meets the needs of the City. The Finance Director will determine how many accounts, cards, and checks are to be issued and establish a process for card reissuance or cancellation. Debit cards are prohibited by law.

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

GASOLINE CARD, PURCHASING CARDS AND CREDIT CARD POLICY (Continued)

B. Procurement Cards (Continued)

Actions That Qualify as Misuse by an Employee

Employees are liable in person for any unauthorized use of the City’s procurement card and any employee who suspects the loss, theft, or possibility of unauthorized use of a card must notify the Finance Director immediately. Inappropriate or illegal use of the card and/or failure to strictly adhere to the requirements set forth in the Finance Director’s guidelines, including submitting detailed itemized receipts, may result in loss of procurement card privileges, disciplinary action, up to and including termination, personal responsibility for any and all charges, including finance charges and interest assessed, and referral to law enforcement for prosecution. Employees shall be responsible to make full reimbursement to the City within thirty days for any charges that were not supported with detailed itemized receipts. Under no circumstances shall cards be used for personal purchases or the purchase of alcoholic beverages. Use of credit cards for any cash withdrawal transaction is strictly prohibited.

Other Items Note:

The City of Groveport must appear on each procurement card secured. In addition, bonus points may be earned from purchases using the City’s procurement cards. The Finance Director will determine the significance of bonus points earned in relation to any benefits the City may have received prior to determining the proper public purpose of any bonus points earned and awarded.

C. Credit Cards

The City has the following credit card vendors which are subject to the requirements set forth under Ohio Revised Code Section 9.21(H):

<u>Vendor</u>	<u>Description</u>
Huntington Bank	Municipal Building
Huntington Bank	Town Hall
Huntington Bank	Recreation
Huntington Bank	Golf Course
Huntington Bank	Facilities & Parks
Huntington Bank	Public Works
Huntington Bank	Finance
Huntington Bank	Amazon.Com
Huntington Bank	Travel

Appointment of Compliance Officer

The Finance Director shall be the appointed compliance officer responsible for accounting and monitoring credit card activity.

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

GASOLINE CARD, PURCHASING CARDS AND CREDIT CARD POLICY (Continued)

C. Credit Cards (Continued)

Officers or Positions Authorized to Use Credit Card

All employees are eligible to sign out and use the credit card under the terms of this policy provided they follow the procedures established by the Finance Director to sign out, use, substantiate, and return the card.

Types of Expense Credit Card May Be Used

Credit card purchases shall exclude any purchases which are not for a proper public purpose (alcohol, tobacco, sales taxes, etc.) or do not directly relate to City business.

Procedures for Acquisition, Use and Management of Credit Card Accounts and Presentation Instruments Related to the Account Including Cards and Checks

City Council authorizes the Finance Director to work with the appropriate financial institutions that issue credit cards to determine the best type of credit card accounts for the City, and also to determine which credit card accounts the City will utilize.

Procedure for Submitting Itemized Receipts to the Finance Director or Designee

The Finance Director shall maintain possession of all credit cards and establish a system for cards to be signed out, utilized, and returned, and the type of expenses that can be charged to the card. Any expense deemed a proper public purpose can be paid using a credit card, provided a purchase order is in place in advance of the purchase. Itemized receipts must be returned with the credit card to the Finance Director substantiating the exact amount charged to the card. All credit cards which are signed out require return to the Finance Department by the end of the business day.

Procedure for Credit Card Issuance, Credit Card Reissuance, Credit Card Cancellation and Process for Reporting Lost or Stolen Credit Cards

The Finance Director is responsible for working with the issuing financial institution to determine the dates when credit cards expire and the reissuance of replacement credit cards. The Finance Director is responsible for determining, when necessary, the need to cancel a credit card account. The Finance Director is responsible for notifying the issuing financial institution of a lost or stolen card. Employees using a credit card must notify the Finance Director when they become aware that a card is lost or stolen.

Maximum Credit Limits

For any credit card in the name of the City, the maximum credit limit shall not exceed \$16,000.

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

GASOLINE CARD, PURCHASING CARDS AND CREDIT CARD POLICY (Continued)

C. Credit Cards (Continued)

Actions That Qualify as Misuse by an Employee

Employees are liable in person for any unauthorized use of the City's credit card and any employee who suspects the loss, theft, or possibility of unauthorized use of a credit card must notify the Finance Director immediately. Inappropriate or illegal use of the credit card and/or failure to strictly adhere to the requirements set forth in the Finance Director's guidelines, including submitting detailed itemized receipts, may result in loss of procurement card privileges, disciplinary action, up to and including termination, personal responsibility for any and all charges, including finance charges and interest assessed, and referral to law enforcement for prosecution. Employees shall be responsible to make full reimbursement to the City within thirty days for any charges that were not supported with detailed itemized receipts. Under no circumstances shall cards be used for personal purchases or the purchase of alcoholic beverages. Use of credit cards for any cash withdrawal transaction is strictly prohibited.

Custody and Control Model

The custody and control model is a system in which the Finance Director (or designee) maintains physical control over all credit cards of the City and may use a system requiring the cards to be "signed out" by authorized, designated users. Entities utilizing the custody and control model should specify the following items in their written policies, approved by Council.

Authorized Users

All employees are eligible to sign out and use the credit card under the terms of this policy provided they follow the procedures established by the Finance Director to sign out, use, substantiate, and return the card.

Access and Utilization of Credit Card

All credit cards which are signed out require return to the Finance Department by the end of the business day.

Procedure for Submitting Itemized Receipts to the Finance Director or Designee

The Finance Director shall maintain possession of all credit cards and establish a system for cards to be signed out, utilized, and returned, and the type of expenses that can be charged to the card. Any expense deemed a proper public purpose can be paid using a credit card, provided a purchase order is in place in advance of the purchase. Itemized receipts must be returned with the credit card to the Finance Director substantiating the exact amount charged to the card. Employees shall be responsible to make full reimbursement to the City within thirty days for any charges that were not supported with detailed itemized receipts. Under no circumstances shall cards be used for personal purchases or the purchase of alcoholic beverages. Use of credit cards for any cash withdrawal transaction is strictly prohibited.

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

GASOLINE CARD, PURCHASING CARDS AND CREDIT CARD POLICY (Continued)

C. Credit Cards (Continued)

Other Items Note:

The City of Groveport must appear on each credit card secured. In addition, bonus points may be earned from purchases using the City's credit cards. The Finance Director will determine the significance of bonus points earned in relation to any benefits the City may have received prior to determining the proper public purpose of any bonus points earned and awarded.

Vendors must be pre-approved and a current W-9 form on file prior to utilizing the City's credit card for any purchase. Employees are discouraged from storing credit card numbers in existing websites and shall be responsible for any purchases/usage which is considered fraudulent or lacks a proper public purpose.

In the event an itemized credit card/procurement card receipt is not available for submission to the Finance Department, the following form is required to be completed:

CITY OF GROVEPORT CREDIT/PROCUREMENT CARD LOST RECEIPT CERTIFICATION FORM

I, _____, hereby certify that I have received and purchased items utilizing the City's credit/procurement card and have inadvertently lost or destroyed the original receipt supporting the purchase. I hereby certify that the purchase was allowable, for a proper public purpose, and relates to business conducted on behalf of the City.

Employee Signature

Date

Department Supervisor Signature

Date

Finance Department Approval

Date

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

DEPOSIT OF PUBLIC FUNDS: CASH COLLECTION POINTS

Monies received at cash collection points throughout the City of Groveport must be deposited in accordance with this policy. Cash collection points are any areas within the City of Groveport where money flows into the City of Groveport. Currently identified cash collection points are building and zoning collections, water sewer and storm water collections, Mayor's Court fines and fees, Recreation, Golf Course, rentals, police department miscellaneous collections, Town Hall, and miscellaneous money coming through the Finance Department offices such as grants, interest, donations, sale of capital assets, and taxes.

Ordinarily, the money should be secured in a locked desk, file cabinet, safe or other secure room on City of Groveport property, and it should not be taken home. If an employee believes it is safer to take the money home, they must obtain permission to do so from the City Administrator. The Finance Director is directed to develop, distribute, and implement procedures addressing the provision of receipts (where applicable) to the payee(s), and proper segregation of duties for the receipting, depositing, recording, and reporting of cash. These procedures should be particularized to each cash collection point and should include flowcharts as appropriate. The procedures should further address the need for completion of timely bank reconciliations so that "unreconciled differences" can be identified and resolved.

Ordinance Section 126.04 "Deposit Requirements of Public Monies" states that Council hereby defines the deposit requirements of public monies by establishing the following policy for the deposit of funds: The appropriate public officials are hereby authorized to deposit funds totaling less than one thousand dollars (\$1,000) up to three business days after receipt.

Employees which do not deposit monies in accordance with said policy are considered in violation of Ohio Revised Code Section 9.38 and Ordinance Section 126.04 thereby appropriate disciplinary action may be taken by the City.

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CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)

CAPITAL ASSET POLICY

Introduction

The Finance Department is responsible for the management of all capital assets for City of Groveport (the City). The recording and reconciliation of moveable equipment is operated under the supervision of each City department head and responsible for communicating such changes to the Finance Department. The recording of all other assets and the calculation of depreciation is handled by Finance Department.

Reporting requirements have been established by the Governmental Accounting Standards Board (GASB) Statements No. 34 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This policy includes definitions and other guidelines used for recording capital assets for the City's financial presentations.

Capital Asset Definitions

Capital assets are real or personal property that have a value equal to or greater than the capitalization threshold for the particular classification of the asset and have an estimated life of at least one year. Assets which are purchased, constructed, or donated that meet or exceed established capitalization thresholds will be recorded by the City.

Assets are recorded at their historical costs, which include the vendor's invoice (plus the value of any trade-in or allowance, if reflected on the invoice), plus initial installation cost (excluding in-house labor), modifications, attachments, accessories or apparatus necessary to make the asset usable and render it into service. Historical costs also include ancillary charges such as freight and transportation charges, site preparation costs, and professional fees.

Donations are voluntary contributions of resources to a governmental entity by a non-governmental entity. Donations are reported at acquisition value at the time of acquisition plus ancillary charges, if any. Fair value equals the amount at which an asset could be exchanged in a current transaction between willing parties.

Leases shall be capitalized if all criteria is met in accordance with current guidance provided by National Council on Governmental Accounting (NCGA) Statement 5, *Accounting and Financial Reporting Principles for Lease Agreements of State and Local Governments* and GASB Statements No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and No. 65, *Items Previously Reported as Assets and Liabilities*. Statement 62 incorporated the provisions of FASB Statement No. 13, *Accounting for Leases*, as amended and interpreted, into the GASB's authoritative literature. Leases will be capitalized in accordance with GASB No. 87 *Leases* upon effective date beginning after December 15, 2019.

CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)

CAPITAL ASSET POLICY (Continued)

Capital Asset Categories:

The City reports the following capital assets:

- Land
- Intangible assets – easements
- Land improvements
- Buildings and building improvements
- Infrastructure
- Construction in progress
- Vehicles
- Furniture, Fixtures and Equipment

Land

Land is the surface of the earth, which can be used to support structures, and may be used to grow grass, shrubs, and trees. Land is characterized as having an unlimited life. Donated land should be treated like other donated assets. Site improvements (other than buildings) that prepare land for its intended use are added to the cost of the land. Examples of expenses to be included in the cost of land are:

- Purchase price or acquisition value at time of gift
- Commissions
- Professional fees (title searches, architect, legal, engineering, appraisal, surveying, environmental assessments, etc.)
- Land excavation, fill, grading, drainage
- Demolition of existing buildings and improvements (less salvage)
- Removal, relocation, or reconstruction of property (railroad, telephone and power lines)
- Interest on mortgages accrued at date of purchase
- Accrued and unpaid taxes at date of purchase
- Right-of-way

Land improvements

Land improvements are assets, other than buildings, which are built, installed, or established to enhance the quality or facilitate the use of land for a particular purpose.

Examples of expenses to be included in the cost of land improvements are:

- Fencing and gates
- Landscaping
- Parking lots/driveways/parking barriers
- Outside sprinkler systems
- Recreation areas and athletic fields (including bleachers)
- Paths and trails
- Swimming pools, tennis courts, basketball courts
- Fountains, plazas, and pavilions

CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)

CAPITAL ASSET POLICY (Continued)

Buildings and Building Improvements

A building is a structure that is permanently attached to the land, has a roof, is partially or completely enclosed by walls, and is not intended to be transportable or moveable. Building improvements are capital events that materially extend the useful life of a building, increase the value of a building, or both. A building improvement should be capitalized if the improvement is at the capitalization threshold. For a replacement to be capitalized, it must be a part of a major repair or rehabilitation project, which increases the value, and/or useful life of the building. A replacement may also be capitalized if the new item/part is of significantly improved quality and higher value compared to the old item/part such as complete replacement of an old roof with a new roof. Replacement or restoration to original Finance level will not be capitalized. Determinations must be made on a case-by-case basis.

Any maintenance-related expenses or repairs which do not increase the value of the building will be expensed when it occurs and will not be capitalized as an asset. Examples of expenses to be included in the cost of buildings are:

- Purchased Buildings
- Original purchase price
- Expenses for remodeling, reconditioning or altering a purchased building to make it ready to use for the purpose for which it was acquired
- Environmental compliance (i.e., asbestos abatement)
- Professional fees (legal, architect, inspections, title searches, etc.)
- Payment of unpaid or accrued taxes on the building to date of purchase
- Cancellation or buyout of existing leases
- Other costs required to place or render the asset into operation
- Constructed Buildings
- Completed project costs
- Interest accrued during construction
- Cost of excavation or grading or filling of land for a specific building
- Expenses incurred for the preparation of plans, specifications, blueprints, etc.
- Cost of building permits
- Professional fees (architect, engineer, management fees for design and supervision, legal)
- Costs of temporary buildings used during construction
- Unanticipated costs such as rock blasting, piling, or relocation of the channel of an underground stream
- Permanently attached fixtures or machinery that cannot be removed without impairing the use of the building
- Additions to buildings (expansions, extensions, or enlargements) Examples of expenses to be included in the cost of building improvements are:
 - Conversion of attics, basements, etc., to usable office, research or classroom space
 - Structures attached to the building such as covered patios, garages, enclosed stairwells, etc.
 - Installation or upgrade of heating and cooling systems
 - Original installation/upgrade of wall or ceiling covering such as carpeting, tiles, paneling, or parquet

CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)

CAPITAL ASSET POLICY (Continued)

- Structural changes such as reinforcement of floors or walls, installation or replacement of beams, rafters, joists, steel grids, or other interior framing
- Installation/upgrade of window or door frame, upgrading of windows/doors, built-in closets/cabinets
- Interior renovation associated with casings, baseboards, light fixtures, ceiling trim, etc.
- Exterior renovation such as installation or replacement of siding, roofing, masonry, etc.
- Installation or upgrade of plumbing and electrical wiring
- Installation or upgrade of phone or closed circuit television systems, networks, fiber optic cable, wiring required in the installation of equipment (that will remain in the building)
- Other costs associated with the above improvements

Infrastructure

Infrastructure assets are long-lived capital assets that normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Infrastructure assets are often linear and continuous in nature. The City's current infrastructure subsystems are, but are not limited to:

- Electrical substations
- Chilled water storage tank
- Carroll Street duct work
- Fiber-optic cable networks (telecommunications)

Expenditures that preserve the assets utility and does not return a capital asset to its original condition, regardless of amount, should be classified as maintenance and repairs. Since maintenance and repairs provide no additional value, cost will be recognized as expense when incurred. For example, projects to resurface a road and at the same time add additional lane combines a repair (resurfacing) with an improvement (additional lane). In such cases, an appropriate portion of the cost should be capitalized.

Construction in progress

Construction in Progress is the economic construction activity status of buildings and other structures, infrastructure, additions, alterations, reconstruction, installation, and maintenance and repairs, which are substantially incomplete. Construction in progress assets should be capitalized to their appropriate capital asset categories upon the earlier occurrence of execution of substantial completion contract documents, occupancy, or when the asset is placed into service.

Furniture, Fixtures and Equipment

Moveable equipment and furniture are moveable tangible assets to be used for operations, the benefits of which extend beyond one year from date of acquisition and rendered into service. Improvements or additions to existing equipment that constitute a capital outlay or increase the value or life of the asset, which meets or exceeds established capitalization thresholds, should be capitalized and recorded as an addition of value to the existing asset. Examples of expenses to be included in the cost of moveable equipment and furniture are:

- Original contract or invoice price
- Freight charges
- Handling and storage charges
- In-transit insurance charges

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

CAPITAL ASSET POLICY (Continued)

- Sales, use, and other taxes imposed on the acquisition
- Installation charges
- Charges for testing and preparation for use
- Costs of reconditioning used items when purchased
- Parts and labor associated with the construction of equipment

Expenses for extended warranties and maintenance agreements, which can be separately identified from the cost of the equipment, should not be capitalized. The following special purpose equipment or furnishings, semi-permanently attached to the building, and not normally considered moveable, will not generally be capitalized:

- Storage shelving
- Carpets
- Curtains w/attaching hardware
- Built-in storage units or mail boxes
- Chalk boards, writing boards or projection screens
- Coat rack – attached to wall (does not include coat trees)
- Counter cabinets and mail stations
- Fire extinguishers
- Water fountains
- Computer monitors, desktop printers, and desktop servers

Vehicles

This classification includes cars, trucks, buses and any other related vehicle which may be driven on a street or highway. Expenses capitalized include costs to furnish the vehicle for intended use and operation by the applicable department.

Capitalization Thresholds

Assets are recorded if they meet or exceed established capitalization thresholds. Capitalization thresholds for The City are as follows: Classification	Threshold
Land	Capitalize all
Land improvements	\$5,000
Buildings	\$5,000
Building improvements	\$5,000
Infrastructure	\$5,000
Historical collections and works of art	\$5,000
Moveable equipment and furniture	\$5,000

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

CAPITAL ASSET POLICY (Continued)

Estimated Useful Lives

Description	Governmental Activities Estimated Useful Lives	Business-Type Activities Estimated Useful Lives
Land improvements	20 Years	20 Years
Buildings and improvements	25-50 Years	50 Years
Furniture, fixtures and equipment	5-20 Years	30 Years
Vehicles	8 Years	8 Years
Infrastructure: Streets	15-25 Years	Not applicable
Infrastructure: Street lights	12 Years	Not applicable
Infrastructure: Traffic Signals	20 Years	Not applicable
Infrastructure: Water lines	Not applicable	50 Years
Infrastructure: Water tanks	Not applicable	50-75 Years
Infrastructure: Sewer lines	Not applicable	50 Years
Infrastructure: Sewer pumps	Not applicable	15 years
Infrastructure: Sewer chamber	Not applicable	50 Years
Infrastructure: storm sewer lines	Not applicable	50 Years

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**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

POST-ISSUANCE COMPLIANCE POLICY

Purpose:

The City of Groveport, Ohio (the "City") uses bonds as one means of financing capital projects in support of its mission. This Post-Issuance Compliance Policy (the "Policy") outlines the policies and procedures to promote compliance with federal income tax and securities laws, as well as the requirements set forth in the bond documents for each bond issue. The policy is to strictly follow the U.S. Constitution and laws and the Ohio Constitution and laws. For purposes of this policy, the term "bonds" means any obligation of the City incurred for the purpose of borrowing money, including, without limitation, bonds, notes and certificates of participation in capital leases.

I. Monitoring of Post-Issuance Compliance

Monitoring of post-issuance compliance for bonds will be the responsibility of the Finance Director (the "Compliance Officer"). The Compliance Officer may designate employees within their respective offices to carry out their duties under this Policy on their behalf in the same manner and with the same effect as any similar designation for any other purpose permitted by law.

II. Compliance with Covenants in Bond Documents

The Compliance Officer shall ensure compliance with all financial and operational covenants made by the City in the bond documents, including but not limited to financial reporting, insurance requirements, the recording of mortgages, restrictions on incurring additional indebtedness, restrictions on the disposition of property, and restrictions on granting liens or encumbering property.

III. Federal Tax Law Compliance

A. Proper Use of Proceeds

The Compliance Officer shall ensure that bond proceeds are allocated to expenditures in a manner that is consistent with the purpose for which each bond issue is undertaken, as set forth in any tax compliance certificate or agreement related to each bond issue.

B. Investment of Bond Proceeds

The Compliance Officer shall ensure that bond proceeds are invested in investments that are permissible under the terms of the Ohio Revised Code, the bond documents, and any applicable federal tax laws.

C. Arbitrage Rebate Calculations

The Compliance Officer shall ensure the timely completion of arbitrage rebate calculations and filings.

D. Administration of Direct Pay Bonds

The Compliance Officer shall ensure the proper administration of each issue of bonds qualifying for the payment by the Federal government of a credit equal to a percentage of interest on such bonds, including the timely completion and filing of any forms required by the Internal Revenue Service to maintain or establish the applicable status of the bonds for purposes of federal income taxation.

CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)

POST-ISSUANCE COMPLIANCE POLICY (Continued)

E. Use of Bond-Financed Facilities

The Compliance Officer shall consult with Bond Counsel for the City before entering into any agreement or other arrangement for the sale, lease, or use of bond-financed property, including, but not limited to, service, vendor, and management contracts, research agreements, licenses to use bond-financed property, or naming rights agreements. The Compliance Officer shall review such agreements for compliance with federal tax laws and complete a Private Business Use Contract Review Worksheet (attached as Exhibit A) to document that such review has been completed.

F. Post-Issuance Transactions

The Compliance Officer shall consult with Bond Counsel for the City before making any modifications or amendments to the bond documents for a bond issue, including, but not limited to, entering or modifying investment agreements; making any change in security for the bonds; engaging in post-issuance credit enhancement transactions (*e.g.*, bond insurance, letter of credit) or hedging transactions (*e.g.*, interest rate swap, cap); terminating or appointing successor trustees; releasing any liens; or reissuing the bonds.

G. Remedial Action

In the event that it is determined that any use of bond proceeds or bond-financed facilities is inconsistent with the character of the status for federal income tax purposes of the bonds, the Treasurer shall consult with the City's Bond Counsel for the purpose of determining the nature and extent of any remedial action necessary or proper for the City to take with respect to such bonds or bond-financed facilities according to Treasury Regulations Section 1.141-12 or other remedial actions authorized by the Commissioner of Internal Revenue under 1.141-12(h).

IV. Federal Securities Law Compliance

A. The Compliance Officer shall ensure compliance with all applicable federal securities laws and regulations, including the continuing disclosure requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.

B. To the extent required by any continuing disclosure agreement, the Compliance Officer shall:

1. On an annual basis, submit an annual financial report, including audited financial statements and any other information required by the continuing disclosure agreement, to the MSRB.
2. Make a timely report of any significant material events (as defined by the continuing disclosure agreement) related to the City's outstanding bond issues to the entities required by the bond documents.

V. Recordkeeping

A. Responsibility for Records Maintenance

- a. The Compliance Officer shall be responsible for maintaining records related to bonds of the City.
- b. The Compliance Officer shall maintain a central list of records related to each issue of bonds of the City. The list shall identify:
 - c. The name and date of the document related to the issue,
 - d. The person or office responsible for the document, and
 - e. The physical or electronic location of the document

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

POST-ISSUANCE COMPLIANCE POLICY (Continued)

B. Bond Records to Maintain

1. The following records shall be maintained for each outstanding bond issue for the term of the outstanding bond issue plus three years:
 - a. Basic records relating to the bond transaction, including the trust indenture, loan, lease, or other financing agreement, the relevant IRS Form 8038 (including Forms 8038-G, 8038-B, or 8038-TC, as applicable) with proof of filing, and bond counsel opinion shall be maintained by the Director of Finance's Office;
 - b. Documentation evidencing the expenditure of bond proceeds, such as construction or contractor invoices and receipts for equipment and furnishings, as well as records of any special allocation made for tax purposes shall be maintained by the Director of Finance's Office;
 - c. Documentation evidencing the lease or use of bond-financed property by public and private sources, including, but not limited to, service, vendor, and management contracts, research agreements, licenses to use bond-financed property, or naming rights agreements shall be maintained by the City office executing such agreement for use of bond-financed property; and
 - d. Documentation pertaining to investment of bond proceeds, including the yield calculations for each class of investments, actual investment income received from the investment of proceeds, and rebate calculations shall be maintained by the Director of Finance's Office.
2. Audited financial statements shall be maintained for not less than seven years.

VI. Bond Counsel Review

The Compliance Officer may engage Bond Counsel to assist in implementing this policy, including, but not limited to, assistance in the following areas:

- A. Rebate calculations and compliance;
- B. Records retention;
- C. Periodic review of the central list of records related to bonds for compliance with federal tax laws regarding private business use;
- D. Other federal tax law compliance, including any annual reporting requirements that may be imposed by the Internal Revenue Service; and
- E. Federal securities law compliance.

VII. Training Requirements

Within six months of becoming a Compliance Officer, and on an annual basis thereafter, the Compliance Officer and its designee(s) shall undergo training regarding basic federal tax concepts relating to bonds and records required to be maintained under this policy.

VIII. Annual Policy Review

On an annual basis, or sooner if deemed necessary by the Compliance Officer, the Compliance Officer shall review this policy and assess the City's compliance with this policy. The Compliance Officer shall make changes to this Policy as appropriate to ensure compliance with any covenants in the bond documents or the requirements of federal tax and securities laws and any other applicable law.

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

POLICE FOREFEITURES AND SEIZURE ACCOUNTING POLICY

Drug Enforcement Trust Fund

Ordinance No. 40-92 established the Drug Enforcement Trust Fund (Fund 208) in accordance with Ohio Revised Code Section 2925.03 which shall be used to subsidize the City's law enforcement efforts that pertain to drug offenses and use and disposition of all fine moneys received. This fund shall receive fine moneys from the State of Ohio or Franklin County and shall be used for law enforcement efforts that pertain to drug offenses. This fund shall also receive the sale of forfeited properties in accordance with Ohio Revised Code Section 2981.13. All expenditures shall meet a law enforcement purpose, require proper approval from the Chief of Police (or designee) and shall be processed consistent with any other expenditure paid by the City. No expenditure of these funds shall provide or permit the identification of any specific expenditure that is made in an ongoing investigation. Upon the sale of forfeited property, the Chief of Police or designee shall file a report with the Mayor no later than the thirty-first day of January of the next calendar year, verifying that the proceeds of forfeited money were expended only for an authorized purpose.

Law Enforcement and Education Fund

Ordinance No. 90-90 established the Law Enforcement and Education Fund (Fund 213) in accordance with Ohio Revised Code Section 2929.18(A) or (B)(4) and shall be used to support for eligible community addition service providers or related programs administered by the City.

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CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)

ONLINE BANKING AND ELECTRONIC FUND TRANSFER POLICY

Protecting public funds is a high priority for all governments. The Uniform Commercial Code (UCC) regulates and defines the responsibilities of counterparties in business and banking transactions. The UCC states that, in certain situations, liability and monetary loss in a fraudulent transaction is split between the counterparties in a transaction based on each party's due diligence and negligence. Consequently, to reduce liability in the event of a fraudulent transaction, it is important to have proper controls in place.

The banking industry has developed the following fraud prevention tools:

Positive pay is a type of account reconciliation service provided by banks. In positive pay, a bank compares checks that it receives for payment against the record of the checks issued by the government. If the bank receives a check that does not match the information (date, check number, and amount) in the government's record, it identifies it as an exception item (i.e., a non-conforming positive pay item). Payee positive pay is an enhanced positive pay service that requires the validation of the payee name in addition to validating the date, check number, and amount.

ACH blocks and filters stop any attempt by an outside entity to process an ACH transfer and remove funds from a checking account without prior permission. ACH blocks prevent all disbursements from an account. ACH filters prevent disbursements that do not match a list of pre-authorized transactions or identification numbers. ACH filters involve: (a) giving prior permission to certain approved business partners to draw upon the account, (b) establishing an approval process for pending ACH transmissions, and/or (c) setting maximum dollar limits on ACH debit transactions.

Reconciliation tools allow governments to extract information from their bank or have information sent from their bank that assists the government in performing period end reconciliation of bank accounts. The bank may also provide a tool that completes a full reconciliation of the account and produces detailed reports of reconciled items.

Intra-day access allows a government to see bank account transactions that occur at various times throughout the business day. The information may be accessed via online systems provided by the bank, as well as through other methods including fax, email, and direct transmission of data from the bank to the government's computer systems.

Universal Payment Identification Codes (UPIC) may be used instead of the government's bank account numbers so that the government's account numbers are not disclosed.

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

ONLINE BANKING AND ELECTRONIC FUND TRANSFER POLICY (Continued)

Internal Controls

Online banking shall be limited to the Finance Director, Senior Accountant and Accounting Clerk. All electronic fund transfers shall be initiated by the Senior Accountant/Accounting Clerk and shall be approved by the Finance Director. The Senior Accountant shall perform the monthly cash reconciliation which records all electronic and non-electronic transactions and reconciles these monthly. The Finance Director shall be responsible for reviewing the monthly reconciliation for errors, omissions or unusual items.

The Finance Department shall also provide the following security measures:

- Provide for the physical security of all checks.
- Maintain check images in preference to paper copies.
- Keep check stock in a locked and secure location with a formal inventory listing maintained. Secure check stock daily. Remove continuous check stock from printers. Lock and secure check specific printers. Consider the use of blank or unprinted check stock with inventory control numbers. The actual check number may be generated through the financial accounting system.
- Physically void returned checks and check copies, and retain in a locked and secure location or destroy on a schedule.
- Ensure appropriate security over signature plates, cards, and software.
- Require reconciliation of wires and ACH releases.
- Ensure proper segregation of duties among staff initiating, authorizing, preparing, signing, and mailing payments and reconciling bank statements.
- Review signature cards and authority levels whenever any changes occur and annually at a minimum. Remove individuals from bank transaction authority immediately upon resignation or termination.
- Review all bank accounts at least annually. Consolidate or eliminate bank accounts that are not frequently utilized.

Fraud Prevention Measures in Cooperation with City's Financial Institution(s)

- Maintain positive pay on all disbursement bank accounts and reconcile exceptions daily. Direct the bank to reject or block any and all withdrawals not initiated by the government from accounts that only accept deposits.

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

PETTY CASH/CHANGE FUND POLICY

Funds provided to certain departments related to petty cash and general change funds shall be segregated at all times and shall not be commingled. Petty cash shall be used for incidental, small dollar expenses while change funds shall be used only for providing change to residents/non-residents when payments are made.

Petty Cash

Department's assigned petty cash shall develop procedures to ensure that receipts (from purchases) plus remaining cash available equals the following amounts at all times:

<u>Department</u>	<u>Petty Cash Balance</u>
Finance (Utilities)	\$200.00
Town Hall	100.00
Golf	150.00

Each Department Director is responsible for managing and securing petty cash in a safe, secure location. Petty cash shall only be used for small incidental purchases and the use of petty cash shall not be used to circumvent the City's purchasing process. Expenditures shall be for a proper public purpose and shall not include sales taxes, alcohol, tobacco, or employee cash advances. All purchases shall be supported by itemized receipts and properly retained.

When petty cash is replenished, the Department Director is responsible for counting actual cash and receipts on hand ensuring the amount "balances". Once petty cash is balanced, the Director (or designee) shall open a requisition (vendor is Petty Cash) and then submit itemized receipts to the Finance Department for processing. Receipts submitted which do not meet the definition of a proper public purpose may be denied and the Department Director liable for any such amounts.

The Finance Department may perform random and unannounced audits of Department's petty cash at any time.

Change Funds

Departments assigned a change fund shall develop procedure to ensure that the cash on hand at the end of the business day equals the amounts assigned (and should be omitted from daily receipts):

CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)

PETTY CASH/CHANGE FUND POLICY (Continued)

<u>Department</u>	<u>Change Fund Balance</u>
Finance (Utilities)	\$200.00
Town Hall	100.00
Golf	300.00
Recreation – Outdoor Aquatic	3,800.00
Recreation – Indoor	2,000.00
Mayor’s Court	100.00
Building & Zoning	100.00
Finance (Utilities)	150.00
Finance (Safe)	400.00

Each Department Director shall be responsible for managing change funds and determining that amounts assigned reconciles, is not used for purchases and no irregularities exist.

The Finance Department may perform random and unannounced audits of Department’s petty cash at any time.

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CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)

DISASTER RECOVERY PLAN

Purpose

This Disaster Recovery Plan (DRP) documents the strategies, personnel, procedures and resources necessary to recover the City of Groveport (the City) network infrastructure following a short or long term disruption. The following objectives have been established for this plan:

- Maximize the value of contingency planning by establishing recovery plans that consists of the following phases:
 1. **Notification / Activation:** To activate the plan and notify vendors, members, employees, etc., of the recovery activities
 2. **Recovery Phase:** To recover and resume temporary IT operations on alternate hardware (equipment) and possibly at an alternate location
 3. **Restoration Phase:** To restore IT systems processing capabilities to normal operations at the primary location or the new location.
- Define the activities, procedures, and essential resources required to perform processing requirements during prolonged periods of disruption to normal operations.
- Allocate responsibilities to designated personnel and provide guidance for recovering the network during prolonged periods of interruption to normal operations.
- Make certain coordination with Leadership Team and thinkCSC staff is conducted.
- Ensure coordination with external contacts, like vendors, suppliers, etc. who will participate in the recovery process.

Backup Strategy

Key business processes and the agreed backup strategy for each are listed within this document. The strategy chosen is for an on-site and off-site Shadow Protect image repository located both on location preferably on the sub-ground level, as well as off-site at the replication destinations specified below. Off-site backups are for off-site head start restore images to boot from in the event of an emergency should a location become unusable. See **Restoration Procedures** section for process of restoration given the specific emergency.

Server Profile List

- Town Hall
 - Server hardware is located XXX in a server rack on sub ground XXX.
 - Physical Servers
 - City-HOST05
 - Physical Hyper-V host server for VMs
 - CSC-DR-117TH
 - Storage location for local image based backups using Shadow Protect
 - Replication destination storage location for:
 - CSC-DR-117-REP3
 - Replicates to CSC-DR-117-REP3 using Shadow Stream

CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)

DISASTER RECOVERY PLAN (Continued)

Server Profile List (Continued)

- Virtual Servers
 - GRPT-THDC01
 - Active Directory Domain Services
 - DHCP Server
 - DNS Server
 - File Services (DFS)
 - File and Storage Services
 - Group Policy Management
 - Print and Document Services
 - Web Server (IIS)
- Municipal Building
 - Server hardware is located in sub ground basement.
 - Physical Servers
 - City-HOST01
 - Physical host server for VMs
 - City-HOST07
 - Physical host server for VMs
 - Dynamics Automation Server
 -
 - CSC-DR-117-REP3
 - Storage location for local image based backups using Shadow Protect
 - Replication destination storage location for:
 - CSC-DR-117REC02
 - CSC-DR-117GOLF
 - CSC-DR-117TH
 - Replicates to CSC-DR-117TH using Shadow Stream
 - Virtual Servers
 - CMI3930
 - CMI Application Server
 - Microsoft SQL Server 2012
 - Active Directory Domain Services
 - File Services (DFS)
 - Group Policy Management
 - Ink and Handwriting Services
 - Web Server (IIS)
 - GRPT-ADP02
 - ADP Application Server
 - Microsoft SQL Server 2005
 - GRPT-BACS01

CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)

DISASTER RECOVERY PLAN (Continued)

Server Profile List (Continued)

- GRPT-DC01
 - Primary Domain Controller
 - Active Directory Domain Services
 - DHCP Server
 - DNS Server
 - File and Storage Services
 - Group Policy Management
- GRPT-DC02
 - Secondary Domain Controller
 - Active Directory Domain Services
 - DHCP Server
 - DNS Server
 - File and Storage Services
 - Group Policy Management
- GRPT-FS01
 - File Server
 - File and Storage Services
 - Print and Document Services
- GRPT-GIS01
 - ArcGIS Application Server
 - Microsoft SQL Server 2014
- GRPT-SUBCA01
 - Certificate Authority Server
 - Active Directory Certificate Services
- GRPT-WEB01
 - Web Server
 - Hosting gis.groveport.org, bds.groveport.org
- Recreation Center
 - Physical Servers
 - City-HOST03
 - Physical Hyper-V host server for VMs
 - Located on main floor in back office on top of filing cabinet.
 - CSC-DR-117REC02
 - Storage location for image based backups using Shadow Protect
 - Replicates to CSC-DR-117-REP3 using Shadow Stream
 - Located on second floor in maintenance room.
 - Virtual Servers
 - GRPT-RECDC01
 - Primary Domain Controller
 - Active Directory Domain Services

CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)

DISASTER RECOVERY PLAN (Continued)

Server Profile List (Continued)

- DHCP Server
 - DNS Server
 - Distributed File Services (DFS)
 - Group Policy Management
 - Telnet/TFTP
 - Print and Document Services
 - GRPT-REDCDC02
 - Secondary Domain Controller
 - Active Directory Domain Services
 - DHCP Server
 - DNS Server
 - Distributed File Services (DFS)
 - Group Policy Management
 - Telnet/TFTP
 - Print and Document Services
 - GRPT-RECTRAC01
 - RecTrac Application Server
 - GRPT-RECWEB01
 - RecWeb Application
 - Web Server (IIS)
 - Telnet
- Golf Course
 - Server equipment located in back office area.
 - Physical Servers
 - City-HOST06
 - Physical Hyper-V host server for VMs
 - CSC-DR-117GOLF
 - Storage location for image based backups using Shadow Protect
 - Replicates to CSC-DR-117-REP3 using Shadow Stream
 - Virtual Servers
 - GRPT-GCDC01
 - Golf Course POS Software Pro-ShopKeeper POSExpress
 - Active Directory Domain Services
 - File and Storage Services
 - File Services (DFS)
 - Print and Document Services
 - GRPT-GCWEB01
 - Golf Course POS Software Pro-ShopKeeper POSExpress
 - Web Server (IIS)

CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)

DISASTER RECOVERY PLAN (Continued)

Server Profile List (Continued)

- Police Department
 - Server equipment located in secure room on main floor.
 - Physical Servers
 - City-HOST04
 - Physical Hyper-V host server for VMs
 -
 - CSC-DR-117PD-03
 - Storage location for image based backups using Shadow Protect
 - Virtual Servers
 - GRPT-CAMERA01
 - Body Camera System Server
 - GRPT-MARTEL02
 - Martel Police Care Camera Server
 - GRPT-NPS02
 - NPS/Radius Server
 - GRPT-PDDC01
 - Primary Domain Controller
 - Active Directory Domain Services
 - File and Storage Services
 - Print and Document Services
 - GRPT-PDDC02
 - Secondary Domain Controller
 - Active Directory Domain Services
 - File and Storage Services
 - Print and Document Services
 - GRPT-RDS01
 - RDS Gateway Server
 - File Services
 - Network Policy and Access Services
 - Print and Document Services
 - Telnet
 - Web Server (IIS)
 - GRPT-TRMSRV-01 (2008R2 being replaced by GRPT-RDS01)
 - RDS Gateway Server
 - CMI Authority
 - File Services
 - Network Policy and Access Services
 - Print and Document Services
 - Telnet
 - Web Server (IIS)

CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)

DISASTER RECOVERY PLAN (Continued)

In the event of the server hardware being compromised, the restore order for critical applications for operating the business will be as follows:

1. Police Department (RMS then anything else).
2. Municipal Building, Finance Department (includes Budgetary, Payroll, Utilities and Income Taxes - CMI).
3. Recreation Department (includes RecTrac and RecWeb).
4. Town Hall (RecTrac).
5. Golf Course (Prophet).
6. Public Works and Water Plant.

Applicability

There are many potential disruptive threats that can occur at any time and affect the normal business process. We have considered a wide range of potential threats and the results of our deliberations are included in this plan. Each potential environmental disaster or emergency situation has been examined. The focus for this plan is on the level of business disruption that could arise from each type of disaster.

Plan Triggering Events

Key trigger issues that would lead to activation of the DRP are:

- Total extended loss of data communications.
- Total extended loss of power.
- Electrical Surge.
- Flooding of the premises.
- Fire.
- Server room compromised
 - Damage to room and servers (Fire, flood, etc.)
 - Tampering / Sabotage
 - Theft
- Partial loss of the building.
- Total loss of the building.

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

DISASTER RECOVERY PLAN (Continued)

GAP Analysis

Potential Disaster	Current State - Issue	Recommended Future State
Loss of Application, Service or Data availability	<ul style="list-style-type: none"> • Onsite Shadow Protect Backups with Head Start Restore • Backups are image based and continuously backup every X hours • Recovery Point Objective (RPO) = Point can recover to = • Recovery Time Objective (RTO) = How long to recover = 	<ul style="list-style-type: none"> • Without redundant hardware at each individual site, need to identify destination hardware/environment for images should the need arise to make image backups live.
Complete Building Failure (Connectivity)	<ul style="list-style-type: none"> • Only a single site (Police Department) has power generator • Sites have one internet connection 	<ul style="list-style-type: none"> • Ideally each site should have its own generator, or alternatively the network can be redesigned with the PD becoming a centralized data center (this would introduce some new risks/challenges). • Site redundancy allowing traffic to be rerouted via the fiber to another location (this has been discussed).
Complete Building Failure (Police Dept.)	<ul style="list-style-type: none"> • Police department has no off-site backup 	<ul style="list-style-type: none"> • Should fire or environmental disaster occur at this site, there is the potential for some or all data and backups to be lost. • Some or all data should be replicated off-site.
Complete Building Failure (Environmental)	<ul style="list-style-type: none"> • All data and backups are stored at City sites within a very small regional radius 	<ul style="list-style-type: none"> • Backups should be replicated off-site to a regional data center (somewhere close enough to have fast access, yet far enough away to avoid a similar environmental disaster).
Cybersecurity Event	<ul style="list-style-type: none"> • Cybersecurity policy/procedures undefined 	<ul style="list-style-type: none"> • A Cybersecurity policy needs to be written with detailed procedures and defined triggering events. That policy should reference this document if necessary (e.g. data restoration).

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

DISASTER RECOVERY PLAN (Continued)

City Emergency Response Team (ERT)

- Administration
 - Jeff Green, Assistant Administrator

- Police Department
 - Brian Thompson, Sergeant

- Recreation Center
 - Kyle Lund, Recreation Director

- Golf Course
 - Tom Walker, Director of Golf

Emergency Response: Each team member will notify the City Administrator, the impacted City Department Director and Police Department the nature of the emergency. Depending on the nature of the emergency, the respective team member will notify the applicable utility company regarding the emergency. Finally, communication should be made to thinkCSC regarding steps to recover backup information and activity.

Plan Activation Procedures

When an incident occurs the Emergency Response Team (ERT) must be activated. The ERT will then decide the extent to which the DRP must be invoked. Responsibilities of the ERT are to:

- Respond immediately to a potential disaster and call emergency contacts
- Assess the extent of the disaster and its impact on the business, data center, etc.
- Decide which elements of the DR Plan should be activated
- Establish and manage disaster recovery team to maintain vital services and return to normal operation
- Ensure employees are notified and allocate responsibilities and activities as required

In the event that a City building is rendered unusable, an alternate facility will need to be identified or, alternatively, utilize CSC's datacenter for temporary operation.

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

DISASTER RECOVERY PLAN (Continued)

Recovery Procedures

Potential Disaster	Protection	Steps if Failure Occurs
Loss of Application, Service or Data availability	<ul style="list-style-type: none"> • Onsite Shadow Protect Backups with HeadStart Restore • Volume Shadow Copy Backup with availability for user to self-restore? 	<ul style="list-style-type: none"> • Contact the City Administrator, applicable Department Head Director and Police Department to notify of outage. • Log ticket in thinkCSC portal or contact thinkCSC helpdesk to report issue.
Physical Hardware Failure	<ul style="list-style-type: none"> • RAID X on Hosts. • N-Able Monitoring for hardware / software failures by thinkCSC • HP X-Hr call-to-repair Care Pack on server hardware 	<ul style="list-style-type: none"> • Report issue(s) to City Administrator, applicable Department Head Director and Police Department. • Log ticket in thinkCSC portal/contact thinkCSC helpdesk to report issue. • thinkCSC call support for replacement parts. • If network failure; thinkCSC locate potential temporary loaner equipment.
Physical Hardware missing or compromised	<ul style="list-style-type: none"> • Locked server room (limited staff have key access to room) • Equipment bolted into rack • Backup server in separate locked room • Off-Site backup at alternate location • Redundant SAN and Host servers so all equipment would have to be missing in order to cause an outage • N-able monitoring would notify of downed equipment 	<ul style="list-style-type: none"> • N-able notifications; helpdesk would contact City Administrator, applicable Department Head Director and Police Department or send engineer onsite to see why equipment was offline. • Significant event that was observed; notify thinkCSC of hardware being compromised; thinkCSC locate loaner equipment or permanent replacement.
Physical Environment failure; loss of core service (Data / VoIP)	<ul style="list-style-type: none"> • Equipment on Battery Backup array with environment monitoring and notifications to <WHO> and thinkCSC staff • Backup generator circuit powering UPS systems 	<ul style="list-style-type: none"> • Notification by Eaton UPS; Helpdesk or engineer call City Administrator, applicable Department Head Director and Police Department. • City employee notice a power failure; notify City Administrator, applicable Department Head Director and Police Department who would relay information to thinkCSC. • Contact City Administrator, applicable Department Head Director and Police Department with <DEPT> and notify of outage of Data and VoIP services.
Complete Building Failure	<ul style="list-style-type: none"> • Off-site backups and HeadStart Restore VHDs of all server systems • Servers are virtual and can be bootable on most any hardware 	<ul style="list-style-type: none"> • Contact thinkCSC and notify of building failure. • CSC contact vendors for loaner temp equipment. • Verify state of backups at alternate off-site location in preparation for restore.

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

DISASTER RECOVERY PLAN (Continued)

Restoration Procedures

Verified Outage	Recovery Procedure
Loss of critical application or data availability	<ul style="list-style-type: none"> • CSC verify cause of outage. • Restore application data / file from backup. • Reload entire server from backup if necessary.
Physical Hardware Failure	<ul style="list-style-type: none"> • CSC verify specific failure. • Move VM(s) to another Host or hardware if outage is occurring • Initiate procedure for HP Care Pack hardware replacement; install new hardware; reload system if necessary; restore VM(s) to prior state. • If parts cannot be replaced within 8 business hours; Boot HeadStart VM from DR appliance temporarily and restore to proper hardware after hours once part is replaced.
Hardware Missing or Compromised	<ul style="list-style-type: none"> • CSC verify components affected. • Verify state of backups both on-site and off-site. • If only parts of the system have been compromised; restore functionality with available hardware and proceed to order replacements. • If fully compromised; acquire temporary hardware (DR appliance), prepare HeadStart VHDs for booting, move VHD files to temporary storage and boot servers; place order for permanent new hardware; schedule install of new hardware and migrate to permanent solution after hours.
Physical Environment Failure or Loss of Core Service (Data / Voice)	<ul style="list-style-type: none"> • CSC onsite to verify cause of the outage. • Replace network equipment if applicable.
Complete Building Failure	<ul style="list-style-type: none"> • CSC determine if any equipment is salvageable. • CSC to acquire temporary hardware to run systems if existing hardware is destroyed. • Verify state of off-site backup and prep HeadStart restore for boot. • Move VHD files to temp hardware and boot VMs. • Change DNS records to point to new location of servers. • Test services and contact City primary contact with information on how to log in to system.

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

DISASTER RECOVERY PLAN (Continued)

Emergency Contact List

Jeff Green
Assistant City Administrator
Cell: 614-282-9158
Office: 614-830-2048

Brian Thompson
Administrative Sergeant
Cell: 614-419-5025
Office: 614-830-2060

Recreation Director
Operations Recreation Manager
Cell: 614-753-5538
Office: 614-836-1000

Tom Walker
Director of Golf
Cell: 614-226-7161
Office: 614-836-5874

thinkCSC
IT Infrastructure Management
Office: 614-786-7100
Dial Opt 2, Opt 1 for Helpdesk

Chris Crawford
thinkCSC Main Contact
Office: 614-786-7100
Cell: 614-219-9186

Kurt Camealy
thinkCSC Manager Contact
Office: 614-786-7100 x113
Cell: 614-738-2006

Utilities Contact List

Town Hall

- **Electricity**
 - American Electric Power
 - 800-672-2231 (24/7)
 - Acct # 106-676-013-1-3
 - Power Outages Online <https://www.aepohio.com/outages/>
- **Natural Gas**
 - Columbia Gas
 - 1-800-344-4077 – Also call Fire and Police to report emergency
 - Acct # 11723357-001-000-7
 - Meter #114111

CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)

DISASTER RECOVERY PLAN (Continued)

Municipal Building

- **Electricity**
 - American Electric Power
 - 800-672-2231 (24/7)
 - Acct # 108-643-003-2-1
 - Power Outages Online <https://www.aepohio.com/outages/>
- **Natural Gas**
 - Company Name
 - 1-800-344-4077 – Also call Fire and Police to report emergency
 - Acct # 14124606-001-000-7
 - Meter #T3480889

Recreation Center

- **Electricity**
 - American Electric Power
 - 800-672-2231 (24/7)
 - Acct # 101-925-978-0-4 (Recreation Center)
 - Acct# 105-681-290-0-0 (Water Park)
 - Power Outages Online <https://www.aepohio.com/outages/>
- **Natural Gas**
 - Columbia Gas
 - 1-800-344-4077 – Also call Fire and Police to report emergency
 - Acct # 14124606-002-000-6
 - Meter # M2700202

Golf Course

- **Electricity**
 - South Central Power
 - 800-282-5064 (24/7)
 - Acct # 02-109-010-003-002-0
 - Power Outages Online <https://www.aepohio.com/outages/>
- **Natural Gas**
 - Columbia Gas
 - 1-800-344-4077 – Also call Fire and Police to report emergency
 - Acct # 14124606-003-000-5
 - Meter #3308535

Police Department

- **Electricity**
 - American Electric Power
 - 800-672-2231 (24/7)
 - Acct # 108-184-382-2-7 (Police Building)
 - Acct #106-823-003-0-5 (Police Barn)
 - Power Outages Online <https://www.aepohio.com/outages/>
- **Natural Gas**
 - Columbia Gas
 - 1-800-344-4077 – Also call Fire and Police to report emergency
 - Acct # 11723357 003 000 5

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

CHANGES TO PERSONAL INFORMATION – PAYROLL

Changes to an employee’s payroll information (direct deposit, name change, address change, income tax withholding or sick leave donation) will require the employee’s written signature and must be delivered to Human Resources, e-mailed forms or request by e-mail will not be accepted.

In the event of any changes to an employee’s information, please adhere to the following:

1. Contact Human Resources - Susan James @ sjames@groveport.org or Sue Wadley at swadley@groveport.org (or applicable Human Resource Department employee) to request the appropriate form. The Human Resource or Finance Departments may contact the employee to verify that the request is a legitimate request initiated by the employee (forms are also available under the City’s Share - Drive X:) under Human Resources/Form.
2. Once the form is completed, it must be signed, dated and returned to the Human Resource or Finance Departments. If the form is not signed it will be returned and not processed. The employee’s original signature is required. Once approved it will be entered into the payroll system with a copy maintained by the Human Resources Department.

Employees are responsible for verifying their personal information on their respective pay check stubs on a regular basis.

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**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

CASH MANAGEMENT GRANTS POLICY

In order to provide reasonable assurance that all assets, including Federal, State, and local funds, are safeguarded against waste, loss, unauthorized use, or misappropriation, the City shall implement internal controls in the area of cash management.

The City's payment methods shall minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and disbursement by the City, regardless of whether the payment is made by electronic fund transfer, or issuance or redemption of checks, warrants, or payment by other means.

The City shall use forms and procedures required by the grantor agency or pass-through entity to request payment. The City shall request grant fund payments in accordance with the provisions of the grant. Additionally, the City's financial management systems shall meet the standards for fund control and accountability as established by the awarding agency.

The City is authorized to submit requests for advance payments and reimbursements at least monthly when electronic fund transfers are not used, and as often as deemed appropriate when electronic transfers are used, in accordance with the provisions of the Electronic Fund Transfer Act (15 U.S.C. 1693-1693r).

When the City uses a cash advance payment method, the following standards shall apply:

- A. The timing and amount of the advance payment requested will be as close as is administratively feasible to the actual disbursement for direct program or project costs and the proportionate share of any allowable indirect costs.
- B. The City shall make timely payment to contractors in accordance with contract provisions.
- C. To the extent available, the City shall disburse funds available from program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting additional cash payments.
- D. The City shall account for the receipt, obligation and expenditure of funds.
- E. Advance payments will be deposited and maintained in insured accounts whenever possible.
- F. Advance payments will be maintained in interest bearing accounts unless the following apply:
 1. The City receives less than \$120,000 in Federal awards per year.
 2. The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per year on Federal cash balances.

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

CASH MANAGEMENT GRANTS POLICY

3. The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.
 4. A foreign government or banking system prohibits or precludes interest bearing accounts.
- G. Pursuant to Federal law and regulations, the City may retain interest earned in an amount up to \$500 per year for administrative costs. Any additional interest earned on Federal advance payments deposited in interest-bearing accounts must be remitted annually to the Department of Health and Human Services Payment Management System ("PMS") through an electronic medium using either Automated Clearing House ("ACH") network or a Fedwire Funds Service payment. Remittances shall include pertinent information of the payee and nature of payment in the memo area (often referred to as "addenda records" by Financial Institutions) as that will assist in the timely posting of interest earned on Federal funds. Pertinent details include the Payee Account Number (PAN) if the payment originated from PMS, or Agency information if the payment originated from ASAP, NSF or another Federal agency payment system.

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**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

COST PRINCIPLES POLICY

The City is responsible for the efficient and effective administration of grant funds through the application of sound management practices. Such funds shall be administered in a manner consistent with all applicable Federal, State and local laws, the associated agreements/assurances, program objectives and the specific terms and conditions of the grant award.

Cost Principles

Except where otherwise authorized by statute, costs shall meet the following general criteria in order to be allowable under Federal awards:

- A. Be necessary and reasonable for proper and efficient performance and administration of the Federal award and be allocable thereto under these principles.

To determine whether a cost is reasonable, consideration shall be given to:

1. Whether a cost is a type generally recognized as ordinary and necessary for the operation of the City or the proper and efficient performance of the Federal award;
2. The restraints or requirements imposed by such factors as sound business practices, arm's length bargaining, Federal, State, local, tribal and other laws and regulations;
3. Market prices for comparable goods or services for the geographic area;
4. Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities; and
5. Whether the cost represents any significant deviation from the established practices or policy of City Council which may increase the expense.

While Federal regulations do not provide specific descriptions of what satisfies the "necessary" element beyond its inclusion in the reasonableness analysis above, whether a cost is necessary is determined based on the needs of the program. Specifically, the expenditure must be necessary to achieve an important program objective. A key aspect in determining whether a cost is necessary is whether the City can demonstrate that the cost addresses an existing need, and can prove it.

When determining whether a cost is necessary, consideration may be given to whether:

- a. The cost is needed for the proper and efficient performance of the grant program;
- b. The cost is identified in the approved budget or application;
- c. There is an educational benefit associated with the cost;

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

COST PRINCIPLES POLICY (Continued)

- d. The cost aligns with identified needs based on results and findings from a needs assessment;
- e. The cost addresses program goals and objectives and is based on program data.

A cost is allocable to the Federal award if the goods or services involved are chargeable or assignable to the Federal award in accordance with the relative benefit received.

- B. Conform to any limitations or exclusions set forth as cost principles in Part 200 or in the terms and conditions of the Federal award.
- C. Be consistent with policies and procedures that apply uniformly to both Federally-financed and other activities of the City.
- D. Be afforded consistent treatment. A cost cannot be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been assigned as an indirect cost under another award.
- E. Be determined in accordance with generally accepted accounting principles.
- F. Be representative of actual cost, net of all applicable credits or offsets.

The term "applicable credits" refers to those receipts or reductions of expenditures that operate to offset or reduce expense items allocable to the Federal award. Typical examples of such transactions are: purchase discounts; rebates or allowances; recoveries or indemnities on losses; and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the State relate to the Federal award, they shall be credited to the Federal award, either as a cost reduction or a cash refund, as appropriate.

- G. Be not included as a match or cost-share, unless the specific Federal program authorizes Federal costs to be treated as such.
- H. Be adequately documented:
 - 1. In the case of personal services, the City shall implement a system for City personnel to account for time and efforts expended on grant funded programs to assure that only permissible personnel expenses are allocated;
 - 2. In the case of other costs, all receipts and other invoice materials shall be retained, along with any documentation identifying the need and purpose for such expenditure if not otherwise clear.

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

COST PRINCIPLES POLICY (Continued)

Selected Items of Cost

The City shall follow the rules for selected items of cost at 2 C.F.R. Part 200, Subpart E when charging these specific expenditures to a Federal grant. When applicable, City staff shall check costs against the selected items of cost requirements to ensure the cost is allowable. In addition, State, City and program-specific rules, including the terms and conditions of the award, may deem a cost as unallowable and City personnel shall follow those rules as well.

Cost Compliance

The City shall require that grant program funds are expended and are accounted for consistent with the requirements of the specific program and as identified in the grant application. Compliance monitoring includes accounting for direct or indirect costs and reporting them as permitted or required by each grant.

Determining Whether a Cost is Direct or Indirect:

- A. Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy.

These costs may include: salaries and fringe benefits of employees working directly on a grant-funded project; purchased services contracted for performance under the grant; travel of employees working directly on a grant-funded project; materials, supplies, and equipment purchased for use on a specific grant; and infrastructure costs directly attributable to the program (such as long distance telephone calls specific to the program, etc.).

- B. Indirect costs are those that have been incurred for a common or joint purpose benefitting more than one (1) cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. Costs incurred for the same purpose in like circumstances shall be treated consistently as either direct or indirect costs.

These costs may include: general data processing, human resources, utility costs, maintenance, accounting, etc.

Federal programs with supplement not supplant provisions must use a restricted indirect cost rate. In a restricted rate, indirect costs are limited to general management costs. General management costs do not include divisional administration that is limited to one (1) component of the City, the governing body of the City, compensation of the chief executive and chief financial officer, and operation of the immediate offices of these positions.

- C. The salaries of administrative and clerical staff should normally be treated as indirect costs. Direct charging of these costs may be appropriate only if all of the following conditions are met:

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

COST PRINCIPLES POLICY (Continued)

1. Administrative or clerical services are integral to a project or activity.
2. Individuals involved can be specifically identified with the project or activity.
3. Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency.
4. The costs are not also recovered as indirect costs.

Where a Federal program has a specific cap on the percentage of administrative costs that may be charged to a grant, that cap shall include all direct administrative charges as well as any recovered indirect charges.

Effort should be given to identify costs as direct costs whenever practical, but allocation of indirect costs may be used where not prohibited and where indirect cost allocation is approved ahead of time by the federal grantor or if applicable the pass-through entity (Federal funds subject to 2 C.F.R. Part 200 pertaining to determining indirect cost allocation).

Timely Obligation of Funds

Obligations are orders placed for property and services, contracts and subawards made, and similar transactions during a given period that require payment by the non-Federal entity during the same or a future period.

Period of Performance

All obligations must occur on or between the beginning and ending dates of the grant project. This period of time is known as the period of performance. The period of performance is dictated by statute and will be indicated in the Grant Award Notification ("GAN"). As a general rule, State-administered Federal funds are available for obligation within the year that Congress appropriates the funds for. However, given the unique nature of educational institutions, for many Federal education grants, the period of performance is twenty-seven (27) months. This maximum period includes a fifteen (15) month period of initial availability, plus a twelve (12) month period for carryover. For direct grants, the period of performance is generally identified in the GAN.

In the case of a State-administered grant, obligations under a grant may not be made until the grant funding period begins or all necessary materials are submitted to the granting agency, whichever is later. In the case of a direct grant, obligations may begin when the grant is, unless an agreement exists with the pass-through entity to reimburse for pre-approval expenses.

For both State-administered and direct grants, regardless of the period of availability, the City shall liquidate all obligations incurred under the award not later than ninety (90) days after the end of the funding period unless an extension is authorized. Any funds not obligated within the period of performance or liquidated within the appropriate timeframe are said to lapse and shall be returned to the awarding agency. Consequently, the City shall closely monitor grant spending throughout the grant cycle.

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

GRANT FUNDS POLICY

It is the objective of the City to provide services to its citizens. Government agencies, as well as foundations, businesses, and individuals, periodically offer both human and material resources to the City. Therefore, it is the intent of the City to consider grant proposals and applications for their potential to enhance the level of services provided.

The applicable City department or designee shall review new federal legislation and prepare proposals for programs deemed to benefit the City. The applicable City department or designee shall approve each such proposal prior to its submission, and City Council shall approve all grants resulting from such proposals.

City Council regards available federal funds of aid to cities and communities as a public trust. It forbids the use of Federal monies for partisan political activities and for any use that would not be in accordance with Federal regulations and guidelines.

Grant Proposal Development

- A. All grant proposals must support at least one (1) City goal or priority.
- B. For projects where grant funds will not cover the entire cost of project implementation, additional fund sources must be identified, documented, and approved during the internal review process.

Grant Proposal Internal Review

Each grant proposal shall be reviewed and approved by the City prior to submission to the funding source.

Grant Administration

- A. The administration of grants will adhere to all applicable Federal, State, local and grantor rules and regulations, including the terms and conditions of the Federal awards, as well as City policies and administrative guidelines.
- B. The City is responsible for the efficient and effective administration of grant awards through the application of sound management practices.
- C. The City is responsible for administering grant funds in a manner consistent with underlying agreements, applicable statutes, regulations and objectives, and the terms and conditions of the grant award.
- D. The City, in recognition of its unique combination of staff, facilities, and experience, shall employ internal controls, including the organizational and management strategies necessary to assure proper and efficient administration of grant awards.

CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)

GRANT FUNDS POLICY (Continued)

- E. All Federal funds received by the City will be used in accordance with the applicable Federal law and regulations and the terms and conditions of the Federal award. The City shall require that each draw of Federal monies be aligned with the City's payment process (whether reimbursement, cash advance or a combination). If funds are permitted to be drawn in advance, all draws will be as close as administratively feasible to the related program expenditures and that, when restricted, such monies are used to supplement programs and funding and not to supplant or replace existing programming or current funding.
- F. The City is authorized to sign related documents for grant administration, including documents required for submittal of grant proposals.
- G. Employee positions established through the use of grant funding shall terminate if and when the related grant funding ceases.

Financial Management

The financial management of grant funds shall be in compliance with all applicable Federal, State, local and grantor rules, regulations, and assurances as well as City policies and administrative guidelines.

The City shall provide for the following:

- A. Identification, in City accounts, of all grant awards received and expended and the programs under which they were received. For Federal programs and awards, identification shall include the Catalog of Federal Domestic Assistance ("CFDA") title and number, Federal award identification number and year, name of the Federal agency and name of the pass-through entity, as applicable.
- B. Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements of the grant.
- C. Records that identify adequately the source and application of funds provided for Federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.
- D. Effective control over, and accountability for, all funds, property, and other assets. The City must adequately safeguard all assets and assure that they are used solely for authorized purposes.

Further, the City must:

- 1. Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the City is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award;

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

GRANT FUNDS POLICY (Continued)

2. Comply with Federal statutes, regulations and the terms and conditions of the Federal award;
 3. Evaluate and monitor the City's compliance with statutes, regulations and the terms and conditions of the Federal award;
 4. Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings;
 5. Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive consistent with applicable Federal, State, local, and tribal laws regarding privacy and obligations of confidentiality.
- E. Comparison of expenditures with budget amounts for each Federal award.
- F. Recordkeeping and written procedures to the extent required by Federal, State, local and grantor rules and regulations pertaining to the grant award and accountability, including, but not limited to, the following areas:
1. Cash management
 2. Allowability
 3. Conflict of interest
 4. Procurement
 5. Equipment management
 6. Conducting technical evaluations of proposals and selecting recipients
 7. Compensation and fringe benefits
 8. Travel
- G. Disclosure of any potential conflict of interest and all mandatory violation disclosures potentially affecting the Federal award/grant to the Federal awarding agency or pass through agency in accordance with applicable Federal policy.
- H. Insurance coverage for real property and equipment, if applicable, equivalent to such property owned by the City.

CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)

GRANT FUNDS POLICY (Continued)

Program Income

Program income means gross income earned by a grant recipient that is directly generated by a supported activity or earned as a result of the Federal award during the grant's period of performance.

It includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under Federal awards, the sale of commodities or items fabricated under a Federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with Federal award funds. Interest earned on advances of Federal funds is not program income. Except as otherwise provided in Federal statutes, regulations or the terms and conditions of the Federal award, program income does not include rebates, credits, discounts and interest earned on any of them. Additionally, taxes, special assessments, levies, fines and other such revenues raised by a recipient are not program income unless the revenues are specifically identified in the Federal award or Federal awarding agency regulations as program income. Finally, proceeds from the sale of real property, equipment or supplies are not program income.

Unless it has received prior approval to use a different method or the terms and conditions of the grant authorize a different method, the City uses the deduction method of accounting for program income. Under the deduction method, program income is deducted from total allowable costs to determine the net allowable costs. Program income will only be used for current costs unless the City is otherwise directed by the Federal awarding agency or pass-through entity.

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CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)

TIME AND EFFORT POLICY

As a recipient of Federal funds, the City shall comply with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Section 200.430 of the Code of Federal Regulations requires certification of effort to document salary expenses charged directly or indirectly against Federally-sponsored projects. This process is intended to verify that compensation for employment services, including salaries and wages, is allocable and properly expended, and that any variances from the budget are reconciled.

Compensation for employment services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits, which are addressed in 2 C.F.R. 200.431 Compensation-fringe benefits. Costs of compensation are allowable to the extent that they satisfy the specific requirements of these regulations, and that the total compensation for individual employees:

- A. Is reasonable for the services rendered, conforms to the City's established written policy, and is consistently applied to both Federal and non-Federal activities; and
- B. Follows an appointment made in accordance with the City's written policies and meets the requirements of Federal statute, where applicable.

Time and Effort Reports

The reports:

- A. Are supported by a system of internal controls which provide reasonable assurance that the charges are accurate, allowable, and properly allocated.
- B. Are incorporated into the official records of the City.
- C. Reasonably reflect the total activity for which the employee is compensated by the City, not exceeding 100% of the compensated activities.
- D. Encompass both Federally assisted and other activities compensated by the City on an integrated basis.
- E. Comply with the City's established accounting policies and practices.
- F. Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one (1) Federal award, a Federal award and non-Federal award, an indirect cost activity and a direct cost activity, two (2) or more indirect activities which are allocated using different allocation bases, or an unallowable activity and a direct or indirect cost activity.

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

TIME AND EFFORT POLICY (Continued)

The City will also follow any time and effort requirements imposed by the pass-through entity to the extent that they are more restrictive than the Federal requirements. The Payroll Office is responsible for the distribution, collection, and retention of all employee effort reports. Individually reported data will be made available only to authorized auditors.

Reconciliations

Budget estimates are not used as support for charges to Federal awards. However, the City may use budget estimates for interim accounting purposes. The system used by the City to establish budget estimates produces reasonable approximations of the activity actually performed. Any significant changes in the corresponding work activity are identified by the City and entered into the City's records in a timely manner.

The City's internal controls include a process to review after-the-fact interim charges made to a Federal award based on budget estimates and ensure that all necessary adjustments are made so that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

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CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)

PROCUREMENT POLICY – FEDERAL GRANT FUNDS

Procurement of all supplies, materials, equipment, and services paid for from Federal funds or City matching funds shall be made in accordance with all applicable Federal, State, and local statutes and/or regulations, the terms and conditions of the Federal grant, City Council policies, and administrative procedures.

The City shall maintain a procurement and contract administration system in accordance with the federal requirements for the administration and management of Federal grants and Federally-funded programs. The City shall maintain a contract administration system that requires contractors to perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

All City employees, officers, and agents who have purchasing authority shall abide by the standards of conduct covering conflicts of interest and governing the actions of its employees, officers, and agents engaged in the selection, award, and administration of contracts.

The City will avoid acquisition of unnecessary or duplicative items. Additionally, consideration shall be given to consolidating or breaking out procurements to obtain a more economical purchase. And, where appropriate, an analysis shall be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach. These considerations are given as part of the process to determine the allowability of each purchase made with Federal funds.

To foster greater economy and efficiency, the City may enter into State and local intergovernmental agreements where appropriate for procurement or use of common or shared goods and services.

Competition

All procurement transactions shall be conducted in a manner that encourages full and open competition and that is in accordance with good administrative practice and sound business judgement. In order to promote objective contractor performance and eliminate unfair competitive advantage, the City shall exclude any contractor that has developed or drafted specifications, requirements, statements of work, or invitations for bids or requests for proposals from competition for such procurements.

Some of the situations considered to be restrictive of competition include, but are not limited to, the following:

- A. Unreasonable requirements on firms in order for them to qualify to do business.
- B. Unnecessary experience and excessive bonding requirements.
- C. Noncompetitive contracts to consultants that are on retainer contracts.
- D. Organizational conflicts of interest.

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

PROCUREMENT POLICY – FEDERAL GRANT FUNDS (Continued)

- E. Specification of only a "brand name" product instead of allowing for an "or equal" product to be offered and describing the performance or other relevant requirements of the procurement.
- F. Any arbitrary action in the procurement process.

Further, the City does not use statutorily or administratively imposed State, local, or tribal geographical preferences in the evaluation of bids or proposals, unless (1) an applicable Federal statute expressly mandates or encourages a geographic preference; or (2) the City is contracting for architectural and engineering services, in which case geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

To the extent that the City uses a pre-qualified list of persons, firms or products to acquire goods and services, the pre-qualified list includes enough qualified sources as to ensure maximum open and free competition. The City allows vendors to apply for consideration to be placed on the list continuously.

Solicitation Language

The City shall require that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description shall not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, shall set forth those minimum essential characteristics and standards to which it shall conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible.

When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a "brand name or equivalent" description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which shall be met by offers shall be clearly stated; and identify all requirements which the offerors shall fulfill and all other factors to be used in evaluating bids or proposals.

City Council will not approve any expenditure for an unauthorized purchase or contract.

Procurement Methods

The City shall follow the provisions of the National Defense Authorization Act 2018 which became law December 12, 2017 and increased the micro-purchase threshold to \$10,000 for all recipients; and increased the simplified acquisition threshold from \$150,000 to \$250,000 for all recipients.

A. Micro-Purchases

Purchase procedures provide for a relatively simple and informal procurement method if federal funds are to be expended in excess of \$10,000 for equipment, supplies or other non-payroll related expenditures. The City will maintain a record of vendors contacted, either by telephone or internet search, that the lowest cost was identified for the purchase of goods and services.

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

PROCUREMENT POLICY – FEDERAL GRANT FUNDS (Continued)

B. Sealed Bids

Sealed, competitive bids shall be obtained when the purchase of, and contract for, single items of supplies, materials, or equipment which amounts to \$50,000 and when City Council determines to build, repair, enlarge, improve, or demolish a facility the cost of which will exceed \$50,000 .

In order for sealed bidding to be feasible, the following conditions shall be present:

1. A complete, adequate, and realistic specification or purchase description is available;
2. Two (2) or more responsible bidders are willing and able to compete effectively for the business; and
3. The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

When sealed bids are used, the following requirements apply:

1. Bids shall be solicited in accordance with the provisions of State law and City policies. Bids shall be solicited from an adequate number of qualified suppliers, providing sufficient response time prior to the date set for the opening of bids. The invitation to bid shall be publicly advertised.
2. The invitation for bids will include product/contract specifications and pertinent attachments and shall define the items and/or services required in order for the bidder to properly respond.
3. All bids will be opened at the time and place prescribed in the invitation for bids; bids will be opened publicly.
4. A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs shall be considered in determining which bid is lowest. Payment discounts may only be used to determine the low bid when prior experience indicates that such discounts are usually taken.
5. City Council reserves the right to reject any or all bids for sound documented reason.

C. Competitive Proposals

Procurement by competitive proposal, normally conducted with more than one source submitting an offer, is generally used when conditions are not appropriate for the use of sealed bids or in the case of a recognized exception to the sealed bid method.

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

PROCUREMENT POLICY – FEDERAL GRANT FUNDS (Continued)

If this method is used, the following requirements apply:

1. Requests for proposals shall be publicized and identify all evaluation factors and their relative importance. Any response to the publicized requests for proposals shall be considered to the maximum extent practical.
2. Proposals shall be solicited from an adequate number of sources.
3. The City shall use its written method for conducting technical evaluations of the proposals received and for selecting recipients.
4. Contracts shall be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.

The City may use competitive proposal procedures for qualifications- based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

D. Noncompetitive Proposals

Procurement by noncompetitive proposals allows for solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

1. The item is available only from a single source.
2. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation.
3. The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the City.
4. After solicitation of a number of sources, competition is determined to be inadequate.

Contract/Price Analysis

The City shall perform a cost or price analysis in connection with every procurement (simplified acquisition threshold) action in excess of \$250,000, including contract modifications. A cost analysis generally means evaluating the separate cost elements that make up the total price, while a price analysis means evaluating the total price, without looking at the individual cost elements.

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

PROCUREMENT POLICY – FEDERAL GRANT FUNDS (Continued)

The method and degree of analysis is dependent on the facts surrounding the particular procurement situation; however, the City shall come to an independent estimate prior to receiving bids or proposals.

When performing a cost analysis, the City shall negotiate profit as a separate element of the price. To establish a fair and reasonable profit, consideration is given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.

Time and Materials Contracts

The City uses a time and materials type contract only (1) after a determination that no other contract is suitable; and (2) if the contract includes a ceiling price that the contractor exceeds at its own risk. Time and materials type contract means a contract whose cost to the City is the sum of the actual costs of materials, and direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, the City sets a ceiling price for each contract that the contractor exceeds at its own risk. Further, the City shall assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

Suspension and Debarment

The City will award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of the proposed procurement. All purchasing decisions shall be made in the best interests of the City and shall seek to obtain the maximum value for each dollar expended. When making a purchasing decision, the City shall consider such factors as (1) contractor integrity; (2) compliance with public policy; (3) record of past performance; and (4) financial and technical resources.

The City shall have the authority to suspend or debar a person/corporation, for cause, from consideration or award of further contracts. The City is subject to and shall abide by the nonprocurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR Part 180.

Suspension is an action taken by the City that immediately prohibits a person from participating in covered transactions and transactions covered under the Federal Acquisition Regulation (48 CFR chapter 1) for a temporary period, pending completion of an agency investigation and any judicial or administrative proceedings that may ensue. A person so excluded is suspended. (2 CFR Part 180 Subpart G)

Debarment is an action taken by the City to exclude a person from participating in covered transactions and transactions covered under the Federal Acquisition Regulation (48 CFR chapter 1). A person so excluded is debarred. (2 CFR Part 180 Subpart H)

**CITY OF GROVEPORT
STATEMENT OF FINANCIAL POLICIES
(Continued)**

PROCUREMENT POLICY – FEDERAL GRANT FUNDS (Continued)

The City shall not subcontract with or award subgrants to any person or company who is debarred or suspended. For contracts over \$25,000, the City shall confirm that the vendor is not debarred or suspended by either checking the Federal government’s System for Award Management, which maintains a list of such debarred or suspended vendors at www.sam.gov; collecting a certification from the vendor; or adding a clause or condition to the covered transaction with that vendor. (2 CFR Part 180 Subpart C)

Bid Protest

The City maintains the following protest procedures to handle and resolve disputes relating to procurements and, in all instances, discloses information regarding the protest to the awarding agency.

A bidder who wishes to file a bid protest shall file such notice and follow procedures prescribed by the Request For Proposals (RFPs) or the individual bid specifications package, for resolution. Bid protests shall be filed in writing with the City within seventy- two (72) hours of the opening of the bids in protest.

Within five (5) days of receipt of a protest, the City shall review the protest as submitted and render a decision regarding the merits of the protest and any impact on the acceptance and rejection of bids submitted. Notice of the filing of a bid protest shall be communicated to City Council and shall be so noted in any subsequent recommendation for the acceptance of bids and awarding of contracts.

Failure to file a notice of intent to protest, or failure to file a formal written protest within the time prescribed, shall constitute a waiver of proceedings.

Maintenance of Procurement Records

The City maintains records sufficient to detail the history of all procurements. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price (including a cost or price analysis).

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**CITY OF GROVEPORT
EMPLOYEE ACKNOWLEDGEMENT**

By signing below, I, _____ acknowledge I have received a copy of the City of Groveport's Purchasing and Financial Policy Manual (the Manual). I understand it is my continuing responsibility to read, understand, and comply with all the policies contained in the Manual, including but not limited to hard copy or electronic revisions/amendments made to it. If I have any questions about anything in the Manual, I will contact my direct supervisor or the Finance Department. I understand the Manual is intended only to outline the City's policies and provide its employees with important information.

The City has the exclusive right and authority to create and issue policies and procedures. The Manual, any of its provisions, may be changed, amended, or revoked by the City at any time without prior notice to the employee. Codified Ordinance 126.05 identifies the City of Groveport Purchasing and Financial Policy Code which further provides the Administrator, upon recommendation of the Director of Finance, may make any amendments of the stated code without prior approval from Council provided said amendments do not conflict with the City Charter and/or Groveport Codified Ordinances. The Manual is effective immediately upon approval by the Administrator and supersedes and replaces all previous versions. Unless contrary to any provisions within existing collective bargaining agreements, failure to strictly follow any policy set forth in the Manual may result in discipline, up to and including termination.

Should any provision in the Manual be found to be unenforceable and/or invalid, such finding does not invalidate the entire Manual, but only the subject provision. The City shall make available a copy of the Manual online for employee access. Each employee shall be made aware of the location of the Manual and shall sign the Employee Acknowledgement Form, which shall be placed in the employee's personnel file.

Employee Name (Printed)

Employee Signature

Date