

Haywood County Tourism Development Authority

Financial Policies and Procedures

This document establishes the fiscal policy guiding the financial management practices of the Haywood County Tourism Development Authority (HCTDA). It is designed as a cornerstone of sound financial management, ensuring compliance with applicable federal and state statutes, resolutions of the Haywood County Board of Commissioners, and the Authority's Bylaws.

Adopted this 26th day of June 2024.

Section 1. Accounting, Auditing and Financial Reporting

- A. Compliance: All fiscal affairs of the Authority shall be controlled and administered in accordance with the North Carolina Local Government Budget and Fiscal Control Act, (§ G.S. 159, Article 3). The Authority will maintain accounting systems compliant with § G.S. 159, Article 3, ensuring financial statements are prepared in conformity with generally accepted accounting principles (GAAP).
- B. Accounting System: The basis of accounting will be modified accrual.
- C. Internal Controls: The emphasis is placed on maintaining financial systems that provide strong internal budgetary and financial controls, including the continuous monitoring of revenues and expenditures or expenses with complete sets of monthly reports provided to the Board, the Executive Director, the Finance Officer, and the Treasurer. These controls are designed to safeguard assets against unauthorized use or disposition and to ensure the reliability of financial records for preparing financial statements and reports, as well as the accountability of assets.
- D. Finance Officer: As set forth in Session Law 2007-337, House Bill 1013, the Finance Officer of Haywood County shall serve ex-officio as accountant, also called Finance Officer, for the Authority. The Executive Director shall also hold the title of and perform the duties thereof of the Authority's Deputy Finance Officer.
- E. Annual Audits: The Authority shall have its accounts audited annually by a qualified independent certified public accountant as soon as practical after the close of each fiscal year. The firm shall issue an opinion on the Authority's annual financial statements as required by the Local Government Budget and Fiscal Control Act. If the HCTDA must seek proposals from qualified firms to perform the required annual audit, the principal factor in the audit procurement process will be the auditor's ability to perform a quality audit. The Authority can enter into a multiyear agreement with the selected firm for a period of three fiscal years. Firms are not barred from consecutive contract awards.
- F. Technology Security: With outsourced bookkeeping and financial reporting, the Authority mandates engagement with firms that have robust technology security policies. These policies must be documented, included with contracts, and signed annually to protect financial data integrity.

Section 2. Operating Budget

- A. Balanced Budget Requirement: The Authority's annual Budget Ordinance will be balanced in accordance with the Local Government Budget and Fiscal Control Act (§ G.S. 159-8). The Authority's Annual Budget Ordinance will be adopted by each July 1 (§ G.S. 159-13).
- B. Annual Budget Forum & Public Inspection: The Authority's annual budget shall be presented to the Board no later than June 1. On the same day the budget is presented to the Board, it shall be made available for public inspection. The budget must remain open for public inspection for a minimum of ten days and until it is officially adopted. The Budget Ordinance adoption must take place after the minimum ten-day public inspection period. The Board must hold a public hearing before adopting the budget ordinance. After adopting the budget ordinance, it must be reflected in the minutes. All of the above must be completed by July 1.
- C. Appropriation of Fund Balance: Fund balance originally appropriated within adoption of the annual operating budget shall not exceed 5% of the prior fiscal year's budgeted expenditures, unless done per the Reserve Fund Balance section of this policy or unless specific projects are earmarked.
- D. Reserve Fund Balance Policy: The Authority maintains an unreserved and undesignated fund balance that significantly exceeds the minimum eight (8) percent required by the Local Government Budget and Fiscal Control Act. The target goal of the Authority for the unreserved fund balance shall be no less than the amount equal to four (4) months of operating expenses as determined by the most current approved fiscal year budget. Operating expenses are calculated without including the encumbered zip code area dollars.
- *Purpose of the reserve* - These funds will be utilized to avoid cash flow interruptions, generate interest income, guard against the effects of an economic downturn, and guard against the effects of natural disasters.
 - *Reserve Drawdown* – The fund balance may be purposefully drawn down below the target amount for emergencies, nonrecurring expenditures, or major capital projects.
 - *Reserve Replenishment* – If the fund balance falls below the target amount for two consecutive fiscal years, the Authority will replenish funds by direct appropriation in the next budget developed for the fiscal year after the occurrence is known. In that instance, the Authority will annually appropriate a maximum of 25% of the difference between the target amount and the actual balance until the target is met.
- E. Expenditure Guidelines: Budgeted funds will only be spent for the categorical purposes for which they are intended. The Executive Director is authorized to transfer amounts between objects of expenditure within a category but is not authorized to transfer amounts between categories, from contingency appropriation or fund balance without approval of the Board of Directors of the Tourism Development Authority.

Section 3. Purchasing and Procurement

- A. Authority and Guidelines: The Haywood County Tourism Development Authority follows the purchasing requirements of the North Carolina General Statutes and other guidelines as approved with adoption of these financial policies and procedures. Purchases will be conducted by management and staff pursuant to the Annual Budget as approved each year by the Authority. The Executive Director is authorized to execute the necessary agreements within the approved Budget Ordinance for the following purposes:
- Execute grant agreements between public and non-profit agencies.
 - Leases of normal and routine business equipment.
 - Purchase of apparatus, supplies, and materials where formal bids are not required by law.
 - Consultant, professional, or maintenance service agreements, other contracts or quotes up to a contract amount of \$20,000 and with terms within the budget year.
 - All contracts involving expenditures in excess of \$20,000 must be specifically authorized by the Board of Directors unless the expense was specifically included in the original approved budget.
 - The threshold for staff purchases (ie: office supplies, registrations, etc.) shall not exceed \$500 per transaction without prior approval from the Executive Director.
 - All contracts must be pre-audited by either the Finance Officer or Deputy Finance Officer to include this statement: *"This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act. (Signature of finance officer)."*
 - To maintain an even cash flow, payment will be rendered as work is completed.
- B. Supporting Local Businesses: Whenever possible and practical, purchases will be made with local or regional businesses and vendors. Exceptions will be noted, such as projects where expertise isn't available locally, projects where an "outside" vendor is desirable because they will have no preconceived notions or bias about Haywood County that would alter the outcome, or projects where local vendors cannot provide a high-quality, cost-effective product or service.
- C. Procurement Procedures: This policy applies to the acquisition of equipment, materials (including printing, specialty items, supplies, etc.), and services not included in the contract policy below. Based on the amount of expenditure, the following procedure must be followed:
- \$0 - \$5,000 - No written or formal quotes required.
 - \$5,000 to \$20,000 - Three written quotes required.
 - Over \$20,000 - Formal bid process required. Formal bids will be sought for consulting contracts or large item purchases over \$20,000. Requests for formal proposals will be advertised online or in a newspaper, etc. at least seven days in advance of deadlines. Requests for proposals will also be sent to a list of vendors in the appropriate field.

- D. Sole-Source Contracts for Advertising: Due to the unique nature of the Authority's mission, the Board acknowledges that advertising placements may both be sole source and more than \$20,000. If an analysis of available advertising opportunities makes it clear that a large sole-source placement is in the best interest of the Authority's mission, the Executive Director and the Marketing Committee have the authority to accept these contracts without the need for additional quotes or a formal request for proposal.
- E. Service Contracts: This policy applies to contracts with agencies, companies, or individuals for services such as advertising creative, computer consultant, specialty advertising, advertising placement, photography, brochure production on an ongoing basis, and other services where verbal or written agreements or contracts have been made. At least every six years (more often if management sees the need), Requests for Proposals should be reissued, and new contracts negotiated by management and approved by the Board of Directors.

Section 4: Disbursements

- A. Payment of Invoices: Upon receipt of shipped items, employees are to check and confirm the contents against the packing slips before submitting the invoices for processing. Specific roles are designated for reviewing invoices related to their departments:
- **Marketing and Social Media Invoices**: The Marketing Manager and the Social Media & Content Manager are responsible for verifying marketing and social media-related invoices against quotes and contracts, endorsing them for payment.
 - **Invoice Processing**: Invoices are collected and prepared biweekly by the Administrative Assistant, who assigns the correct General Ledger (GL) number to each. The Executive Director reviews and approves these invoices for payment accuracy and compliance.
 - **Prompt Payment and Discounts**: To avoid late payments and capitalize on early payment discounts, the Administrative Assistant may expedite payments via credit card or ACH. This ensures timely settlement of invoices and leverages potential savings from suppliers offering prompt payment discounts.
 - **Finalization**: Approved invoices are then forwarded to the CPA for check issuance.
- B. Check Requests: Check requests are used for all payments made by the Authority that are not supported by a vendor's invoice, and for non-payroll payments and reimbursements made to employees.

Examples of payments that require a check request form:

- Cellphone, mileage, and other reimbursements
- Longevity payments
- Rent for office space
- Advance payments (registration fees)
- Deposits for special promotion event/sales area

Check Request forms are stored in the Authority's shared documents folder, accessible to all employees. The person completing a Check Request will fill out the check recipient's name and mailing address, provide a description of the request, the GL account number, the amount requested, and sign the form. The Executive Director will review Check Requests and sign on the "Approved by" line. The Check Request is sent to the Authority's CPA for processing. At least one of the two check signers will also review the Check Request and sign on the "Preaudit Performed by" line.

- C. Signature Authority for Checks: The following persons shall have signature authority for all deposit accounts of the HCTDA: Chair of the Board, Treasurer, Finance Officer, and Executive Director/ Deputy Finance Officer. Per § GS 159-25, all checks must be signed by two persons with signature authority. In all cases, either the Finance Officer or the Deputy Finance Officer must be one of the signatures on the checks.
- D. Check Controls: The Administrative Assistant shall provide a printed copy of the checking account balances with the checks that need to be signed so the signatories can confirm the bank accounts have adequate funds to pay the check amounts. It is the policy of the HCTDA to keep our check supply safely locked up to be used in pre-numbered sequence. Checks are kept in the office of the outsourced bookkeeping firm. Any signed checks not mailed or distributed will be locked up at the end of each day.

Section 5. Financial Management and Oversight

- A. Banking and Investments: The Authority has two categories of funds held at banks: Operating Cash and Reserves. Operating Cash is comprised of the primary checking accounts which shall be secured as provided in § GS 159-31(b). Operating Cash consists of the portion of the primary checking account that it expects to utilize for cash flow until the next cycle of occupancy hotel/motel tax revenues arrive. Reserve funds are held in NC Capital Management Trust.

The Executive Director, acting in the capacity of Deputy Finance Officer, has the authority to invest Tourism Development Authority funds as allowed by § GS 159-30. Funds can be moved to accounts approved by North Carolina Legislature firms at any time. If the Executive Director determines a different institution that is not on the list is in the best interest of the Authority, such a move requires a resolution by the Board.

- B. Bank Statements: The Administrative Assistant will review the bank statement each month to look for unusual transactions, save a digital copy, and send the statement to the outsourced bookkeeping firm for monthly financial reconciliation.
- C. Control of Incoming Checks: The Haywood County Finance Department will collect and split the monthly occupancy tax revenue per HB 1013, then deposit the funds directly into the Authority's 3% and 1% checking accounts. When other checks are submitted to the Authority, the Administrative Assistant will make a copy, endorse the check(s), fill out and initial a bank deposit slip, have a second employee initial the deposit slip, and deposit the check(s) within 48 hours. Checks will be stored in a locked location until the deposit can be made, and all deposit slips will be retained in accordance with the retention policies.

- D. Control of Incoming Cash: The Haywood County Tourism Development Authority (HCTDA) keeps \$200 in petty cash, with \$100 in the Welcome Center cash register and \$100 secured in the office for minor expenses. The cash drawer is counted daily to ensure accuracy. Employees must return receipts and any change to a specific folder after use. To replenish, the Administrative Assistant issues a Check Request, cashes it at our official bank, and restocks the petty cash. Petty cash shall be counted at a random time every six months by the Executive Director.

Both cash amounts are under constant supervision of employees or locked when not in use. Daily sales are reconciled using Square POS, a receipt is printed and initialed by the employee completing the reconciliation. Cash deposits are secured in a locked cabinet in the office until it's deposited by the Administrative Assistant. Deposits shall be made when cash reaches \$250, and on the first business day of each month.

- E. Fidelity Bonds: The Authority shall obtain a fidelity bond or bonds on all officers or employees of the Authority handling more than \$100.00 of the Authority's funds. The premium on such bonds shall be paid for by the Authority. The amounts of such bonds shall be 1% of the annual budget, which shall be affirmed annually by the Board and at all times shall be within the limits prescribed by N. C. Gen. Stat. § 159-29.

Section 6. HCTDA Travel Policy

- A. Travel and Entertainment: The Haywood County Tourism Development Authority (HCTDA) is dedicated to the efficient management of travel and entertainment expenses, aiming to balance cost-effectiveness with the organization's and employees' needs. This policy underscores the importance of prudent expenditure, ensuring that all travel and entertainment expenses offer tangible benefits to the Authority. Because many of the activities of the Authority necessarily involve travel and/or entertainment, it is the policy of the HCTDA to reimburse all reasonable travel and entertainment expenses incurred by authorized members of the staff within the course and scope of their employment. Given HCTDA's reliance on occupancy tax revenues and the high level of scrutiny from public and governmental entities, strict adherence to policy guidelines and thorough documentation of all reimbursable expenses are mandatory for compliance and fiscal integrity.
- B. Travel Authorization: All business travel must receive prior approval from the Executive Director. Employees are responsible for making their travel arrangements in line with this policy.
- C. Airline Travel: Travelers are expected to book coach class service. Exceptions for upgrades may be considered under unusual circumstances (e.g., time constraints, availability) with prior approval from the Executive Director.
- D. Ground Transportation
- **Personal Vehicle:** Mileage will be reimbursed at the current IRS rate when it represents the most cost-effective option.
 - **Public and Rental Transport:** Reimbursement for shuttle services, taxis, and rental cars (mid-sized or smaller, with prior approval) is provided, when necessary, with receipts required.

- E. Lodging: Standard accommodation costs will be covered for the duration of the business activity plus one day before and after, subject to the conference or meeting schedule. Extended stays must be approved in advance, with justifications for any additional expenses.
- F. Food and Drink Costs: Employees are reimbursed for reasonable meal expenses with receipts.
- **Meals**: The actual cost of meals (including taxes and tips) is reimbursable. Employees should choose reasonably priced restaurants appropriate for the locality and standard living conditions.
 - **Conference Meals**: Expenses for meals already included in conference fees are not reimbursable. Documentation, such as a conference agenda, must accompany expense reports.
 - **Alcoholic Beverages**: Reimbursement for alcohol is permissible when entertaining journalists, clients or during official business meals, under the following conditions:
 - Consumption must be moderate and appropriate to the setting.
 - Alcoholic beverages should be selected with discretion, prioritizing modestly priced options unless the business context explicitly justifies higher expenses.
 - Staff are reminded to exercise sound judgment; reimbursement for alcoholic beverages is intended to facilitate business discussions, not personal consumption.
 - Any alcoholic beverages consumed outside the context of client entertainment or direct business engagement are not reimbursable.
- G. Non-Reimbursable Expenses: Expenses not directly related to business travel, such as traffic fines, personal entertainment, in-room movies, and health club fees over \$15 per day, are considered personal and will not be reimbursed.
- H. Entertainment and Miscellaneous Expenses: Reasonable expenses for entertaining clients, necessary business calls, parking, and similar expenses will be reimbursed. Receipts and a clear business justification are required for all claims.
- I. Expense Reporting and Reimbursement: All travel expenses must be reported within 10 days of travel completion, with receipts attached. Late submissions (beyond 60 days) may not be reimbursed. Expense reports for the Executive Director's travel must be approved by at least two of the following: Chair, Vice-Chair, and Treasurer.
- J. Special Considerations:
- **Spousal Travel**: Expenses for family members accompanying an employee are not reimbursable unless their attendance serves a business purpose, approved in advance.
 - **Tipping**: Gratuities are reimbursable up to 20% of the service bill, with discretion advised.

Section 7. Credit Card Policy & Procedure

HCTDA uses credit cards issued by their current contracted bank. Credit cards are issued to facilitate certain purchases that cannot be made through the standard purchasing process. Common uses are for travel accommodations, small dollar purchases with vendors that will not invoice the Authority, and small dollar emergency purchases.

- A. Issuance of Credit Card: The Executive Director, Marketing Manager, Social Media Manager and Administrative Assistant will have an Authority credit card. Should it appear necessary that an additional staff member also require a credit card, the Executive Director and the Treasurer will present the recommendation to the Finance Committee for review and authorization.
- B. Authorized Uses: Employees are authorized to use the cards for total purchases that cannot be purchased through the normal invoicing process when:
- The Vendor requires prepayment
 - The Vendor will be used infrequently
 - The item(s) are recurring services, office supplies, online advertising, or for hosting monthly board and committee meetings

Other uses of the credit card are as follows:

- Travel accommodations
- Training registrations
- Dues and subscriptions

The cardholder will retain original detailed receipts, records of telephone orders, screen shots of internet purchases and/or copies of mail orders for documentation to support the credit card statement. The cardholder is responsible for all purchases on the assigned credit card regardless of who used the card unless the card was used fraudulently after loss or theft.

- C. Action due to inappropriate or accidental use: The use of an HCTDA credit card to acquire or purchase goods and services other than for the official use of the HCTDA is considered fraudulent use. However, the Authority recognizes that accidental use can occur. The Authority reserves the right to cancel an individual employee credit card at any time due to any type of abuse.
- D. Accidental Use: If a cardholder accidentally uses an Authority credit card for personal purchase, the Finance Officer or the Deputy Finance Officer should be contacted immediately upon discovery. The employee must reimburse the Authority within five business days. In the event accidental use by a cardholder is detected on a repetitive basis, the employee may be subject to disciplinary action.
- E. Inappropriate or Fraudulent Use: If a cardholder makes an inappropriate or fraudulent purchase, the cardholder and the Executive Director supervisor will be contacted immediately, and arrangements will be made for reimbursement. The Chair will be notified if the cardholder is the Executive Director.

A cardholder guilty of fraudulent use or repetitive inappropriate charges will be subject to disciplinary action, up to and including dismissal. The Authority has the right to file a police report and press charges for fraudulent use of credit cards.

F. Payment

- After the billing cycle closes, monthly statements are mailed from the bank to the HCTDA. Upon receipt of the statements, the Administrative Assistant will review with the Executive Director.
- The cardholder must submit itemized receipts to match the monthly credit card statement. If an original receipt has been lost, the cardholder must make a diligent attempt to obtain a duplicate receipt from the vendor. In the event this is not available, the cardholder must document the transaction, which includes a detailed description and approval by the Executive Director. The Authority has the right to seek reimbursement from the employee for undocumented and/or unauthorized purchases.
- The Executive Director is responsible for approving credit card statements and will review the statement, sign and forward with receipts to the outsourced bookkeeping firm.

G. Card Destruction: The Executive Director must report any cardholder that leaves the Authority employment or loses credit card authority to the Chair immediately. The Administrative Assistant or Executive Director will cancel the account. The Administrative Assistant will destroy the card by cutting up the card into small pieces or by using a card shredder.

H. Lost/Stolen Cards: If a Cardholder loses their card or if their card is stolen, the cardholder should immediately call the bank and cancel the card. The Cardholder should also immediately contact the Executive Director. The Executive Director or Administrative Assistant will also verify with the bank that the card has been cancelled. If a cardholder loses their card more than once they may have their card privileges revoked.

I. Compliance: It is expected that the policy and procedures will be adhered to by all cardholders. Failure to comply with the HCTDA Credit Card Policy may result in the revocation of the credit card from the cardholder. Any employee who knowingly violated credit card policies and procedures may be held personally responsible for the payment of any unauthorized purchases or services and may be subject to disciplinary action in accordance with HCTDA personnel policies.

Section 8. Capital Policy

The Authority's Capitalization Policy is \$1000 per unit purchased, with a useful life of greater than one year. This means if an item costs \$999.99 it will not appear on the fixed asset inventory listing. If more than one item functions together as a unit and meets the criteria of cost and useful life, then those items will be capitalized as a unit.

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The fixed asset inventory will be reviewed by the Executive Director and Administrative Assistant at least once per year.

Capital assets and the related accumulated depreciation are reported for the Authority using the straight-line method below:

	<u>Useful Life</u>
Furniture and Equipment	5 years
Computers	3 years
Website Development	3 years

Useful life will be determined on a case-by-case basis for any assets not listed above.

Section 9. Review and Policies Update

The Authority will annually review and update financial policies to reflect changes in regulations, operational needs, and best practices. This ensures HCTDA's financial management remains robust, transparent, and compliant.

Conclusion

Adherence to these detailed financial policies and procedures is mandatory for all HCTDA employees. This adherence ensures the organization's financial integrity, supports its mission, and maintains public trust.