

	CITY OF HENDERSONVILLE	Policy Number:	
		Adopted by Resolution Number:	
Policy Name:	Special Appropriations Policy	Date Adopted by City Council:	May 5 th , 2016
		Date Revised by City Council:	July 7, 2022

SECTION 1. Special Appropriations Overview

A special appropriation is an allocation of funding to a specific outside agency. An agency may request for funding with the City each year during the budget process. City Council approves special appropriations based on applications submitted. This application provides general and specific information regarding the agency requesting funds and the purpose for how the funds will be used.

SECTION 2. Purpose

The purpose of the City's Special Appropriations Policy is to provide legal references and a general framework for the effective, efficient, and equitable distribution of City funds to outside agencies in the most financially prudent manner as possible while minimizing risk.

SECTION 3. Legal Considerations

The North Carolina Constitution and General Statutes provide the legal framework under which local governments operate.

- 3.1 The three key legal limitations to the expenditures of public funds are (1) the expenditure be for a public purpose, (2) the activity supported be one in which the local government has the statutory authority to engage, and (3) the expenditure not be inconsistent with the laws or the constitution of the state or federal government.
- 3.2 The courts have used two guiding principles in determining whether a particular activity is for a public purpose: (1) whether it involves "a reasonable connection with the convenience and necessity of the [local government]", and (2) whether it "benefits the public generally, as opposed to special interests or persons."
- 3.3 The City's statutory authority primarily comes from Chapter 160A of the North Carolina General Statutes.
- 3.4 A local government may contract with faith-based organizations if the contract (1) has a secular purpose, (2) has a primary effect of neither advancing nor inhibiting religion, and (3) does not create an excessive entanglement between the government and religion.
- 3.5 Another key constitutional limitation is the exclusive emoluments clause of the North Carolina Constitution which states that "No person or set of persons is entitled to exclusive or separate emoluments or privileges from the community but in consideration of public services." N.C. Const. Art. I, § 32

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SECTION 4. Guidelines

The City will abide by the following guidelines in the annual selection and disbursement of special appropriations.

- 4.1 The City Budget Officer shall be responsible for organizing, collecting, and submitting requests for special appropriations to the City Council for their approval in the City's budget process. When the requests are submitted to City Council, the Budget Officer in consultation with the City Attorney will ensure that requests which are not eligible for funding under Section 3, Legal Considerations, are identified for City Council.
- 4.2 The date that special appropriation requests are due shall be published in the City's Budget Calendar each fiscal year at least 30 days prior to the due date.
- 4.3 During the process certain requests may be deemed necessary and shall be assigned to the "Full Funding List" by City Council any time prior to the adoption of the annual Budget Ordinance. Requests assigned to the Full Funding List will require a unanimous vote from the City Council each fiscal year. The "Full Funding List" does not guarantee the request will be approved and still must be adopted as part of the City's annual Budget Ordinance.
- 4.4 Funding requests must be for a specific program or service that the City would be legally authorized to undertake that the requesting agency proposes to operate or provide to the public
- 4.5 All requests not assigned to the Full Funding List shall be discussed at a normal Budget Workshop of the City Council. In addition to discussion, the City Council shall recommend appropriation levels for each request. The City Budget Officer shall provide a recommended total funding level for all requests not on the Full Funding List.
 - 4.4(a) The City Budget Officer will calculate an amount equal to approximately 0.5% of the total General Fund appropriations; this will be the Budget Officer's recommended appropriation level.
 - 4.4(b) The City Budget Officer will categorize requests not assigned to the Full Funding List for City Council consideration.
- 4.6 Final approval of funding for special appropriations shall be made in the annual Budget Ordinance.
 - 4.5(a) Any request for funding outside of the normal special appropriations process may be heard at the City Council's discretion.
- 4.7 After funding has been approved, the requesting agency shall agree to and sign a Special Appropriations Funding Agreement (template, APPENDIX A) with the City of Hendersonville before any funds will be appropriated. The Special Appropriations Funding Agreement shall be based upon the template

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attached (APPENDIX A) but may be modified to contain such provisions as are necessary to comply with federal, state and local laws, rules and regulations as determined by the City Attorney, or to contain such administrative provisions as determined appropriate by the City Finance Director or City Manager. The City Manager or Mayor shall have the authority to sign the Special Appropriations Funding Agreement, as modified, provided the funding aligns with that approved by City Council for the requesting agency. Administration of the appropriated funds shall be in accordance with the City's Special Appropriations Recipient Manual.

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ADOPTED by the City Council of the City of Hendersonville, North Carolina, on this 7th day of July, 2022.

Barbara G. Volk, Mayor

ATTEST:

City Clerk

**SPECIAL APPROPRIATIONS FUNDING AGREEMENT
NORTH CAROLINA
CITY OF HENDERSONVILLE**

This Agreement made and entered into the 1st day of July, [YEAR] by and between the City of Hendersonville, North Carolina, hereinafter referred to as the “CITY”, and the [ORGANIZATION NAME], hereinafter referred to as the “AGENCY.”

WHEREAS, the CITY has requested services from the AGENCY to carry out its programs and activities; and

WHEREAS, the CITY, through its City Council, has appropriated the sum of [DOLLAR AMOUNT] in funding for the fiscal year ending June 30, [YEAR] to support this purpose, subject to the terms hereof; and

WHEREAS, the terms and conditions for receiving said funds from the CITY set out herein are necessary to insure accountability for the expenditure of public funds by the CITY.

NOW, THEREFORE, in consideration of the following the parties hereto do mutually agree as follows:

1. The AGENCY agrees to use the funds appropriated by the CITY in a manner and for the purposes specified in their Application, a copy of which is attached hereto and incorporated by reference as if to set forth fully herein. Funds shall not be used for indirect costs of the AGENCY.
2. In consideration for the performance by the AGENCY of the services or program outlined in its application, the CITY agrees to pay the AGENCY up to the amount of money authorized in the CITY budget for the fiscal year. Payment of such amount shall be made in a manner determined by the CITY.
3. [RESERVED FOR INSERTION OF ANY SPECIAL PROVISIONS APPLICABLE]
4. Use and administration of the funding received shall also be governed by the City’s Special Appropriations Recipient Manual (incorporated herein by reference), and the AGENCY agrees to comply with its terms.
5. If the AGENCY violates any of the provisions of this Agreement, the CITY may terminate this Agreement (upon thirty (30) days written notice of the same to the AGENCY). In such event, all unexpended funds at the time of such termination, whether held by the AGENCY or the CITY, shall be the property of and be returned to (or remain with) the CITY.
6. The AGENCY shall not assign any interest in this Agreement and shall not transfer any interest in the Agreement without prior written consent of the CITY.

APPENDIX A

7. In connection with the performance of this Agreement, the AGENCY shall not discriminate against any employee, applicant for employment, or program participant because of race, religion, color, sex, age, handicap, or national origin, or on account of their limited English language proficiency.
8. The AGENCY shall maintain all accounts, books, ledgers, journals, and records in accordance with generally accepted accounting principles, practices and procedures, and as stated in the Special Appropriations Recipient Manual.
9. Upon request of the CITY the AGENCY shall submit to the CITY a status report of all program activities including a summary of the accomplishment of stated goals and objectives.
10. Upon request of the CITY the AGENCY shall provide an accounting of CITY funds to the CITY to demonstrate that funds allocated to the AGENCY have been used for the purpose(s) specified herein. The accounting report shall be submitted to the CITY within 30 days of the request. Further, the CITY shall be entitled to audit the AGENCY's expenditure of CITY funds at the CITY's discretion. Any excess funds must be returned to the City within 30 days of the end of the fiscal year engine June 30, **YEAR**. CITY Funds not used for the expressed purpose(s) stated herein must be reimbursed to the CITY within thirty (30) days of the CITY's request for said funds.
11. The CITY shall be entitled to conduct an evaluation of the AGENCY's programs and activities particularly as it relates to the accomplishments of established goals and objectives and the measurement of services being delivered.
12. All books and records shall be maintained by the AGENCY for a period of at least three years from the date of the final payment under this Agreement and shall be made available for audit or evaluation upon request during regular business hours of the AGENCY. [Note: certain funding requirements may extend this requirement beyond three (3) years – this should be modified accordingly.]
13. The AGENCY must have the policies in place required by the City's Special Appropriations Recipient Manual.
14. The parties agree that the programs or services funded pursuant to this Agreement shall not be considered a joint venture or partnership between the AGENCY and the CITY. The AGENCY shall remain an independent contractor and the CITY is in no way responsible for the administration and supervision of the AGENCY'S officers, employees, partners, and agents, which persons it is agreed are not officers, employees, or agents of the CITY.
15. The Agreement may only be amended by written amendments mutually agreed upon by and between the CITY and the AGENCY.

[THE REMAINDER OF THIS PAGE WAS LEFT BLANK INTENTIONALLY]

APPENDIX A

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their name by their duly authorized officers, their seals to be hereto affixed the day and year first above written.

ATTEST:

CITY OF HENDERSONVILLE

City Clerk Date

BY: Barbara G. Volk
Mayor, City Council

Date _____

NAME OF AGENCY:

BY: PRINTED NAME _____ Date _____
Authorized Agency Official _____

BY: AUTHORIZED _____ Date _____
SIGNATURE _____
Authorized Agency Official _____

TITLE OF SIGNER

This Agreement has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.

Finance Director	Date
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APPENDIX A

AGENCY APPLICATION WITH ATTACHMENTS

[ATTACH COPY]